ADNOC DRILLING COMPANY P.J.S.C.

Review report and condensed financial information for the three-month period ended 31 March 2022

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for the three-month period ended 31 March 2022

Directors' report
for the three-month period ended 31 March 2022

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 2022.

Principal activities

The principal activities of the Company are providing drilling services and supporting marine equipment, and the hiring out of onshore and offshore drilling rigs on behalf of related parties involved in onshore and offshore oil and gas exploration.

Review of business

During the period, the Company reported revenue of USD 601,247 thousand (31 March 2021: USD 522,641 thousand). Profit for the period was USD 174,452 thousand (31 March 2021: USD 109,816 thousand).

The appropriation of the results for the period is follows:

	USD '000
Retained earnings at 1 January 2022	2,299,362
Profit for the period	174,452
Retained earnings at 31 March 2022	**2,473,814**

For the Board of Directors

Chairman

09 May 2022
Abu Dhabi, UAE

ADNOC Drilling

Deloitte & Touche (M.E.)
Level 11, Al Sila Tower
Abu Dhabi Global Market Square
Al Maryah Island
P.O. Box 990
Abu Dhabi
United Arab Emirates

Tel: +971 (0) 2 408 2424
Fax:+971 (0) 2 408 2525
www.deloitte.com

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 2022 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)

Rama Padmanabha Acharya
Registration No. 701
09 May 2022
Abu Dhabi
United Arab Emirates

Condensed statement of financial position as at 31 March 2022

	Notes	31 March 2022 USD '000 (unaudited)	31 December 2021 USD '000 (audited)
ASSETS			
Non-current assets			
Property and equipment	5	3,321,915	3,363,443
Right-of-use assets	6	28,873	34,384
Intangible assets	7	6,605	-
Advance payments		7,073	7,634
Total non-current assets		3,364,466	3,405,461
Current assets			
Inventories	8	180,068	175,025
Trade and other receivables	9	106,065	102,454
Due from related parties	14	848,913	960,400
Cash and cash equivalents	10	983,402	453,101
Total current assets		2,118,448	1,690,980
Total assets		5,482,914	5,096,441
EQUITY AND LIABILITIES			
Equity			
Share capital	11	435,671	435,671
Statutory reserve	11	60,391	60,391
Retained earnings		2,473,814	2,299,362
Total equity		2,969,876	2,795,424
Non-current liabilities			
Borrowings	12	1,500,000	1,500,000
Trade and other payables	13	6,276	-
Lease liabilities	6	11,250	19,031
Provision for employees' end of service benefits		118,043	113,360
Total non-current liabilities		1,635,569	1,632,391
Current liabilities			
Trade and other payables	13	330,907	314,913
Lease liabilities	6	27,777	20,317
Due to related parties	14	518,785	333,396
Total current liabilities		877,469	668,626
Total liabilities		2,513,038	2,301,017
Total equity and liabilities		5,482,914	5,096,441

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	**Abdulrahman Abdulla Alseiari**	**Esa Ikaheimonen**
Chairman	Chief Executive Officer	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 2022

	Notes	Three-month ended 31 March 2022 USD '000 (unaudited)	 2021 USD '000 (unaudited)
Revenue	**15**	**601,247**	522,641
Direct cost		**(359,717)**	(332,798)
Gross profit		**241,530**	189,843
General and administrative expenses		**(64,091)**	(77,370)
Other income – net		**1,228**	1,483
Finance costs – net	**16**	**(4,215)**	(4,140)
Profit for the period		**174,452**	109,816
Other comprehensive income for the period		-	-
Total comprehensive income for the period		**174,452**	109,816
Earnings per share:			
Basic and diluted	**21**	**0.011**	0.007

Condensed statement of changes in equity for the three-month period ended 31 March 2022

	Share capital USD '000	Statutory reserve USD '000	Retained earnings USD '000	Total equity USD '000
Balance at 1 January 2021 (audited)	108,918	-	3,142,893	3,251,811
Total comprehensive income for the period	-	-	109,816	109,816
Dividends (note 17)	-	-	(700,000)	(700,000)
Balance at 31 March 2021 (unaudited)	108,918	-	2,552,709	2,661,627
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**

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

Condensed statement of cash flows
for the three-month period ended 31 March 2022

	Three-month ended 31 March	
	2022	2021
	USD '000	USD '000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Profit for the period	**174,452**	109,816
Adjustments for:		
Depreciation of property and equipment	**95,047**	90,304
Amortisation of intangible assets	**541**	-
Depreciation of right-of-use assets	**5,511**	2,940
Employees end of service benefit charge	**6,306**	6,589
Charge of allowance for obsolete and slow-moving inventories	**1,136**	3,791
Finance costs	**4,364**	4,334
Finance income	**(149)**	(194)
	287,208	217,580
Movements in working capital		
(Increase)/decrease in inventories	**(6,179)**	3,395
Decrease in advance payments	**561**	323
Increase in trade and other receivables	**(3,611)**	(12,019)
Decrease/(increase) in due from related parties	**111,487**	(290,813)
Increase in trade and other payables	**39,534**	37,556
Increase in due to related parties	**185,389**	233,013
Employees' end of service benefit paid	**(1,623)**	(1,152)
Cash generated from operating activities	**612,766**	187,883
Cash flows from investing activities		
Payments for purchase of property and equipment	**(77,902)**	(135,299)
Finance income received	**149**	194
Net cash used in investing activities	**(77,753)**	(135,105)
Cash flows from financing activities		
Lease liabilities paid	**(534)**	-
Dividends paid	**-**	(700,000)
Finance cost paid	**(4,178)**	(4,232)
Net cash used in financing activities	**(4,712)**	(704,232)
Net increase/(decrease) in cash and cash equivalents	**530,301**	(651,454)
Cash and cash equivalent at the beginning of the period	**453,101**	953,465
Cash and cash equivalents at the end of the period	**983,402**	302,011

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

Notes to the condensed financial information for the three-month period ended 31 March 2022

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.

In September 2021, the Company announced its intention to float a minority stake on Abu Dhabi Securities Exchange through an Initial Public Offering (IPO), pursuant to the resolution of the shareholders of the Company. The shareholders approved the listing and the sale by way of offer to the public of part of the share capital of the Company held by ADNOC. The subscription period commenced on 13 September 2021 and closed on 26 September 2021 and trading of the shares commenced on 3 October 2021.

Prior to IPO, the shareholders approved the adoption of new articles of association, including the new par value of AED 0.10 (USD: 0.0272294) per share from the previous AED 100 (USD 27.2294) per share thereby increasing the existing number of shares from 4,000 thousand to 4,000,000 thousand. Further, an additional 12,000,000 thousand shares of the Company at the new par value of AED 0.10 (USD: 0.0272294) per share were issued by way of capitalising retained earnings of the Company amounting to USD 326,753 thousand.

On 22 September 2021, ADNOC announced that it had increased the number of ordinary shares offered in the IPO of the Company from 1,200,000,000 ordinary shares to 1,760,000,000 ordinary shares, which equates to 11% of Company's total issued share capital. Upon completion of the IPO, ADNOC continues to own a majority 84% stake in the Company, while Baker Hughes Holding SPV Ltd. ("Baker Hughes"), which entered into a strategic partnership with the Company in October 2018, continues to retain its 5% shareholding. ADNOC and Baker Hughes entered into an agreement to terminate the shareholders' agreement ("the SHA") between them effective from date of listing of the Company's shares on Abu Dhabi Securities Exchange.

Federal Law No. 32 of 2021 on Commercial Companies was issued on 20 September 2021 and came into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended. The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.
The registered address of the Company is P.O Box 4017 Abu Dhabi, United Arab Emirates. The principal activities of the Company are providing drilling services and supporting marine equipment, and the hiring out of onshore and offshore drilling rigs on behalf of related parties involved in onshore and offshore oil and gas exploration.

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 2021, and the notes, except for the adoption of certain new and revised standards, that became effective in the current period as set out below:

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

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 2022. 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.

- *Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37*
  An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

  The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Reference to the Conceptual Framework – Amendments to IFRS 3*
  The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

  The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

- *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16*
  The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- *IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter*
  The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

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

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

- *IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities*
  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

- *IAS 41 Agriculture – Taxation in fair value measurements*
  The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

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 2022.

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

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

- *Classification of Liabilities as Current or Non-Current - amendments to IAS 1 (effective from 1 January 2023).* The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

- *Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)* relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture. (Effective date deferred indefinitely. Adoption is still permitted).

- *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (effective from 1 January 2023).* The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

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

2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)

- *Definition of Accounting Estimates - Amendments to IAS 8 (effective from 1 January 2023).* The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS12 (effective from 1 January 2023).* The main change in Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) is an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS12.22A.

- *IFRS 17: Insurance Contracts (effective from 1 January 2023).* IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as at 1 January 2023.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards and amendments are not expected to have a material impact on the financial statements of the Company in the period of initial application.

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 financial information 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 2022 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 2021. In addition, results for the three-month period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

3 Summary of significant accounting policies (continued)

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 2021. 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.

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 these 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 2021.

5 Property and equipment

	31 March 2022 USD '000 (unaudited)	31 December 2021 USD '000 (audited)
Net book value at the beginning of the period/year	**3,363,443**	3,261,436
Additions	**60,665**	504,801
Reclassification to intangible assets*	**(7,146)**	-
Depreciation	**(95,047)**	(392,473)
Impairment	**-**	(10,321)
Net book value at ending of the period/year	**3,321,915**	3,363,443

Property and equipment include capital work in progress and capital advances amounting to USD 403,464 thousand as at 31 March 2022 (31 December 2021: USD 389,062 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).

In 2021, the Company performed an impairment assessment and concluded that for certain assets, the recoverable amount was lower than the carrying value of the assets. As a result, the Company had recognised an impairment of USD 10,321 thousand.

Notes to the condensed financial information
for the three-month period ended 31 March 2022 (continued)

6 Rights-of-use assets and lease liabilities

Rights-of-use assets

	31 March 2022 USD '000 (unaudited)	31 December 2021 USD '000 (audited)
Balance at the beginning of the period/year	**34,384**	39,301
Additions during the period/year	-	11,115
Lease modification*	-	7,743
Depreciation charge during the period/year	**(5,511)**	(23,775)
Balance at ending of the period/year	**28,873**	34,384

Lease liabilities

	31 March 2022 USD '000 (unaudited)	31 December 2021 USD '000 (audited)
Balance at the beginning of the period/year	**39,348**	40,112
Additions	-	11,115
Lease modification*	-	7,743
Accretion of interest	**213**	783
Payments	**(534)**	(20,405)
Balance at end of the period/year	**39,027**	39,348
Disclosed as follows:		
Current	**27,777**	20,317
Non-current	**11,250**	19,031
	39,027	39,348

* In 2021 the Company and the lessor agreed to amend the annual lease payments for an additional period of 2 years from the original contract period for lease of hire equipment. The Company accounted it as a lease modification and remeasured the lease liability to reflect the modified lease payments discounted at a revised incremental borrowing rate ("IBR") of 1.5%. This resulted in lease modification amounting to USD 7,743 thousand.

Notes to the condensed financial information
for the three-month period ended 31 March 2022 (continued)

7 Intangible assets

	31 March 2022 USD '000 (unaudited)	31 December 2021 USD '000 (audited)
Net book value at the beginning of the period/year	-	-
Reclassified from property and equipment (note 5)	7,146	-
Amortisation	(541)	-
Net book value at ending of the period/year	6,605	-

8 Inventories

	31 March 2022 USD '000 (unaudited)	31 December 2021 USD '000 (audited)
Inventories	206,362	200,183
Allowance for obsolete and slow-moving inventories	(26,294)	(25,158)
	180,068	175,025

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

	31 March 2022 USD '000 (unaudited)	31 December 2021 USD '000 (audited)
Balance at beginning of the period/year	25,158	20,377
Charge during the period/year	1,136	4,781
Balance at end of the period/year	26,294	25,158

9 Trade and other receivables

	31 March 2022 USD '000 (unaudited)	31 December 2021 USD '000 (audited)
Trade receivables	19,330	28,613
Advances	30,777	36,280
Accrued revenue	26,361	18,554
Insurance prepayment	6,228	5,665
Other receivables	23,369	13,342
	106,065	102,454

Notes to the condensed financial information
for the three-month period ended 31 March 2022 (continued)

10 Cash and cash equivalents

	31 March 2022 USD '000 (unaudited)	31 December 2021 USD '000 (audited)
Cash in bank	**983,106**	452,795
Cash on hand	**296**	306
	983,402	453,101

Included within cash in bank is an amount of USD 982,873 thousand (2021: USD 451,752 thousand) held by ADNOC. Cash held by ADNOC are funds held on behalf of the Company and are available on demand.

11 Share capital and statutory reserve

	31 March 2022 USD '000	31 December 2021 USD '000
Ordinary share capital of USD: 0.0272294 (AED: 0.10) each	**435,671**	435,671

The movement in ordinary share capital and fully paid is as follows:

	Number of shares ('000)	**USD '000**
At 1 January 2021	4,000	108,918
Share split AED 100 to AED 0.10 (note 1)	3,996,000	-
Capitalisation	12,000,000	326,753
At 31 December 2021 and 31 March 2022	**16,000,000**	**435,671**

In 2021, the shareholders resolved to increase the ordinary share capital by USD 326,753 thousand by issuance of 12,000,000 thousand ordinary shares of AED 0.10 (USD: 0.0272294) each by way of capitalisation of retained earnings.

In accordance with the UAE Federal Law No. 2 of 2015 (as amended), 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.

12 Borrowings

	31 March 2022 USD '000 (unaudited)	31 December 2021 USD '000 (audited)
Non-current		
Syndicated loan	**1,500,000**	1,500,000

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

Type	Currency	Interest rate	Year of maturity	31 March 2022 USD '000 (unaudited)	31 December 2021 USD '000 (audited)
Syndicated loan	USD	0.9% and one month LIBOR	2023	**1,500,000**	1,500,000

	31 March 2022 USD '000 (unaudited)	31 December 2021 USD '000 (audited)
First Abu Dhabi Bank (note 14)	**375,000**	375,000
Abu Dhabi Commercial Bank (note 14)	**375,000**	375,000
Sumitomo Mitsui Banking Corporation	**375,000**	375,000
Bank of American Merrill Lynch International Limited	**75,000**	75,000
Citibank	**75,000**	75,000
Mizuho Bank	**75,000**	75,000
Sgbtci SA	**75,000**	75,000
UniCredit Bank Austria AG	**75,000**	75,000
	1,500,000	1,500,000

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.

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. No drawdown has been made as at 31 March 2022 against these facilities.

12 Borrowings (continued)

	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 Securtities PLC	90,000	60,000
HSBC Bank Midde East	90,000	60,000
Bank of America Europe Designated Activity Company	60,000	40,000
Societe Generale	60,000	40,000
Emirates NBD Capital Limited	60,000	40,000
Goldman Sachs Bank USA	60,000	40,000
	750,000	**500,000**

Pursuant to the above-mentioned Term and Revolving Facilities Agreement, Abu Dhabi National Oil Company (ADNOC), on 23 November 2021, terminated the Shareholder Loan of USD 1,250,000 thousand which was entered into by the Company via Shareholder Loan Agreement dated 16 August 2021.

13 Trade and other payables

	31 March 2022 USD '000 (unaudited)	31 December 2021 USD '000 (audited)
Accrued expenses	**162,597**	177,167
Trade payable	**133,088**	107,831
Retention payable	**15,254**	11,895
Deferred revenue	**13,830**	-
Accrual for employees' benefits	**7,596**	12,072
Pension payable	**3,524**	4,685
Other payables	**1,294**	1,263
	337,183	314,913
Disclosed as follows:		
Current	**330,907**	314,913
Non-current	**6,276**	-
	337,183	314,913

The average credit period on purchases is 60 days (2021: 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 2022 (continued)

14 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:

	31 March 2022 USD '000 (unaudited)	31 December 2021 USD '000 (audited)
Due from related parties (a)	**70,402**	81,607
Other balances due from related parties (b)	**778,511**	878,793
	848,913	960,400
(a) Due from related parties		
ADNOC Offshore	**70,084**	81,099
Abu Dhabi National Oil Company (ADNOC)	**118**	280
ADNOC Refining	**6**	134
ADNOC Sour Gas	**55**	55
Al Dhafrah JV	**121**	21
ADNOC Gas Processing	**18**	18
	70,402	81,607

At 31 March 2022, the Company had a significant concentration of credit risk, with one of the customer representing 99% (2021: one customer representing 99%) of related parties receivables outstanding at that date.

The ageing of the related party balances was as follows:

	31 March 2022 USD '000 (unaudited)	31 December 2021 USD '000 (audited)
Not past due	**34,730**	49,181
Due from 31 to 60 days	**3,801**	3,977
Due from 61 to 90 days	**1,605**	3,004
Due from more than 91 days	**30,266**	25,445
	70,402	81,607

14 Related party balances and transactions (continued)

	31 March 2022 USD '000 (unaudited)	31 December 2021 USD '000 (audited)
(b) Other balances due from related parties		
ADNOC Onshore	**585,809**	653,799
ADNOC Offshore	**192,702**	223,776
ADNOC Sour Gas	-	863
Al Dhafra JV	-	355
	778,511	878,793

	31 March 2022 USD '000 (unaudited)	31 December 2021 USD '000 (audited)
Due to related parties		
ADNOC Onshore	**375,923**	231,154
Abu Dhabi National Oil Company for Distribution	**105,004**	76,403
Abu Dhabi National Oil Company (ADNOC)	**29,936**	19,580
ADNOC Logistics & Services	**6,445**	5,244
ADNOC Refining	**1,477**	1,015
	518,785	333,396

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

	31 March 2022 USD '000 (unaudited)	31 December 2021 USD '000 (audited)
Loan from related parties (note 12)		
First Abu Dhabi Bank	**375,000**	375,000
Abu Dhabi Commercial Bank	**375,000**	375,000
	750,000	750,000

Notes to the condensed financial information
for the three-month period ended 31 March 2022 (continued)

14 Related party balances and transactions (continued)

	31 March 2022 USD '000 (unaudited)	31 December 2021 USD '000 (audited)
Cash and cash equivalents (note 10)		
Abu Dhabi National Oil Company (ADNOC)	**982,873**	451,752
First Abu Dhabi Bank	**133**	932
Abu Dhabi Commercial Bank	**100**	111
	983,106	452,795

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

	Three-month ended 31 March	
	2022 USD '000 (unaudited)	2021 USD '000 (unaudited)
Revenue		
ADNOC Onshore	**356,607**	296,666
ADNOC Offshore	**227,893**	209,348
ADNOC Sour Gas	**148**	190
Al Dhafrah JV	**55**	73
ADNOC Gas Processing	**-**	11
	584,703	506,288
Purchases		
Abu Dhabi National Oil Company for Distribution	**22,421**	14,598
Abu Dhabi National Oil Company (ADNOC)	**1,779**	7,128
ADNOC Logistics & Services	**1,958**	-
	26,158	21,726

Notes to the condensed financial information
for the three-month period ended 31 March 2022 (continued)

14 Related party balances and transactions (continued)

	Three-month ended 31 March	
	2022	2021
	USD '000	USD '000
	(unaudited)	(unaudited)
Key management compensation		
Compensation of key management personnel	**966**	704
Board of Directors members	**7**	7
Key management personnel	**8**	6

15 Revenue

The Company derives its revenue from the transfer of drilling services over time in the following major service lines:

	Three-month ended 31 March	
	2022	2021
	USD '000	USD '000
	(unaudited)	(unaudited)
Drilling services	**599,159**	522,291
Facilitation of rigs rental	**2,088**	350
	601,247	522,641

As at 31 March 2022, 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.

16 Finance costs – net

	Three-month ended 31 March	
	2022	2021
	USD '000	USD '000
	(unaudited)	(unaudited)
Finance income	**149**	194
Less: finance costs	**(4,364)**	(4,334)
	(4,215)	(4,140)

Notes to the condensed financial information
for the three-month period ended 31 March 2022 (continued)

17 Dividends

On 16 March 2021, the shareholders approved a declaration of dividend amounting to USD 700,000 thousand pertaining to 2020, in accordance with the Shareholders' Agreement in the relevant shareholding portions of USD 665,000 thousand for ADNOC and USD 35,000 thousand for Baker Hughes Holdings SPV LTD. The dividend was fully paid on 22 March 2021.

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.

18 Commitments and contingencies

The Company has the following commitments and contingent liabilities outstanding at 31 March 2022 and 31 December 2021:

	31 March 2022 USD '000	31 December 2021 USD '000
Capital commitments – rigs procurement	**71,217**	89,659
Bank guarantees	**87**	87

The above commitments, bank guarantees and letters of credit were issued in the normal course of business.

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) and depreciation and impairment.

Notes to the condensed financial information for the three-month period ended 31 March 2022 (continued)

20 Segment reporting (continued)

Refer to note 14 for analysis of revenue from major customers.

31 March 2022 (unaudited)	Onshore USD '000	Offshore Jackup USD '000	Offshore Island USD '000	OFS USD '000	Total USD '000
Revenue	319,224	144,395	49,533	88,095	601,247
Direct cost (excluding depreciation and amortisation)	(132,594)	(42,801)	(15,953)	(73,981)	(265,329)
Gross profit	186,630	101,594	33,580	14,114	335,918
General and administrative expenses (excluding depreciation and amortisation)	(34,335)	(17,284)	(5,761)	-	(57,380)
Other income, net	869	265	88	6	1,228
EBITDA	153,164	84,575	27,907	14,120	279,766

EBITDA is reconciled to profit for the period as follows:

	Onshore USD'000	Offshore Jackup USD'000	Offshore Island USD'000	OFS USD'000	Total USD'000
EBITDA	153,164	84,575	27,907	14,120	279,766
Depreciation and amortisation included in direct cost	(33,747)	(37,396)	(10,708)	(12,537)	(94,388)
Depreciation and amortisation included in general and administrative expenses	(4,116)	(1,946)	(649)	-	(6,711)
Total depreciation and amortisation	(37,863)	(39,342)	(11,357)	(12,537)	(101,099)
Finance cost, net	(2,530)	(1,264)	(421)	-	(4,215)
Profit for the period	112,771	43,969	16,129	1,583	174,452

20 Segment reporting (continued)

31 March 2021 (unaudited)	Onshore USD '000	Offshore Jackup USD '000	Offshore Island USD '000	OFS USD '000	Total USD '000
Revenue	278,596	138,189	36,255	69,601	522,641
Direct cost (excluding depreciation and amortisation)	(128,746)	(46,391)	(13,368)	(56,646)	(245,151)
Gross profit	149,850	91,798	22,887	12,955	277,490
General and administrative expenses (excluding depreciation and amortisation)	(40,854)	(23,189)	(7,730)	-	(71,773)
Other income, net	916	425	142	-	1,483
EBITDA	109,912	69,034	15,299	12,955	207,200

EBITDA is reconciled to profit for the period as follows:

	Onshore USD '000	Offshore Jackup USD '000	Offshore Island USD '000	OFS USD '000	Total USD '000
EBITDA	109,912	69,034	15,299	12,955	207,200
Depreciation and amortisation included in direct cost	(37,602)	(32,895)	(10,710)	(6,440)	(87,647)
Depreciation and amortisation included in general and administrative expenses	(3,245)	(1,764)	(588)	-	(5,597)
Total depreciation	(40,846)	(34,659)	(11,298)	(6,440)	(93,244)
Finance cost, net	(2,493)	(1,235)	(412)	-	(4,140)
Profit for the period	66,572	33,140	3,589	6,515	109,816

The following table represents segment assets for the Company's operating segments as reviewed by Chief Operating Decision maker:

	Onshore **USD '000**	**Offshore Jackup** **USD '000**	**Offshore Island** **USD '000**	**OFS** **USD '000**	**Total** **USD '000**
31 March 2022 (unaudited)					
Property and equipment	**1,016,185**	**1,591,118**	**212,425**	**502,187**	**3,321,915**
31 December 2021 (audited)					
Property and equipment	940,129	1,669,016	251,156	503,142	3,363,443

Notes to the condensed financial information for the three-month period ended 31 March 2022 (continued)

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	
	2022 (unaudited)	2021 (unaudited)
Profit attributable to shareholders of the Company (USD'000)	**174,452**	109,816
Weighted average number of shares for the purpose of basic earnings per share (000)	**16,000,000**	16,000,000
Earnings per share (USD)	**0.011**	0.007

There are no dilutive securities, therefore diluted EPS is the same as basic EPS. The weighted average number of shares outstanding at 31 March 2021 are adjusted proportionately as if the share split and capitalisation had taken place at the start of the earliest period for which EPS is presented.

22 Approval of condensed financial information

These condensed financial information were approved by the Board of Directors and authorised for issue on 09 May 2022.