

ADNOC Drilling



ADNOC DRILLING COMPANY P.J.S.C.

Review report and condensed financial
information for the six-month period ended
30 June 2023



ADNOC Drilling Company P.J.S.C.

**Review report and condensed financial information
for the six-month period ended 30 June 2023**

	Pages
Directors' report	1
Report on review of condensed financial information	2
Condensed statement of financial position	3
Condensed statement of profit or loss and other comprehensive income	4
Condensed statement of changes in equity	5
Condensed statement of cash flows	6 – 7
Notes to the condensed financial information	8 – 24

ADNOC Drilling Company P.J.S.C.

Directors' report for the six-month period ended 30 June 2023

The Directors present their report together with the unaudited condensed financial information of ADNOC Drilling Company P.J.S.C. ("the Company") for the six-month period ended 30 June 2023.

Principal activities

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.

Review of business

During the period, the Company reported revenue of USD 1,440,088 thousand (30 June 2022: USD 1,269,639 thousand). Profit for the period was USD 446,327 thousand (30 June 2022: USD 379,311 thousand).

The appropriation of the results for the period is follows:

Retained earnings at 1 January 2023
Profit for the period
Dividends

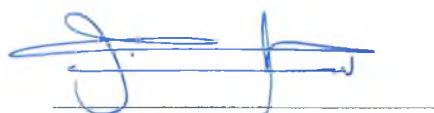
Retained earnings at 30 June 2023

USD '000

2,354,738
446,327
(341,246)

2,459,819

For the Board of Directors



Chairman

3 August 2023

Abu Dhabi
United Arab Emirates



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

Introduction

We have reviewed the accompanying condensed statement of financial position of ADNOC Drilling Company P.J.S.C. ("the Company"), as at 30 June 2023 and the related condensed 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 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 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 financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 as issued by IASB.

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration No. 717
3 August 2023
Abu Dhabi
United Arab Emirates

**Condensed statement of financial position
as at 30 June 2023**

	Notes	30 June 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
ASSETS			
Non-current assets			
Property and equipment	5	3,949,846	3,921,607
Right-of-use assets	6	27,195	33,909
Intangible assets	7	7,221	8,980
Advances		3,353	5,408
Total non-current assets		3,987,615	3,969,904
Current assets			
Inventories	8	188,237	153,369
Trade and other receivables	9	145,199	115,427
Due from related parties	15	807,657	929,046
Cash and cash equivalents	10	316,101	325,514
		1,457,194	1,523,356
Assets held for sale	11	10,717	-
Total current assets		1,467,911	1,523,356
Total assets		5,455,526	5,493,260
EQUITY AND LIABILITIES			
Equity			
Share capital	12	435,671	435,671
Statutory reserve	12	140,572	140,572
Retained earnings		2,459,819	2,354,738
Total equity		3,036,062	2,930,981
Non-current liabilities			
Trade and other payables	14	20,561	28,098
Lease liabilities	6	6,482	20,608
Provision for employees' end of service benefits		115,813	111,081
Total non-current liabilities		142,856	159,787
Current liabilities			
Borrowings	13	1,500,000	1,500,000
Trade and other payables	14	432,861	404,287
Lease liabilities	6	26,099	19,141
Due to related parties	15	305,343	466,759
Provision for employees' end of service benefits		12,305	12,305
Total current liabilities		2,276,608	2,402,492
Total liabilities		2,419,464	2,562,279
Total equity and liabilities		5,455,526	5,493,260

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



H. E. Dr. Sultan Ahmed Al Jaber
Chairman



Abdulrahman Abdulla Alseiri
Chief Executive Officer



Esa Ikaheimonen
Chief Financial Officer

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

Condensed statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2023

	Notes	Three-month ended 30 June		Six-month ended 30 June	
		2023 USD'000 (unaudited)	2022 USD'000 (unaudited)	2023 USD'000 (unaudited)	2022 USD'000 (unaudited)
Revenue	16	724,001	668,392	1,440,088	1,269,639
Direct cost		(417,908)	(396,007)	(833,808)	(755,724)
Gross profit		306,093	272,385	606,280	513,915
General and administrative expenses		(66,228)	(63,717)	(137,059)	(127,808)
Other income		1,432	2,757	2,743	3,985
Finance cost - net	17	(13,655)	(6,566)	(25,637)	(10,781)
Profit for the period		227,642	204,859	446,327	379,311
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		227,642	204,859	446,327	379,311
Earnings per share:					
Basic and diluted	22	0.0142	0.0128	0.0279	0.0237

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

**Condensed statement of changes in equity
for the six-month period ended 30 June 2023**

	Share capital USD '000	Statutory reserve USD '000	Retained earnings USD '000	Total equity USD '000
Balance at 1 January 2022 (audited)	435,671	60,391	2,299,362	2,795,424
Total comprehensive income for the period	-	-	379,311	379,311
Dividends (note 18)	-	-	(325,000)	(325,000)
Balance at 30 June 2022 (unaudited)	435,671	60,391	2,353,673	2,849,735
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 18)	-	-	(341,246)	(341,246)
Balance at 30 June 2023 (unaudited)	435,671	140,572	2,459,819	3,036,062

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

**Condensed statement of cash flows
for the six-month period ended 30 June 2023**

	Three-month ended 30 June 2023 USD'000 (unaudited)	Three-month ended 30 June 2022 USD'000 (unaudited)	Six-month ended 30 June 2023 USD'000 (unaudited)	Six-month ended 30 June 2022 USD'000 (unaudited)
Cash flows from operating activities				
Profit for the period	227,642	204,859	446,327	379,311
<i>Adjustments for:</i>				
Depreciation of property and equipment	98,454	92,101	196,760	187,148
Amortisation of intangible assets	884	547	1,759	1,088
Reversal of Impairment of property and equipment	-	(7,565)	-	(7,565)
Depreciation of right-of-use assets	3,364	3,418	6,714	8,929
Employees end of service benefit charge	3,478	3,441	8,086	9,747
Allowance for slow-moving inventories	400	2,797	264	3,933
Finance cost	16,252	6,711	32,581	11,075
Finance income	(2,597)	(145)	(6,944)	(294)
Operating cash flows before changes in working capital	347,877	306,164	685,547	593,372
Changes in working capital on account of:				
Inventories	1,428	30,791	(35,132)	24,612
Advance payments	1,558	549	2,055	1,110
Trade and other receivables	(33,017)	(11,927)	(29,772)	(15,538)
Due from related parties	(21,784)	3,598	121,389	115,085
Trade and other payables	48,225	4,466	42,144	44,000
Due to related parties	52,553	(126,417)	(161,416)	58,972
Employees' end of service benefit paid	(1,358)	(2,055)	(3,354)	(3,678)
Cash generated from operating activities	395,482	205,169	621,461	817,935
Cash flows from investing activities				
Payments for purchase of property and equipment	(181,287)	(206,769)	(256,823)	(284,671)
Finance income received	3,931	145	6,944	294
Net cash used in investing activities	(177,356)	(206,624)	(249,879)	(284,377)

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

Condensed statement of cash flows for the six-month period ended 30 June 2023 (continued)

	Three-month ended 30 June 2023 USD'000 (unaudited)	Three-month ended 30 June 2022 USD'000 (unaudited)	Six-month ended 30 June 2023 USD'000 (unaudited)	Six-month ended 30 June 2022 USD'000 (unaudited)
Cash flows from financing activities				
Lease liabilities paid	(7,322)	(10,934)	(7,322)	(11,468)
Dividends paid	(341,246)	(325,000)	(341,246)	(325,000)
Finance cost paid	(16,046)	(6,958)	(32,427)	(11,136)
Net cash used in financing activities	(364,614)	(342,892)	(380,995)	(347,604)
Net (decrease)/increase in cash and cash equivalents	(146,488)	(344,347)	(9,413)	185,954
Cash and cash equivalent at the beginning of the period	462,589	983,402	325,514	453,101
Cash and cash equivalents at the end of the period	316,101	639,055	316,101	639,055

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

Notes to the condensed financial information for the six-month period ended 30 June 2023

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.

Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 and has come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the "2015 Law").

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.

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

The accounting policies used in the preparation of this condensed financial information are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 2022, and the notes, except for the one listed below:

Assets held for sale

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

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

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

2.1. New and amended standard adopted by the Company

In the current period, the Company has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2023. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current period but may affect the accounting for the Company's future transactions or arrangements.

Notes to the condensed financial information for the six-month period ended 30 June 2023 (continued)

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

2.1. New and amended standard adopted by the Company (continued)

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective from 1 January 2023)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (effective from 1 January 2023)
- Definition of Accounting Estimates (Amendments to IAS 8) (effective from 1 January 2023)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (effective from 1 January 2023)
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) (effective from 1 January 2023)

Other than the above, there are no other material IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2023.

2.2. New and revised IFRS in issue but not yet effective and not early adopted

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

- 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)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) (effective from 1 January 2024)
- Non-current Liabilities with Covenants (Amendments to IAS 1) (effective from 1 January 2024)

The above stated new standards and amendments are not expected to have any significant impact on the financial statements of the Company.

3. Summary of significant accounting policies

3.1. Statement of compliance

This condensed financial information for the six-month period ended 30 June 2023 has been prepared in accordance with IAS 34, *Interim Financial Reporting* as issued by IASB.

The condensed financial information does not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2022. In addition, results for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

3.2. Basis of preparation

The condensed financial information is prepared in United States Dollar (USD), which is the Company'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 Company's audited financial statements for the year ended 31 December 2022. This condensed 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.

Notes to the condensed financial information for the six-month period ended 30 June 2023 (continued)

3. Summary of significant accounting policies (continued)

3.3 Going concern

At 30 June 2023, the Company's current liabilities exceed its current assets by USD 808,697 thousand (2022: USD 879,136 thousand). Management has assessed liquidity forecast under different scenarios and no material uncertainties over going concern were identified. The Company has sufficient liquidity through the Company's undrawn borrowing facilities (note 13) as well as the Company's forecasted cash flows from operations to meet ongoing commitments and therefore it is concluded that adequate support is available to evidence that the going concern assumption is appropriate for the preparation of these financial statements

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the condensed 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 financial information, the significant judgments made by management in applying the Company's accounting policies, and the key sources of estimates uncertainty were the same as those applied in the Company's financial statements as at and for the year ended 31 December 2022 other than the policy relating to classifying the assets held for sale (note 2 and note 11) and offsetting due from/ to related parties. Management considered all facts and conditions and concluded that the assets held for sale meet the criteria to be classified as held for sale.

Balances due from/to related parties as disclosed in note 15 are reported on a net basis in the accompanying condensed financial information. Management has established that a legally enforceable right to set off such amounts exist, and the Company intends to settle on net basis or to realise the assets and settle the liabilities simultaneously.

5. Property and equipment

	30 June 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
Net book value at the beginning of the period/year	3,921,607	3,363,443
Additions	235,716	954,692
Depreciation charge for the period/year	(196,760)	(386,428)
Transferred to assets held for sale	(10,717)	-
Reclassification to intangible assets* - net (note 7)	-	(7,146)
Impairment charge for the period/year** - net	-	(2,954)
Net book value at end of the period/year	3,949,846	3,921,607

Property and equipment include capital work in progress amounting to USD 694,459 thousand as at 30 June 2023 (31 December 2022: USD 644,912 thousand).

* Assets included in property and equipment in the previous year in the nature of intangible assets have been reclassified to intangible assets in accordance with the requirements of IAS 38 (note 7).

** The Company performed an impairment assessment and concluded that for certain assets, the recoverable amount was lower than the carrying value of the assets. In 2022, the Company recognised an impairment/lost in hole of USD 10,519 thousand. Impairment of certain assets amounting to USD 7,565 thousand were reversed in 2022.

**Notes to the condensed financial information
for the six-month period ended 30 June 2023 (continued)**

6. Rights-of-use assets and lease liabilities

Rights-of-use assets

	30 June 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
Balance at the beginning of the period/year	33,909	34,384
Additions during the period/year	-	15,317
Depreciation charge during the period/year	(6,714)	(15,792)
Balance at end of the period/year	27,195	33,909

Lease liabilities

	30 June 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
Balance at the beginning of the period/year	39,749	39,348
Additions	-	15,317
Accretion of interest	154	283
Payments	(7,322)	(15,199)
Balance at end of the period/year	32,581	39,749
<i>Disclosed as follows:</i>		
Current	26,099	19,141
Non-current	6,482	20,608
	32,581	39,749

7. Intangible assets

	30 June 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
Net book value at the beginning of the period/year	8,980	-
Reclassified from property and equipment (note 5)	-	7,146
Additions during the period/year	-	4,148
Amortisation charge for the period/year	(1,759)	(2,314)
Net book value at end of the period/year	7,221	8,980

**Notes to the condensed financial information
for the six-month period ended 30 June 2023 (continued)**

8. Inventories

	30 June 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
Inventories	214,559	179,427
Allowance for obsolete and slow-moving inventories	(26,322)	(26,058)
	188,237	153,369

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

	30 June 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
Balance at beginning of the period/year	26,058	25,158
Charge during the period/year	264	900
Balance at end of the period/year	26,322	26,058

9. Trade and other receivables

	30 June 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
Trade receivables	25,769	24,181
Advances	38,073	37,199
Accrued revenue	28,902	27,890
Prepayments	20,825	8,134
Other receivables	31,630	18,023
	145,199	115,427

10. Cash and cash equivalents

	30 June 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
Cash in bank	315,738	325,108
Cash on hand	363	406
	316,101	325,514

Included within cash in bank is an amount of USD 313,151 thousand (2022: USD 322,643 thousand) held by ADNOC Group Treasury Services (AGTS) which is in nature of cash and cash equivalents. Cash held by AGTS are funds held on behalf of the Company and are available on demand.

**Notes to the condensed financial information
for the six-month period ended 30 June 2023 (continued)**

11. Assets held for sale

	30 June 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
Cost	72,017	-
Accumulated depreciation	(61,300)	-
Net book value at end of the period/year	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. The rigs are expected to be sold in the year 2023 upon finalization of the associated negotiations and signing of definitive agreements. There is no impairment required on these rigs as the recoverable amount is higher than the carrying value.

12. Share capital and statutory reserve

	30 June 2023		31 December 2022	
	Number of shares (‘000)	USD ‘000 (unaudited)	Number of shares (‘000)	USD ‘000 (audited)
Ordinary share capital of 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.

13. Borrowings

	30 June 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
Syndicated loan – Current	1,500,000	1,500,000

**Notes to the condensed financial information
for the six-month period ended 30 June 2023 (continued)**

13. Borrowings (continued)

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

Type	Currency	Interest rate	Year of maturity	30 June 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
Syndicated loan	USD	0.9% and one month LIBOR	November 2023	1,500,000	1,500,000

The facility carries a fixed margin of 0.9% and one month LIBOR interest rate. The loan matures in a lump sum amount after 5 years which is due in November 2023.

	30 June 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
First Abu Dhabi Bank (note 15)	375,000	375,000
Sumitomo Mitsui Banking Corporation	225,000	225,000
The National Bank of Ras Al-Khaimah	170,000	170,000
The Norinchukin Bank	150,000	150,000
State Bank of India	125,000	125,000
Abu Dhabi Commercial Bank (note 15)	105,000	155,000
Bank of American Merrill Lynch International Limited	75,000	75,000
Mizuho Bank	75,000	75,000
Sgbtci SA	75,000	75,000
UniCredit Bank Austria AG	75,000	75,000
Agricultural Bank Of China Limited, DIFC Branch	50,000	-
	1,500,000	1,500,000

**Notes to the condensed financial information
for the six-month period ended 30 June 2023 (continued)**

13. Borrowings (continued)

On 24 October 2021, the Company 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:

	Facility A – Revolving Loan USD '000	Facility B – Term Loan USD '000
Abu Dhabi Commercial Bank	165,000	110,000
First Abu Dhabi Bank	165,000	110,000
J.P. Morgan Securities PLC	90,000	-
HSBC Bank Middle East Limited	90,000	60,000
Emirates NBD Bank PJSC	70,000	140,000
Bank of America Europe Designated Activity Company	60,000	40,000
Goldman Sachs Bank USA	50,000	-
Societe Generale	30,000	40,000
The National Bank of Ras Al-Khaimah	30,000	-
	750,000	500,000

The facilities carry a fixed margin of 0.8% and six-month LIBOR interest rate. The facilities terminate four (4) years from the date of the agreement and the expiration date to utilize the Term Loan (Facility B) amounting to USD 500,000 thousand is 24 October 2023. No drawdown has been made as at 30 June 2023 against these facilities.

14. Trade and other payables

	30 June 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
Accrued expenses	249,792	218,263
Trade payables	115,375	130,732
Deferred revenue	40,523	47,837
Retention payables	27,404	20,480
Accrual for employees' benefits	16,910	12,307
Pension payable	3,235	2,645
Other payables	183	121
	453,422	432,385
<i>Disclosed as follows:</i>		
Current	432,861	404,287
Non-current	20,561	28,098
	453,422	432,385

The average credit period is 60 days (2022: 60 days). The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

**Notes to the condensed financial information
for the six-month period ended 30 June 2023 (continued)**

15. Related party balances and transactions

Related parties represent the Parent entity and its subsidiaries, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

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

	30 June 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
(a) Due from related parties	23,141	34,482
(b) Other balances due from related parties	793,520	903,568
Less: expected credit loss allowance	(9,004)	(9,004)
	807,657	929,046
(a) Due from related parties		
ADNOC Offshore	22,616	34,260
Abu Dhabi National Oil Company (ADNOC)	423	-
ADNOC Sour Gas	84	191
Al Dhafrah JV	13	20
ADNOC Gas Processing	5	5
ADNOC Refining	-	6
	23,141	34,482

At 30 June 2023, the Company had a significant concentration of credit risk, with one of the customer representing 97.7% (2022: one customer representing 99.4%) of related parties receivables outstanding at that date.

The ageing of the related party balances was as follows:

	30 June 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
Not past due	12,636	16,093
Due from 31 to 60 days	5,655	2,306
Due from 61 to 90 days	228	2,851
Due from more than 91 days	4,622	13,232
	23,141	34,482

**Notes to the condensed financial information
for the six-month period ended 30 June 2023 (continued)**

15. Related party balances and transactions (continued)

(b) Other balances due from related parties

	30 June 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
ADNOC Onshore	527,391	676,166
ADNOC Offshore	233,418	221,447
Abu Dhabi National Oil Company (ADNOC)	31,638	5,100
ADNOC Sour Gas	591	455
Al Dhafra JV	482	400
	793,520	903,568

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

	30 June 2023 USD '000 (unaudited)	31 December 2022 USD '000 (unaudited)
Balance at beginning of the period/year	9,004	-
Charge during the period/year	-	9,004
Balance at end of the period/year	9,004	9,004

Due to related parties

	30 June 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
ADNOC Onshore	227,062	390,662
Abu Dhabi National Oil Company for Distribution	62,533	62,535
Abu Dhabi National Oil Company (ADNOC)	13,578	12,262
ADNOC Logistics & Services	2,056	751
ADNOC Refining	114	510
ADNOC Gas Processing	-	39
	305,343	466,759

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

Loan from related parties (note 13)

	30 June 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
First Abu Dhabi Bank	375,000	375,000
Abu Dhabi Commercial Bank	105,000	155,000
	480,000	530,000

**Notes to the condensed financial information
for the six-month period ended 30 June 2023 (continued)**

15. Related party balances and transactions (continued)

	30 June 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
Cash and cash equivalents (note 10)		
ADNOC Group Treasury Services (AGTS)	313,151	322,643
First Abu Dhabi Bank	2,522	2,383
Abu Dhabi Commercial Bank	65	82
	315,738	325,108

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

	Three-month ended 30 June 2023 USD '000 (unaudited)	Three-month ended 30 June 2022 USD '000 (unaudited)	Six-month ended 30 June 2023 USD '000 (unaudited)	Six-month ended 30 June 2022 USD '000 (unaudited)
Revenue				
ADNOC Onshore	382,559	414,085	769,888	770,692
ADNOC Offshore	306,692	224,398	612,532	452,291
ADNOC	16,438	-	26,647	-
ADNOC Sour Gas	16	282	136	430
Al Dhafrah JV	51	-	82	55
	705,756	638,765	1,409,285	1,223,468
Purchases				
ADNOC Distribution	32,926	41,838	63,605	64,259
ADNOC	7,103	13,992	16,574	15,771
ADNOC Logistics & Services	2,654	4,145	5,910	6,103
ADNOC Refining	(273)	-	204	-
	42,410	59,975	86,293	86,133
Finance Income				
ADNOC Group Treasury Services (AGTS)	1,957	145	6,883	294

**Notes to the condensed financial information
for the six-month period ended 30 June 2023 (continued)**

15. Related party balances and transactions (continued)

	Three-month ended 30 June 2023 USD '000 (unaudited)	Three-month ended 30 June 2022 USD '000 (unaudited)	Six-month ended 30 June 2023 USD '000 (unaudited)	Six-month ended 30 June 2022 USD '000 (unaudited)
Key management compensation	976	3,553	3,878	4,519
Board of Director members	7	8	7	8
Key management personnel	8	8	8	8

16. Revenue

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

	Three-month ended 30 June 2023 USD '000 (unaudited)	Three-month ended 30 June 2022 USD '000 (unaudited)	Six-month ended 30 June 2023 USD '000 (unaudited)	Six-month ended 30 June 2022 USD '000 (unaudited)
Drilling and oilfield services	721,833	664,751	1,436,898	1,263,910
Facilitation of rigs rental	2,168	3,641	3,190	5,729
	724,001	668,392	1,440,088	1,269,639

As at 30 June 2023, the Company doesn't have any unsatisfied performance obligations that will be recognised as revenue during the next financial period. The amount disclosed above does not include variable consideration which is constrained.

17. Finance cost – net

	Three-month ended 30 June 2023 USD '000 (unaudited)	Three-month ended 30 June 2022 USD '000 (unaudited)	Six-month ended 30 June 2023 USD '000 (unaudited)	Six-month ended 30 June 2022 USD '000 (unaudited)
Finance income	2,597	145	6,944	294
Less: finance cost	(16,252)	(6,711)	(32,581)	(11,075)
	(13,655)	(6,566)	(25,637)	(10,781)

Notes to the condensed financial information for the six-month period ended 30 June 2023 (continued)

18. Dividends

The Board of Directors, in their meeting held on 10 February 2022, proposed a final cash dividend of AED 7.46 fils per share amounting to USD 325,000 thousand for the year ended 31 December 2021 which was approved by shareholders at the Annual General Meeting held on 20 April 2022. The dividend was paid during the prior period.

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 current period.

19. Commitments and contingencies

The Company has the following commitments and contingent liabilities outstanding at 30 June 2023 and 31 December 2022:

	30 June 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
Capital commitments – rigs procurement	246,190	128,102
Bank guarantees	48	134

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.

20. Seasonality of results

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

**Notes to the condensed financial information
for the six-month period ended 30 June 2023 (continued)**

21. Segment reporting

Information regarding the Company'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 Company 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 Company 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 through the partnership with Baker Hughes in late 2018 and provides other services.

The Company operates solely 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 period.

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 period before finance cost, net (both of which are as presented in condensed statement of profit or loss and other comprehensive income) depreciation, amortisation and impairment.

Refer to note 15 for analysis of revenue from major customers.

Notes to the condensed financial information for the six-month period ended 30 June 2023 (continued)

21. Segment reporting (continued)

	Three-month ended 30 June 2023 (unaudited)					Three-month ended 30 June 2022 (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	346,303	191,753	52,023	133,922	724,001	382,554	143,753	51,729	90,356	668,392
Direct cost*	(152,558)	(48,855)	(15,660)	(103,894)	(320,967)	(155,307)	(57,040)	(15,314)	(73,892)	(301,553)
Gross profit	193,745	142,898	36,363	30,028	403,034	227,247	86,713	36,415	16,464	366,839
General and administrative expenses*	(36,010)	(19,044)	(3,916)	(1,290)	(60,260)	(41,950)	(20,790)	(6,930)	-	(69,670)
Other income, net	799	505	98	30	1,432	1,737	769	251	-	2,757
EBITDA	158,534	124,359	32,545	28,768	344,206	187,034	66,692	29,736	16,464	299,926

EBITDA is reconciled to profit for the period as follows:

	Three-month ended 30 June 2023 (unaudited)					Three-month ended 30 June 2022 (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	158,534	124,359	32,545	28,768	344,206	187,034	66,692	29,736	16,464	299,926
Depreciation, amortisation and impairment reversal in direct cost	(35,815)	(36,724)	(10,853)	(13,549)	(96,941)	(37,839)	(33,750)	(11,180)	(11,685)	(94,454)
Depreciation, amortization and impairment reversal in general and administrative expense	(3,491)	(1,680)	(470)	(327)	(5,968)	3,853	1,575	525	-	5,953
Total depreciation and amortisation	(39,306)	(38,404)	(11,323)	(13,876)	(102,909)	(33,986)	(32,175)	(10,655)	(11,685)	(88,501)
Finance cost, net	(7,512)	(4,896)	(956)	(291)	(13,655)	(3,938)	(1,971)	(657)	-	(6,566)
Profit for the period	111,716	81,059	20,266	14,601	227,642	149,110	32,546	18,424	4,779	204,859

*excludes depreciation, amortisation and impairment.

Notes to the condensed financial information for the six-month period ended 30 June 2023 (continued)

21. Segment reporting (continued)

	Six-month ended 30 June 2023 (unaudited)					Six-month ended 30 June 2022 (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	701,333	375,894	102,934	259,927	1,440,088	701,778	288,148	101,262	178,451	1,269,639
Direct cost*	(296,763)	(108,639)	(30,573)	(204,684)	(640,659)	(287,901)	(99,841)	(31,267)	(147,873)	(566,882)
Gross profit	404,570	267,255	72,361	55,243	799,429	413,877	188,307	69,995	30,578	702,757
General and administrative expenses*	(74,197)	(38,884)	(8,398)	(3,289)	(124,768)	(76,285)	(38,074)	(12,691)	-	(127,050)
Other income, net	1,375	900	168	300	2,743	2,606	1,034	339	6	3,985
EBITDA	331,748	229,271	64,131	52,254	677,404	340,198	151,267	57,643	30,584	579,692

EBITDA is reconciled to profit for the period as follows:

	Six-month ended 30 June 2023 (unaudited)					Six-month ended 30 June 2022 (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	331,748	229,271	64,131	52,254	677,404	340,198	151,267	57,643	30,584	579,692
Depreciation, amortisation and impairment reversal in direct cost	(71,564)	(73,173)	(21,429)	(26,983)	(193,149)	(71,586)	(71,146)	(21,888)	(24,222)	(188,842)
Depreciation and amortisation in general and administrative expense	(7,352)	(3,352)	(936)	(651)	(12,291)	(263)	(371)	(124)	-	(758)
Total depreciation and amortisation	(78,916)	(76,525)	(22,365)	(27,634)	(205,440)	(71,849)	(71,517)	(22,012)	(24,222)	(189,600)
Finance cost, net	(14,107)	(9,216)	(1,796)	(518)	(25,637)	(6,468)	(3,235)	(1,078)	-	(10,781)
Profit for the period	238,725	143,530	39,970	24,102	446,327	261,881	76,515	34,553	6,362	379,311

*excludes depreciation, amortisation and impairment.

Notes to the condensed financial information for the six-month period ended 30 June 2023 (continued)

21. Segment reporting (continued)

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

	Onshore USD '000	Offshore Jackup USD '000	Offshore Island USD '000	OFS USD '000	Total USD '000
Property and equipment					
30 June 2023 (unaudited)	936,089	2,234,266	165,534	613,957	3,949,846
31 December 2022 (audited)	974,554	2,143,938	185,715	617,400	3,921,607

22. Basic and diluted earnings per share

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

	Three-month ended 30 June 2023 USD'000 (unaudited)	Three-month ended 30 June 2022 USD'000 (unaudited)	Six-month ended 30 June 2023 USD'000 (unaudited)	Six-month ended 30 June 2022 USD'000 (unaudited)
Profit attributable to shareholders of the Company (USD'000)	227,642	204,859	446,327	379,311
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)	0.0142	0.0128	0.0279	0.0237

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

23. Corporate 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 Company is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities.

24. Approval of condensed financial information

These condensed financial information were approved by the Board of Directors and authorised for issue on 3 August 2023.