

ARABIAN DRILLING COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three month period ended 31 March 2024
with
Independent Auditor's Review Report

Arabian Drilling Company
(A Saudi Joint Stock Company)

Condensed consolidated interim financial statements with independent auditor's review report
For the three month period ended 31 March 2024

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Report on review of condensed consolidated interim financial statements

To the shareholders of Arabian Drilling Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Arabian Drilling Company (the "Company") and its subsidiary (collectively the "Group") as of 31 March 2024 and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements 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", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements 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, as endorsed in the Kingdom of Saudi Arabia, 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 consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read "Omar M. Alsagga", is written over the printed name.

Omar M. Alsagga
License Number 369

7 May 2024

Arabian Drilling Company
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of financial position
(All amounts in Saudi Riyals unless otherwise stated)

ASSETS	Note	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Non-current assets			
Property, plant and equipment	3	7,865,766,451	7,737,834,883
Right-of-use assets		115,248,905	131,835,643
Long-term deposits		16,200,000	16,200,000
Total non-current assets		7,997,215,356	7,885,870,526
Current assets			
Inventories		310,416,690	279,741,430
Trade and other receivables		1,083,814,739	1,072,329,381
Cash and cash equivalents		1,257,852,399	1,435,421,469
		2,652,083,828	2,787,492,280
Assets held for sale		17,244,521	13,111,001
Total current assets		2,669,328,349	2,800,603,281
Total assets		10,666,543,705	10,686,473,807
EQUITY AND LIABILITIES			
Equity			
Share capital	4	890,000,000	890,000,000
Share premium	4	790,675,825	790,675,825
Statutory reserve		267,000,000	267,000,000
Retained earnings		4,160,001,368	4,013,745,577
Total equity		6,107,677,193	5,961,421,402
Liabilities			
Non-current liabilities			
Long-term borrowings	5	2,861,759,485	2,885,625,878
Lease liabilities		50,846,063	67,892,228
Employees' benefit obligations		310,681,870	304,407,017
Mobilization revenue		188,298,024	211,515,566
Deferred tax liabilities		167,735,610	164,134,909
Total non-current liabilities		3,579,321,052	3,633,575,598

(continued)

Arabian Drilling Company
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of financial position (continued)

(All amounts in Saudi Riyals unless otherwise stated)

	<u>Note</u>	<u>31 March 2024</u> (Unaudited)	<u>31 December 2023</u> (Audited)
Current liabilities			
Trade and other payables		640,015,365	729,393,485
Current portion of long-term borrowings	5	127,912,289	168,469,771
Current portion of lease liabilities		67,821,967	67,167,866
Mobilization revenue		93,392,205	94,313,916
Provision for zakat and income tax		50,403,634	32,131,769
Total current liabilities		979,545,460	1,091,476,807
Total liabilities		4,558,866,512	4,725,052,405
Total equity and liabilities		10,666,543,705	10,686,473,807



Khalid Nouh
(Chairman)



Ghassan Mirdad
(Chief Executive Officer)



Hubert Lafeuille
(Chief Financial Officer)

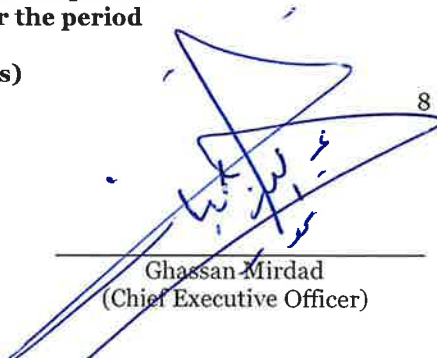
The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Arabian Drilling Company
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of profit or loss and other comprehensive income
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended 31 March	
		2024 (Unaudited)	2023 (Unaudited)
Revenue	7	966,664,955	779,278,780
Cost of revenue		(697,935,265)	(572,026,887)
Gross profit		268,729,690	207,251,893
Expected credit loss allowance		-	(600,000)
General and administrative expenses		(57,481,658)	(34,362,111)
Other operating income, net		3,202,903	211,740
		214,450,935	172,501,522
Finance costs		(58,903,550)	(25,543,389)
Finance income		12,580,972	13,362,757
Finance costs - net		(46,322,578)	(12,180,632)
Profit before zakat and income tax		168,128,357	160,320,890
Zakat expense	6.1	(9,701,536)	(9,021,498)
Income tax expense	6.1	(12,171,030)	(9,819,744)
Profit for the period		146,255,791	141,479,648
Other comprehensive income			
<i>Items that may be reclassified to the condensed consolidated statement of profit or loss in subsequent periods:</i>			
Changes in fair value of cash flow hedges		-	-
Other comprehensive income for the period		-	-
Total comprehensive income for the period		146,255,791	141,479,648
Earnings per share (Saudi Riyals)			
Basic and diluted	8	1.64	1.59


Khalid Nauh
(Chairman)


Ghassan Mirdad
(Chief Executive Officer)

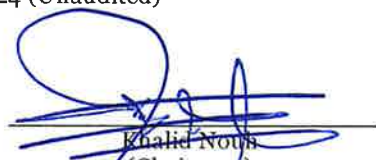

Hubert Lafeuille
(Chief Financial Officer)

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

Arabian Drilling Company
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of changes in equity
 (All amounts in Saudi Riyals unless otherwise stated)

	Share capital	Share premium	Statutory reserve	Retained earnings	Total
As at 1 January 2023 (Audited)	890,000,000	790,675,825	267,000,000	3,642,148,763	5,589,824,588
Profit for the period	-	-	-	141,479,648	141,479,648
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	141,479,648	141,479,648
As at 31 March 2023 (Unaudited)	890,000,000	790,675,825	267,000,000	3,783,628,411	5,731,304,236
As at 1 January 2024 (Audited)	890,000,000	790,675,825	267,000,000	4,013,745,577	5,961,421,402
Profit for the period	-	-	-	146,255,791	146,255,791
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	146,255,791	146,255,791
As at 31 March 2024 (Unaudited)	890,000,000	790,675,825	267,000,000	4,160,001,368	6,107,677,193


 Khalid Nours
 (Chairman)


 Ghassan Mirdad
 (Chief Executive Officer)



 Hubert Lafeuille
 (Chief Financial Officer)

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

Arabian Drilling Company
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of cash flows
(All amounts in Saudi Riyals unless otherwise stated)

	For the three-month period ended 31 March	
	2024	2023
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before zakat and income tax	168,128,357	160,320,890
<i>Adjustment for:</i>		
Depreciation on property, plant and equipment	174,362,288	150,607,957
Depreciation on right-of-use assets	16,586,740	-
Provision for slow moving inventories	842,090	2,089,214
Expected credit loss allowance	-	600,000
Provision for employees' benefit obligations	13,447,725	10,364,100
Amortization of mobilization cost	5,651,362	3,406,215
Amortization of mobilization revenue	(29,790,615)	(15,051,332)
Finance cost	58,903,550	25,543,389
Finance income	(12,580,972)	(13,362,757)
	395,550,525	324,517,676
Inventories	(31,517,350)	(43,222,968)
Trade and other receivables	(11,139,945)	181,466,846
Trade and other payables	(89,378,120)	29,921,393
Cash generated from operations	263,515,110	492,682,947
Mobilization cost paid	-	(18,661,011)
Employees' benefit obligations paid	(7,172,872)	(1,609,770)
Net cash generated from operating activities	256,342,238	472,412,166
Cash flows from investing activities		
Additions to property, plant and equipment	(306,427,373)	(247,134,775)
Finance income received	12,235,559	-
Net cash used in investing activities	(294,191,814)	(247,134,775)
Cash flows from financing activities		
Repayment of long-term borrowings	(25,000,000)	-
Principal element of lease payments	(16,392,064)	(17,850,300)
Finance cost paid	(98,327,430)	(60,283,415)
Net cash used in financing activities	(139,719,494)	(78,133,715)
Net change in cash and cash equivalents	(177,569,070)	147,143,676
Cash and cash equivalents at the beginning of the period	1,435,421,469	832,024,714
Cash and cash equivalents at the end of the period	1,257,852,399	979,168,390
Significant non-cash transactions		
Transfer from property, plant and equipment to assets held for sale	4,133,517	3,351,963


Khalid Nouh
(Chairman)


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(Chief Executive Officer)


Hubert Lafeuille
(Chief Financial Officer)

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

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2024

(All amounts in Saudi Riyals unless otherwise stated)

1. General information

Arabian Drilling Company (the “Company” or “ADC”) and its subsidiary (collectively the “Group”) are principally engaged in the drilling of oil and natural gas wells, operations, maintenance and hauling of rigs and related activities.

The Company is a Saudi Joint Stock Company licensed under foreign investment license number 2031047241 issued by the Ministry of Investment on 18 Dhu-al-Hijja 1424H (corresponding to 13 December 2003G) and operating under commercial registration number 2051026089 issued in Dammam on 3 Safar 1423H (corresponding to 16 April 2002G). The registered address of the Company is P.O. Box 4110, Al-Khobar 31952, Kingdom of Saudi Arabia.

The accompanying condensed consolidated interim financial statements include the financial information of the Company and its wholly owned subsidiary, Ofsat Arabia LLC (“Ofsat”). Ofsat is a Limited Liability Company incorporated in the Kingdom of Saudi Arabia.

The Company was listed on the Saudi Stock Exchange (Tadawul) on 7 November 2022 with a free float of 30% of the Company’s share capital.

2. Basis of preparation and significant accounting policies

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (IAS 34) that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023 (“latest annual consolidated financial statements”). However, changes in accounting policies, if any and selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in the Group’s consolidated financial position and performance since the last annual consolidated financial statements.

An interim period is considered an integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full year operations.

2.2 Basis of preparation

These condensed consolidated interim financial statements are prepared under the historical cost convention using the accrual basis of accounting except for employees’ benefit obligations which are measured using the projected unit credit method.

2.3 Functional and presentation currency

Items included in the condensed consolidated interim financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (“functional currency”). The Group’s cash flows, financing and transactions occur in more than one currency. Since a significant portion of revenue and capital expenditure is denominated in United States Dollars (USD), management believes that USD is the currency with the most influence over the Group’s operations. Accordingly, USD is considered to be the functional currency of the Group.

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2024

(All amounts in Saudi Riyals unless otherwise stated)

Management has elected to prepare these condensed consolidated interim financial statements in Saudi Riyals which is the Group's presentation currency and believes that there is no translation impact on these condensed consolidated interim financial statements since Saudi Riyal is pegged to USD.

2.4 Use of judgements and estimates

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the latest annual consolidated financial statements except for those related to impairment indicators and impairment assessments as explained in Note 3.

2.5 Material accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2023. A number of amendments to existing standards, as detailed in note 2.6(a) below, became effective from 1 January 2024 but they do not have a material effect on the condensed consolidated interim financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.6 New standards, amendments and interpretations

a. New and revised standards with no material effect on the condensed consolidated interim financial statements

The following revised IFRSs have been adopted. The application of these revised IFRSs did not have any material impact on the amounts reported for current and prior periods.

- Supplier finance arrangements (Amendments to IAS 7 and IFRS 7)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lack of Exchangeability (Amendments to IAS 21)

b. New and revised standards issued but not yet effective

The amendments to existing standards that are issued, but not yet effective, up to the date of issuance of the Group's condensed consolidated interim financial statements are disclosed below. The Group intends to adopt these amendments to existing standards, if applicable, when they become effective.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).
- IFRS Sustainability Disclosures Standards S1 and S2, effective for annual periods beginning on or after 1 January 2024.
- Presentation and Disclosure in Financial Statements (IFRS 18), effective for annual periods beginning on or after 1 January 2027.

Management is assessing the impact, if any, these amendments may have on the Group's condensed consolidated interim financial statements.

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2024

(All amounts in Saudi Riyals unless otherwise stated)

3. Property, plant and equipment

Cost	1 January 2024 (Audited)	Additions	Transfers	Transfers to held for sale	31 March 2024 (Unaudited)
Freehold Land	88,236,250	-	-	-	88,236,250
Buildings and portable cabins	180,087,917	-	4,725,899	-	184,813,816
Rigs, machinery and equipment	13,323,425,718	-	134,878,400	(128,431,330)	13,329,872,788
Furniture, fixtures and office equipment	121,189,474	-	2,523,130	(635,139)	123,077,465
Vehicles	147,638,044	-	63,295	(919,585)	146,781,754
Assets under construction	985,192,811	306,427,373	(142,190,724)	-	1,149,429,460
	14,845,770,214	306,427,373	-	(129,986,054)	15,022,211,533
Accumulated depreciation and impairment					
Buildings and portable cabins	(23,138,957)	(1,006,242)	-	-	(24,145,199)
Rig, machinery and equipment	(6,893,258,117)	(169,659,565)	-	125,273,070	(6,937,644,612)
Furniture, fixtures and office equipment	(74,709,639)	(2,237,271)	-	454,475	(76,492,435)
Vehicles	(116,828,618)	(1,459,210)	-	124,992	(118,162,836)
	(7,107,935,331)	(174,362,288)	-	125,852,537	(7,156,445,082)
Net book value	7,737,834,883				7,865,766,451

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2024

(All amounts in Saudi Riyals unless otherwise stated)

<u>Cost</u>	1 January 2023 (Audited)	Additions	Transfers	Transfers to held for sale	31 December 2023 (Audited)
Freehold Land	88,236,250	-	-	-	88,236,250
Buildings and portable cabins	99,693,269	-	90,555,572	(10,160,924)	180,087,917
Rigs, machinery and equipment	11,292,935,114	-	2,146,241,585	(115,750,981)	13,323,425,718
Furniture, fixtures and office equipment	111,475,264	-	15,118,514	(5,404,304)	121,189,474
Vehicles	142,955,769	-	10,981,400	(6,299,125)	147,638,044
Assets under construction	1,363,762,350	1,884,327,532	(2,262,897,071)	-	985,192,811
	<u>13,099,058,016</u>	<u>1,884,327,532</u>	-	<u>(137,615,334)</u>	<u>14,845,770,214</u>
<u>Accumulated depreciation and impairment</u>					
Buildings and portable cabins	(25,474,006)	(3,293,708)	-	5,628,757	(23,138,957)
Rig, machinery and equipment	(6,394,225,790)	(600,824,943)	-	101,792,616	(6,893,258,117)
Furniture, fixtures and office equipment	(70,784,409)	(8,424,459)	-	4,499,229	(74,709,639)
Vehicles	(117,952,832)	(4,999,304)	-	6,123,518	(116,828,618)
	<u>(6,608,437,037)</u>	<u>(617,542,414)</u>	-	<u>118,044,120</u>	<u>(7,107,935,331)</u>
Net book value	<u>6,490,620,979</u>				<u>7,737,834,883</u>

- a) Asset under construction at 31 March 2024 mainly represent advances paid to supplier against procurement of certain rigs which are expected to be capitalised in 2024.
- b) Rig, machinery and equipment represent assets under contracts with customers for the drilling services which include both leasing and service component.

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2024

(All amounts in Saudi Riyals unless otherwise stated)

- 3.1** During the three-month period ended 31 March 2024, the Ministry of Energy of the Kingdom of Saudi Arabia (“MoE”) announced to curtail the expansion plans of its drilling capacity which had a direct negative impact on the offshore rigs market in the Kingdom of Saudi Arabia. As a result of this announcement, the Group management expects the drilling contracts for three offshore rigs to be suspended for a period of up to twelve months, however, the discussions with Saudi Arabian Oil Company (“Saudi Aramco”) are yet to be finalized. This event was identified as an impairment indicator by the Group management and an impairment assessment was carried out as at 31 March 2024, however, no impairment loss was identified. The impairment assessment was based on value-in-use calculations which require management to estimate the future cashflows and appropriate discount and growth rates. As at 31 March 2024, there are no estimates related to the impairment assessment that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve month period. The discussions with Saudi Aramco on rig suspensions are fluid and Group management will continue to monitor the situation during the next reporting period i.e. 30 June 2024 for potential changes to the impairment assessment.
- 3.2** Management has also considered the impact of the potential suspensions of the three offshore drilling contracts on the other rigs and did not identify any impairment indicators. The Group management will continue to monitor this in the next reporting period i.e. 30 June 2024.

4. Share capital

The share capital of the Company as of 31 March 2024 and 31 December 2023 comprised 89,000,000 shares at a nominal value of Saudi Riyals 10 per share.

5. Long term borrowings

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Sukuk (note 5.1)	2,000,000,000	2,000,000,000
Murabaha borrowings (note 5.2)	974,984,900	999,984,900
Add: accrued finance cost	27,912,289	68,469,771
	3,002,897,189	3,068,454,671
Less: unamortized transaction cost	(13,225,415)	(14,359,022)
	2,989,671,774	3,054,095,649
Long-term borrowings are presented as follows:		
Current maturity under current liabilities	127,912,289	168,469,771
Non-current portion	2,861,759,485	2,885,625,878
	2,989,671,774	3,054,095,649
Movement in unamortized transaction cost is as follows:		
Balance at beginning of period / year	14,359,022	18,861,463
Less: amortization for the period / year	(1,133,607)	(4,502,441)
Balance at end of period / year	13,225,415	14,359,022

Arabian Drilling Company
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Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2024

(All amounts in Saudi Riyals unless otherwise stated)

5.1 Sukuk

During 2022, the Group issued Sukuk amounting to Saudi Riyals 2.0 billion after obtaining necessary regulatory approvals and incurred a transaction cost of Saudi Riyals 22.3 million. In line with sukuk prospectus, the Group management utilized these proceeds towards repayment of existing murabaha borrowings and for other corporate purposes including procurement of additional rigs.

The repayment of the Sukuk is due in a single balloon payment in 2027 and it bears finance costs based on prevailing market rates which are based on SAIBOR plus an applicable margin. The covenants of the Sukuk require the Group to maintain certain levels of financial conditions and certain other requirements. As at 31 March 2024, the Group was in compliance with such covenants.

5.2 Murabaha borrowings

During 2023, the Group obtained a murabaha loan facility of Saudi Riyals 500.0 million from a Saudi commercial bank to finance its capital expenditure. The murabaha loan is repayable over a period of 5 years starting from December 2024 through December 2028 on a quarterly installment basis. These loans bear finance cost based on prevailing market rate which are based on Saudi Arabia Inter-Bank Offer Rates ("SAIBOR") plus an applicable margin. The covenants of this borrowing facility require the Group to maintain certain levels of financial conditions and certain other requirements. As at 31 March 2024, the Group was in compliance with the covenants of the borrowing facility.

During 2022, the Group had obtained a murabaha facility of Saudi Riyals 500.0 million from a Saudi commercial bank to finance capital expenditure. The murabaha loan is repayable over a period of 5 years starting from February 2024 through November 2028 on a quarterly installment basis. These loans bear finance costs based on prevailing market rate which are based on SAIBOR plus an applicable margin. The covenants of this borrowing facility require the Group to maintain certain levels of financial conditions and certain other requirements. As at 31 March 2024, the Group was in compliance with the covenants of the borrowing facility.

6. Zakat and income tax

6.1 Zakat and income tax expense

	For three-month period ended 31 March	
	2024	2023
	(Unaudited)	(Unaudited)
Zakat expense	9,701,536	9,021,498
Current tax charge	8,570,329	10,175,408
Deferred tax charge / (reversal)	3,600,701	(355,664)
	21,872,566	18,841,242

6.2 Status of assessments

Arabian Drilling Company

ZATCA has finalized the Company's zakat and income tax assessments for the years up to 2020. The assessments for the years 2021 and 2022 are under review of ZATCA and no assessments for these years have been received as at 31 March 2024.

Ofsat

ZATCA has finalized the zakat and income tax assessments for the years up to 2020 of Ofsat. The assessments for the years 2021 and 2022 are under review of ZATCA and no assessments for these years have been received as at 31 March 2024.

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements
For the three month period ended 31 March 2024
(All amounts in Saudi Riyals unless otherwise stated)

7. Revenue

	For three-month period ended 31 March	
	2024 (Unaudited)	2023 (Unaudited)
Drilling revenue	784,305,440	631,623,652
Rig move revenue	94,531,111	106,183,099
Mobilization revenue	37,290,615	15,051,332
Catering and other revenue	50,537,789	26,420,697
	966,664,955	779,278,780

7.1 Drilling revenue

Revenue from drilling activities was recognised in accordance with the rates agreed under the terms of the drilling contracts, which include approximately equal service and lease components. Expected lease component of future revenue from drilling activities under such contracts is as follows:

	31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Within one year	1,793,079,049	1,066,037,696
Within two years	1,441,366,620	1,344,559,260
Within three years	796,051,808	968,691,679
Within four years	691,469,869	304,346,895
Within five years	539,665,421	233,601,141
Later than five years	692,347,562	131,552,963
	5,953,980,329	4,048,789,634

The expected revenue is based on signed agreements with the customers and expected utilization rates of the underlying rigs.

8. Basic and diluted earnings per share

As the Company does not have any potential dilutive shares, the diluted earnings per share is the same as the basic earnings per share. Basic and diluted earnings per share are calculated as follows:

	For the three-month period ended 31 March	
	2024 (Unaudited)	2023 (Unaudited)
Profit attributable to the shareholders of the Group	146,255,791	141,479,648
Weighted average number of ordinary shares for basic and diluted earnings per share	89,000,000	89,000,000
Basic and diluted earnings per share	1.64	1.59

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9. Contingencies and commitments

- i. As at 31 March 2024, the Group's bankers have issued guarantees on behalf of the Group amounting to Saudi Riyals 482.61 million (31 December 2023: Saudi Riyals 482.58 million) and letters of credit issued in the normal course of business amounting to Saudi Riyals 25.49 million (31 December 2023: Saudi Riyals 27.86 million).
- ii. The capital expenditure contracted by the Group but not incurred till 31 March 2024 was Saudi Riyals 1,512.34 million (31 December 2023: Saudi Riyals 1,550.16 million).

10. Fair value measurement

The Group's principal financial assets include cash and cash equivalents, short term deposits, derivative financial instrument, trade receivables and certain other receivables that arise directly from its operations. The Group's principal financial liabilities comprise borrowings, trade and other payables and lease liabilities.

Fair values hierarchy

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no such transfers during the period and year ended 31 March 2024 and 31 December 2023 respectively.

As at 31 March 2024 and 31 December 2023, the fair values of the Group's financial instruments are estimated to approximate their carrying values since the financial instruments are short term in nature, carry interest rates which are based on prevailing market interest rates and are expected to be realized at their current carrying values within twelve months from the date of the condensed consolidated statement of financial position. The fair values of the non-current financial liabilities are estimated to approximate their carrying values as these carry interest rates which are based on prevailing market interest rates.

Financial risk management

The Group's activities expose it to a variety of financial risks including the effects of changes in market risk (including currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk. There is no significant change in the Group's objectives, policies and processes for measuring and managing risk since the last annual consolidated financial statements.

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11. Segment information

A segment is a distinguishable component of the Group that is engaged in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

The Group operates principally in the following two operating segments:

- i) Provision of drilling and related services through land rigs; and
- ii) Provision of drilling and related services through offshore rigs.

Intersegment revenue and intersegment cost represents the transactions between entities within the Group which have been eliminated during the consolidation process.

Condensed consolidated interim financial information as of 31 March 2024 and 31 December 2023 and for the three-month period ended 31 March 2024 and 2023, summarized by the above operating segments, is as follows:

a) Segment results

For the three-month period ended 31 March 2024 (Unaudited)

	Land rigs	Offshore rigs	Other	Total
Revenue from external customers	513,599,061	453,065,894	-	966,664,955
Intersegment revenue	-	-	52,701,706	52,701,706
Intersegment cost	(52,701,706)	-	-	(52,701,706)
Cost of revenue	(411,840,912)	(242,929,016)	(43,165,337)	(697,935,265)
Segment results	49,056,443	210,136,878	9,536,369	268,729,690

For the three-month period ended 31 March 2023 (Unaudited)

	Land rigs	Offshore rigs	Other	Total
Revenue from external customers	478,673,942	299,416,500	1,188,338	779,278,780
Intersegment revenue	-	-	49,099,696	49,099,696
Intersegment cost	(49,099,696)	-	-	(49,099,696)
Cost of revenue	(368,361,457)	(160,569,876)	(43,095,554)	(572,026,887)
Segment results	61,212,789	138,846,624	7,192,480	207,251,893

Reconciliation of segment results with profit before zakat and income tax

	For the three-month period ended 31 March	
	2024	2023
	(Unaudited)	(Unaudited)
Total results for reporting segments	268,729,690	207,251,893
Expected credit loss allowance	-	(600,000)
General and administrative expenses	(57,481,658)	(34,362,111)
Other operating income, net	3,202,903	211,740
Finance costs – net	(46,322,578)	(12,180,632)
Profit before zakat and income tax	168,128,357	160,320,890

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b) Segment assets

	31 March 2024	31 December 2023
	(Unaudited)	(Audited)
Land rigs	4,200,502,372	3,025,056,517
Offshore rigs	4,459,462,494	3,935,838,782
Other	302,513,641	290,081,258
Eliminations	(55,659,583)	(21,078,528)
	8,906,818,924	7,229,898,029

As at 31 March 2024, segment assets did not include unallocated assets amounting to Saudi Riyals 1.8 billion (31 December 2023: Saudi Riyals 2.0 billion).

12. Related party transactions and balances

As at 31 March 2024, related parties comprise the significant shareholders, directors, affiliates (representing entities directly or indirectly controlled by the Group's shareholders) and key management personnel. Related parties also include business entities in which certain directors or senior management have an interest (other related parties).

a) *Following are the significant transactions entered into by the Group with its related parties:*

	For the three-month period ended 31 March	
	2024	2023
	(Unaudited)	(Unaudited)
Revenue from an affiliate	149,072,036	184,874,355
Costs charged by an affiliate	1,622,925	1,606,500

These transactions are based on the agreed terms between the Group and the respective related parties.

Key management personnel compensation:

	For the three-month period ended 31 March	
	2024	2023
	(Unaudited)	(Unaudited)
Salaries and other short-term employee benefits	3,952,321	4,228,756
Post-employment benefits	304,193	212,354

Additionally, the Group incurred board of directors' fee, including travelling cost for the three-month period ended 31 March 2024 amounting to Saudi Riyals 1.8 million (three-month period ended 31 March 2023: Saudi Riyals 0.5 million).

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b) *Due from related parties:*

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Due from related parties		
Schlumberger Middle East S.A. (SMESA), an affiliate	188,569,515	152,028,171
Services Petroliers Schlumberger S.A., a shareholder	5,359,834	5,359,834
TAQA Well Services, an affiliate	355,500	2,178,773
	194,284,849	159,566,778

13. Subsequent events

There are no subsequent events which occurred between 31 March 2024 and the date of approval of these condensed consolidated interim financial statements, which may have material impact on these condensed consolidated interim financial statements.

14. Approval of condensed consolidated interim financial statements

These condensed consolidated interim financial statements were approved by the Board of Directors on 6 May 2024G (corresponding to 27-Shawwal-1445H).