

ARABIAN DRILLING COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three month period ended 31 March 2025
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 2025

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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

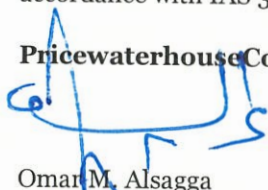
We have reviewed the accompanying condensed consolidated interim statement of financial position of Arabian Drilling Company (the "Company") and its subsidiary (collectively the "Group") as of 31 March 2025 and the related condensed consolidated interim statements of profit or loss and other comprehensive 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 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, 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


Omar M. Alsagga
License Number 369

12 May 2025

Arabian Drilling Company
(A Saudi Joint Stock Company)

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

	Note	31 March 2025 (Unaudited)	31 December 2024 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	3	8,756,990,037	8,709,983,089
Intangible asset		54,260,223	50,611,327
Right-of-use assets		40,762,833	65,126,615
Long-term deposits		-	16,200,000
Derivative financial instruments		3,470,385	6,419,826
Total non-current assets		8,855,483,478	8,848,340,857
Current assets			
Inventories		311,445,050	308,671,459
Trade and other receivables		1,066,501,284	779,580,932
Income tax refundable		3,877,680	10,651,614
Short term deposits		16,200,000	-
Cash and cash equivalents		477,803,516	581,806,531
		1,875,827,530	1,680,710,536
Assets held for sale		19,201,610	5,789,201
Total current assets		1,895,029,140	1,686,499,737
Total assets		10,750,512,618	10,534,840,594
EQUITY AND LIABILITIES			
Equity			
Share capital	4	890,000,000	890,000,000
Share premium		790,675,825	790,675,825
Statutory reserve	5	267,000,000	267,000,000
Cash flow hedge reserve		3,470,385	6,419,826
Retained earnings		4,059,286,720	3,984,089,284
Total equity		6,010,432,930	5,938,184,935
Liabilities			
Non-current liabilities			
Long-term borrowings	6	2,858,788,842	2,672,513,247
Lease liabilities		3,400,333	4,114,021
Employees' benefit obligations		327,896,714	326,804,258
Mobilization revenue		119,074,398	112,889,224
Deferred tax liabilities		190,243,233	184,297,340
Total non-current liabilities		3,499,403,520	3,300,618,090


(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 2025</u> (Unaudited)	<u>31 December 2024</u> (Audited)
Current liabilities			
Trade and other payables		851,354,456	878,012,947
Current portion of long-term borrowings	6	274,372,446	282,427,922
Current portion of lease liabilities		47,444,560	63,778,335
Mobilization revenue		65,526,005	66,140,447
Provision for zakat and income tax		1,978,701	5,677,918
Total current liabilities		1,240,676,168	1,296,037,569
Total liabilities		4,740,079,688	4,596,655,659
Total equity and liabilities		10,750,512,618	10,534,840,594



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.

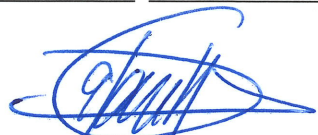
Arabian Drilling Company
(A Saudi Joint Stock Company)

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	
		2025 (Unaudited)	2024 (Unaudited)
Revenue	8	911,082,489	966,664,955
Cost of revenue		(731,089,081)	(697,935,265)
Gross profit		179,993,408	268,729,690
General and administrative expenses		(59,492,422)	(57,481,658)
Other operating income, net	9	16,286,331	3,202,903
		136,787,317	214,450,935
Finance costs		(52,569,271)	(58,903,550)
Finance income		-	12,580,972
Finance costs - net		(52,569,271)	(46,322,578)
Profit before zakat and income tax		84,218,046	168,128,357
Zakat expense	7.1	(2,179,890)	(9,701,536)
Income tax expense	7.1	(6,840,720)	(12,171,030)
Profit for the period		75,197,436	146,255,791
Other comprehensive loss			
<i>Items that may be reclassified to the condensed consolidated interim statement of profit or loss in subsequent periods:</i>			
Changes in fair value of cash flow hedges		(2,949,441)	-
Other comprehensive loss for the period		(2,949,441)	-
Total comprehensive income for the period		72,247,995	146,255,791
Earnings per share (Saudi Riyals)			
Basic and diluted	10	0.84	1.64


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(Chief Financial Officer)

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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	Cashflow hedge reserve	Retained earnings	Total
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
As at 1 January 2025 (Audited)	890,000,000	790,675,825	267,000,000	6,419,826	3,984,089,284	5,938,184,935
Profit for the period	-	-	-	-	75,197,436	75,197,436
Other comprehensive loss for the period	-	-	-	(2,949,441)	-	(2,949,441)
Total comprehensive income for the period	-	-	-	(2,949,441)	75,197,436	72,247,995
As at 31 March 2025 (Unaudited)	890,000,000	790,675,825	267,000,000	3,470,385	4,059,286,720	6,010,432,930


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Arabian Drilling Company
(A Saudi Joint Stock Company)

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

	Note	For the three-month period ended 31 March	
		2025 (Unaudited)	2024 (Unaudited)
Cash flows from operating activities			
Profit before zakat and income tax		84,218,046	168,128,357
<i>Adjustment for:</i>			
Depreciation on property, plant and equipment	3	217,887,901	174,362,288
Depreciation on right-of-use assets		24,363,784	16,586,740
Amortization of intangible asset		1,871,042	-
Provision for slow moving inventories		1,000,000	842,090
Provision for employees' benefit obligations		12,649,036	13,447,725
Gain on disposal of non-current assets held for sale		(8,354,700)	-
Income from insurance proceeds		(7,121,089)	-
Amortization of mobilization cost		7,405,311	5,651,362
Amortization of mobilization revenue		(25,472,850)	(29,790,615)
Finance cost		52,569,271	58,903,550
Finance income		-	(12,580,972)
		361,015,752	395,550,525
<i>Changes in working capital:</i>			
Inventories		(2,773,591)	(31,517,350)
Trade and other receivables		(266,415,984)	(11,139,945)
Trade and other payables		(26,658,491)	(89,378,120)
		65,167,686	263,515,110
Cash generated from operations			
Mobilization cost paid		(3,807,507)	-
Mobilization revenue received		14,062,500	-
Employees' benefit obligations paid		(11,556,580)	(7,172,872)
Net cash generated from operating activities		63,866,099	256,342,238
Cash flows from investing activities			
Additions to property, plant and equipment	3	(284,407,258)	(306,427,373)
Additions to intangible asset		(5,519,938)	-
Proceeds from disposal of assets held for sale		14,454,700	-
Finance income received		-	12,235,559
Net cash used in investing activities		(275,472,496)	(294,191,814)
Cash flows from financing activities			
Proceeds from long-term borrowings		300,000,000	-
Repayment of long-term borrowings		(83,793,529)	(25,000,000)
Principal element of lease payments		(17,047,463)	(16,392,064)
Finance cost paid		(91,555,626)	(98,327,430)
Net cash generated from (used in) financing activities		107,603,382	(139,719,494)
Net change in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		581,806,531	1,435,421,469
Cash and cash equivalents at the end of the period		477,803,516	1,257,852,399

Arabian Drilling Company
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Condensed consolidated interim statement of cash flows (continued)

(All amounts in Saudi Riyals unless otherwise stated)

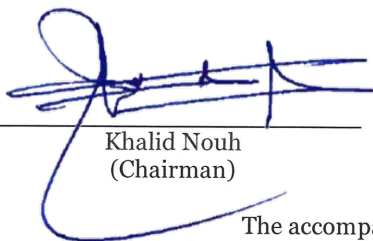
Significant non-cash transactions

Transfer from property, plant and equipment to
assets held for sale

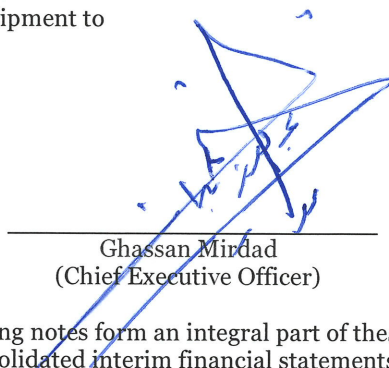
19,512,409 4,133,517

Insurance receivable

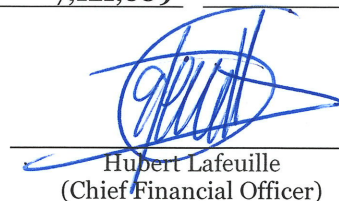
7,121,089 -



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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 2025

(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.

During 2024, the Group established a branch in the Kingdom of Saudi Arabia operating under commercial registration number 2051026089.

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.

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 production capacity, which in repercussion had resulted in Saudi Arabian Oil Company (“Saudi Aramco”) adjusting the number of its required offshore and onshore contracted rigs downwards. As a result of this announcement and after several discussions with Saudi Aramco, the Company announced that Saudi Aramco decided to suspend the drilling contract for two of its offshore rigs and two of its onshore rigs, while the drilling contract related to three onshore rigs will not be renewed. Further, one drilling contract related to an offshore rig was terminated. These events resulted in a decrease in the Group’s revenues, margins and profitability starting Q2 2024.

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 material 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 2024 (“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 derivatives, assets held for sale, leases, deferred taxes and employees’ benefit obligations which are measured according basis of measurement disclosed in the respective accounting policies in the last annual consolidated 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 2025

(All amounts in Saudi Riyals unless otherwise stated)

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. 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 Group’s consolidated financial statements as at and for the year ended 31 December 2024.

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 2024. A number of amendments to existing standards, as detailed in note 2.6(a) below, became effective from 1 January 2025 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)

b. New and revised standards issued but not yet effective

Certain new accounting standards, amendments to standards and interpretations have been published by the International Accounting Standards Board (“IASB”), endorsed in the Kingdom of Saudi Arabia by SOCPA, that are not mandatory for the 31 March 2025 reporting period and have not been early adopted by the Group.

The management is currently in the process of assessing the impact of the above-mentioned standards on the consolidated financial statements 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 2025

(All amounts in Saudi Riyals unless otherwise stated)

3. Property, plant and equipment

Cost	1 January 2025 (Audited)	Additions	Transfers	Transfers to held for sale	31 March 2025 (Unaudited)
Freehold land	88,236,250	-	-	(6,100,000)	82,136,250
Buildings and portable cabins	184,788,166	-	-	-	184,788,166
Rigs, machinery and equipment	15,104,215,193	-	32,552,070	(94,737,835)	15,042,029,428
Furniture, fixtures and office equipment	128,526,925	-	1,379,642	-	129,906,567
Vehicles	147,472,137	-	-	(159,200)	147,312,937
Assets under construction	768,199,985	284,407,258	(33,931,712)	-	1,018,675,531
	16,421,438,656	284,407,258	-	(100,997,035)	16,604,848,879
Accumulated depreciation and impairment					
Buildings and portable cabins	(27,082,519)	(2,260,214)	-	-	(29,342,733)
Rig, machinery and equipment	(7,485,063,646)	(208,647,394)	-	81,325,426	(7,612,385,614)
Furniture, fixtures and office equipment	(82,075,648)	(2,159,018)	-	-	(84,234,666)
Vehicles	(117,233,754)	(4,821,275)	-	159,200	(121,895,829)
	(7,711,455,567)	(217,887,901)	-	81,484,626	(7,847,858,842)
Net book value	8,709,983,089				8,756,990,037

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2025

(All amounts in Saudi Riyals unless otherwise stated)

<u>Cost</u>	1 January 2024 (Audited)	Additions	Transfers	Transfers to held for sale	Impairment loss	31 December 2024 (Audited)
Freehold Land	88,236,250	-	-	-	-	88,236,250
Buildings and portable cabins	180,087,917	-	4,725,899	(25,650)	-	184,788,166
Rigs, machinery and equipment	13,323,425,718	-	2,058,182,818	(277,393,343)	-	15,104,215,193
Furniture, fixtures and office equipment	121,189,474	-	8,526,298	(1,188,847)	-	128,526,925
Vehicles	147,638,044	-	5,252,290	(5,418,197)	-	147,472,137
Assets under construction	985,192,811	1,859,694,479	(2,076,687,305)	-	-	768,199,985
	<u>14,845,770,214</u>	<u>1,859,694,479</u>	<u>-</u>	<u>(284,026,037)</u>	<u>-</u>	<u>16,421,438,656</u>
<u>Accumulated depreciation and impairment</u>						
Buildings and portable cabins	(23,138,957)	(3,964,219)	-	20,657	-	(27,082,519)
Rig, machinery and equipment	(6,893,258,117)	(752,614,016)	-	265,808,487	(105,000,000)	(7,485,063,646)
Furniture, fixtures and office equipment	(74,709,639)	(8,548,081)	-	1,182,072	-	(82,075,648)
Vehicles	(116,828,618)	(5,749,580)	-	5,344,444	-	(117,233,754)
	<u>(7,107,935,331)</u>	<u>(770,875,896)</u>	<u>-</u>	<u>272,355,660</u>	<u>(105,000,000)</u>	<u>(7,711,455,567)</u>
Net book value	<u>7,737,834,883</u>					<u>8,709,983,089</u>

- Assets under construction at 31 March 2025 mainly represent certain rigs under construction which are expected to be capitalized in 2025.
- Rig, machinery and equipment represent assets under contracts with customers for the drilling services which include both leasing and service component.
- Pursuant to the approval by the Company's Board of Directors in Q4 2024, during the three-month period ended 31 March 2025, the Group transferred certain assets with a net book value of Saudi Riyals 19.5 million to assets held for sale.

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2025

(All amounts in Saudi Riyals unless otherwise stated)

- 3.1** As at 31 December 2024, management identified impairment indicators for certain cash generating units (CGUs) and accordingly, an impairment assessment was carried out for such CGUs as at 31 December 2024. Based on such assessment, the Group management decided to impair two rigs and an impairment loss of Saudi Riyals 105.0 million was recorded in cost of revenue during the year ended 31 December 2024.

During the three-month period ended 31 March 2025, there were no changes in the status of the Group's drilling contracts and the estimates and assumptions used by management in the impairment assessment carried out at 31 December 2024. Accordingly, as at 31 March 2025, no indicators for impairment or reversal of previously recognized impairment losses were identified by the management.

4. Share capital

The share capital of the Company as of 31 March 2025 and 31 December 2024 comprised 89,000,000 shares at a nominal value of Saudi Riyals 10 per share.

5. Statutory reserve

According to the newly enacted Companies Law and its implementing regulations effective in KSA starting 19 January 2023, the mandatory statutory reserve requirement was abolished. In pursuant to this change, the Board of Directors resolved to amend the Group's Bylaws to exclude the requirement to maintain a statutory reserve. The Group is in the process of obtaining the approval of the shareholders for the utilization of this reserve.

6. Long term borrowings

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Sukuk (note 6.2)	2,000,000,000	2,000,000,000
Murabaha borrowings (note 6.3)	1,116,191,371	899,984,900
Add: accrued finance cost	25,660,904	64,780,863
	3,141,852,275	2,964,765,763
Less: unamortized transaction cost	(8,690,987)	(9,824,594)
	3,133,161,288	2,954,941,169
Long-term borrowings are presented as follows:		
Current maturity under current liabilities	274,372,446	282,427,922
Non-current portion	2,858,788,842	2,672,513,247
	3,133,161,288	2,954,941,169
Movement in unamortized transaction cost is as follows:		
Balance at beginning of period / year	9,824,594	14,359,022
Less: amortization for the period / year	(1,133,607)	(4,534,428)
Balance at end of period / year	8,690,987	9,824,594

- 6.1** The borrowings comprise of long-term financing arrangements with certain non-conventional banks and carry finance costs based on prevailing market rates plus an applicable margin.

6.2 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 the 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 2025, the Group was in compliance with such covenants.

Arabian Drilling Company
(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements

For the three month period ended 31 March 2025

(All amounts in Saudi Riyals unless otherwise stated)

6.3 Murabaha borrowings

During 2025, the Group utilized Saudi Riyals 300.0 million from an existing Murabaha facility of Saudi Riyals 500.0 million which was obtained from a Saudi commercial bank to finance the Group's capital expenditure. The murabaha loan is repayable over a period of 5 years starting from October 2025 through July 2030 on a monthly 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 2025, the Group was in compliance with the covenants of the borrowing facility

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 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 2025, 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 2025, the Group was in compliance with the covenants of the borrowing facility.

7. Zakat and income tax

7.1 Zakat and income tax expense

	For three-month period ended 31 March	
	2025	2024
	(Unaudited)	(Unaudited)
Zakat expense	2,179,890	9,701,536
Current tax charge	894,827	8,570,329
Deferred tax charge	5,945,893	3,600,701
	9,020,610	21,872,566

7.2 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, 2022 and 2023 are under review of ZATCA and no assessments for these years have been received as at 31 March 2025.

Ofsat

ZATCA has finalized the zakat and income tax assessments for the years up to 2020 of Ofsat. The assessments for the years 2021, 2022 and 2023 are under review of ZATCA and no assessments for these years have been received as at 31 March 2025.

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8. Revenue

	For three-month period ended 31 March	
	2025 (Unaudited)	2024 (Unaudited)
Drilling revenue	661,972,458	784,305,440
Rig move revenue	171,382,850	94,531,111
Mobilization revenue	25,472,850	37,290,615
Catering and other revenue	52,254,331	50,537,789
	911,082,489	966,664,955

8.1 Drilling revenue

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

	31 March 2025 (Unaudited)	31 March 2024 (Unaudited)
Within one year	1,568,535,708	1,793,079,049
Within two years	992,477,962	1,441,366,620
Within three years	781,932,987	796,051,808
Within four years	609,455,780	691,469,869
Within five years	353,742,764	539,665,421
Later than five years	450,945,070	692,347,562
	4,757,090,271	5,953,980,329

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

9. Other operating income, net

Other operating income mainly includes gain from disposal of a land parcel amounting to Saudi Riyals 8.4 million and insurance claim received against damage to rig mast of AD 45 during normal course of business amounting to approximately Saudi Riyals 7.1 million.

10. 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	
	2025 (Unaudited)	2024 (Unaudited)
Profit attributable to the shareholders of the Group	75,197,436	146,255,791
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	0.84	1.64

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11. Contingencies and commitments

- i. As at 31 March 2025, the Group's bankers have issued guarantees on behalf of the Group amounting to Saudi Riyals 528.8 million (31 December 2024: Saudi Riyals 451.8 million) and letters of credit issued in the normal course of business amounting to Nil (31 December 2024: Saudi Riyals 2.6 million).
- ii. The capital expenditure contracted by the Group but not incurred till 31 March 2025 was Saudi Riyals 142.9 million (31 December 2024: Saudi Riyals 187.0 million).

12. 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 2025 and 31 December 2024 respectively.

As at 31 March 2025 and 31 December 2024, 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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13. 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 2025 and 31 December 2024 and for the three-month period ended 31 March 2025 and 2024, summarized by the above operating segments, is as follows:

a) Segment results

For the three-month period ended 31 March 2025 (Unaudited)

	Land rigs	Offshore rigs	Other	Total
Revenue from external customers	661,374,750	249,707,739	-	911,082,489
Intersegment revenue	-	-	84,223,063	84,223,063
Intersegment cost	(84,223,063)	-	-	(84,223,063)
Cost of revenue	(478,677,325)	(193,905,259)	(58,506,497)	(731,089,081)
Segment results	98,474,362	55,802,480	25,716,566	179,993,408

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

Reconciliation of segment results with profit before zakat and income tax

	For the three-month period ended 31 March	
	2025	2024
	(Unaudited)	(Unaudited)
Total results for reporting segments	179,993,408	268,729,690
General and administrative expenses	(59,492,422)	(57,481,658)
Other operating income, net	16,286,331	3,202,903
Finance costs – net	(52,569,271)	(46,322,578)
Profit before zakat and income tax	84,218,046	168,128,357

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b) Segment assets

	31 March 2025	31 December 2024
	(Unaudited)	(Audited)
Land rigs	5,267,934,838	5,136,452,774
Offshore rigs	4,173,132,362	3,859,680,331
Other	383,954,306	337,697,094
Eliminations	(119,271,252)	(62,174,344)
	9,705,750,254	9,271,655,855

As at 31 March 2025, segment assets did not include unallocated assets amounting to Saudi Riyals 1.2 billion (31 December 2024: Saudi Riyals 1.3 billion).

14. Related party transactions and balances

As at 31 March 2025, 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	
	2025	2024
	(Unaudited)	(Unaudited)
Revenue from an affiliate	147,694,547	149,072,036
Costs charged by an affiliate	1,622,925	1,622,925

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	
	2025	2024
	(Unaudited)	(Unaudited)
Salaries and other short-term employee benefits	4,440,829	3,952,321
Post-employment benefits	610,555	304,193

Additionally, the Group incurred board of directors' fee, including travelling cost for the three-month period ended 31 March 2025 amounting to Saudi Riyals 1.2 million (three-month period ended 31 March 2024: Saudi Riyals 1.8 million).

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b) *Due from related parties:*

	31 March 2025 (Unaudited)	31 December 2024 (Audited)
Due from related parties		
Schlumberger Middle East S.A. (SMESA), an affiliate	177,581,256	150,571,877

15. Subsequent events

There are no subsequent events which occurred between 31 March 2025 and the date of approval of these condensed consolidated interim financial statements, which may have material impact on these condensed consolidated interim financial statements.

16. Approval of condensed consolidated interim financial statements

These condensed consolidated interim financial statements were approved by the Board of Directors on 8 May 2025G (corresponding to 10 Dhu al-Qidah 1446H).