

ADNOC Drilling



# ADNOC DRILLING COMPANY P.J.S.C.

Review report and condensed financial  
information for the three-month period ended  
31 March 2023



# **ADNOC Drilling Company P.J.S.C.**

**Review report and condensed financial information  
for the three-month period ended 31 March 2023**

	<b>Pages</b>
<b>Directors' report</b>	<b>1</b>
<b>Report on review of condensed financial information</b>	<b>2</b>
<b>Condensed statement of financial position</b>	<b>3</b>
<b>Condensed statement of profit or loss and other comprehensive income</b>	<b>4</b>
<b>Condensed statement of changes in equity</b>	<b>5</b>
<b>Condensed statement of cash flows</b>	<b>6</b>
<b>Notes to the condensed financial information</b>	<b>7 – 21</b>

# ADNOC Drilling Company P.J.S.C.

## Directors' report for the three-month period ended 31 March 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 three-month period ended 31 March 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 716,087 thousand (31 March 2022: USD 601,247 thousand). Profit for the period was USD 218,685 thousand (31 March 2022: USD 174,452 thousand).

The appropriation of the results for the period is follows:

	USD '000
Retained earnings at 1 January 2023	2,354,738
Profit for the period	218,685
<b>Retained earnings at 31 March 2023</b>	<b>2,573,423</b>

### For the Board of Directors



Chairman

10 May 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 31 March 2023 and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-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  
10 May 2023  
Abu Dhabi  
United Arab Emirates

**Condensed statement of financial position  
as at 31 March 2023**

		31 March 2023	31 December 2022
	Notes	USD '000 (unaudited)	USD '000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	3,869,808	3,921,607
Right-of-use assets	7	30,559	33,909
Intangible assets	8	8,105	8,980
Advances		2,911	5,408
<b>Total non-current assets</b>		<b>3,911,383</b>	<b>3,969,904</b>
<b>Current assets</b>			
Inventories	9	190,065	153,369
Trade and other receivables	10	115,516	115,427
Due from related parties	15	785,873	929,046
Cash and cash equivalents	11	462,589	325,514
		<b>1,554,043</b>	<b>1,523,356</b>
Assets held for sale	6	10,717	-
<b>Total current assets</b>		<b>1,564,760</b>	<b>1,523,356</b>
<b>Total assets</b>		<b>5,476,143</b>	<b>5,493,260</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	435,671	435,671
Statutory reserve	12	140,572	140,572
Retained earnings		2,573,423	2,354,738
<b>Total equity</b>		<b>3,149,666</b>	<b>2,930,981</b>
<b>Non-current liabilities</b>			
Trade and other payables	14	23,357	28,098
Lease liabilities	7	6,406	20,608
Provision for employees' end of service benefits		113,693	111,081
<b>Total non-current liabilities</b>		<b>143,456</b>	<b>159,787</b>
<b>Current liabilities</b>			
Borrowings	13	1,500,000	1,500,000
Trade and other payables	14	384,454	404,287
Lease liabilities	7	33,472	19,141
Due to related parties	15	252,790	466,759
Provision for employees' end of service benefits		12,305	12,305
<b>Total current liabilities</b>		<b>2,183,021</b>	<b>2,402,492</b>
<b>Total liabilities</b>		<b>2,326,477</b>	<b>2,562,279</b>
<b>Total equity and liabilities</b>		<b>5,476,143</b>	<b>5,493,260</b>

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 Alseiari  
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 three-month period ended 31 March 2023**

		Three-month ended 31 March 2023 USD'000 (unaudited)	Three-month ended 31 March 2022 USD'000 (unaudited)
	<b>Notes</b>		
<b>Revenue</b>	<b>16</b>	<b>716,087</b>	601,247
Direct cost		<b>(415,900)</b>	(359,717)
<b>Gross profit</b>		<b>300,187</b>	241,530
General and administrative expenses		<b>(70,831)</b>	(64,091)
Other income		<b>1,311</b>	1,228
Finance cost - net	<b>17</b>	<b>(11,982)</b>	(4,215)
<b>Profit for the period</b>		<b>218,685</b>	174,452
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<b>218,685</b>	174,452
<b>Earnings per share:</b>			
Basic and diluted	<b>21</b>	<b>0.014</b>	0.011

**Condensed statement of changes in equity  
for the three-month period ended 31 March 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	-	-	174,452	174,452
Balance at 31 March 2022 (unaudited)	435,671	60,391	2,473,814	2,969,876
Balance at 1 January 2023 (audited)	435,671	140,572	2,354,738	2,930,981
Total comprehensive income for the period	-	-	218,685	218,685
<b>Balance at 31 March 2023 (unaudited)</b>	<b>435,671</b>	<b>140,572</b>	<b>2,573,423</b>	<b>3,149,666</b>

**Condensed statement of cash flows  
for the three-month period ended 31 March 2023**

	Three-month ended 31 March 2023 USD'000 (unaudited)	Three-month ended 31 March 2022 USD'000 (unaudited)
<b>Cash flows from operating activities</b>		
<b>Profit for the period</b>	218,685	174,452
<i>Adjustments for:</i>		
Depreciation of property and equipment	98,306	95,047
Amortisation of intangible assets	875	541
Depreciation of right-of-use assets	3,350	5,511
Employees end of service benefit charge	4,608	6,306
Allowance for slow-moving inventories (reversal)/charge	(136)	1,136
Finance cost	16,329	4,364
Finance income	(4,347)	(149)
<b>Operating cash flows before changes in working capital</b>	<b>337,670</b>	<b>287,208</b>
<b>Changes in working capital on account of:</b>		
Inventories	(36,560)	(6,179)
Advance payments	497	561
Trade and other receivables	3,245	(3,611)
Due from related parties	143,173	111,487
Trade and other payables	(6,081)	39,534
Due to related parties	(213,969)	185,389
Employees' end of service benefit paid	(1,996)	(1,623)
<b>Cash generated from operating activities</b>	<b>225,979</b>	<b>612,766</b>
<b>Cash flows from investing activities</b>		
Payments for purchase of property and equipment	(75,536)	(77,902)
Finance income received	3,013	149
<b>Net cash used in investing activities</b>	<b>(72,523)</b>	<b>(77,753)</b>
<b>Cash flows from financing activities</b>		
Lease liabilities paid	-	(534)
Finance cost paid	(16,381)	(4,178)
<b>Net cash used in financing activities</b>	<b>(16,381)</b>	<b>(4,712)</b>
<b>Net increase in cash and cash equivalents</b>	<b>137,075</b>	<b>530,301</b>
Cash and cash equivalents at the beginning of the period	325,514	453,101
<b>Cash and cash equivalents at the end of the period</b>	<b>462,589</b>	<b>983,402</b>



## Notes to the condensed financial information for the three-month period ended 31 March 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 three-month period ended 31 March 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 three-month period ended 31 March 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 three-month period ended 31 March 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 three-month period ended 31 March 2023 (continued)

### 3. Summary of significant accounting policies (continued)

#### 3.3 Going concern

At 31 March 2023, the Company's current liabilities exceed its current assets by USD 618,261 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 6) 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

	31 March 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	57,224	954,692
Depreciation charge for the period/year	(98,306)	(386,428)
Transferred to assets held for sale	(10,717)	-
Reclassification to intangible assets*	-	(7,146)
Impairment charge for the period/year** - net	-	(2,954)
<b>Net book value at end of the period/year</b>	<b>3,869,808</b>	<b>3,921,607</b>

Property and equipment include capital work in progress amounting to USD 638,711 thousand as at 31 March 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 8).

\*\* 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 have been reversed in 2022.

**Notes to the condensed financial information  
for the three-month period ended 31 March 2023 (continued)**

**6. Assets held for sale**

	<b>31 March 2023 USD '000 (unaudited)</b>	<b>31 December 2022 USD '000 (audited)</b>
Cost	72,017	-
Accumulated depreciation	(61,300)	-
<b>Net book value at end of the period/year</b>	<b>10,717</b>	<b>-</b>

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.

**7. Rights-of-use assets and lease liabilities**

**Rights-of-use assets**

	<b>31 March 2023 USD '000 (unaudited)</b>	<b>31 December 2022 USD '000 (audited)</b>
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	(3,350)	(15,792)
<b>Balance at end of the period/year</b>	<b>30,559</b>	<b>33,909</b>

**Lease liabilities**

	<b>31 March 2023 USD '000 (unaudited)</b>	<b>31 December 2022 USD '000 (audited)</b>
Balance at the beginning of the period/year	39,749	39,348
Additions	-	15,317
Accretion of interest	129	283
Payments	-	(15,199)
<b>Balance at end of the period/year</b>	<b>39,878</b>	<b>39,749</b>
<i>Disclosed as follows:</i>		
Current	33,472	19,141
Non-current	6,406	20,608
	<b>39,878</b>	<b>39,749</b>

**Notes to the condensed financial information  
for the three-month period ended 31 March 2023 (continued)**

**8. Intangible assets**

	<b>31 March 2023 USD '000 (unaudited)</b>	<b>31 December 2022 USD '000 (audited)</b>
Net book value at the beginning of the period/year	<b>8,980</b>	-
Reclassified from property and equipment (note 5)	-	7,146
Additions during the period/year	-	4,148
Amortisation charge for the period/year	<b>(875)</b>	(2,314)
<b>Net book value at end of the period/year</b>	<b>8,105</b>	8,980

**9. Inventories**

	<b>31 March 2023 USD '000 (unaudited)</b>	<b>31 December 2022 USD '000 (audited)</b>
Inventories	<b>215,987</b>	179,427
Allowance for obsolete and slow-moving inventories	<b>(25,922)</b>	(26,058)
	<b>190,065</b>	153,369

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

	<b>31 March 2023 USD '000 (unaudited)</b>	<b>31 December 2022 USD '000 (audited)</b>
Balance at beginning of the period/year	<b>26,058</b>	25,158
(Reversal)/charge during the period/year	<b>(136)</b>	900
<b>Balance at end of the period/year</b>	<b>25,922</b>	26,058

**10. Trade and other receivables**

	<b>31 March 2023 USD '000 (unaudited)</b>	<b>31 December 2022 USD '000 (audited)</b>
Trade receivables	<b>8,773</b>	24,181
Advances	<b>39,787</b>	37,199
Accrued revenue	<b>31,247</b>	27,890
Prepayments	<b>15,973</b>	8,134
Other receivables	<b>19,736</b>	18,023
	<b>115,516</b>	115,427

**Notes to the condensed financial information  
for the three-month period ended 31 March 2023 (continued)**

**11. Cash and cash equivalents**

	<b>31 March 2023 USD '000 (unaudited)</b>	<b>31 December 2022 USD '000 (audited)</b>
Cash in bank	462,186	325,108
Cash on hand	403	406
	<b>462,589</b>	<b>325,514</b>

Included within cash in bank is an amount of USD 459,650 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.

**12. Share capital and statutory reserve**

	<b>31 March 2023</b>		<b>31 December 2022</b>	
	<b>Number of shares (‘000)</b>	<b>USD ‘000 (unaudited)</b>	<b>Number of shares (‘000)</b>	<b>USD ‘000 (audited)</b>
Ordinary share capital of USD: 0.0272294 (AED: 0.10) each	<b>16,000,000</b>	<b>435,671</b>	16,000,000	435,671

In accordance with the Federal Law No. 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**

	<b>31 March 2023 USD '000 (unaudited)</b>	<b>31 December 2022 USD '000 (audited)</b>
Syndicated loan	<b>1,500,000</b>	1,500,000

*Disclosed as follows:*

Current	<b>1,500,000</b>	1,500,000
Non-current	-	-
	<b>1,500,000</b>	1,500,000

**Notes to the condensed financial information  
for the three-month period ended 31 March 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	31 March 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 2023.

	31 March 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
Abu Dhabi Commercial Bank (note 15)	155,000	155,000
The Norinchukin Bank	150,000	150,000
State Bank of India	125,000	125,000
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
	<b>1,500,000</b>	<b>1,500,000</b>

## Notes to the condensed financial information for the three-month period ended 31 March 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	-
	<b>750,000</b>	<b>500,000</b>

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 31 March 2023 against these facilities.

### 14. Trade and other payables

	31 March 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
Accrued expenses	203,311	218,263
Trade payables	119,075	130,732
Deferred revenue	42,611	47,837
Retention payables	23,990	20,480
Accrual for employees' benefits	15,829	12,307
Pension payable	2,759	2,645
Other payables	236	121
	<b>407,811</b>	<b>432,385</b>
<i>Disclosed as follows:</i>		
Current	384,454	404,287
Non-current	23,357	28,098
	<b>407,811</b>	<b>432,385</b>

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 three-month period ended 31 March 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:

	<b>31 March 2023 USD '000 (unaudited)</b>	<b>31 December 2022 USD '000 (audited)</b>
<b>(a) Due from related parties</b>	<b>9,211</b>	34,482
<b>(b) Other balances due from related parties</b>	<b>785,666</b>	903,568
Less: expected credit loss allowance	<b>(9,004)</b>	(9,004)
	<b>785,873</b>	929,046
<b>(a) Due from related parties</b>		
ADNOC Offshore	<b>9,185</b>	34,260
Al Dhafrah JV	<b>20</b>	20
ADNOC Gas Processing	<b>5</b>	5
Abu Dhabi National Oil Company (ADNOC)	<b>1</b>	-
ADNOC Sour Gas	<b>-</b>	191
ADNOC Refining	<b>-</b>	6
	<b>9,211</b>	34,482

At 31 March 2023, the Company had a significant concentration of credit risk, with one of the customer representing 99.7% (2022: one customer representing 99.4%) of related parties receivables outstanding at that date.

The ageing of the related party balances was as follows:

	<b>31 March 2023 USD '000 (unaudited)</b>	<b>31 December 2022 USD '000 (audited)</b>
Not past due	<b>6,178</b>	16,093
Due from 31 to 60 days	<b>93</b>	2,306
Due from 61 to 90 days	<b>-</b>	2,851
Due from more than 91 days	<b>2,940</b>	13,232
	<b>9,211</b>	34,482

**Notes to the condensed financial information  
for the three-month period ended 31 March 2023 (continued)**

**15. Related party balances and transactions (continued)**

	<b>31 March 2023 USD '000 (unaudited)</b>	<b>31 December 2022 USD '000 (audited)</b>
<b>(b) Other balances due from related parties</b>		
ADNOC Onshore	489,995	676,166
ADNOC Offshore	275,173	221,447
Abu Dhabi National Oil Company (ADNOC)	19,492	5,100
ADNOC Sour Gas	575	455
Al Dhafra JV	431	400
	<b>785,666</b>	<b>903,568</b>

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

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

	<b>31 March 2023 USD '000 (unaudited)</b>	<b>31 December 2022 USD '000 (audited)</b>
<b>Due to related parties</b>		
ADNOC Onshore	188,124	390,662
Abu Dhabi National Oil Company for Distribution	52,668	62,535
Abu Dhabi National Oil Company (ADNOC)	9,946	12,262
ADNOC Logistics & Services	1,563	751
ADNOC Refining	489	510
ADNOC Gas Processing	-	39
	<b>252,790</b>	<b>466,759</b>

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

	<b>31 March 2023 USD '000 (unaudited)</b>	<b>31 December 2022 USD '000 (audited)</b>
<b>Loan from related parties (note 13)</b>		
First Abu Dhabi Bank	375,000	375,000
Abu Dhabi Commercial Bank	155,000	155,000
	<b>530,000</b>	<b>530,000</b>

**Notes to the condensed financial information  
for the three-month period ended 31 March 2023 (continued)**

**15. Related party balances and transactions (continued)**

	31 March 2023 USD '000 (unaudited)	31 December 2022 USD '000 (audited)
<b>Cash and cash equivalents (note 11)</b>		
ADNOC Group Treasury Services (AGTS)	459,650	322,643
First Abu Dhabi Bank	2,464	2,383
Abu Dhabi Commercial Bank	72	82
	<b>462,186</b>	<b>325,108</b>

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

	Three-month ended 31 March 2023 USD '000 (unaudited)	Three-month ended 31 March 2022 USD '000 (unaudited)
<b>Revenue</b>		
ADNOC Onshore	387,329	356,607
ADNOC Offshore	305,840	227,893
Abu Dhabi National Oil Company (ADNOC)	10,209	-
ADNOC Sour Gas	120	148
Al Dhafrah JV	31	55
	<b>703,529</b>	<b>584,703</b>
<b>Purchases</b>		
Abu Dhabi National Oil Company for Distribution	30,679	22,421
Abu Dhabi National Oil Company (ADNOC)	9,471	1,779
ADNOC Logistics & Services	3,256	1,958
ADNOC Refining	477	-
	<b>43,883</b>	<b>26,158</b>
<b>Finance Income</b>		
ADNOC Group Treasury Services (AGTS)	4,926	-

	Three-month ended 31 March 2023 USD '000 (unaudited)	Three-month ended 31 March 2022 USD '000 (unaudited)
Key management compensation	2,902	966
Board of Director members	7	7
Key management personnel	8	8

## Notes to the condensed financial information for the three-month period ended 31 March 2023 (continued)

### 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 31 March 2023 USD'000 (unaudited)	Three-month ended 31 March 2022 USD'000 (unaudited)
Drilling services	715,065	599,159
Facilitation of rigs rental	1,022	2,088
	<b>716,087</b>	<b>601,247</b>

As at 31 March 2023, the Company has unsatisfied performance obligations amounting to USD 19,254 thousand (31 December 2022: USD 19,739 thousand) that will be recognised as revenue during the next financial year. The amount disclosed above does not include variable consideration which is constrained.

### 17. Finance cost – net

	Three-month ended 31 March 2023 USD'000 (unaudited)	Three-month ended 31 March 2022 USD'000 (unaudited)
Finance income	4,347	149
Less: finance cost	(16,329)	(4,364)
	<b>(11,982)</b>	<b>(4,215)</b>

### 18. Commitments and contingencies

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

	31 March 2023 USD '000	31 December 2022 USD '000
Capital commitments – rigs procurement	110,482	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.

## Notes to the condensed financial information for the three-month period ended 31 March 2023 (continued)

### 19. Seasonality of results

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

### 20. 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 three-month period ended 31 March 2023 (continued)

### 20. Segment reporting (continued)

	Three-month ended 31 March 2023 (unaudited)					Three-month ended 31 March 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	355,030	184,141	50,911	126,005	716,087	319,224	144,395	49,533	88,095	601,247
Direct cost*	(144,205)	(59,784)	(14,913)	(100,790)	(319,692)	(132,594)	(42,801)	(15,953)	(73,981)	(265,329)
<b>Gross profit</b>	<b>210,825</b>	<b>124,357</b>	<b>35,998</b>	<b>25,215</b>	<b>396,395</b>	186,630	101,594	33,580	14,114	335,918
General and administrative expenses*	(38,187)	(19,840)	(4,482)	(1,999)	(64,508)	(34,335)	(17,284)	(5,761)	-	(57,380)
Other income, net	576	395	70	270	1,311	869	265	88	6	1,228
<b>EBITDA</b>	<b>173,214</b>	<b>104,912</b>	<b>31,586</b>	<b>23,486</b>	<b>333,198</b>	153,164	84,575	27,907	14,120	279,766

EBITDA is reconciled to profit for the period as follows:

	Three-month ended 31 March 2023 (unaudited)					Three-month ended 31 March 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
<b>EBITDA</b>	<b>173,214</b>	<b>104,912</b>	<b>31,586</b>	<b>23,486</b>	<b>333,198</b>	153,164	84,575	27,907	14,120	279,766
Depreciation, amortisation and impairment reversal in direct cost	(35,749)	(36,449)	(10,576)	(13,434)	(96,208)	(33,747)	(37,396)	(10,708)	(12,537)	(94,388)
Depreciation and amortisation in general and administrative expense	(3,861)	(1,672)	(466)	(324)	(6,323)	(4,116)	(1,946)	(649)	-	(6,711)
<b>Total depreciation and amortisation</b>	<b>(39,610)</b>	<b>(38,121)</b>	<b>(11,042)</b>	<b>(13,758)</b>	<b>(102,531)</b>	(37,863)	(39,342)	(11,357)	(12,537)	(101,099)
Finance cost, net	(6,595)	(4,320)	(840)	(227)	(11,982)	(2,530)	(1,264)	(421)	-	(4,215)
<b>Profit for the period</b>	<b>127,009</b>	<b>62,471</b>	<b>19,704</b>	<b>9,501</b>	<b>218,685</b>	112,771	43,969	16,129	1,583	174,452

\*excludes depreciation, amortisation and impairment.

## Notes to the condensed financial information for the three-month period ended 31 March 2023 (continued)

### 20. 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
<b>31 March 2023 (unaudited)</b>					
<b>Property and equipment</b>	<b>919,208</b>	<b>2,207,547</b>	<b>173,210</b>	<b>569,843</b>	<b>3,869,808</b>
<b>31 December 2022 (audited)</b>					
<b>Property and equipment</b>	<b>974,554</b>	<b>2,143,938</b>	<b>185,715</b>	<b>617,400</b>	<b>3,921,607</b>

### 21. 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 31 March 2023 USD'000 (unaudited)	Three-month ended 31 March 2022 USD'000 (unaudited)
Profit attributable to shareholders of the Company (USD'000)	218,685	174,452
Weighted average number of shares for the purpose of basic earnings per share	16,000,000	16,000,000
Earnings per share (USD'000)	0.014	0.011

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

### 22. Subsequent event

The Board of Directors proposed a final cash dividend of AED 7.83 fils amounting to USD 341,250 thousand for the year ended 31 December 2022 which was approved by shareholders at the Annual General Meeting held on 3 April 2023.

### 23. Approval of condensed financial information

These condensed financial information were approved by the Board of Directors and authorised for issue on 10 May 2023.