ADNOC DRILLING COMPANY P.J.S.C.

Review report and condensed financial information for the six-month period ended 30 June 2021

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

Introduction

We have reviewed the accompanying condensed statement of financial position of ADNOC Drilling Company P.J.S.C. ("the Company"), as at 30 June 2021 and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and fair presentation of this condensed financial information in accordance with International Accounting Standard 34, '*Interim financial reporting*' as issued by International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this unaudited condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity".* A review of condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 as issued by IASB.

Deloitte & Touche (M.E)

Rama Padmanabha Acharya
Registration No. 701
25 July 2021
Abu Dhabi
United Arab Emirate

Condensed statement of financial position as at 30 June 2021

	Notes	30 June 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
ASSETS			
Non-current assets			
Property and equipment	5	3,252,854	3,261,436
Right-of-use assets	6	43,196	39,301
Advance to a related party	12	8,464	408
Advance payments		3,502	4,250
Total non-current assets		3,308,016	3,305,395
Current assets			
Inventories	7	162,863	177,053
Trade and other receivables	8	123,590	139,296
Due from related parties	12	1,412,891	902,601
Cash and cash equivalents	9	419,246	953,465
Total current assets		2,118,590	2,172,415
Total assets		5,426,606	5,477,810
EQUITY AND LIABILITIES			
Equity			
Share capital		108,918	108,918
Retained earnings		2,724,481	3,142,893
Total equity		2,833,399	3,251,811
Non-current liabilities			
Borrowings	10	1,500,000	1,500,000
Lease liabilities	6	15,196	28,389
Provision for employees' end of service benefits		110,549	86,460
Total non-current liabilities		1,625,745	1,614,849
Current liabilities			
Trade and other payables	11	370,361	413,789
Lease liabilities	6	22,278	11,723
Due to related parties	12	574,823	185,638
Total current liabilities		967,462	611,150
Total liabilities		2,593,207	2,225,999
Total equity and liabilities		5,426,606	5,477,810

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 six-month periods ended 30 June 2021

		Three-month ended 30 June		Six-month ended 30 June	
		2021	2020	**2021**	2020
	Notes	**USD'000**	USD'000	**USD'000**	USD'000
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Revenue	**13**	**600,834**	505,813	**1,123,475**	1,001,840
Direct cost		**(350,897)**	(273,123)	**(683,695)**	(578,400)
Gross profit		**249,937**	232,690	**439,780**	423,440
General and administrative expenses		**(81,170)**	(63,227)	**(158,540)**	(109,552)
Other income - net		**7,527**	900	**9,010**	4,270
Finance cost - net	**14**	**(4,522)**	(7,908)	**(8,662)**	(15,627)
Profit for the period		**171,772**	162,455	**281,588**	302,531
Other comprehensive income for the period		**-**	-	**-**	-
Total comprehensive income for the period		**171,772**	162,455	**281,588**	302,531
Earnings per share:					
Basic and diluted	**19**	**0.0429**	0.0406	**0.0704**	0.0756

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

Condensed statement of changes in equity for the six-month period ended 30 June 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	-	302,531	302,531
Dividends (note 15)	-	(700,000)	(700,000)
Balance at 30 June 2020 (unaudited)	108,918	2,876,390	2,985,308
Balance at 1 January 2021 (audited)	108,918	3,142,893	3,251,811
Total comprehensive income for the period	-	281,588	281,588
Dividends (note 15)	-	(700,000)	(700,000)
Balance at 30 June 2021 (unaudited)	**108,918**	**2,724,481**	**2,833,399**

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

Condensed statement of cash flows
for the six-month period ended 30 June 2021

	Six-month ended 30 June	
	2021	2020
	USD‘000	USD‘000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Profit for the period	**281,588**	302,531
Adjustments for:		
Depreciation of property and equipment	**194,308**	172,716
Depreciation of right-of-use assets	**14,963**	5,364
Provision for employees’ end of service benefits charge	**26,815**	7,475
Allowance/(reversal) for slow moving and obsolete inventory	**6,036**	(270)
Finance cost	**9,099**	16,134
Finance income	**(437)**	(507)
	532,372	503,443
Changes in working capital		
Decrease/(increase) in inventories	**8,154**	(12,750)
Decrease in advance payments	**748**	726
Decrease/(increase) in trade and other receivables	**15,706**	(48,335)
(Increase)/decrease in due from related parties	**(120,290)**	579,730
Increase/(decrease) in trade and other payables	**45,829**	(61,339)
(Decrease)/increase in due to related parties	**(815)**	18,828
Employees’ end of service benefit paid	**(2,726)**	(2,387)
Net cash generated from operating activities	**478,978**	977,916
Cash flows from investing activities		
Payments for purchase of property and equipment	**(245,249)**	(19,148)
Advance issued to a related party	**(37,664)**	(59,860)
Finance income received	**437**	507
Net cash used in investing activities	**(282,476)**	(78,501)
Cash flows from financing activities		
Payment for principal and interest portion on lease liabilities	**(22,022)**	-
Dividends paid	**(700,000)**	(700,000)
Finance cost paid	**(8,699)**	(15,926)
Net cash used in financing activities	**(730,721)**	(715,926)
Net (decrease)/increase in cash and cash equivalents	**(534,219)**	183,489
Cash and cash equivalent at the beginning of the period	**953,465**	133,808
Cash and cash equivalents at the end of the period	**419,246**	317,297
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	**18,858**	16,355

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

Notes to the condensed financial information
for the six-month period ended 30 June 2021

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. The Company is registered in Abu Dhabi, United Arab Emirates and is a subsidiary of Abu Dhabi National Oil Company ("ADNOC"), which is wholly owned by the Government of Abu Dhabi.

Pursuant to a share sale and purchase agreement dated 8 October 2018 between ADNOC and Baker Hughes Holding SPV Ltd. ("BHGE"), ADNOC agreed to sell 5% of the entire issued share capital of the Company to BHGE.

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.

- *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 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

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).

- *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).

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)

- *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.

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 six-month period ended 30 June 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 six-month period ended 30 June 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 labeled 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.

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

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.

5 Property and equipment

	30 June 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	**185,726**	376,007
Disposal – net	**-**	(616)
Depreciation	**(194,308)**	(357,037)
Net book value at ending of the period/year	**3,252,854**	3,261,436

Property and equipment include capital work in progress and capital advances amounting to USD 217,607 thousand as at 30 June 2021 (31 December 2020: USD 303,194 thousand).

6 Rights-of-use assets and lease liabilities

Rights-of-use assets

	30 June 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	**(14,963)**	(9,177)
Balance at ending of the period/year	**43,196**	39,301

Additions during the period relate to a land lease agreement which expires on 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.

6 Rights-of-use assets and lease liabilities (continued)

Lease liabilities

	30 June 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	**526**	521
Lease modification	**7,743**	16,577
Payments	**(22,022)**	(12,312)
Balance at end of the period/year	**37,474**	40,112
Disclosed as follows:		
Current	**22,278**	11,723
Non-current	**15,196**	28,389
	37,474	40,112

7 Inventories

	30 June 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Inventories	**189,276**	197,430
Allowance for obsolete and slow-moving inventories	**(26,413)**	(20,377)
	162,863	177,053

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

	30 June 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	**6,036**	(1,939)
Balance at end of the period/year	**26,413**	20,377

8 Trade and other receivables

	30 June 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Trade receivables	**5,582**	20,028
Accrued revenue	**46,499**	10,159
VAT receivables	**26,334**	34,287
Advances	**26,414**	67,709
Prepayments	**12,551**	5,306
Other receivables	**6,210**	1,807
	123,590	139,296

9 Cash and cash equivalents

	30 June 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Cash in hand	**342**	313
Cash at bank – current accounts	**418,904**	953,152
	419,246	953,465

Included within cash at bank is an amount of USD 416,910 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 June 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 June 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

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

10 Borrowings (continued)

	30 June 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 June 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Accrued expenses	**260,054**	322,595
Trade payable	**91,038**	66,361
Retention payable	**8,654**	3,818
Staff accruals	**5,970**	14,678
Pension payable	**4,093**	3,707
Other payables	**552**	2,630
	370,361	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.

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

12 Related party balances and transactions (continued)

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

	30 June 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Due from related parties (a)	**112,778**	136,924
Other balances due from related parties (b)	**1,300,113**	765,677
	1,412,891	902,601

(a) Due from related parties		
ADNOC Offshore	**112,499**	135,569
ADNOC Refining	**128**	128
Abu Dhabi National Oil Company (ADNOC)	**72**	933
ADNOC Sour Gas	**55**	96
Al Dhafrah JV	**21**	54
ADNOC Gas Processing	**3**	18
Abu Dhabi National Oil Company for Distribution	**-**	126
	112,778	136,924

At 30 June 2021, the Company had a significant concentration of credit risk, with one customer representing 99% (2020: one customer representing 99%) of related parties receivables outstanding at that date.

The ageing of the related party balances was as follows:

	30 June 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Not past due	**3,234**	89,880
Due from 31 to 60 days	**69,585**	13
Due from 61 to 90 days	**9,741**	9,242
Due from more than 91 days	**30,218**	37,789
	112,778	136,924

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

12 Related party balances and transactions (continued)

	30 June 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
(b) Other balances due from related parties		
ADNOC Onshore	**992,753**	575,768
ADNOC Offshore (i)	**271,143**	189,332
Abu Dhabi National Oil Company (ADNOC)	**35,275**	-
ADNOC Sour Gas	**727**	482
Al Dhafra JV	**215**	95
	1,300,113	765,677
Advance to a related party – *non-current*		
Baker Hughes Holding SPV Ltd.	**8,464**	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).

	30 June 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Due to related parties		
ADNOC Onshore	**464,104**	102,655
Abu Dhabi National Oil Company for Distribution	**78,567**	44,852
Abu Dhabi National Oil Company (ADNOC)	**27,153**	34,593
ADNOC Logistics & Services	**4,999**	3,538
	574,823	185,638

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

	30 June 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

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

12 Related party balances and transactions (continued)

	30 June 2021 USD'000 (unaudited)	31 December 2020 USD'000 (audited)
Cash and cash equivalents (note 9)		
Abu Dhabi National Oil Company (ADNOC)	**416,910**	951,993
First Abu Dhabi Bank	**1,869**	1,019
Abu Dhabi Commercial Bank	**125**	140
	418,904	953,152

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

	Six-month ended 30 June	
	2021 USD'000 (unaudited)	2020 USD'000 (unaudited)
Revenue		
ADNOC Onshore	**626,311**	555,458
ADNOC Offshore	**430,798**	436,498
Abu Dhabi National Oil Company (ADNOC)	**36,592**	3,779
ADNOC Sour Gas	**246**	123
Al Dhafrah JV	**120**	48
	1,094,067	995,906
Purchases		
Abu Dhabi National Oil Company for Distribution	**32,183**	30,018
Abu Dhabi National Oil Company (ADNOC)	**21,425**	16,255
ADNOC Logistics & Services	**927**	54
	54,535	46,327
Advance		
Advance issued to Baker Hughes Holding SPV Ltd.	**37,664**	59,860
Leases		
Lease payments to a related party	**15,959**	-

12 Related party balances and transactions (continued)

	Six-month ended 30 June	
	2021	2020
	USD'000	USD'000
	(unaudited)	(unaudited)
Key management compensation		
Compensation of key management personnel	**2,627**	1,454
Board of Directors members	**7**	7
Key management personnel	**6**	6

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 June		Six-month ended 30 June	
	2021	2020	**2021**	2020
	USD'000	USD'000	**USD'000**	USD'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Drilling services	**598,176**	503,124	**1,120,467**	995,474
Facilitation of rigs rental	**2,658**	2,689	**3,008**	6,366
	600,834	505,813	**1,123,475**	1,001,840

As at 30 June 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 six-month ended 30 June 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 June		Six-month ended 30 June	
	2021	2020	**2021**	2020
	USD'000	USD'000	**USD'000**	USD'000
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Finance income	**243**	70	**437**	507
Less: finance costs	**(4,765)**	(7,978)	**(9,099)**	(16,134)
	(4,522)	(7,908)	**(8,662)**	(15,627)

15 Dividends

On 16 March 2021, the Board of Directors approved a declaration of dividend amounting to USD 700,000 thousand (2020: USD 700,000 thousand) 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.

16 Commitments and contingencies

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

	30 June 2021	31 December 2020
	USD'000	USD'000
	(unaudited)	(audited)
Letters of credit and letters of guarantee	**48**	48
Capital commitments	**121,809**	66,350
	121,857	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 20 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.

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

30 June 2021 (unaudited)	Onshore USD'000	Offshore Jackup USD'000	Offshore Island USD'000	OFS USD'000	Total USD'000
Revenue	567,504	293,372	105,613	156,986	1,123,475
Direct cost (excluding depreciation)	(253,184)	(79,845)	(30,482)	(133,981)	(497,492)
Gross profit	**314,320**	**213,527**	**75,131**	**23,005**	**625,983**
General and administrative expenses (excluding depreciation)	(77,274)	(42,679)	(15,519)	-	(135,472)
Other income, net	5,470	2,576	944	20	9,010
EBITDA	**242,516**	**173,424**	**60,556**	**23,025**	**499,521**

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

18 Segment reporting (continued)

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	**242,516**	**173,424**	**60,556**	**23,025**	**499,521**
Depreciation included in direct cost	(78,636)	(67,212)	(21,720)	(18,635)	(186,203)
Depreciation included in general and administrative expenses	(13,964)	(6,676)	(2,428)	-	(23,068)
Total depreciation	**(92,600)**	**(73,888)**	**(24,148)**	**(18,635)**	**(209,271)**
Finance cost, net	(5,201)	(2,541)	(920)	-	(8,662)
Profit for the period	**144,715**	**96,995**	**35,488**	**4,390**	**281,588**

30 June 2020 (unaudited)	Onshore USD'000	Offshore Jackup USD'000	Offshore Island USD'000	OFS USD'000	Total USD'000
Revenue	514,037	282,769	106,681	98,353	1,001,840
Direct cost (excluding depreciation)	(230,425)	(78,404)	(32,729)	(70,230)	(411,788)
Gross profit	283,612	204,365	73,952	28,123	590,052
General and administrative expenses (excluding depreciation)	(55,579)	(31,170)	(11,335)	-	(98,084)
Other income, net	2,562	1,253	455	-	4,270
EBITDA	230,595	174,448	63,072	28,123	496,238

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	230,595	174,448	63,072	28,123	496,238
Depreciation included in direct cost	(73,103)	(64,557)	(21,451)	(7,501)	(166,612)
Depreciation included in general and administrative expenses	(6,720)	(3,483)	(1,265)	-	(11,468)
Total depreciation	(79,823)	(68,040)	(22,716)	(7,501)	(178,080)
Finance cost, net	(9,375)	(4,585)	(1,667)	-	(15,627)
Profit for the period	141,397	101,823	38,689	20,622	302,531

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

18 Segment reporting (continued)

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

30 June 2021 (unaudited)	**Onshore USD'000**	**Offshore Jackup USD'000**	**Offshore Island USD'000**	**OFS USD'000**	**Total USD'000**
Property and equipment	**1,092,127**	**1,460,577**	**249,378**	**450,772**	**3,252,854**
31 December 2020 (audited)					
Property and equipment	1,031,971	1,520,538	265,460	443,467	3,261,436

19 Basic and diluted earnings per share

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

	Three-month ended 30 June		**Six-month ended 30 June**	
	2021 USD'000 (unaudited)	2020 USD'000 (unaudited)	**2021 USD'000 (unaudited)**	2020 USD'000 (unaudited)
Profit attributable to shareholders of the Company (USD'000)	**171,772**	162,455	**281,588**	302,531
Weighted average number of shares for the purpose of basic earnings per share	**4,000,000**	4,000,000	**4,000,000**	4,000,000
Earnings per share (USD'000)	**0.0429**	0.0406	**0.0704**	0.0756

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

20 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 assess regularly the impact of COVID-19 on its business and the second quarter continues to be challenging from an operational perspective as the Company continues to incur additional direct and indirect costs of ongoing pandemic especially manpower related costs for in-country quarantine measures and cover for stranded crew outside the country.

During 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.

21 Approval of condensed financial information

These condensed financial information were approved by the management and authorised for issue on 25 July 2021.