

ADNOC Drilling



ADNOC DRILLING COMPANY P.J.S.C.

Review report and condensed consolidated
financial information for the three-month
period ended 31 March 2025



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**Review report and condensed consolidated financial information
for the three-month period ended 31 March 2025**

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ADNOC Drilling Company P.J.S.C.

Directors' report for the three-month period ended 31 March 2025

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 subsidiary ("the Group") for the three-month period ended 31 March 2025.

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 1,169,798 thousand (31 March 2024: USD 885,862 thousand). Profit for the period was USD 340,943 thousand (31 March 2024: USD 274,611 thousand).

The appropriation of the results for the period is follows:

	USD '000
Retained earnings at 1 January 2025	3,161,828
Profit for the period	340,943
Dividends	(394,379)
Retained earnings at 31 March 2025	3,108,392

For the Board of Directors



Chairman

7 May 2025
Abu Dhabi
United Arab Emirates



**INDEPENDENT AUDITOR' S REPORT ON REVIEW OF THE
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 subsidiary ("the Group"), as at 31 March 2025 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and other explanatory notes. 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 ("IAS 34"). Our responsibility is to express a conclusion on this 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 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 interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.)



Faeza Sohawon
Registration No. 5508
7 May 2025
Abu Dhabi
United Arab Emirates

**Condensed consolidated statement of financial position
as at 31 March 2025**

		31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
	Notes		
ASSETS			
Non-current assets			
Property and equipment	5	5,279,808	5,352,674
Right-of-use assets	7	20,567	23,310
Intangible assets	8	8,120	5,301
Deferred tax assets		1,097	1,397
Investment in joint ventures	9	391,840	275,240
Advances		1,917	2,230
Total non-current assets		5,703,349	5,660,152
Current assets			
Inventories	10	243,509	223,083
Trade and other receivables	11	135,639	185,958
Due from related parties	17	1,533,402	1,361,282
Cash and cash equivalents	12	259,122	330,288
Total current assets		2,171,672	2,100,611
Assets held for sale	6	5,708	5,708
		2,177,380	2,106,319
Total assets		7,880,729	7,766,471
EQUITY AND LIABILITIES			
Equity and reserve			
Share capital	13	435,671	435,671
Share premium	14	(9)	504
Treasury shares	14	(9,775)	(5,670)
Statutory reserve	13	217,836	217,836
Retained earnings		3,108,392	3,161,828
Total equity		3,752,115	3,810,169
Non-current liabilities			
Borrowings	15	1,496,034	1,495,227
Trade and other payables	16	52,754	64,849
Lease liabilities	7	8,806	12,027
Provision for employees' end of service benefits		126,259	122,853
Total non-current liabilities		1,683,853	1,694,956
Current liabilities			
Borrowings	15	853,982	799,523
Trade and other payables	16	1,183,460	1,175,749
Income tax payable		13,710	15,000
Lease liabilities	7	16,503	13,130
Due to related parties	17	370,012	250,850
Provision for employees' end of service benefits		7,094	7,094
Total current liabilities		2,444,761	2,261,346
Total liabilities		4,128,614	3,956,302
Total equity and liabilities		7,880,729	7,766,471

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 Abdulla 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 three-month period ended 31 March 2025

	Notes	Three-month ended 31 March 2025 USD'000 (unaudited)	Three-month ended 31 March 2024 USD'000 (unaudited)
Revenue	18	1,169,798	885,862
Direct cost		(723,018)	(517,577)
Gross profit		446,780	368,285
General and administrative expenses		(48,857)	(41,232)
Share of results of a joint venture	9	3,000	1,890
Other income		2,055	1,006
Finance cost	19	(31,096)	(29,852)
Finance income		1,768	2,073
Profit before tax		373,650	302,170
Income tax	20	(32,707)	(27,559)
Profit after tax		340,943	274,611
Other comprehensive income for the period		-	-
Total comprehensive income for the period		340,943	274,611
Earnings per share:			
Basic and diluted	25	0.021	0.017

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

**Condensed consolidated statement of changes in equity
for the three-month period ended 31 March 2025**

	Share capital USD '000	Share premium USD '000	Treasury shares USD '000	Statutory reserve USD '000	Retained earnings USD '000	Total equity USD '000
Balance at 1 January 2024 (audited)	435,671	-	-	217,836	2,610,714	3,264,221
Total comprehensive income for the period	-	-	-	-	274,611	274,611
Dividends (note 21)	-	-	-	-	(358,310)	(358,310)
Balance at 31 March 2024 (unaudited)	435,671	-	-	217,836	2,527,015	3,180,522
Balance at 1 January 2025 (audited)	435,671	504	(5,670)	217,836	3,161,828	3,810,169
Total comprehensive income for the period	-	-	-	-	340,943	340,943
Own shares acquired in the period	-	(513)	(4,105)	-	-	(4,618)
Dividends (note 21)	-	-	-	-	(394,379)	(394,379)
Balance at 31 March 2025 (unaudited)	435,671	(9)	(9,775)	217,836	3,108,392	3,752,115

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

Condensed consolidated statement of cash flows for the three-month period ended 31 March 2025

	Three-month ended 31 March 2025 USD'000 (unaudited)	Three-month ended 31 March 2024 USD'000 (unaudited)
Cash flows from operating activities		
Profit before tax	373,650	302,170
<i>Adjustments for:</i>		
Depreciation of property and equipment	125,836	98,432
Amortisation of intangible assets	1,245	882
Depreciation of right-of-use assets	2,743	7,354
Employees end of service benefit charge	4,021	9,686
Allowance for slow-moving inventories charge	-	956
Share of results of a joint venture	(3,000)	(1,890)
Finance cost	31,096	29,852
Finance income	(1,768)	(2,073)
Operating cash flows before changes in working capital	533,823	445,369
Changes in working capital on account of:		
Inventories	(20,426)	(12,150)
Advance payments	313	560
Trade and other receivables	50,319	18,099
Due from related parties	(172,120)	(120,373)
Trade and other payables	43,667	12,709
Due to related parties	119,162	15,232
Cash generated from operating activities	554,738	359,446
Employees' end of service benefit paid	(615)	(3,474)
Income tax paid	(33,697)	(9,163)
Net cash generated from operating activities	520,426	346,809
Cash flows from investing activities		
Payments for purchase of property and equipment	(90,839)	(109,520)
Purchase of investment in a joint venture	(113,600)	(87,700)
Finance income received	2,583	3,695
Net cash used in investing activities	(201,856)	(193,525)
Cash flows from financing activities		
Lease liabilities paid	-	(29,592)
Proceed from borrowings - net	136,954	164,236
Repayment of borrowings	(81,688)	-
Purchase of treasury shares	(183,343)	-
Sales of treasury shares	178,725	-
Dividends paid	(394,379)	(358,310)
Finance cost paid	(46,005)	(37,916)
Net cash used in financing activities	(389,736)	(261,582)
Net decrease in cash and cash equivalents	(71,166)	(108,298)
Cash and cash equivalents at the beginning of the period	330,288	354,122
Cash and cash equivalents at the end of the period	259,122	245,824

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

Notes to the condensed consolidated financial information for the three-month period ended 31 March 2025

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.

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 and its subsidiary ("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 2024.

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 2025, 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.

Amendment to IAS 21— Lack of Exchangeability

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

Notes to the condensed consolidated financial information for the three-month period ended 31 March 2025 (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

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	1 January 2026
Annual improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	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

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 three-month period ended 31 March 2025 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 2024. In addition, results for the three-month period ended 31 March 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

3.2 Going concern

At 31 March 2025, the Group's current liabilities exceed its current assets by USD 273,089 thousand (31 December 2024: USD 160,735 thousand). Management has assessed liquidity forecast under different scenarios and no material uncertainties over going concern were identified. The Group has sufficient liquidity through the Company's undrawn borrowing facilities (note 15) as well as the Group's forecasted cash flows from operations to meet ongoing commitments. Also, the Company plans to refinance this facility before it matures and therefore it is concluded that adequate support is available to evidence that the going concern assumption is appropriate for the preparation of these condensed consolidated financial information.

**Notes to the condensed consolidated financial information
for the three-month period ended 31 March 2025 (continued)****3. Summary of material accounting policy information (continued)****3.3 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 2024. 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 2024.

Joint arrangement

For assessing joint control, the Group has considered the contractual agreement of sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. For the purpose of assessing whether a joint arrangement is a joint venture or joint operation, the Group has considered whether it has joint control on the rights to the net assets of the arrangements, in which case these are treated as joint ventures, or rights to the assets and obligations for the liabilities relating to the arrangement, in which case these are treated as joint operations. Management has applied several critical judgements to arrive at the conclusion on joint control, which included the assessment of the substance over legal form in respect of the unanimous approvals of relevant activities by the Joint venture partners. Management has assessed and concluded that there is no material impact on the fair value of the call option compared to its net asset values as of the reporting period and thereby amounts recorded in books carried at its fair values.

**Notes to the condensed consolidated financial information
for the three-month period ended 31 March 2025 (continued)**

5. Property and equipment

	31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
Net book value at the beginning of the period/year	5,352,674	4,847,540
Additions	57,034	812,156
Transfer from right-of-use assets	-	120,167
Depreciation charge for the period/year	(125,836)	(426,473)
Transfer to intangible assets	(4,064)	-
Transferred from assets held for sale	-	10,717
Transferred to assets held for sale	-	(5,708)
Write off	-	(3,235)
Disposal	-	(2,490)
Net book value at end of the period/year	5,279,808	5,352,674

Property and equipment include capital work in progress amounting to USD 770,116 thousand as at 31 March 2025 (31 December 2024: USD 844,726 thousand).

6. Assets held for sale

	31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
Balance at the beginning of the year	5,708	10,717
Transfer to property and equipment – net (note 5)	-	(10,717)
Transfer from property and equipment – net (note 5)	-	5,708
Net book value at end of the period/year	5,708	5,708

The Board of Directors, in their meeting held on 10 February 2023, approved to proceed with the sale of two rigs within the Offshore segment. During the prior year the criteria of classifying these rigs as held for sale was no longer met due to management decision of the alternative use of these rigs hence had been transferred to property and equipment (note 5) on lower of carrying amount before the asset was classified as held for sale and recoverable amount.

The Board of Directors, in their meeting held on 29 October 2024, approved to proceed with the sale of two new rigs within the Offshore segment. One rig has already been sold to a related party as of 31 December 2024.

Notes to the condensed consolidated financial information for the three-month period ended 31 March 2025 (continued)

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

	31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
Balance at the beginning of the period/year	23,310	173,911
Additions during the period/year	-	16,372
Remeasurement	-	(18,371)
Transferred to property and equipment (note 5)	-	(120,167)
Depreciation charge during the period/year	(2,743)	(28,435)
Balance at end of the period/year	20,567	23,310

Lease liabilities

	31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
Balance at the beginning of the period/year	25,157	189,211
Additions	-	16,372
Remeasurement	-	(18,371)
Derecognition	-	(87,000)
Accretion of interest	152	7,236
Payments	-	(82,291)
Balance at end of the period/year	25,309	25,157
<i>Disclosed as follows:</i>		
Current	16,503	13,130
Non-current	8,806	12,027
	25,309	25,157

8. Intangible assets

	31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
Net book value at the beginning of the period/year	5,301	5,432
Additions	-	3,413
Transfer from property and equipment (note 5)	4,064	-
Amortisation charge for the period/year	(1,245)	(3,544)
Net book value at end of the period/year	8,120	5,301

Notes to the condensed consolidated financial information for the three-month period ended 31 March 2025 (continued)

9. Investment in a joint venture

On 2 January 2024, ENERSOL RSC LTD “ENERSOL” was incorporated in the 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.

On 25 April 2024, Turnwell Industries – L.L.C (“Turnwell”) was incorporated as a Limited Liability Company, During the prior year the Company through its wholly owned subsidiary ADH RSC LTD has signed shareholder agreements for the creation of Turnwell joint venture (JV) with Eastern Echo FZE and Patterson-UTI UAE LLC. The Company, through its wholly owned subsidiary, holds a 55% equity stake.

Movement in the Group’s investment in joint ventures is as follows:

	31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
Balance at beginning of the period/year	275,240	-
Additions	113,600	266,750
Share of results of joint ventures	3,000	8,490
Carrying amount of the Groups interest in the Joint ventures	391,840	275,240

The additions during the period pertain to investments made of USD 94,350 thousand (31 December 2024: USD: 266,709 thousand) through ENERSOL RSC LTD and USD 19,250 thousand (31 December 2024: USD: 41 thousand) for Turnwell.

The latest available financial information in respect of the Group’s joint ventures up to the period ended 31 March 2025 are recognised below:

	31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
Total assets	1,131,126	837,481
Total liabilities	314,596	249,043
Total net equity	816,530	588,438

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

	31 March 2025 USD '000 (unaudited)	31 March 2024 USD '000 (unaudited)
Profit for the period	4,629	3,669
Group’s share of profit for the period	3,000	1,890

**Notes to the condensed consolidated financial information
for the three-month period ended 31 March 2025 (continued)**

10. Inventories

	31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
Inventories	276,176	255,750
Less: allowance for slow moving or obsolete inventories	(32,667)	(32,667)
	243,509	223,083

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

	31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
Balance at beginning of the period/year	32,667	27,172
Charge during the period/year	-	5,495
Balance at end of the period/year	32,667	32,667

11. Trade and other receivables

	31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
Advances	44,243	93,560
Contract assets	29,918	25,915
VAT receivables - net	23,247	27,080
Prepayments	11,023	16,643
Trade receivables	2,679	10,284
Other receivables	24,529	12,476
	135,639	185,958

12. Cash and cash equivalents

	31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
Cash held by ADNOC Group Treasury Services (AGTS) (note 17)	258,669	329,816
Cash in bank	7	7
Cash on hand	446	465
	259,122	330,288

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 three-month period ended 31 March 2025 (continued)**

13. Share capital and statutory reserve

	31 March 2025		31 December 2024	
	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 (2023 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. Share Premium and treasury shares

During the prior year, the Company appointed Al Ramz Capital a licensed Market Maker on the Abu Dhabi Securities Exchange (ADX) that offers liquidity provision services, to place buy and sell orders of the Company's shares with the objective of reducing bid/ask spreads as well as reducing price and volume volatility.

The Market Maker trades and operates within the predetermined parameters approved by the Company. The Company has provided the funding to the Market Maker to trade the Company's shares and it carries all risks and rewards associated with the arrangement. Given the nature and substance of the arrangement, the shares have been classified as "Treasury Shares" in Equity.

At 31 March 2025, the Market Maker held 6,876 thousand shares (31 December 2024: 3,985 thousand) on behalf of the Company, which are classified under equity as treasury shares at the average purchase price amounting to USD 9,775 thousand (31 December 2024: USD 5,670 thousand). A cumulative net loss of USD 9 thousand has been recognised at 31 March 2025 (31 December 2024: net gain of USD 504 thousand) as Share Premium under equity.

15. Borrowings

	31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
Term loans*	2,350,016	2,294,750

*The amount is net of transaction cost.

Disclosed as follows:

Current	853,982	799,523
Non-current	1,496,034	1,495,227
	2,350,016	2,294,750

Notes to the condensed consolidated financial information for the three-month period ended 31 March 2025 (continued)

15. Borrowings (continued)

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

Type	Currency	Interest rate	Year of maturity	31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
Term Loan (Facility B)	USD	0.8% and Term SOFR	October 2025	499,236	498,735
Term Loan (Facility C & D)	USD	0.95 % & Term SOFR	November 2027	1,850,780	1,796,015
				2,350,016	2,294,750

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 17)	165,000	110,000
First Abu Dhabi Bank (note 17)	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	-
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	-
J.P. Morgan Securities PLC	15,000	-
Al Ahli Bank of Kuwait K.S.C.P.(Dubai Branch)	15,000	-
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 31 March 2025.

Notes to the condensed consolidated financial information for the three-month period ended 31 March 2025 (continued)

15. Borrowings (continued)

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 (USD: 501,021 thousand) with multiple banks and financial institutions with an initial maturity of 4 years. An amount of AED 1,300,000 thousand (31 December 2024: AED 1,100,000 thousand) and USD1,500,000 thousand (31 December 2024: USD1,500,000 thousand) was drawn down from facility C and D respectively.

	Facility C – Revolving Loan AED '000	Facility D – Term Loan USD '000
Abu Dhabi Commercial Bank PJSC (note 17)	690,000	200,000
First Abu Dhabi Bank (note 17)	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
Citibank N.A., ADGM Branch	-	40,000
The National Bank of Ras Al-Khaimah	-	140,000
JPMorgan Chase Bank, N.A., London Branch	-	20,000
	1,840,000	1,500,000

The movement in borrowings is as follows:

	Balance at 1 January 2025 USD'000 (audited)	Drawdown USD'000	Repayment USD'000	Others* USD'000	Balance at 31 Mar 2025 USD'000 (unaudited)
Facility B	498,735	-	-	501	499,236
Facility C	299,523	136,147	(81,688)	-	353,982
Facility D	1,496,492	-	-	306	1,496,798
	2,294,750	136,147	(81,688)	807	2,350,016

	Balance at 1 January 2024 USD'000 (audited)	Drawdown USD'000	Repayment USD'000	Others* USD'000	Balance at 31 December 2024 USD'000 (audited)
Facility B	498,014	-	-	721	498,735
Facility C	-	821,817	(522,294)	-	299,523
Facility D	1,494,250	-	-	2,242	1,496,492
	1,992,264	821,817	(522,294)	2,963	2,294,750

*Others include Transaction cost and non-cash transaction.

Notes to the condensed consolidated financial information for the three-month period ended 31 March 2025 (continued)

16. Trade and other payables

	31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
Accrued expenses	804,210	834,824
Trade payables	247,319	203,511
Contract liabilities	123,217	140,719
Retention payables	50,020	49,050
Accrual for employees' benefits	7,643	8,690
Pension payable	3,342	3,440
Other payables	463	364
	1,236,214	1,240,598
<i>Disclosed as follows:</i>		
Current	1,183,460	1,175,749
Non-current	52,754	64,849
	1,236,214	1,240,598

The average credit period is 60 days (2024: 60 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

17. 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:

	31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
(a) Due from related parties	86,833	144,080
(b) Other balances due from related parties	1,474,573	1,245,206
Less: expected credit loss allowance	(28,004)	(28,004)
	1,533,402	1,361,282
(a) Due from related parties		
ADNOC Offshore	83,515	132,570
Abu Dhabi National Oil Company (ADNOC)	3,230	11,143
Al Dhafrah JV	46	118
ADNOC Logistics & Services plc	42	-
ADNOC Sour Gas	-	159
ADNOC Refining	-	90
	86,833	144,080

Notes to the condensed consolidated financial information for the three-month period ended 31 March 2025 (continued)

17. Related party balances and transactions (continued)

At 31 March 2025, the Group had a significant concentration of credit risk, with two of the customers representing 99.9% (2024: two customers representing 99.7%) of related parties receivables outstanding at that date.

The ageing of the related party balances was as follows:

	31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
Not past due	70,757	137,341
Due from 31 to 60 days	15,229	1,309
Due from 61 to 90 days	479	3,345
Due from more than 91 days	368	2,085
	86,833	144,080

(b) Other balances due from related parties (i)

	31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
ADNOC Onshore	896,650	806,888
ADNOC Offshore	378,301	317,117
Abu Dhabi National Oil Company (ADNOC)	99,654	55,448
Turnwell Industries LLC	99,561	62,369
ADNOC Sour Gas	230	150
Al Dhafra JV	177	215
ADNOC Logistics & Services plc	-	3,000
ADNOC Gas	-	19
	1,474,573	1,245,206

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

	31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
Balance at beginning of the period/year	28,004	19,004
Charge during the period/year	-	9,000
Balance at end of the period/year	28,004	28,004

Notes to the condensed consolidated financial information for the three-month period ended 31 March 2025 (continued)

17. Related party balances and transactions (continued)

	31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
Due to related parties		
Turnwell Industries LLC	235,180	141,286
ADNOC Onshore	50,381	49,977
Abu Dhabi National Oil Company (ADNOC)	43,674	16,286
Abu Dhabi National Oil Company for Distribution PJSC	36,520	38,753
ADNOC Sour Gas	2,729	-
ADNOC Logistics & Services plc	1,528	4,548
	370,012	250,850

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

	31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
Borrowings (note 15)		
Abu Dhabi Commercial Bank PJSC	442,743	422,321
First Abu Dhabi Bank PJSC	415,810	399,531
	858,553	821,852

	31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
Cash and cash equivalents (note 12)		
ADNOC Group Treasury Services (AGTS)	258,669	329,816
First Abu Dhabi Bank PJSC	7	7
	258,676	329,823

Notes to the condensed consolidated financial information
for the three-month period ended 31 March 2025 (continued)

17. Related party balances and transactions (continued)

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

	Three-month ended 31 March 2025 USD '000 (unaudited)	Three-month ended 31 March 2024 USD '000 (unaudited)
Revenue		
ADNOC Onshore	654,949	465,944
ADNOC Offshore	404,887	379,882
Abu Dhabi National Oil Company (ADNOC)	45,452	27,002
Turnwell Industries LLC	33,843	-
ADNOC Sour Gas	80	5,136
Al Dhafrah JV	63	646
	1,139,274	878,610
Purchases		
Turnwell Industries LLC	98,350	-
ADNOC Distribution	43,350	33,323
Abu Dhabi National Oil Company (ADNOC)	14,202	14,940
ADNOC Logistics & Services	3,000	4,968
	158,902	53,231
Finance Income		
ADNOC Group Treasury Services (AGTS)	1,676	2,101
Investment in joint ventures		
Share of results of joint ventures	3,000	1,890
Finance cost		
First Abu Dhabi Bank	3,525	3,829
Abu Dhabi Commercial Bank	2,581	3,853
	6,106	7,682
Lease payments		
Abu Dhabi National Oil Company (ADNOC)	-	6,246

	Three-month ended 31 March 2025 USD '000 (unaudited)	Three-month ended 31 March 2024 USD '000 (unaudited)
Key management compensation	1,376	1,234
Board of Director members	7	7
Key management personnel	9	9

**Notes to the condensed consolidated financial information
for the three-month period ended 31 March 2025 (continued)**

18. Revenue

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

	Three-month ended 31 March 2025 USD'000 (unaudited)	Three-month ended 31 March 2024 USD'000 (unaudited)
Drilling services	1,152,112	874,639
Facilitation of rigs rental	17,686	11,223
	1,169,798	885,862

As at 31 March 2025, the Group has unsatisfied performance obligations amounting to USD 70,463 thousand (31 December 2024: USD 75,872 thousand) that will be recognised as revenue during the next financial period. The amount disclosed above does not include variable consideration which is constrained.

19. Finance cost

	Three-month ended 31 March 2025 USD'000 (unaudited)	Three-month ended 31 March 2024 USD'000 (unaudited)
Finance costs on interest bearing loans	30,944	27,159
Interest on lease liabilities	152	2,693
	31,096	29,852

Notes to the condensed consolidated financial information for the three-month period ended 31 March 2025 (continued)

20. Income tax

The Group is subject to income tax at 9% on its taxable profits in accordance with the fiscal arrangement (the "Fiscal Arrangement") with Abu Dhabi Supreme Council for Financial and Economic Affairs effective 1 January 2024.

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 31 March 2025 is USD 32,707 thousand (31 March 2024: USD: 27,559), representing an Effective Tax Rate ("ETR") of 8.75% (31 March 2024: 9.15%).

The Group is closely monitoring further developments that could impact its overall Pillar Two tax position on a going-forward basis. As part of the wider ADNOC group, the Group applies the IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

21. Dividends

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 prior period.

The Board of Directors, in their meeting held on 12 February 2025, proposed a final cash dividend of AED 9.0468 fils per share amounting to USD 394,379 thousand for the year ended 31 December 2024 which was approved by shareholders at the Annual General Meeting held on 17 March 2025. The dividend was paid during the current period.

22. Commitments and contingencies

The Group has the following commitments and contingent liabilities outstanding at 31 March 2025 and 31 December 2024:

	31 March 2025 USD '000 (unaudited)	31 December 2024 USD '000 (audited)
Capital commitments – rigs procurement	77,790	77,790
Commitment for investment in Joint venture	403,900	517,541
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 three-month period ended 31 March 2025 (continued)****23. Seasonality of results**

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

24. 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 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. It also includes the Island rigs as part of ADNOC Offshore's requirements.

During the period, management have reassessed the operating segments and thereby have combined the offshore jackup and Island segment into offshore segment as these are reviewed on combined basis by CODM.

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 17 for analysis of revenue from major customers.

Notes to the condensed consolidated financial information for the three-month period ended 31 March 2025 (continued)

24. Segment reporting (continued)

	Three-month ended 31 March 2025 (unaudited)				Three-month ended 31 March 2024 (unaudited)			
	Onshore USD '000	Offshore USD '000	OFS USD '000	Total USD '000	Onshore USD '000	Offshore USD '000	OFS USD '000	Total USD '000
Revenue	493,936	333,472	342,390	1,169,798	411,253	328,574	146,035	885,862
Direct cost	(227,219)	(79,580)	(291,338)	(598,137)	(202,531)	(101,242)	(112,426)	(416,199)
Gross profit	266,717	253,892	51,052	571,661	208,722	227,332	33,609	469,663
General and administrative expenses	(21,703)	(18,901)	(3,310)	(43,914)	(19,962)	(14,618)	(1,362)	(35,942)
Share of results from joint ventures	-	-	3,000	3,000	-	-	1,890	1,890
Other income, net	631	791	633	2,055	890	721	(605)	1,006
EBITDA	245,645	235,782	51,375	532,802	189,650	213,435	33,532	436,617

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

	Three-month ended 31 March 2025 (unaudited)				Three-month ended 31 March 2024 (unaudited)			
	Onshore USD '000	Offshore USD '000	OFS USD '000	Total USD '000	Onshore USD '000	Offshore USD '000	OFS USD '000	Total USD '000
EBITDA	245,645	235,782	51,375	532,802	189,650	213,435	33,532	436,617
Depreciation, amortisation and impairment reversal in direct cost	(39,927)	(66,171)	(18,783)	(124,881)	(27,951)	(55,564)	(17,863)	(101,378)
Depreciation and amortisation in general and administrative expense	(2,428)	(2,146)	(369)	(4,943)	(3,103)	(1,889)	(298)	(5,290)
Total depreciation and amortisation	(42,355)	(68,317)	(19,152)	(129,824)	(31,054)	(57,453)	(18,161)	(106,668)
Finance cost, net	(14,676)	(12,569)	(2,083)	(29,328)	(16,235)	(11,005)	(539)	(27,779)
Profit before tax for the period	188,614	154,896	30,140	373,650	142,361	144,977	14,832	302,170

*excludes depreciation, amortisation and impairment.

Notes to the condensed consolidated financial information for the three-month period ended 31 March 2025 (continued)

24. Segment reporting (continued)

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

	Onshore USD '000	Offshore USD '000	OFS USD '000	Total USD '000
31 March 2025 (unaudited)				
Property and equipment	1,442,989	2,924,185	912,634	5,279,808
31 December 2024 (audited)				
Property and equipment	1,442,018	3,055,703	854,953	5,352,674

25. 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 31 March 2025 USD'000 (unaudited)	Three-month ended 31 March 2024 USD'000 (unaudited)
Profit attributable to shareholders of the Group (USD'000)	340,943	274,611
Weighted average number of shares for the purpose of basic earnings per share	15,999,880	16,000,000
Earnings per share (USD'000)	0.021	0.017

The weighted average number of ordinary shares takes into account the weighted average effect of changes in treasury shares (note 14) during the period.

26. Subsequent event

The Board of Directors, in their meeting held on 7 May 2025, approved a quarterly cash dividend of AED 4.976 fils per share amounting to USD 216,778 thousand.

27. Approval of condensed consolidated financial information

This condensed consolidated financial information was approved by the Board of Directors and authorised for issue on 7 May 2025.