

ADNOC Drilling



ADNOC DRILLING COMPANY P.J.S.C.

**Review report and condensed consolidated
financial information for the six-month period
ended 30 June 2024**



ADNOC Drilling Company P.J.S.C.

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for the six-month period ended 30 June 2024**

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ADNOC Drilling Company P.J.S.C.

Directors' report for the six-month period ended 30 June 2024

The Directors present their report together with the unaudited condensed consolidated financial information of ADNOC Drilling Company P.J.S.C. ("the Company") and its subsidiaries ("the Group") for the six-month period ended 30 June 2024.

Principal activities

The Group is engaged in providing start to finish drilling and construction services across both conventional and unconventional reservoirs, and the hiring out of onshore and offshore drilling rigs to parties involved in onshore and offshore oil and gas exploration and production.

Review of business

During the period, the Group reported revenue of USD 1,821,264 thousand (30 June 2023: USD 1,440,088 thousand). Profit for the period was USD 569,638 thousand (30 June 2023: USD 446,327 thousand).

The appropriation of the results for the period is follows:

Retained earnings at 1 January 2024 (audited)

Profit for the period

Dividends

Retained earnings at 30 June 2024 (unaudited)

USD '000

2,610,714

569,638

(358,310)

2,822,042

For the Board of Directors



Chairman
2 August 2024
Abu Dhabi
United Arab Emirates



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF ADNOC DRILLING COMPANY P.J.S.C.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of ADNOC Drilling Company P.J.S.C. (“the Company”) and its subsidiaries (“the Group”), as at 30 June 2024 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and fair presentation of this condensed consolidated financial information in accordance with International Accounting Standard 34, ‘Interim financial reporting’ as issued by International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this unaudited condensed consolidated financial information 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 condensed financial information 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 as issued by IASB.

Deloitte & Touche (M.E.)



Faeza Sohawon
Registration No. 5508
2 August 2024
Abu Dhabi
United Arab Emirates

Condensed consolidated statement of financial position as at 30 June 2024

	Notes	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
ASSETS			
Non-current assets			
Property and equipment	5	4,956,270	4,847,540
Right-of-use assets	7	145,750	173,911
Intangible assets	8	3,668	5,432
Deferred tax asset		768	-
Investment in a joint venture	9	90,790	-
Advances		2,784	1,654
Total non-current assets		5,200,030	5,028,537
Current assets			
Inventories	10	224,858	206,107
Trade and other receivables	11	158,650	153,946
Due from related parties	16	1,171,738	986,696
Cash and cash equivalents	12	331,333	354,122
		1,886,579	1,700,871
Assets held for sale	6	10,717	10,717
Total current assets		1,897,296	1,711,588
Total assets		7,097,326	6,740,125
EQUITY AND LIABILITIES			
Equity and reserve			
Share capital	13	435,671	435,671
Statutory reserve	13	217,836	217,836
Retained earnings		2,822,042	2,610,714
Total equity		3,475,549	3,264,221
Non-current liabilities			
Borrowings	14	1,993,733	1,992,264
Trade and other payables	15	72,631	80,936
Lease liabilities	7	-	152,378
Provision for employees' end of service benefits		114,620	105,328
Total non-current liabilities		2,180,984	2,330,906
Current liabilities			
Trade and other payables	15	1,008,082	848,834
Income tax payable		10,050	-
Lease liabilities	7	134,792	36,833
Due to related parties	16	278,775	250,237
Provision for employees' end of service benefits		9,094	9,094
Total current liabilities		1,440,793	1,144,998
Total liabilities		3,621,777	3,475,904
Total equity and liabilities		7,097,326	6,740,125

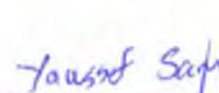
To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed consolidated financial information present fairly in all material respects the financial position, financial performance and cash flows of the Group.



H. E. Dr. Sultan Ahmed Al Jaber
Chairman



Abdulrahman Abdulaziz Alseiri
Chief Executive Officer



Youssef Samy Salem
Chief Financial Officer

The accompanying notes form an integral part of these condensed consolidated financial information.

**Condensed consolidated statement of profit or loss and
other comprehensive income
for the six-month period ended 30 June 2024**

	Notes	Three-month ended 30 June		Six-month ended 30 June	
		2024 USD'000 (unaudited)	2023 USD'000 (unaudited)	2024 USD'000 (unaudited)	2023 USD'000 (unaudited)
Revenue	17	935,402	(restated) 724,001	1,821,264	(restated) 1,440,088
Direct cost		(539,281)	(453,952)	(1,056,858)	(904,334)
Gross profit		396,121	270,049	764,406	535,754
General and administrative expenses		(41,118)	(30,184)	(82,350)	(66,533)
Share of results of a joint venture	9	1,200	-	3,090	-
Other income		996	1,432	2,002	2,743
Finance cost - net	18	(33,259)	(13,655)	(61,038)	(25,637)
Profit before tax		323,940	227,642	626,110	446,327
Income tax		(28,913)	-	(56,472)	-
Profit after tax		295,027	227,642	569,638	446,327
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		295,027	227,642	569,638	446,327
Earnings per share:					
Basic and diluted	24	0.0184	0.0142	0.0356	0.0279

The accompanying notes form an integral part of these condensed consolidated financial information.

**Condensed consolidated statement of changes in equity
for the six-month period ended 30 June 2024**

	Share capital USD '000	Statutory reserve USD '000	Retained earnings USD '000	Total equity USD '000
Balance at 1 January 2023 (audited)	435,671	140,572	2,354,738	2,930,981
Total comprehensive income for the period	-	-	446,327	446,327
Dividends (note 20)	-	-	(341,246)	(341,246)
Balance at 30 June 2023 (unaudited)	435,671	140,572	2,459,819	3,036,062
Balance at 1 January 2024 (audited)	435,671	217,836	2,610,714	3,264,221
Total comprehensive income for the period	-	-	569,638	569,638
Dividends (note 20)	-	-	(358,310)	(358,310)
Balance at 30 June 2024 (unaudited)	435,671	217,836	2,822,042	3,475,549

The accompanying notes form an integral part of these condensed consolidated financial information.

**Condensed consolidated statement of cash flows
for the six-month period ended 30 June 2024**

	Three-month ended 30 June 2024 USD'000 (unaudited)	Three-month ended 30 June 2023 USD'000 (unaudited)	Six-month ended 30 June 2024 USD'000 (unaudited)	Six-month ended 30 June 2023 USD'000 (unaudited)
Cash flows from operating activities				
Profit before tax	323,940	227,642	626,110	446,327
<i>Adjustments for:</i>				
Depreciation of property and equipment	106,636	98,454	205,068	196,760
Amortisation of intangible assets	882	884	1,764	1,759
Depreciation of right-of-use assets	7,292	3,364	14,646	6,714
Expected credit loss charge	9,000	-	9,000	-
Employees end of service benefit charge	4,409	3,478	14,095	8,086
Allowance for slow-moving inventories	-	400	956	264
Share of results of a joint venture	(1,200)	-	(3,090)	-
Finance cost	35,788	16,252	65,640	32,581
Finance income	(2,529)	(2,597)	(4,602)	(6,944)
Operating cash flows before changes in working capital	484,218	347,877	929,587	685,547
Changes in working capital on account of:				
Inventories	(7,557)	1,428	(19,707)	(35,132)
Advance payments	(1,690)	1,558	(1,130)	2,055
Trade and other receivables	(22,803)	(33,017)	(4,704)	(29,772)
Due from related parties	(73,669)	(21,784)	(194,042)	121,389
Trade and other payables	166,086	48,225	178,795	42,144
Due to related parties	13,306	52,553	28,538	(161,416)
Cash generated from operating activities	557,891	396,840	917,337	624,815
Employees' end of service benefit paid	(1,329)	(1,358)	(4,803)	(3,354)
Income tax paid	(38,027)	-	(47,190)	-
Net cash generated from operating activities	518,535	395,482	865,344	621,461
Cash flows from investing activities				
Payments for purchase of property and equipment	(239,083)	(181,287)	(348,603)	(256,823)
Purchase of investment in a joint venture	-	-	(87,700)	-
Finance income received	2,630	3,931	6,325	6,944
Net cash used in investing activities	(236,453)	(177,356)	(429,978)	(249,879)

The accompanying notes form an integral part of these condensed consolidated financial information.

**Condensed consolidated statement of cash flows
for the six-month period ended 30 June 2024 (continued)**

	Three-month ended 30 June 2024 USD'000 (unaudited)	Three-month ended 30 June 2023 USD'000 (unaudited)	Six-month ended 30 June 2024 USD'000 (unaudited)	Six-month ended 30 June 2023 USD'000 (unaudited)
Cash flows from financing activities				
Lease liabilities paid	(11,312)	(7,322)	(40,904)	(7,322)
Proceed from borrowings	613	-	164,849	-
Repayment of borrowings	(163,380)	-	(163,380)	-
Dividends paid	-	(341,246)	(358,310)	(341,246)
Finance cost paid	(22,494)	(16,046)	(60,410)	(32,427)
Net cash used in financing activities	(196,573)	(364,614)	(458,155)	(380,995)
Net (decrease)/increase in cash and cash equivalents	85,509	(146,488)	(22,789)	(9,413)
Cash and cash equivalent at the beginning of the period	245,824	462,589	354,122	325,514
Cash and cash equivalents at the end of the period	331,333	316,101	331,333	316,101
Non-cash transaction:				
Modifications to right-of-use assets and lease liabilities	13,515	-	13,515	-

The accompanying notes form an integral part of these condensed consolidated financial information.

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2024

1. General information

ADNOC Drilling Company P.J.S.C. ("the Company") is a public joint stock company, incorporated in 1972 by a resolution of the Council of Ministers of the Government of Abu Dhabi. On 29 September 2021, Law No. 9 of 2021 was issued amending Law No. 21 of 2018 that was issued on 6 November 2018, replacing Law No. 4 of 1981 in respect of the incorporation of ADNOC Drilling Company PJSC registered with the commercial register in Abu Dhabi under the commercial license number CN-2688881 issued by the Abu Dhabi Department of Economic Development. The Company also holds an industrial license number IN-2003460 jointly issued by the Abu Dhabi Department of Economic Development and Industrial Development Bureau. The Company is a subsidiary of Abu Dhabi National Oil Company ("ADNOC"), which is wholly owned by the Government of Abu Dhabi. The Company's shares are listed on the Abu Dhabi Securities Exchange.

The registered address of the Company is P.O Box 4017 Abu Dhabi, United Arab Emirates. The Company is engaged in providing start to finish drilling and construction services across both conventional and unconventional reservoirs, and the hiring out of onshore and offshore drilling rigs to parties involved in onshore and offshore oil and gas exploration and production.

On 25 April 2024, ADNOC Drilling has incorporated a new company, Turnwell Industries LLC OPC ("the subsidiary") and has signed a term sheet to enter into a strategic partnership with Schlumberger Middle East SA ("SLB") and Patterson-UTI International Holdings, Inc. ("Patterson-UTI") subject to signing definitive agreements and any necessary regulatory approvals. The new company will be primarily engaged in unconventional drilling operations.

The registered address of ADH RSC LTD ("the subsidiary") is 2705,2, Al Sarab Tower, Abu Dhabi Global Market Square, Abu Dhabi, United Arab Emirates. The subsidiary is engaged in the activities of holding companies. The subsidiary registered a branch in the Kingdom of Jordan under the registration no. 1101 on 28 February 2024.

This condensed consolidated financial information comprises of the assets & liabilities and results of operations of Company, its branch and subsidiaries ("the Group").

2. Application of new and revised International Financial Reporting Standards (IFRSs)

The accounting policies used in the preparation of this condensed consolidated financial information are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the one listed below:

Tax

Tax is computed in accordance with relevant fiscal agreement and any communication received from the Abu Dhabi Supreme Council for Financial and Economic Affairs. Income tax expense/credit comprise of current and deferred tax. Current and deferred taxes are recognized in the consolidated statement of profit or loss and other comprehensive income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income tax

Income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date and generate taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

Tax (continued)

Deferred income tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2.1 New and revised IFRSs applied with no material effect on the condensed consolidated financial information

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2024, have been adopted in this condensed consolidated financial information. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements
- Amendment to IFRS 16 Leases - Lease Liability in a Sale and Leaseback

2.2 New and revised IFRS in issue but not yet effective

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date not yet decided
Amendment to IAS 21 - Lack of Exchangeability	1 January 2025
IFRS 18 Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability	1 January 2027
IFRS Accounting Taxonomy 2023 - Update 2 Common Practice for Financial Instruments, General Improvements and Technology Update	Effective date not yet decided
IFRS Accounting Taxonomy 2023—Update 1 International Tax Reform—Pillar Two Model Rules, Supplier Finance Arrangements and Lack of Exchangeability	Effective date not yet decided
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	Effective date not yet decided by the regulator in the United Arab Emirates
IFRS S2 Climate-related Disclosures	Effective date not yet decided by the regulator in the United Arab Emirates

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2024 (continued)****2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)****2.2 New and revised IFRS in issue but not yet effective (continued)**

The above stated new standards and amendments are not expected to have any significant impact on this condensed consolidated financial information of the Group.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the condensed consolidated financial information of the Group.

3. Summary of material accounting policy information**3.1. Statement of compliance**

This condensed consolidated financial information for the six-month period ended 30 June 2024 has been prepared in accordance with IAS 34, *Interim Financial Reporting* as issued by IASB.

The condensed consolidated financial information does not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023. In addition, results for the six-month period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

3.2. Basis of preparation

The condensed consolidated financial information is prepared in United States Dollar (USD), which is the Group's functional and presentation currency, and all values are rounded to the nearest thousands (USD'000) except when otherwise indicated. Where data is labelled as "audited" that indicates that the financial information has been extracted from the Group's audited consolidated financial statements for the year ended 31 December 2023. This condensed consolidated financial information has been prepared on historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets at the time these were acquired.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the condensed consolidated financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing this condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies, and the key sources of estimates uncertainty were the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2023.

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2024 (continued)**

5. Property and equipment

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Net book value at the beginning of the period/year	4,847,540	3,921,607
Additions	313,798	1,335,739
Transfer	-	(28,963)
Depreciation charge for the period/year	(205,068)	(368,110)
Transferred to assets held for sale	-	(10,717)
Write off	-	(2,016)
Net book value at end of the period/year	4,956,270	4,847,540

Property and equipment include capital work in progress amounting to USD 629,392 thousand as at 30 June 2024 (31 December 2023: USD 635,981 thousand).

6. Assets held for sale

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Cost	72,017	72,017
Accumulated depreciation	(61,300)	(61,300)
Net book value at end of the period/year	10,717	10,717

The Board of Directors, in their meeting held on 10 February 2023, approved to proceed with the sale of two rigs within the Offshore Jackup segment. These rigs are classified as assets held for sale, and there is no impairment required as the recoverable amount is higher than the carrying value. The sale is expected to be completed by the end of 2024, subject to the outcome of advance negotiations for the alternate utilization of these rigs outside the Group.

7. Rights-of-use assets and lease liabilities

Rights-of-use assets and lease liabilities include rigs, warehouse, and office building. Amounts recognised in the consolidated statement of financial position are as follows:

Rights-of-use assets

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Balance at the beginning of the period/year	173,911	33,909
Additions during the period/year	-	159,591
Remeasurement	(13,515)	-
Depreciation charge during the period/year	(14,646)	(19,589)
Balance at end of the period/year	145,750	173,911

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

7. Rights-of-use assets and lease liabilities (continued)

Lease liabilities

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Balance at the beginning of the period/year	189,211	39,749
Additions	-	159,591
Remeasurement	(13,515)	-
Accretion of interest	2,150	3,907
Payments	(43,054)	(14,036)
Balance at end of the period/year	134,792	189,211
<i>Disclosed as follows:</i>		
Current	134,792	36,833
Non-current	-	152,378
	134,792	189,211

During the current period, the Group opted to exercise the purchase option earlier than the initial arrangement of four rigs and remeasured the lease liability at a revised incremental borrowing rate ("IBR") of 5.97%. This resulted in lease remeasurement amounting to USD 13,515 thousand.

8. Intangible assets

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Net book value at the beginning of the period/year	5,432	8,980
Amortisation charge for the period/year	(1,764)	(3,548)
Net book value at end of the period/year	3,668	5,432

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

9. Investment in a joint venture

On 2 January 2024, ENERSOL RSC LTD “Joint Venture” was incorporated in Abu Dhabi Global Market. The Company, through its subsidiary ADH RSC Ltd holds 51% shares in the joint venture while Alpha Dhabi Energy Holding LLC holds 49% shares.

Movement in the Group’s investment in a joint venture is as follows.

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Additions	87,700	-
Proportion of the Group’s interest in the joint venture	3,090	-
Carrying amount of the Group’s interest in the Joint venture	90,790	-

The latest available financial information in respect of the Group’s joint venture up to the period ended 30 June 2024 are recognised below:

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Total assets	178,630	-
Total liabilities	1,557	-
Total net equity	177,073	-

The share of results of joint venture recognised during the period are as follows:

	30 June 2024 USD '000 (unaudited)	30 June 2023 USD '000 (unaudited)
Profit for the period	6,059	-
Group’s share of profit for the period	3,090	-

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

10. Inventories

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Inventories	252,986	233,279
Allowance for obsolete and slow-moving inventories	(28,128)	(27,172)
	224,858	206,107

Movement in the allowance for obsolete and slow-moving inventories:

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Balance at beginning of the period/year	27,172	26,058
Charge during the period/year	956	1,114
Balance at end of the period/year	28,128	27,172

11. Trade and other receivables

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Advances	63,853	63,166
Contract asset	33,775	14,248
Prepayments	24,946	21,363
VAT receivables - net	22,925	46,080
Trade receivables	376	4,384
Other receivables	12,775	4,705
	158,650	153,946

12. Cash and cash equivalents

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)	30 June 2023 USD '000 (unaudited)
Cash held by ADNOC Group			
Treasury Services (AGTS) (note 16)	330,850	353,613	313,151
Cash in bank	7	7	2,587
Cash on hand	476	502	363
	331,333	354,122	316,101

Cash held by AGTS are funds held on behalf of the Group and are available on demand and is in nature of nature of cash and cash equivalents.

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

13. Share capital and statutory reserve

	30 June 2024		31 December 2023	
	Number of shares (‘000)	USD '000	Number of shares (‘000)	USD '000
	(unaudited)		(audited)	
Ordinary share capital of USD: 0.0272294 (AED: 0.10) each (2022 USD: 0.0272294 (AED: 0.10) each)	16,000,000	435,671	16,000,000	435,671

In accordance with the "UAE Federal Decree Law (32) of 2021", and the Articles of Association of the Company, 10% of the profit is transferred to a non-distributable statutory reserve. Such transfer is required to be made until the reserve is equal to 50% of the paid-up share capital.

14. Borrowings

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Term loans*	1,993,733	1,992,264
	1,993,733	1,992,264

*The amount is net of transaction cost.

Disclosed as follows:

Current	-	-
Non-current	1,993,733	1,992,264
	1,993,733	1,992,264

The borrowings presented in the condensed consolidated statement of financial position consist of the following:

Type	Currency	Interest rate	Year of maturity	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Term Loan (Facility B)	USD	0.8% and Term SOFR	October 2025	498,735	498,014
Term Loan (Facility D)	USD	0.95 % and Term SOFR	November 2027	1,494,998	1,494,250
				1,993,733	1,992,264

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

14. Borrowings (continued)

On 24 October 2021, the Group entered into a syndicated Term and Revolving Facilities Agreement with multiple banks and financial institutions, for general corporate purpose and without limitation shall include payment of dividends, payments for products and services to develop integrated services abilities and the payment of transaction costs associated with the facilities which is as follows:

Term loan (Facility B)

	Facility A – Revolving Loan USD '000	Facility B – Term Loan USD '000
Abu Dhabi Commercial Bank (note 16)	165,000	110,000
First Abu Dhabi Bank (note 16)	165,000	110,000
Emirates NBD Bank PJSC	70,000	140,000
Bank of America Europe Designated Activity Company	60,000	40,000
China Construction bank – DIFC Branch	60,000	20,000
State Bank of India – DIFC Branch	60,000	40,000
Goldman Sachs Bank USA	50,000	-
J.P. Morgan Securities PLC	30,000	-
The National Bank of Ras Al-Khaimah	30,000	-
Agricultural bank of China	30,000	20,000
United Arab Bank P.J.S.C.	30,000	-
Banque MISR- Dubai Branch	-	20,000
	750,000	500,000

The facilities terminate four (4) years from the date of the agreement. An amount of USD 500,000 thousand for facility B was drawn down with facility A unutilized as of 30 June 2024.

Term loan (Facility C& D)

On 1 November 2023, the Group entered into a term loan facility of USD 1,500,000 thousand and Revolving Facility up to AED 1,840,000 thousand with multiple banks and financial institutions with an initial maturity of 4 years. The term loan facility was used to repay the syndicated term loan which expired in November 2023, while the new Revolving Credit Facility (in AED) will fund the Group's growth and the associated working capital. An amount of AED 600,000 thousand was drawn down for facility C and has been fully repaid during the period.

	Facility C – Revolving Loan AED '000	Facility D – Term Loan USD '000
Abu Dhabi Commercial Bank PJSC (note 16)	690,000	200,000
First Abu Dhabi Bank (note 16)	550,000	200,000
Emirates NBD Bank PJSC	500,000	-
Arab Bank for Investment & Foreign Trade (Al Masraf)	100,000	100,000
The Saudi National Bank	-	250,000
Bank of China (Dubai) Branch	-	200,000
Industrial and Commercial Bank of China Limited	-	200,000
Gulf Bank K.S.C.P	-	150,000
The National Bank of Ras Al-Khaimah	-	140,000
Citibank N.A., ADGM Branch	-	40,000
JPMorgan Chase Bank, N.A., London Branch	-	20,000
	1,840,000	1,500,000

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2024 (continued)**

15. Trade and other payables

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Accrued expenses	674,482	575,713
Trade payables	202,365	159,221
Contract liabilities	146,980	140,207
Retention payables	42,146	33,686
Accrual for employees' benefits	11,569	16,895
Pension payable	3,079	3,182
Other payables	92	866
	1,080,713	929,770
<i>Disclosed as follows:</i>		
Current	1,008,082	848,834
Non-current	72,631	80,936
	1,080,713	929,770

The average credit period is 60 days (2023: 60 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

16. Related party balances and transactions

Related parties represent the Parent entity and its subsidiaries, 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.

Balances with related parties at the end of reporting period comprise the following:

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
(a) Due from related parties	88,095	52,764
(b) Other balances due from related parties	1,111,647	952,936
Less: expected credit loss allowance	(28,004)	(19,004)
	1,171,738	986,696
(a) Due from related parties		
ADNOC Offshore	74,470	32,876
Abu Dhabi National Oil Company (ADNOC)	13,469	5,573
ADNOC Sour Gas	144	14,193
Al Dhafrah JV	12	122
	88,095	52,764

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

16. Related party balances and transactions (continued)

At 30 June 2024, the Group had a significant concentration of credit risk, with two of the customers representing 99.8% (2023: two customers representing 89.2%) of related parties receivables outstanding at that date.

The ageing of the related party balances was as follows:

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Not past due	86,155	48,490
Due from 31 to 60 days	-	192
Due from 61 to 90 days	519	707
Due from more than 91 days	1,421	3,375
	88,095	52,764

(b) Other balances due from related parties

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
ADNOC Onshore	536,083	519,018
ADNOC Offshore	503,091	392,678
Abu Dhabi National Oil Company (ADNOC)	63,093	39,198
ADNOC Sour Gas	8,636	1,665
Al Dhafra JV	385	377
ADNOC Distribution	315	-
ADNOC Gas	44	-
	1,111,647	952,936

The movement in allowance for expected credit loss during the period/year was as follows:

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Balance at beginning of the period/year	19,004	9,004
Charge during the period/year	9,000	10,000
Balance at end of the period/year	28,004	19,004

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2024 (continued)**

16. Related party balances and transactions (continued)

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Due to related parties		
ADNOC Onshore	97,068	104,553
Abu Dhabi National Oil Company for Distribution	91,680	66,055
ADNOC Offshore	61,910	61,910
Abu Dhabi National Oil Company (ADNOC)	24,055	11,590
ADNOC Logistics & Services	4,062	6,129
	278,775	250,237

The balances due to/from related parties are non-interest bearing and are payable/receivable on demand.

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Loan from related parties (note 14)		
Abu Dhabi Commercial Bank	310,000	310,000
First Abu Dhabi Bank	310,000	310,000
	620,000	620,000

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Cash and cash equivalents (note 12)		
ADNOC Group Treasury Services (AGTS)	330,850	353,613
First Abu Dhabi Bank	7	7
	330,857	353,620

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2024 (continued)**

16. Related party balances and transactions (continued)

Significant transactions with related parties during the period are as follows:

	Three-month ended 30 June 2024 USD '000 (unaudited)	Three-month ended 30 June 2023 USD '000 (unaudited)	Six-month ended 30 June 2024 USD '000 (unaudited)	Six-month ended 30 June 2023 USD '000 (unaudited)
Revenue				
ADNOC Onshore	485,392	382,559	951,336	769,888
ADNOC Offshore	400,746	306,692	780,628	612,532
ADNOC	35,894	16,438	62,896	26,647
ADNOC Sour Gas	5,192	16	10,328	136
Al Dhafrah JV	404	51	1,050	82
	927,628	705,756	1,806,238	1,409,285
Purchases				
ADNOC Distribution	39,833	32,926	73,156	63,605
ADNOC	15,756	7,103	30,696	16,574
ADNOC Logistics & Services	4,084	2,654	9,052	5,910
ADNOC Refining	-	(273)	-	204
	59,673	42,410	112,904	86,293
Finance Income				
ADNOC Group Treasury Services (AGTS)	2,497	1,957	4,598	6,883
Investment in a joint venture				
Share of results of a joint venture	1,200	-	3,090	-
Finance cost				
First Abu Dhabi Bank	1,482	1,685	5,311	3,610
Abu Dhabi Commercial Bank	1,355	1,646	5,208	3,571
	2,837	3,331	10,519	7,181
Lease payments				
Abu Dhabi National Oil Company (ADNOC)	-	-	6,246	-

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2024 (continued)**

16. Related party balances and transactions (continued)

	Three-month ended 30 June 2024 USD '000 (unaudited)	Three-month ended 30 June 2023 USD '000 (unaudited)	Six-month ended 30 June 2024 USD '000 (unaudited)	Six-month ended 30 June 2023 USD '000 (unaudited)
Key management compensation	2,970	976	4,204	3,878
Board of Director members	7	7	7	7
Key management personnel	9	8	9	8

17. Revenue

The Group derives its revenue from providing the drilling and oilfield services over time in the following major service lines:

	Three-month ended 30 June 2024 USD '000 (unaudited)	Three-month ended 30 June 2023 USD '000 (unaudited)	Six-month ended 30 June 2024 USD '000 (unaudited)	Six-month ended 30 June 2023 USD '000 (unaudited)
Drilling and oilfield services	927,254	721,833	1,801,893	1,436,898
Facilitation of rigs rental	8,148	2,168	19,371	3,190
	935,402	724,001	1,821,264	1,440,088

As at 30 June 2024, the Group has unsatisfied performance obligations amounting to USD 72,631 thousand (31 December 2023: USD 62,373 thousand) that will be recognised as revenue during the next financial period. The amount disclosed above does not include variable consideration which is constrained.

18. Finance cost – net

	Three-month ended 30 June 2024 USD '000 (unaudited)	Three-month ended 30 June 2023 USD '000 (unaudited)	Six-month ended 30 June 2024 USD '000 (unaudited)	Six-month ended 30 June 2023 USD '000 (unaudited)
Finance income	2,529	2,597	4,602	6,944
Less: finance cost	(35,788)	(16,252)	(65,640)	(32,581)
	(33,259)	(13,655)	(61,038)	(25,637)

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

19. Income tax

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000. The Group had performed an assessment and concluded that it qualifies for an exemption under the Law. However, the Group is subject to Emirates level Income Tax at 9% rate on its taxable income effective from 1 January 2024. The Group complies with the Abu Dhabi Income Tax Decree of 1965, as amended or re-enacted from time to time ("Tax decree"), terms of the fiscal letter issued by Supreme Council for Financial and Economic Affairs (SCFEA) and the procedures appended thereto.

Further, the Group has foreign operations and tax is applicable as per laws and regulations of the respective jurisdiction.

The tax charge for the period ended 30 June 2024 is USD 56,472 thousand (30 June 2023: nil), representing an Effective Tax Rate ("ETR") of 9.07% (30 June 2023: nil).

20. Dividends

The Board of Directors proposed a final cash dividend of AED 7.83 fils amounting to USD 341,246 thousand for the year ended 31 December 2022 which was approved by shareholders at the Annual General Meeting held on 3 April 2023. The dividend was paid during the prior period.

The Board of Directors, in their meeting held on 12 February 2024, proposed a final cash dividend of AED 8.2244 fils per share amounting to USD 358,310 thousand for the year ended 31 December 2023 which was approved by shareholders at the Annual General Meeting held on 13 March 2024. The dividend was paid during the current period.

21. Commitments and contingencies

The Group has the following commitments and contingent liabilities outstanding at 30 June 2024 and 31 December 2023:

	30 June 2024 USD '000 (unaudited)	31 December 2023 USD '000 (audited)
Capital commitments – rigs procurement	75,965	93,114
Commitment for investment in a Joint Venture	677,300	765,000
Bank guarantees	47	47

The above commitments and bank guarantees were issued in the normal course of business. Capital commitments relate to ongoing and proposed projects towards procurement of rigs, cementing, wireline, drilling system, coil tubing and other major projects across all operating segments.

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2024 (continued)****22. Seasonality of results**

The Group is not particularly exposed to seasonality of operations. Revenue and operating profits are evenly spread throughout the year.

23. Segment reporting

Information regarding the Group's operating segments is set out below 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 Chief Executive Officer, as the Chief Operating Decision Maker (CODM), in order to allocate resources to the segment and to assess its performance. Information reported to the Chief Executive Officer for the purpose of resource allocation and assessment of segment performance focuses on the financial performance of each business segment and property and equipment only. No information that includes the segments' assets (excluding property and equipment) and liabilities are reported to the Chief Executive Officer.

For management purpose the Group is organised into four operating segments, all of which are referred to as 'business units':

Onshore segment is the largest segment with land rigs, water wells, work over rigs deployed mainly across ADNOC Onshore with a few rigs also assigned to other concessions within the ADNOC group.

Offshore Jackup with owned jackups and some rentals predominantly meeting the ADNOC Offshore drilling needs with a few rigs also assigned to other concessions within the ADNOC group.

Offshore Island rigs is the third largest segment representing the Island part of ADNOC Offshore's requirement.

Oilfield Services (OFS) segment was created to provide oil field services through the partnership with Baker Hughes in late 2018.

The Group operates primarily in United Arab Emirates and accordingly no further geographical analysis of revenue, profit, assets and liabilities has been provided.

The revenue reported represents revenue generated from external customers only. There were no inter-segment sales in current or previous year.

Earnings before interest, tax, depreciation and amortisation "EBITDA" is the measure of the profitability being reviewed by the CODM which is the profit for the year before finance cost, net (both of which are as presented in consolidated statement of profit or loss and other comprehensive income) depreciation, amortisation and impairment.

Refer to note 16 for analysis of revenue from major customers.

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

23. Segment reporting (continued)

	Three-month ended 30 June 2024 (unaudited)					Three-month ended 30 June 2023 (unaudited)				
	Onshore USD '000	Offshore Jackup USD '000	Offshore Island USD '000	OFS USD '000	Total USD '000	Onshore USD '000	Offshore Jackup USD '000	Offshore Island USD '000	OFS USD '000	Total USD '000
Revenue	441,084	283,900	53,427	156,991	935,402	346,303	191,753	52,023	133,922	724,001
Direct cost* (restated)	(209,986)	(80,823)	(19,256)	(119,695)	(429,760)	(175,538)	(59,556)	(17,849)	(104,467)	(357,410)
Gross profit	231,098	203,077	34,171	37,296	505,642	170,765	132,197	34,174	29,455	366,591
General and administrative expenses* (restated)	(20,276)	(12,331)	(1,707)	(1,515)	(35,829)	(13,030)	(8,343)	(1,727)	(717)	(23,817)
Share of results from a joint venture	-	-	-	1,200	1,200	-	-	-	-	-
Other income, net	893	22	63	18	996	799	505	98	30	1,432
EBITDA	211,715	190,768	32,527	36,999	472,009	158,534	124,359	32,545	28,768	344,206

EBITDA is reconciled to profit before tax for the period as follows:

	Three-month ended 30 June 2024 (unaudited)					Three-month ended 30 June 2023 (unaudited)				
	Onshore USD '000	Offshore Jackup USD '000	Offshore Island USD '000	OFS USD '000	Total USD '000	Onshore USD '000	Offshore Jackup USD '000	Offshore Island USD '000	OFS USD '000	Total USD '000
EBITDA	211,715	190,768	32,527	36,999	472,009	158,534	124,359	32,545	28,768	344,206
Depreciation, amortisation and impairment reversal in direct cost	(34,281)	(52,568)	(5,317)	(17,355)	(109,521)	(35,417)	(36,723)	(10,853)	(13,549)	(96,542)
Depreciation, amortization and impairment reversal in general and administrative expense	(3,101)	(1,470)	(419)	(299)	(5,289)	(3,889)	(1,681)	(470)	(327)	(6,367)
Total depreciation and amortisation	(37,382)	(54,038)	(5,736)	(17,654)	(114,810)	(39,306)	(38,404)	(11,323)	(13,876)	(102,909)
Finance cost, net	(18,363)	(11,272)	(1,994)	(1,630)	(33,259)	(7,512)	(4,896)	(956)	(291)	(13,655)
Profit before tax	155,970	125,458	24,797	17,715	323,940	111,716	81,059	20,266	14,601	227,642

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

23. Segment reporting (continued)

	Six-month ended 30 June 2024 (unaudited)					Six-month ended 30 June 2023 (unaudited)				
	Onshore USD '000	Offshore Jackup USD '000	Offshore Island USD '000	OFS USD '000	Total USD '000	Onshore USD '000	Offshore Jackup USD '000	Offshore Island USD '000	OFS USD '000	Total USD '000
Revenue	852,337	561,574	104,327	303,026	1,821,264	701,333	375,894	102,934	259,927	1,440,088
Direct cost* (restated)	(412,517)	(164,747)	(36,574)	(232,121)	(845,959)	(340,767)	(129,546)	(34,936)	(205,937)	(711,186)
Gross profit	439,820	396,827	67,753	70,905	975,305	360,566	246,348	67,998	53,990	728,902
General and administrative expenses* (restated)	(40,238)	(24,286)	(4,370)	(2,877)	(71,771)	(30,193)	(17,977)	(4,035)	(2,036)	(54,241)
Share of results from a joint venture	-	-	-	3,090	3,090	-	-	-	-	-
Other income, net	1,783	625	181	(587)	2,002	1,375	900	168	300	2,743
EBITDA	401,365	373,166	63,564	70,531	908,626	331,748	229,271	64,131	52,254	677,404

EBITDA is reconciled to profit before tax for the period as follows:

	Six-month ended 30 June 2024 (unaudited)					Six-month ended 30 June 2023 (unaudited)				
	Onshore USD '000	Offshore Jackup USD '000	Offshore Island USD '000	OFS USD '000	Total USD '000	Onshore USD '000	Offshore Jackup USD '000	Offshore Island USD '000	OFS USD '000	Total USD '000
EBITDA	401,365	373,166	63,564	70,531	908,626	331,748	229,271	64,131	52,254	677,404
Depreciation, amortisation and impairment reversal in direct cost	(62,232)	(102,745)	(10,704)	(35,218)	(210,899)	(71,563)	(73,173)	(21,429)	(26,983)	(193,148)
Depreciation, amortization in general and administrative expense	(6,204)	(2,941)	(837)	(597)	(10,579)	(7,353)	(3,352)	(936)	(651)	(12,292)
Total depreciation and amortisation	(68,436)	(105,686)	(11,541)	(35,815)	(221,478)	(78,916)	(76,525)	(22,365)	(27,634)	(205,440)
Finance cost, net	(34,598)	(20,471)	(3,800)	(2,169)	(61,038)	(14,107)	(9,216)	(1,796)	(518)	(25,637)
Profit before tax	298,331	247,009	48,223	32,547	626,110	238,725	143,530	39,970	24,102	446,327

*excludes depreciation, amortisation and impairment.

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2024 (continued)

23. Segment reporting (continued)

The following table represents segment assets for the Group's operating segments as reviewed by CODM:

	Onshore USD '000	Offshore Jackup USD '000	Offshore Island USD '000	OFS USD '000	Total USD '000
30 June 2024 (unaudited)					
Property and equipment	1,290,854	2,759,623	175,959	729,834	4,956,270
31 December 2023 (audited)					
Property and equipment	1,242,716	2,726,326	186,674	691,824	4,847,540

24. Basic and diluted earnings per share

Earnings per share (EPS) amounts are calculated by dividing the profit attributable to shareholders of the Group by the weighted average number of share outstanding during the period.

	Three-month ended 30 June 2024 USD'000 (unaudited)	Three-month ended 30 June 2023 USD'000 (unaudited)	Six-month ended 30 June 2024 USD'000 (unaudited)	Six-month ended 30 June 2023 USD'000 (unaudited)
Profit attributable to shareholders of the Company (USD'000)	295,027	227,642	569,638	446,327
Weighted average number of shares for the purpose of basic earnings per share	16,000,000	16,000,000	16,000,000	16,000,000
Earnings per share (USD'000)	0.0184	0.0142	0.0356	0.0279

There are no dilutive securities, therefore diluted EPS is the same as basic EPS.

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2024 (continued)****25. Comparative figures**

In the current period and as required by IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Change in Accounting Estimates and Errors”, Management has reclassified certain general and administrative expenses which are more direct in nature to direct costs and therefore balances for comparative period was re-classified for consistency with the current presentation, as follows:

- The Group presented general and administrative expenses of USD 137,059 thousand for the six-month period ended 30 June 2023 and in the current period it was reclassified to USD 66,533 thousand due to a reclassification of USD 70,526 thousand which was reported earlier under general and administrative expenses to direct cost. Accordingly, direct cost of USD 833,808 thousand presented for the six-month period ended 30 June 2023 was restated to USD 904,334 thousand. Consequently, due to the aforementioned reclassification, reported gross profits of USD 606,280 thousand for the six-month period ended 30 June 2023 restated to USD 535,754 thousand.
- The Group presented general and administrative expenses of USD 66,228 thousand for the three-month period ended 30 June 2023 and in the current period it was reclassified to USD 30,184 thousand due to a reclassification of USD 36,044 thousand which was reported earlier under general and administrative expenses to direct cost. Accordingly, direct cost of USD 417,908 thousand presented for the three-month period ended 30 June 2023 was restated to USD 453,952 thousand. Consequently, due to the aforementioned reclassification, reported gross profits of USD 306,093 thousand for the three-month period ended 30 June 2023 restated to USD 270,049 thousand.

The aforementioned reclassification had no impact on the reported results on the Group.

26. Subsequent events

- a) Subsequent to the period end, the Group’s joint venture:
 - agreed to acquire a 51% equity stake in NTS AMEGA (“NTS”) for a consideration of approximately \$58 million (excluding transaction fees, expenses and completion adjustment), making ENERSOL RSC LTD the majority equity holder; and
 - agreed to acquire a 100% equity stake in EV Holdings Ltd, subject to regulatory approvals. Headquartered in the United States, EV is a leading global provider of vision-based diagnostics and analytics services for the oil and gas sector
- b) Subsequent to the period end, the Group has appointed of Al Ramz Capital, a licensed financial institution and market maker, as a liquidity provider for the Company’s shares listed on the Abu Dhabi Securities Exchange (ADX). Under the terms of the one-year agreement, Al Ramz Capital will begin trading the Company’s shares independently and providing liquidity for the Company’s shares by offering simultaneous orders on both sides (buy and sell) in accordance with the regulations and rules of the ADX and the Securities and Commodities Authority.
- c) On 2 August 2024, the Board of Directors approved an interim cash dividend of AED 9.0468 fils amounting to USD 394,144 thousand for the first half of 2024.

27. Approval of condensed consolidated financial information

This condensed consolidated financial information was approved by the Board of Directors and authorised for issue on 2 August 2024.