

**ARABIAN DRILLING COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS**

For the three-month and nine-month periods ended 30  
September 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 and nine-month periods ended 30 September 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 30 September 2024 and the related condensed consolidated interim statements of profit or loss and other comprehensive income for the three-month and nine-month periods then ended and the condensed consolidated interim statements of changes in equity and cash flows for the nine-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**

A blue ink signature of Omar M. Alsagga, written in a cursive style, is placed over the PricewaterhouseCoopers logo.

Omar M. Alsagga  
License Number 369

4 November 2024

**Arabian Drilling Company**  
**(A Saudi Joint Stock Company)**

**Condensed consolidated interim statement of financial position**

(All amounts in Saudi Riyals unless otherwise stated)

	<u>Note</u>	<b>30 September 2024</b>	31 December 2023
<b><u>ASSETS</u></b>		<b>(Unaudited)</b>	(Audited)
<b>Non-current assets</b>			
Property, plant and equipment	3	8,527,645,434	7,737,834,883
Right-of-use assets		81,888,218	131,835,643
Derivative financial instrument		1,571,263	-
Long-term deposits		16,200,000	16,200,000
<b>Total non-current assets</b>		<b>8,627,304,915</b>	<b>7,885,870,526</b>
<b>Current assets</b>			
Inventories		317,619,757	279,741,430
Trade and other receivables		1,094,634,956	1,072,329,381
Cash and cash equivalents		380,562,159	1,435,421,469
		1,792,816,872	2,787,492,280
Assets held for sale		3,531,404	13,111,001
<b>Total current assets</b>		<b>1,796,348,276</b>	<b>2,800,603,281</b>
<b>Total assets</b>		<b>10,423,653,191</b>	<b>10,686,473,807</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Equity</b>			
Share capital	4	890,000,000	890,000,000
Share premium		790,675,825	790,675,825
Statutory reserve		267,000,000	267,000,000
Cash flow hedge reserve		1,571,263	-
Retained earnings		3,920,159,841	4,013,745,577
<b>Total equity</b>		<b>5,869,406,929</b>	<b>5,961,421,402</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	5	2,696,379,640	2,885,625,878
Lease liabilities		15,545,507	67,892,228
Employees' benefit obligations		324,604,540	304,407,017
Mobilization revenue		106,384,351	211,515,566
Deferred tax liabilities		172,683,164	164,134,909
<b>Total non-current liabilities</b>		<b>3,315,597,202</b>	<b>3,633,575,598</b>

(continued)

**Arabian Drilling Company**  
**(A Saudi Joint Stock Company)**

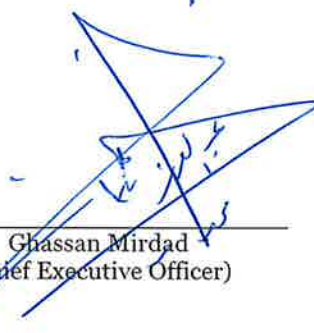
**Condensed consolidated interim statement of financial position (continued)**

(All amounts in Saudi Riyals unless otherwise stated)

	<u>Note</u>	<u>30 September 2024</u> (Unaudited)	<u>31 December 2023</u> (Audited)
<b>Current liabilities</b>			
Trade and other payables		820,356,192	729,393,485
Current portion of long-term borrowings	5	244,831,084	168,469,771
Current portion of lease liabilities		69,533,282	67,167,866
Mobilization revenue		97,044,105	94,313,916
Provision for zakat and income tax		6,884,397	32,131,769
<b>Total current liabilities</b>		<u>1,238,649,060</u>	<u>1,091,476,807</u>
<b>Total liabilities</b>		<u>4,554,246,262</u>	<u>4,725,052,405</u>
<b>Total equity and liabilities</b>		<u>10,423,653,191</u>	<u>10,686,473,807</u>



Khalid Nouh  
(Chairman)



Ghassan Mirdad  
(Chief Executive Officer)



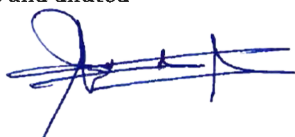
Hubert Lafeuille  
(Chief Financial Officer)

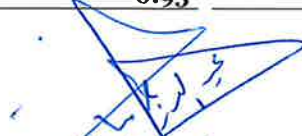
The accompanying notes form an integral part of these condensed consolidated interim financial statements.


**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 30 September		Nine-month period ended 30 September	
		2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Revenue	7	<b>863,188,842</b>	919,581,490	<b>2,769,157,186</b>	2,489,509,619
Cost of revenue	3	<b>(683,555,722)</b>	(652,900,216)	<b>(2,191,639,728)</b>	(1,786,524,870)
<b>Gross profit</b>		<b>179,633,120</b>	266,681,274	<b>577,517,458</b>	702,984,749
Expected credit loss allowance		-	1,096,580	<b>(1,155,730)</b>	(219,603)
General and administrative expenses		<b>(44,372,646)</b>	(55,436,944)	<b>(150,907,454)</b>	(139,044,236)
Other operating income / (loss), net		<b>8,208,123</b>	(6,510,561)	<b>7,363,830</b>	(5,741,530)
		<b>143,468,597</b>	205,830,349	<b>432,818,104</b>	557,979,380
Finance costs		<b>(56,536,780)</b>	(52,981,269)	<b>(173,682,251)</b>	(106,434,078)
Finance income		<b>3,178,740</b>	14,950,498	<b>21,167,698</b>	38,508,049
Finance costs - net		<b>(53,358,040)</b>	(38,030,771)	<b>(152,514,553)</b>	(67,926,029)
<b>Profit before zakat and income tax</b>		<b>90,110,557</b>	167,799,578	<b>280,303,551</b>	490,053,351
Zakat reversal / (expense)	6.1	<b>850,288</b>	(9,968,441)	<b>(10,138,278)</b>	(25,235,167)
Income tax expense	6.1	<b>(6,147,511)</b>	(17,795,286)	<b>(18,918,840)</b>	(43,012,924)
<b>Profit for the period</b>		<b>84,813,334</b>	140,035,851	<b>251,246,433</b>	421,805,260
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to the condensed consolidated interim statement of profit or loss in subsequent periods:</i>					
Gain on cash flow hedge		<b>1,571,263</b>	-	<b>1,571,263</b>	-
<b>Other comprehensive income for the period</b>		<b>1,571,263</b>	-	<b>1,571,263</b>	-
<b>Total comprehensive income for the period</b>		<b>86,384,597</b>	140,035,851	<b>252,817,696</b>	421,805,260
<b>Earnings per share</b>					
Basic and diluted	8	<b>0.95</b>	1.57	<b>2.82</b>	4.74

  
Khalid Nouh  
(Chairman)

  
Ghassan Mirdad  
(Chief Executive Officer)

  
Hubert Lafeuille  
(Chief Financial Officer)

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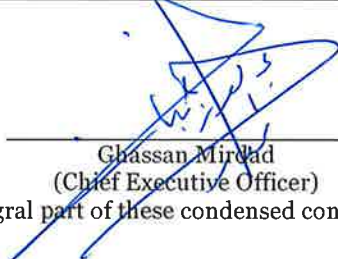
**Condensed consolidated interim statement of changes in equity**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Share premium	Statutory reserve	Cashflow hedge 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		-	-	-	-	421,805,260	421,805,260
Other comprehensive income for the period		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	421,805,260	421,805,260
As at 30 September 2023 (Unaudited)		890,000,000	790,675,825	267,000,000	-	4,063,954,023	6,011,629,848
As at 1 January 2024 (Audited)		<b>890,000,000</b>	<b>790,675,825</b>	<b>267,000,000</b>	-	<b>4,013,745,577</b>	<b>5,961,421,402</b>
Profit for the period		-	-	-	-	251,246,433	251,246,433
Other comprehensive income for the period		-	-	-	1,571,263	-	1,571,263
Total comprehensive income for the period		-	-	-	1,571,263	251,246,433	252,817,696
Dividends	14	-	-	-	-	(344,832,169)	(344,832,169)
As at 30 September 2024 (Unaudited)		<b>890,000,000</b>	<b>790,675,825</b>	<b>267,000,000</b>	<b>1,571,263</b>	<b>3,920,159,841</b>	<b>5,869,406,929</b>



Khalid Neuh  
(Chairman)



Ghassan Mirdad  
(Chief Executive Officer)




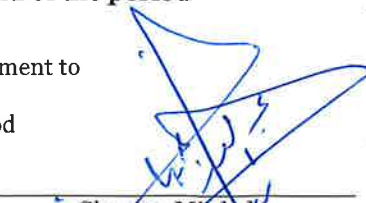
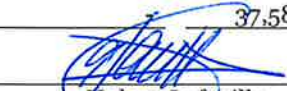
Hubert Lafeuille  
(Chief Financial Officer)

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**Arabian Drilling Company**  
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**Condensed consolidated interim statement of cash flows**

(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the nine-month period ended 30 September	
		2024 (Unaudited)	2023 (Unaudited)
<b>Cash flows from operating activities</b>			
Profit before zakat and income tax		280,303,551	490,053,351
<i>Adjustment for:</i>			
Depreciation on property, plant and equipment	3	562,153,227	442,463,170
Depreciation on right-of-use assets		49,947,428	49,760,221
Impairment of property, plant and equipment	3	105,000,000	-
Provision for slow moving inventories		2,493,922	5,642,252
Expected credit loss allowance		1,155,730	219,603
Provision for employees' benefit obligations		38,467,121	35,091,579
Impairment on assets held for sale		2,395,309	-
(Gain) / Loss on disposal of non-current assets held for sale		(4,769,281)	6,135,271
Amortization of mobilization cost		19,659,630	10,606,087
Amortization of mobilization revenue		(88,674,181)	(56,773,891)
Finance cost		173,682,251	106,434,078
Finance income		(21,167,698)	(38,508,049)
		1,120,647,009	1,051,123,672
<i>Working capital changes:</i>			
Inventories		(40,372,249)	(140,123,606)
Trade and other receivables		(25,779,009)	(150,091,085)
Trade and other payables		90,962,707	7,782,053
<b>Cash generated from operations</b>		1,145,458,458	768,691,034
Mobilization cost paid		(68,781,993)	(53,873,153)
Mobilization revenue received		35,395,518	277,515,100
Zakat and income tax paid		(45,756,234)	(57,165,548)
Employees' benefit obligations paid		(18,269,598)	(16,572,967)
<b>Net cash generated from operating activities</b>		1,048,046,151	918,594,466
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(1,466,968,347)	(1,312,151,345)
Proceeds from disposal of assets held for sale		21,958,138	4,454,680
Finance income received		23,485,402	38,071,667
Receipt on maturity of short-term deposits		-	1,000,000,000
<b>Net cash used in investing activities</b>		(1,421,524,807)	(269,624,998)
<b>Cash flows from financing activities</b>			
Repayment of long-term borrowings		(75,000,000)	-
Principal element of lease payments		(49,981,305)	(48,405,430)
Finance cost paid		(211,567,180)	(159,635,313)
Dividends paid		(344,832,169)	-
<b>Net cash used in financing activities</b>		(681,380,654)	(208,040,743)
<b>Net change in cash and cash equivalents</b>		(1,054,859,310)	440,928,725
Cash and cash equivalents at the beginning of the period		1,435,421,469	832,024,714
<b>Cash and cash equivalents at the end of the period</b>		380,562,159	1,272,953,439
<b>Significant non-cash transactions</b>			
Transfer from property, plant and equipment to assets held for sale		10,004,569	6,864,714
Finance cost capitalized during the period			37,580,760
			
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**  
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**Notes to the condensed consolidated interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

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**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 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 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 latest 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 and derivative financial instruments which are measured using the projected unit credit method.

**2.3 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.

**Arabian Drilling Company**  
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**Notes to the condensed consolidated interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

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**2.4 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.

**2.5 New standards, amendments and interpretations**

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

The following revisions to existing standards have been adopted. The application of these revisions to IFRSs did not have a 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).
- 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, that these amendments may have on the Group's condensed consolidated interim financial statements.

**Arabian Drilling Company**  
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**Notes to the condensed consolidated interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

**3. Property, plant and equipment**

<b>Cost</b>	<b>1 January 2024 (Audited)</b>	<b>Additions / (depreciation)</b>	<b>Transfers</b>	<b>Impairment</b>	<b>Transfers to held for sale</b>	<b>30 September 2024 (Unaudited)</b>
Freehold land	88,236,250	-	-	-	-	88,236,250
Buildings and portable cabins	180,087,917	-	9,086,304	-	(4,360,405)	184,813,816
Rigs, machinery and equipment	13,323,425,718	-	1,150,190,115	-	(233,234,875)	14,240,380,958
Furniture, fixtures and office equipment	121,189,474	-	7,569,900	-	(1,179,997)	127,579,377
Vehicles	147,638,044	-	4,427,290	-	(2,773,825)	149,291,509
Assets under construction	985,192,811	1,466,968,347	(1,171,273,609)	-	-	1,280,887,549
	<b>14,845,770,214</b>	<b>1,466,968,347</b>	-	-	<b>(241,549,102)</b>	<b>16,071,189,459</b>
<b>Accumulated depreciation and impairment</b>						
Buildings and portable cabins	(23,138,957)	(3,018,663)	-	-	4,360,405	(21,797,215)
Rig, machinery and equipment	(6,893,258,117)	(548,030,772)	-	(105,000,000)	223,310,834	(7,322,978,055)
Furniture, fixtures and office equipment	(74,709,639)	(6,740,430)	-	-	1,173,222	(80,276,847)
Vehicles	(116,828,618)	(4,363,362)	-	-	2,700,072	(118,491,908)
	<b>(7,107,935,331)</b>	<b>(562,153,227)</b>	-	<b>(105,000,000)</b>	<b>231,544,533</b>	<b>(7,543,544,025)</b>
<b>Net book value</b>	<b>7,737,834,883</b>					<b>8,527,645,434</b>

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**Notes to the condensed consolidated interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2024**  
(All amounts in Saudi Riyals unless otherwise stated)

<u>Cost</u>	1 January 2023 (Audited)	Additions / (depreciation)	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 30 September 2024 mainly represent advances paid to suppliers against procurement of certain rigs which are expected to be capitalised in Q4 2024.
- b) Rig, machinery and equipment represent assets under contracts with customers for the drilling services which include both leasing and service components.

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**Notes to the condensed consolidated interim financial statements**  
**For the three-month and nine-month periods ended 30 September 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 production capacity, which in repercussion has 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, during the three-month period ended 30 June 2024, the Company announced that Saudi Aramco decided to suspend the drilling contract for two of its offshore rigs, while the drilling contract related to a third offshore rig will not be renewed.

During the three-month period ended 30 September 2024, the Company received confirmation from Saudi Aramco for suspension of a further three onshore drilling contracts and an offshore drilling contract.

These events were identified as an impairment indicator by the Group management for the six suspended rigs. Accordingly, an impairment assessment was carried out for such rigs as at 30 September 2024, however, no impairment loss was identified. The impairment assessment was based on value-in-use calculations which require management to estimate the future cash flows and appropriate discount and growth rates. As at 30 September 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.

As a result of the suspension and non-renewal of the drilling contracts for the three offshore rigs and its impact on the Group’s cash flows, the Group management decided to reassess and cancel certain planned capex spendings related to two rigs in Q2 2024. Since this planned capex was deemed critical for the continuous marketability of these rigs, the Group management decided to impair the concerned rigs up to their residual values. As a result, an impairment loss of Saudi Riyals 105.0 million was recorded during the three-month period ended 30 June 2024.

The Group management will continue to monitor this in the next reporting period i.e. 31 December 2024.

**4. Share capital**

The share capital of the Company as of 30 September 2024 and 31 December 2023 comprised 89,000,000 shares at a nominal value of Saudi Riyals 10 per share.

**5. Long term borrowings**

	<b>30 September 2024 (Unaudited)</b>	<b>31 December 2023 (Audited)</b>
Sukuk (note 5.1)	<b>2,000,000,000</b>	2,000,000,000
Murabaha borrowings (note 5.2)	<b>924,984,900</b>	999,984,900
Add: accrued finance cost	<b>27,184,025</b>	68,469,771
	<b>2,952,168,925</b>	3,068,454,671
Less: unamortized transaction cost	<b>(10,958,201)</b>	(14,359,022)
	<b>2,941,210,724</b>	3,054,095,649
Long-term borrowings are presented as follows:		
Current maturity under current liabilities	<b>244,831,084</b>	168,469,771
Non-current portion	<b>2,696,379,640</b>	2,885,625,878
	<b>2,941,210,724</b>	3,054,095,649
Movement in unamortized transaction cost is as follows:		
Balance at beginning of period / year	<b>14,359,022</b>	18,861,463
Less: amortization for the period / year	<b>(3,400,821)</b>	(4,502,441)
Balance at end of period / year	<b>10,958,201</b>	14,359,022

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**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 Saudi Arabia Inter-Bank Offer Rates (“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 30 September 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 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 30 September 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 30 September 2024, the Group was in compliance with the covenants of the borrowing facility.

**5.3 Maturity profile of borrowings**

	<b>30 September 2024 (Unaudited)</b>
Period ended 30 September	
2025	<b>244,815,983</b>
2026	<b>217,647,059</b>
2027	<b>2,217,647,059</b>
2028	<b>217,647,059</b>
2029	<b>54,411,765</b>
	<b><u>2,952,168,925</u></b>

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**6. Zakat and income tax**

**6.1 Zakat and income tax expense**

	For three-month period ended 30 September		For nine-month period ended 30 September	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Zakat expense	<b>(850,288)</b>	9,968,441	<b>10,138,278</b>	25,235,167
Current tax charge	<b>(2,445,485)</b>	6,947,586	<b>10,370,584</b>	31,328,467
Deferred tax charge / (reversal)	<b>8,592,996</b>	10,847,700	<b>8,548,256</b>	11,684,457
	<b>5,297,223</b>	27,763,727	<b>29,057,118</b>	68,248,091

**6.2 Status of assessments**

**Arabian Drilling Company**

ZATCA has finalized the Company's zakat and income tax assessments for the years up to 2021. The assessments for the years 2022 and 2023 are under review of ZATCA and no assessments for these years have been received as at 30 September 2024.

**Ofsat**

ZATCA has finalized the zakat and income tax assessments for the years up to 2021 of Ofsat. The assessments for the years 2022 and 2023 are under review of ZATCA and no assessments for these years have been received as at 30 September 2024.

**7. Revenue**

	For three-month period ended 30 September		For nine-month period ended 30 September	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Drilling revenue	<b>706,528,841</b>	763,556,375	<b>2,269,246,087</b>	2,066,676,939
Rig move revenue	<b>82,713,050</b>	101,299,271	<b>263,291,780</b>	287,056,831
Mobilization revenue	<b>28,230,915</b>	26,671,229	<b>96,174,181</b>	56,773,891
Catering and other revenue	<b>45,716,036</b>	28,054,615	<b>140,445,138</b>	79,001,958
	<b>863,188,842</b>	919,581,490	<b>2,769,157,186</b>	2,489,509,619

**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:

	30 September 2024 (Unaudited)	30 September 2023 (Unaudited)
Within one year	<b>1,649,514,528</b>	1,933,676,794
Within two years	<b>1,051,391,341</b>	1,631,218,734
Within three years	<b>790,863,330</b>	862,642,506
Within four years	<b>656,812,268</b>	691,054,744
Within five years	<b>434,085,967</b>	606,575,878
Later than five years	<b>556,247,976</b>	619,835,659
	<b>5,138,915,410</b>	6,345,004,315

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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:

	<b>For the three-month period ended 30 September</b>		<b>For the nine-month period ended 30 September</b>	
	<b>2024 (Unaudited)</b>	2023 (Unaudited)	<b>2024 (Unaudited)</b>	2023 (Unaudited)
Profit attributable to the shareholders of the Group	<b>84,813,334</b>	140,035,851	<b>251,246,433</b>	421,805,260
Weighted average number of ordinary shares for basic and diluted earnings per share	<b>89,000,000</b>	89,000,000	<b>89,000,000</b>	89,000,000
Basic and diluted earnings per share	<b>0.95</b>	1.57	<b>2.82</b>	4.74

**9. Contingencies and commitments**

- i. As at 30 September 2024, the Group's bankers have issued guarantees on behalf of the Group amounting to Saudi Riyals 455.9 million (31 December 2023: Saudi Riyals 482.6 million) and letters of credit issued in the normal course of business amounting to Saudi Riyals 6.2 million (31 December 2023: Saudi Riyals 27.9 million).
- ii. The capital expenditure contracted by the Group but not incurred till 30 September 2024 was Saudi Riyals 722.6 million (31 December 2023: Saudi Riyals 1,550.1 million).

**10. Fair value measurement**

The Group's principal financial assets include cash and cash equivalents, short term deposits, derivative financial instruments, 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.

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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 30 September 2024 and 31 December 2023 respectively.

As at 30 September 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.

**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 30 September 2024 and 31 December 2023 and for the three-month and nine-month periods ended 30 September 2024 and 2023, summarized by the above operating segments, is as follows:

**a) Segment results**

**For the three-month period ended 30 September 2024 (Unaudited)**

	<b>Land rigs</b>	<b>Offshore rigs</b>	<b>Other</b>	<b>Total</b>
Revenue from external customers	<b>563,409,336</b>	<b>299,779,506</b>	-	<b>863,188,842</b>
Intersegment revenue	-	-	<b>59,196,697</b>	<b>59,196,697</b>
Intersegment cost	<b>(59,196,697)</b>	-	-	<b>(59,196,697)</b>
Cost of revenue	<b>(423,996,066)</b>	<b>(206,779,863)</b>	<b>(52,779,793)</b>	<b>(683,555,722)</b>
Segment results	<b>80,216,573</b>	<b>92,999,643</b>	<b>6,416,904</b>	<b>179,633,120</b>

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For the three-month period ended 30 September 2023 (Unaudited)

	<b>Land rigs</b>	<b>Offshore rigs</b>	<b>Other</b>	<b>Total</b>
Revenue from external customers	500,853,072	418,547,151	181,267	919,581,490
Intersegment revenue	-	-	50,943,583	50,943,583
Intersegment cost	(50,943,583)	-	-	(50,943,583)
Cost of revenue	(381,900,722)	(233,307,230)	(37,692,194)	(652,900,146)
Segment results	<u>68,008,767</u>	<u>185,239,921</u>	<u>13,432,656</u>	<u>266,681,344</u>

**For the nine-month period ended 30 September 2024 (Unaudited)**

	<b>Land rigs</b>	<b>Offshore rigs</b>	<b>Other</b>	<b>Total</b>
Revenue from external customers	<b>1,597,061,653</b>	<b>1,172,095,533</b>	-	<b>2,769,157,186</b>
Intersegment revenue	-	-	<b>166,232,913</b>	<b>166,232,913</b>
Intersegment cost	<b>(166,232,913)</b>	-	-	<b>(166,232,913)</b>
Cost of revenue*	<b>(1,316,981,479)</b>	<b>(732,862,269)</b>	<b>(141,795,980)</b>	<b>(2,191,639,728)</b>
Segment results	<u><b>113,847,261</b></u>	<u><b>439,233,264</b></u>	<u><b>24,436,933</b></u>	<u><b>577,517,458</b></u>

For the nine-month period ended 30 September 2023 (Unaudited)

	<b>Land rigs</b>	<b>Off-shore rigs</b>	<b>Other</b>	<b>Total</b>
Revenue from external customers	1,468,432,950	1,019,684,149	1,392,520	2,489,509,619
Intersegment revenue	-	-	145,390,543	145,390,543
Intersegment cost	(145,390,543)	-	-	(145,390,543)
Cost of revenue	(1,101,013,956)	(563,491,150)	(122,019,764)	(1,786,524,870)
Segment results	<u>222,028,451</u>	<u>456,192,999</u>	<u>24,763,299</u>	<u>702,984,749</u>

\* Cost of revenue includes impairment loss amounting to Saudi Riyals 54.5 million and Saudi Riyals 50.5 million on land rigs and offshore rigs segment respectively during the nine-month period ended 30 September 2024.

**Reconciliation of segment results with profit before zakat and income tax**

	<b>For the three-month period ended 30 September</b>		<b>For the nine-month period ended 30 September</b>	
	<b>2024</b> <b>(Unaudited)</b>	<b>2023</b> <b>(Unaudited)</b>	<b>2024</b> <b>(Unaudited)</b>	<b>2023</b> <b>(Unaudited)</b>
Total results for reporting segments	<b>179,633,120</b>	266,681,274	<b>577,517,458</b>	702,984,749
Reversal / (provision) for expected credit loss	-	1,096,580	<b>(1,155,730)</b>	(219,603)
General and administrative expenses	<b>(44,372,646)</b>	(55,436,944)	<b>(150,907,454)</b>	(139,044,236)
Other operating(expense) / income, net	<b>8,208,123</b>	(6,510,561)	<b>7,363,830</b>	(5,741,530)
Finance costs - net	<b>(53,358,040)</b>	(38,030,771)	<b>(152,514,553)</b>	(67,926,029)
Profit before zakat and income tax	<u><b>90,110,557</b></u>	<u>167,799,578</u>	<u><b>280,303,551</b></u>	<u>490,053,351</u>

**b) Segment assets**

	<b>30 September 2024</b> <b>(Unaudited)</b>	<b>31 December 2023</b> <b>(Audited)</b>
Land rigs	<b>5,209,746,809</b>	3,136,391,945
Offshore rigs	<b>4,194,234,214</b>	4,225,574,819
Other	<b>271,373,171</b>	293,047,559
Eliminations	-	(18,768,549)
	<u><b>9,675,354,194</b></u>	<u>7,636,245,774</u>

As at 30 September 2024, segment assets did not include unallocated assets amounting to Saudi Riyals 0.75 billion (31 December 2023: Saudi Riyals 2.0 billion).

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**12. Related party transactions and balances**

As at 30 September 2024, related parties comprise the significant shareholders, directors, affiliates (representing entities directly or indirectly controlled by the Group's significant 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:*

	<b>For the three-month period ended 30 September</b>		<b>For the nine-month period ended 30 September</b>	
	<b>2024</b> <b>(Unaudited)</b>	2023 (Unaudited)	<b>2024</b> <b>(Unaudited)</b>	2023 (Unaudited)
Revenue from an affiliate	<b>149,998,577</b>	189,734,720	<b>446,905,767</b>	569,928,904
Costs charged by an affiliate	<b>2,434,388</b>	1,417,500	<b>4,868,775</b>	4,630,500

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

*Key management personnel compensation:*

	<b>For the three-month period ended 30 September</b>		<b>For the nine-month period ended 30 September</b>	
	<b>2024</b> <b>(Unaudited)</b>	2023 (Unaudited)	<b>2024</b> <b>(Unaudited)</b>	2023 (Unaudited)
Salaries and other short-term employee benefits	<b>3,919,349</b>	3,540,256	<b>11,850,593</b>	12,501,932
Post-employment benefits	<b>186,246</b>	192,645	<b>787,229</b>	619,844

Additionally, the Group incurred board of directors' fee, including travelling cost for the three-month and nine-month periods ended 30 September 2024 amounting to Saudi Riyals 1.6 million and Saudi Riyals 4.8 million, respectively (three-month and nine-month periods ended 30 September 2023: Saudi Riyals 1.8 million and Saudi Riyals 6.7 million, respectively).

*Due from related parties:*

	<b>30 September 2024 (Unaudited)</b>	31 December 2023 (Audited)
<b>Due from related parties</b>		
Schlumberger Middle East S.A. (SMESA), an affiliate	<b>224,592,389</b>	236,947,061
TAQA Well Services, an affiliate	-	5,161,529
	<b>224,592,389</b>	242,108,590

**13. Subsequent events**

Subsequent to the period end, the Bylaws have been updated by the Company to reflect the impact of the new regulations for Companies on the statutory reserve.

Except as those disclosed above, there are no subsequent events which occurred between 30 September 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.

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**14. Dividends**

On 18 March 2024, the Company's shareholders approved cash dividends of Saudi Riyals 2.53 per share totaling to Saudi Riyals 224.8 million (2023: approved cash dividends of Saudi Riyals 2.53 per share totaling to Saudi Riyals 225.2 million).

On 1 August 2024, the Company's Board of Directors approved dividend distribution amounting to Saudi Riyals 120.2 million (Saudi Riyals 1.35 per share).

**15. Approval of condensed consolidated interim financial statements**

These condensed consolidated interim financial statements were approved by the Board of Directors on 1 November 2024G (corresponding to 29 Rabi-Al-Thani 1446H).