ADNOC DRILLING COMPANY P.J.S.C.

Review report and condensed financial information for the nine-month period ended 30 September 2021

ADNOC DRILLING COMPANY P.J.S.C.

Review report and condensed financial information for the nine-month period ended 30 September 2021

ADNOC DRILLING COMPANY P.J.S.C.

Directors' report
for the nine-month period ended 30 September 2021

The Directors present their report together with the unaudited condensed financial information of ADNOC Drilling Company P.J.S.C. ("the Company") for the nine-month period ended 30 September 2021.

Board of Directors:

Pursuant to the Initial Public Offering (IPO), the first appointment of the Directors was made by the Founder (Abu Dhabi National Oil Company) effective 5 September 2021. The Directors of the Company are:

Chairman	H. E. Dr. Sultan Ahmed Al Jaber
Vice Chairman	Abdulmunim Saif Hamoud AlKindi
Members	Yaser Saeed Ahmed Omran AlMazrouei
	Ahmed Jasim Yousif Naser AlZaabi
	Mohamed AlAryani
	Muna Khalifa Mohamed Hazeem Almheiri
	Omar Ahmed Hassan Suwaina Alsuwaidi

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 1,694,336 thousand (30 September 2020: USD 1,517,065 thousand). Profit for the period was USD 459,996 thousand (30 September 2020: USD 421,999 thousand).

The appropriation of the results for the period is follows:

	USD '000
Retained earnings at 1 January 2021	3,142,893
Capitalisation	(326,753)
Profit for the period	459,996
Dividends	(1,060,300)
Retained earnings at 30 September 2021	**2,215,836**

For the Board of Directors

Chairman

9 November 2021
Abu Dhabi, UAE

أدنوك للحفر
ADNOC
ADNOC Drilling

Deloitte.

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 30 September 2021 and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine-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)

ديلويت اند توش
120103
Deloitte & Touche

Rama Padmanabha Acharya
Registration No. 701
9 November 2021
Abu Dhabi
United Arab Emirate

Condensed statement of financial position as at 30 September 2021

	Notes	30 September 2021 USD '000 (unaudited)	31 December 2020 USD '000 (audited)
ASSETS			
Non-current assets			
Property and equipment	5	3,322,740	3,261,436
Right-of-use assets	6	38,790	39,301
Advance to a related party	12	-	408
Advance payments		3,134	4,250
Total non-current assets		3,364,664	3,305,395
Current assets			
Inventories	7	185,513	177,053
Trade and other receivables	8	133,811	139,296
Due from related parties	12	1,779,132	902,601
Cash and cash equivalents	9	124,598	953,465
Total current assets		2,223,054	2,172,415
Total assets		5,587,718	5,477,810
EQUITY AND LIABILITIES			
Equity			
Share capital	19	435,671	108,918
Retained earnings		2,215,836	3,142,893
Total equity		2,651,507	3,251,811
Non-current liabilities			
Borrowings	10	1,500,000	1,500,000
Lease liabilities	6	14,151	28,389
Provision for employees' end of service benefits		112,190	86,460
Total non-current liabilities		1,626,341	1,614,849
Current liabilities			
Trade and other payables	11	394,406	413,789
Lease liabilities	6	22,278	11,723
Due to related parties	12	893,186	185,638
Total current liabilities		1,309,870	611,150
Total liabilities		2,936,211	2,225,999
Total equity and liabilities		5,587,718	5,477,810

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**	**Alexander Urquhart**
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 and nine-month periods ended 30 September 2021

	Notes	Three-month ended 30 September 2021 USD '000 (unaudited)	Three-month ended 30 September 2020 USD '000 (unaudited)	Nine-month ended 30 September 2021 USD '000 (unaudited)	Nine-month ended 30 September 2020 USD '000 (unaudited)
Revenue	13	**570,861**	515,225	**1,694,336**	1,517,065
Direct cost		**(331,997)**	(334,558)	**(1,015,692)**	(912,958)
Gross profit		**238,864**	180,667	**678,644**	604,107
General and administrative expenses		**(56,962)**	(58,374)	**(215,502)**	(167,926)
Other income - net		**555**	443	**9,565**	4,713
Finance cost - net	14	**(4,049)**	(3,268)	**(12,711)**	(18,895)
Profit for the period		**178,408**	119,468	**459,996**	421,999
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		**178,408**	119,468	**459,996**	421,999
Earnings per share:					
Basic and diluted	20	**0.0112**	0.0075	**0.0287**	0.0264

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

Condensed statement of changes in equity for the nine-month period ended 30 September 2021

	Share capital USD'000	Retained earnings USD'000	Total equity USD'000
Balance at 1 January 2020 (audited)	108,918	3,273,859	3,382,777
Total comprehensive income for the period	-	421,999	421,999
Dividends (note 15)	-	(700,000)	(700,000)
Balance at 30 September 2020 (unaudited)	108,918	2,995,858	3,104,776
Balance at 1 January 2021 (audited)	108,918	3,142,893	3,251,811
Capitalisation (note 1)	326,753	(326,753)	-
Total comprehensive income for the period	-	459,996	459,996
Dividends (note 15)	-	(1,060,300)	(1,060,300)
Balance at 30 September 2021 (unaudited)	**435,671**	**2,215,836**	**2,651,507**

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

Condensed statement of cash flows
for the nine-month period ended 30 September 2021

	Nine-month period ended 30 September	
	2021	2020
	USD'000	USD'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Profit for the period	**459,996**	421,999
Adjustments for:		
Depreciation of property and equipment	**292,538**	259,794
Depreciation of right-of-use assets	**19,369**	4,601
Provision for employees' end of service benefits charge	**30,110**	9,810
Allowance for slow moving and obsolete inventory	**8,617**	771
Finance cost	**13,385**	20,682
Finance income	**(674)**	(1,787)
	823,341	715,870
Changes in working capital		
Increase in inventories	**(17,077)**	(36,822)
Decrease/ (increase) in advance payments	**1,116**	(34)
Decrease/(increase) in trade and other receivables	**5,485**	(44,936)
(Increase)/decrease in due from related parties	**(876,531)**	752,958
Increase/(decrease) in trade and other payables	**81,136**	(43,766)
Increase in due to related parties	**707,548**	12,251
Employees' end of service benefit paid	**(4,380)**	(8,660)
Net cash generated from operating activities	**720,638**	1,346,861
Cash flows from investing activities		
Payments for purchase of property and equipment	**(454,055)**	(99,901)
Finance income received	**674**	1,787
Net cash used in investing activities	**(453,381)**	(98,114)
Cash flows from financing activities		
Payment for principal and interest portion on lease liabilities	**(23,197)**	(6,714)
Dividends paid	**(1,060,300)**	(700,000)
Finance cost paid	**(12,627)**	(20,376)
Net cash used in financing activities	**(1,096,124)**	(727,090)
Net (decrease)/increase in cash and cash equivalents	**(828,867)**	521,657
Cash and cash equivalent at the beginning of the period	**953,465**	133,808
Cash and cash equivalents at the end of the period	**124,598**	655,465
Non-cash transactions:		
Transfer of capital spares from inventory to property and equipment	-	830
Additions and modification to right-of-use assets and lease liabilities	**7,743**	16,355
Capitalisation of retained earnings	**326,753**	-

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

1 General information

ADNOC Drilling Company PJSC ("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 P.J.S.C. 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 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.

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 2020, and the notes, except for the adoption of certain new and revised standards, that became effective in the current period as set out below:

2.1 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 2021. 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 nine-month period ended 30 September 2021 (continued)

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

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

- *Interest Rate Benchmark Reform –Phase 2*
  The amendments in Interest Rate Benchmark Reform- Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

- *Covid-19-Related Rent Concessions (Amendment to IFRS 16)*
  The amendment provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification. These amendments didn't have any material impact on the condensed financial information of the Company.

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 2021.

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.

- *Reference to the Conceptual Framework - Amendments to IFRS 3 (effective from 1 January 2022).* The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

- *Property, Plant and Equipment - Proceeds before Intended Use - amendments to IAS 16 (effective from 1 January 2022).* The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling 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 cost of producing those items, in profit or loss.

- *Onerous Contracts - Cost of Fulfilling a Contract - amendments to IAS 37 (effective from 1 January 2022).* The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Notes to the condensed financial information for the nine-month period ended 30 September 2021 (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 and not early adopted (continued)

- *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).

- *Annual Improvements to IFRS Standards 2018–2020 (effective from 1 January 2022).* The Annual Improvements include amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective from January 1, 2022), IFRS 9 Financial Instruments (effective from 1 January 2022), IFRS 16 Leases (effective date not yet decided) and IAS 41 Agriculture (effective from 1 January 2022).

- *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.

- *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 nine-month period ended 30 September 2021 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 2020. In addition, results for the nine-month period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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 2020. 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 2020 other than the judgment relating to classification of share capital. As the SHA between ADNOC and Baker Hughes was terminated (note 1), the critical judgment taken by management at 31 December 2020 to determine whether the share capital should be classified as debt or equity no longer exists.

5 Property and equipment

	30 September 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Net book value at the beginning of the period/year	**3,261,436**	3,243,082
Additions	**353,842**	376,007
Disposal – net	**-**	(616)
Depreciation	**(292,538)**	(357,037)
Net book value at ending of the period/year	**3,322,740**	3,261,436

Notes to the condensed financial information
for the nine-month period ended 30 September 2021 (continued)

5 Property and equipment (continued)

Property and equipment include capital work in progress and capital advances amounting to USD 311,570 thousand as at 30 September 2021 (31 December 2020: USD 303,194 thousand).

6 Rights-of-use assets and lease liabilities

Rights-of-use assets

	30 September 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Balance at the beginning of the period/year	39,301	15,941
Additions during the period/year	11,115	15,960
Lease modification	7,743	16,577
Depreciation charge during the period/year	(19,369)	(9,177)
Balance at ending of the period/year	38,790	39,301

Additions during the period relate to a land lease agreement which expires in December 2025. Lease modification in the period relates to extension of vehicle leases which were originally due to expire in January 2020 and have been extended to January 2022. During the prior year, the Company and the lessor agreed to amend the annual lease payments for the remaining 5 years for lease of the office building.

Lease liabilities

	30 September 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Balance at the beginning of the period/year	40,112	19,366
Additions	11,115	15,960
Accretion of interest	656	521
Lease modification	7,743	16,577
Payments	(23,197)	(12,312)
Balance at end of the period/year	36,429	40,112
Disclosed as follows:		
Current	22,278	11,723
Non-current	14,151	28,389
	36,429	40,112

Notes to the condensed financial information
for the nine-month period ended 30 September 2021 (continued)

7 Inventories

	30 September 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Inventories	**214,507**	197,430
Allowance for obsolete and slow-moving inventories	**(28,994)**	(20,377)
	185,513	177,053

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

	30 September 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Balance at beginning of the period/year	**20,377**	22,316
Charge/(reversal) during the period/year	**8,617**	(1,939)
Balance at end of the period/year	**28,994**	20,377

8 Trade and other receivables

	30 September 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Trade receivables	**8,508**	20,028
Advances	**35,272**	67,709
VAT receivables	**25,187**	34,287
Prepayments	**8,802**	5,306
Accrued revenue	**48,794**	10,159
Other receivables	**7,248**	1,807
	133,811	139,296

9 Cash and cash equivalents

	30 September 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Cash in hand	**329**	313
Cash at bank – current accounts	**124,269**	953,152
	124,598	953,465

9 Cash and cash equivalents (continued)

Included within cash at bank is an amount of USD 123,220 thousand (31 December 2020: USD 951,993 thousand) held by ADNOC. Cash held by ADNOC are funds held on behalf of the Company and are available on demand.

10 Borrowings

	30 September 2021 USD'000 (unaudited)	31 December 2020 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**	**30 September 2021 USD'000 (unaudited)**	31 December 2020 USD'000 (audited)
Syndicated loan	USD	0.9% and one month LIBOR	2023	**1,500,000**	1,500,000

	30 September 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
First Abu Dhabi Bank (note 12)	**375,000**	375,000
Abu Dhabi Commercial Bank (note 12)	**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

11 Trade and other payables

	30 September 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Accrued expenses	**267,659**	322,595
Trade payables	**94,801**	66,361
Retention payables	**10,531**	3,818
Staff accruals	**16,911**	14,678
Pension payables	**4,452**	3,707
Other payables	**52**	2,630
	394,406	413,789

The Company has financial and risk management policies in place to ensure that all payables are paid within 60 days credit period.

12 Related party balances and transactions

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

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

	30 September 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Due from related parties (a)	**145,448**	136,924
Other balances due from related parties (b)	**1,633,684**	765,677
	1,779,132	902,601
(a) Due from related parties		
ADNOC Offshore	**144,808**	135,569
Abu Dhabi National Oil Company for Distribution	**308**	126
ADNOC Refining	**128**	128
Abu Dhabi National Oil Company (ADNOC)	**125**	933
ADNOC Sour Gas	**55**	96
Al Dhafrah JV	**21**	54
ADNOC Gas Processing	**3**	18
	145,448	136,924

12 Related party balances and transactions (continued)

At 30 September 2021, the Company had a significant concentration of credit risk, with one customer representing 99.56% (2020: one customer representing 99.01%) of related parties receivables outstanding at that date.

The ageing of the related party balances was as follows:

	30 September 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Not past due	**37,645**	89,880
Due from 31 to 60 days	**1,475**	13
Due from 61 to 90 days	**3,232**	9,242
Due from more than 91 days	**103,096**	37,789
	145,448	136,924

	30 September 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
(b) Other balances due from related parties		
ADNOC Onshore	**1,263,474**	575,768
ADNOC Offshore (i)	**351,179**	189,332
Abu Dhabi National Oil Company (ADNOC)	**17,998**	-
ADNOC Sour Gas	**727**	482
Al Dhafra JV	**301**	95
Abu Dhabi National Oil Company for Distribution	**5**	-
	1,633,684	765,677
Advance to a related party – *non-current*		
Baker Hughes Holding SPV Ltd.(ii)	**-**	408

Advance to a related party represents advance paid as part of Commercial Framework Agreement to expand the Company's drilling service capabilities.

(i) The balance as at 31 December 2020 is presented net of an amount of USD 41,717 thousand for a credit note that was issued to a related party in the prior period (note 13).

(ii) Advance to Baker Hughes Holding SPV Ltd. has been reclassified to property and equipment as Baker Hughes Holding SPV Ltd. is no longer considered a related party in accordance with the requirements of IAS 24 *Related Party Disclosures*.

Notes to the condensed financial information
for the nine-month period ended 30 September 2021 (continued)

12 Related party balances and transactions (continued)

	30 September 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Due to related parties		
ADNOC Onshore	**792,305**	102,655
Abu Dhabi National Oil Company for Distribution	**87,859**	44,852
ADNOC Logistics & Services	**7,058**	3,538
Abu Dhabi National Oil Company (ADNOC)	**5,911**	34,593
Abu Dhabi Oil Refining Company	**53**	-
	893,186	185,638

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

	30 September 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Loan from related parties (note 10)		
First Abu Dhabi Bank	**375,000**	375,000
Abu Dhabi Commercial Bank	**375,000**	375,000
	750,000	750,000

	30 September 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Cash and cash equivalents (note 9)		
Abu Dhabi National Oil Company (ADNOC)	**123,220**	951,993
First Abu Dhabi Bank	**931**	1,019
Abu Dhabi Commercial Bank	**118**	140
	124,269	953,152

Shareholder Loan Agreement

On 16 August 2021, the Company entered into a shareholder loan facility ("Facility") of USD 1,250,000 thousand with ADNOC ("the Shareholder Loan Agreement"). The purpose of the Facility is to provide financing for working capital and general corporate purposes. Pursuant to the Shareholder Loan Agreement (i) the Facility maturity date will be 30 June 2023, unless extended, cancelled in the event of non-utilisation or the Facility is repaid in accordance with the terms of the Shareholder Loan Agreement; and (ii) interest will be the aggregate of six (6) month LIBOR plus a margin of 1.2% per annum, payable biannually on 30 June and 31 December of each year. The principal amount of the Facility is payable upon maturity or termination. The Shareholder Loan Agreement contains no maintenance or incurrence covenants. There was no draw down from the Facility as at 30 September 2021.

12 Related party balances and transactions (continued)

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

	Nine-month ended 30 September 2021 USD'000 (unaudited)	2020 USD'000 (unaudited)
Revenue		
ADNOC Onshore	**930,821**	829,751
ADNOC Offshore	**664,901**	641,911
Abu Dhabi National Oil Company (ADNOC)	**54,739**	-
ADNOC Sour Gas	**246**	172
Al Dhafrah JV	**205**	114
	1,650,912	1,471,948
Purchases		
Abu Dhabi National Oil Company for Distribution	**57,235**	42,993
Abu Dhabi National Oil Company (ADNOC)	**14,895**	41,365
ADNOC Logistics & Services	**405**	2,189
	72,535	86,547
Advance		
Advance issued to Baker Hughes Holding SPV Ltd.	**37,664**	59,860
Leases		
Lease payments to a related party	**10,559**	-

	Nine-month ended 30 September 2021 USD'000 (unaudited)	2020 USD'000 (unaudited)
Key management compensation		
Compensation of key management personnel	**3,252**	1,868
Board of Directors members	**7**	7
Key management personnel	**6**	6

Notes to the condensed financial information for the nine-month period ended 30 September 2021 (continued)

13 Revenue

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

	Three-month ended 30 September		Nine-month ended 30 September	
	2021 USD'000 (unaudited)	2020 USD'000 (unaudited)	**2021 USD'000 (unaudited)**	2020 USD'000 (unaudited)
Drilling services	**565,757**	507,443	**1,686,224**	1,502,917
Facilitation of rigs rental	**5,104**	7,782	**8,112**	14,148
	570,861	515,225	**1,694,336**	1,517,065

As at 30 September 2021, the Company doesn't have any unsatisfied performance obligations that will be recognised as revenue during the next financial period.

Included in revenue for drilling services for the nine-month ended 30 September 2020 is a discount of USD 41,717 thousand) related to a credit note issued by the Company to a related party for past services performed. The credit note issued resulted from commercial negotiations with the related party which were concluded during that period. No such credit notes were issued in the current period.

14 Finance cost – net

	Three-month ended 30 September		Nine-month ended 30 September	
	2021 USD'000 (unaudited)	2020 USD'000 (unaudited)	**2021 USD'000 (unaudited)**	2020 USD'000 (unaudited)
Finance income	**237**	1,280	**674**	1,787
Less: finance cost	**(4,286)**	(4,548)	**(13,385)**	(20,682)
	(4,049)	(3,268)	**(12,711)**	(18,895)

Notes to the condensed financial information for the nine-month period ended 30 September 2021 (continued)

15 Dividends

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

On 21 August 2021, the shareholders approved declaration of interim dividend for 2021 amounting to USD 360,300 thousand in accordance with the Shareholders' Agreement in the relevant shareholding portions of USD 342,285 thousand (2020: Nil) for ADNOC and USD 18,015 thousand (2020: Nil) for Baker Hughes Holdings SPV LTD. The dividend was fully paid on 30 August 2021.

16 Commitments and contingencies

The Company has the following commitments and contingent liabilities outstanding at 30 September 2021 and 31 December 2020:

	30 September 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Letters of credit and letters of guarantee	**75**	48
Capital commitments	**106,924**	66,350
	106,999	66,398

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. The increase in capital commitment in the period is due to resumption of capital projects and activities which were deferred as part of the Company's response to the COVID-19 pandemic in 2020. Also refer to note 21 for details of impact of COVID-19.

17 Seasonality of results

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

18 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.

18 Segment reporting (continued)

Refer to note 12 for analysis of revenue from major customers.

30 September 2021 (unaudited)	Onshore USD'000	Offshore Jackup USD'000	Offshore Island USD'000	OFS USD'000	Total USD'000
Revenue	846,712	450,590	166,375	230,659	1,694,336
Direct cost (excluding depreciation)	(385,266)	(123,319)	(40,919)	(183,631)	(733,135)
Gross profit	**461,446**	**327,271**	**125,456**	**47,028**	**961,201**
General and administrative expenses (excluding depreciation)	**(107,509)**	**(57,671)**	**(20,972)**	**-**	**(186,152)**
Other income, net	**5,864**	**2,699**	**982**	**20**	**9,565**
EBITDA	**359,801**	**272,299**	**105,466**	**47,048**	**784,614**

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	**359,801**	**272,299**	**105,466**	**47,048**	**784,614**
Depreciation included in direct cost	**(118,087)**	**(100,485)**	**(32,561)**	**(31,424)**	**(282,557)**
Depreciation included in general and administrative expenses	**(17,832)**	**(8,447)**	**(3,071)**	**-**	**(29,350)**
Total depreciation	**(135,919)**	**(108,932)**	**(35,632)**	**(31,424)**	**(311,907)**
Finance cost, net	**(8,683)**	**(2,954)**	**(1,074)**	**-**	**(12,711)**
Profit for the period	**215,199**	**160,413**	**68,760**	**15,624**	**459,996**

30 September 2020 (unaudited)	Onshore USD'000	Offshore Jackup USD'000	Offshore Island USD'000	OFS USD'000	Total USD'000
Revenue	770,825	443,369	148,700	154,171	1,517,065
Direct cost (excluding depreciation)	(363,080)	(122,174)	(50,898)	(123,621)	(659,773)
Gross profit	407,745	321,195	97,802	30,550	857,292
General and administrative expenses (excluding depreciation)	(90,734)	(48,387)	(17,595)	-	(156,716)
Other income, net	2,917	1,317	479	-	4,713
EBITDA	319,928	274,125	80,686	30,550	705,289

Notes to the condensed financial information for the nine-month period ended 30 September 2021 (continued)

18 Segment reporting (continued)

EBITDA is reconciled to profit for the period as follows:

30 September 2020 (unaudited) (continued)

	Onshore	Offshore Jackup	Offshore Island	OFS	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
EBITDA	319,928	274,125	80,686	30,550	705,289
Depreciation included in direct cost	(109,849)	(97,152)	(32,155)	(14,029)	(253,185)
Depreciation included in general and administrative expenses	(6,838)	(3,206)	(1,166)	-	(11,210)
Total depreciation	(116,687)	(100,358)	(33,321)	(14,029)	(264,395)
Finance cost, net	(11,350)	(5,533)	(2,012)	-	(18,895)
Profit for the period	191,891	168,234	45,353	16,521	421,999

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

	Onshore	**Offshore Jackup**	**Offshore Island**	**OFS**	**Total**
	USD'000	**USD'000**	**USD'000**	**USD'000**	**USD'000**
30 September 2021 (unaudited)					
Property and equipment	**1,069,217**	**1,505,080**	**246,942**	**501,501**	**3,322,740**
31 December 2020 (audited)					
Property and equipment	1,031,971	1,520,538	265,460	443,467	3,261,436

19 Share capital

	30 September 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Ordinary share capital of USD: 0.0272294 (AED: 0.1) each (2020 USD: 27.2294 (AED: 100) each)	**435,671**	108,918

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

	Number of shares ('000)	USD'000
At 1 January 2020	4,000	108,918
Share split AED 100 to AED 0.10 (note 1)	3,996,000	-
Capitalisation	12,000,000	326,753
At 30 September 2021	**16,000,000**	**435,671**

During the period, 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.

20 Basic and diluted earnings per share

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

	Three-month ended 30 September		Nine-month ended 30 September	
	2021 (unaudited)	2020 (unaudited)	**2021 (unaudited)**	2020 (unaudited)
Profit attributable to shareholders of the Company (USD'000)	**178,408**	119,468	**459,996**	421,999
Weighted average number of shares ('000)	**16,000,000**	16,000,000	**16,000,000**	16,000,000
Earnings per share	**0.0112**	0.0075	**0.0287**	0.0264

There are no dilutive securities, therefore diluted EPS is the same as basic EPS. The weighted average number of shares outstanding at 30 September 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.

21 Impact of COVID-19 pandemic

In January 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak"). Subsequently (March 2020), the WHO classified COVID-19 outbreak as a pandemic based on the rapid increase in exposure and infections across the world. The pandemic nature of this disease has necessitated global travel restrictions and total lockdown in most countries of the world, with negative implications on the global economy and social life.

Owing to this, macro-economic uncertainty has arisen with regards to prices and demand for oil, gas and products. The Company continues to regularly assess the impact of COVID-19 on its business that remained challenging through the period from an operational perspective. The Company continues to incur additional direct and indirect costs of ongoing pandemic.

Since third quarter of 2021, global restrictions have begun to ease, management believes that the Company is gearing up to ramping up operations to emerge stronger after the pandemic by considering fundamental changes to the ways business is conducted, including developing cost containment strategies, diversifying supply chains, and making other operational modifications such as dynamic manpower optimizations to minimize impact on its operations.

22 Approval of condensed financial information

These condensed financial information were approved by the Board of Directors and authorised for issue on 9 November 2021.