For the purpose of the Transparency Directive the Home Member state of the issuer is the United Kingdom.

ADES International Holding Ltd
1H2017 Results Update
London, 12 September 2017

ADES International Holding Ltd Results for the six-month period ending 30 June 2017

(London & Dubai, 12 September 2017) ADES International Holding ("ADES" or "the Group"), the London-listed company providing offshore and onshore oil and gas drilling and production services in the Middle East and Africa through its subsidiaries, announced today its results for the six-month period ended 30 June 2017.

1H2017 Headline Figures

Revenue	EBITDA[1]	Net Profit[2]	Number of Rigs	Utilisation[3]	Backlog
USD 88 million ▲ 46% y-o-y	USD 45 million ▲ 43% y-o-y	USD 22 million ▲19% y-o-y	14 rigs	Av. Fleet Utilization > 90% since 2012	USD 430 million

Summary Income Statement

(USD '000)	1H2017	1H2016	% change
Revenues	**87,846**	**60,351**	**45.6%**
Gross Profit	41,039	31,948	28.5%
Gross Profit Margin	46.7%	52.9%	*-6.2 pts*
Adjusted EBITDA[1]	**45,034**	**31,562**	**42.7%**
Adj. EBITDA Margin	51.3%	52.3%	*-1.0 pts*
Net Profit	**17,331**	**18,429**	**-6.0%**
Net Profit Margin	19.7%	30.5%	*-10.8 pts*
Normalised Net Profit[2]	**21,894**	**18,429**	**18.8%**
Normalised Net Profit Margin	24.9%	30.5%	*-5.6 pts*
Earnings per Share (USD)	**0.50[4]**	**0.58**	**-13.9%**
No. of Shares (000s)	42,203	31,900	

1 Adjusted EBITDA - Operating profit for the year before depreciation and amortization, foreign exchange (gain)/loss, provision for impairment of accounts receivable, provisions and impairment of assets under construction
2 Normalised Net Profit – Net Profit for the year before the one-time IPO expense of USD 4.6 million during 1H 2017

3 Utilisation rate is calculated based on assets under contract
4 Based on the weighted average number of shares of 34,843,723 shares

Financial Highlights

- **Revenue** increased 45.6% year-on-year to USD 87.8 million in 1H2017, driven by high utilisation of the Group's employed rigs, the ramp up of the Group's operations in the Kingdom of Saudi Arabia ("KSA"), commencement of operations of ADES 3 in Algeria and the introduction of Mobile Offshore Production Unit (MOPU) services.
- **Gross profit** rose 28.5% year-on-year to USD 41.0 million in 1H2017 (USD 31.9 million in 1H2016), with an associated gross profit margin impacted by the introduction of three offshore units in the KSA.
- **Adjusted EBITDA** increased by 42.7% year-on-year to USD 45.0 million in 1H2017 (USD 31.6 million in 1H2016) aided by the devaluation of the Egyptian pound.
- **Net profit** decreased by 6.0% year-on-year to USD 17.3 million in 1H2017 as the Group incurred a one-time expense in relation to its IPO in May 2017 totalling USD 4.6 million.
- **Normalised net profit** excluding the one-time USD 4.6 million IPO expense in 1H2017 was USD 21.9 million in 1H2017, an 18.8% year-on-year increase, and generating a net profit margin of 24.9%.
- **Cash balances** stood at USD 163.5 million at 30 June 2017, supported by funds raised at the IPO.
- **Net debt** stood at USD 65.6 million as at 30 June 2017.

Operational Highlights

- **Continued exemplary safety performance**, achieving over 22.3 million man hours with a Recordable Injury Frequency Rate ("RIFR") (per 200,000 working hours) at 0.45, below the IADC worldwide standard rate of 0.58.
- **Total backlog** reached USD 430 million as at 30 June 2017 compared to USD 501 million as at 31 December 2016, reflecting the realisation of USD 88 million in contractual agreements and the addition of new contract awards and renewals.
- **New contract awards** for Admarine 88 with Belayim Petroleum Co. (Petrobel), a joint venture between ENI IEOC and Egyptian General Petroleum Corporation (EGPC), for a three-month drilling campaign. Additionally, Admarine VIII was awarded a farm-in agreement with Fanar Petroleum Company. Operations and revenue generation for both contracts will commence upon rig deployment.
- **Contract renewals** for Admarine VI with General Petroleum Company (GPC) for a one-year period to March 2018, and for Admarine V with Petrobel for one year (including an optional six-month extension).
- **Finalised exclusive marketing agreements with leading shipyards** enabling ADES to market new build offshore jack-up rigs, including high specification rigs to deploy these assets on a revenue-sharing basis. This innovative approach broadens ADES' service offerings and allows it to penetrate new markets and capture a larger market share, while simultaneously maintaining our low-cost model.

Current Trading and Outlook

- **Scaling existing operations and penetrating new markets** through participation in a substantial pipeline of active tenders across the Middle East, in existing geographies as well as the UAE and onshore Iraq. Management expect a number of these tenders to close during 2H2017 with revenue contribution to commence in 1H2018.
- **2H2017** expected to witness organic double-digit revenue growth while maintaining similar margins to 1H 2017. ADES now expects certain contracts won during 1H2017 to commence in early 2018. As a result, 2H2017 performance is currently expected to be broadly in line with 1H2017 performance.
- **Acquisition opportunities** continue to be reviewed in line with the Company's strategy set out at IPO with the ADES well placed **due to its strong cash position**.

Commenting on the half-year performance, Dr. Mohamed Farouk, Chief Executive Officer of ADES International said:

"The first half of 2017 was a milestone period for ADES. We joined the ranks of internationally recognised oil and gas services companies listed on the London Stock Exchange following our successful IPO in May, and announced multiple contract awards and renewals for our assets. Our sustained operational performance and exemplary safety performance with an RIFR[5] of 0.45 has allowed us to deliver strong financial results and stands as a testament to the success of our business model. Our revenue grew by 46% year-on-year while maintaining our standard low-cost base, resulting in an EBITDA margin of 51% highlighting the continued activity in development and production operations in the geographies in which we operate.

ADES' ability to deliver strong operational results is underpinned by its three-pillar strategy, including the build-up of our current backlog through contract extensions, significant participation in tender activity to increase our market share in existing and new markets, and targeting smart acquisition opportunities. Execution of this strategy is made possible thanks to our lean cost structure, operational excellence, impeccable safety record and robust balance sheet.

As new contracts won in 1H2017 are expected to commence operations in 2018, we believe 2H2017 will be broadly in line with 1H2017, with the business continuing to deliver organic double-digit revenue growth while maintaining similar margins in the current financial year.

Closing our IPO during this critical time in our growth trajectory has provided the necessary liquidity that will help us take advantage of acquisition opportunities.

We will continue to capitalise on our recent successes during the first half of the year by leveraging our established platform, expanding our presence in existing markets, entering new markets in the GCC through active participation in tenders and executing profitable acquisitions aimed at securing long-term growth.

In parallel, ADES aims to continue leveraging its lean cost structure and low operating expenses to maximise profitability and continue delivering exceptional shareholder value."

Conference Call

ADES' management team will present the 1H2017 Results and will be available for a Q&A session with analysts and investors today at 14:00 BST.

Enquiries

ADES International Holding
Mr. Hussein Badawy
Investor Relations Officer
ir@adesgroup.com
+2 (0)2527 7111

Instinctif
David Simonson
Laura Syrett
George Yeomans
ades@instinctif.com
+44 (0)20 7457 2020

5 RIFR - Reportable Injury Frequency Rate

About ADES International Holding (ADES)

ADES International Holding extends oil and gas drilling and production services through its subsidiaries and is a leading service provider in the Middle East and Africa, offering onshore contract drilling as well as workover and production services in Egypt, Algeria and Saudi Arabia. The Group is pre-qualified in markets including Egypt, Saudi Arabia, Algeria, India, Mexico and the Saudi–Kuwaiti Neutral Zone. Its over 1,200 employees serve clients including major national oil companies ("NOCs") such as Saudi Aramco and Sonatrach as well as joint ventures of NOCs with global majors including BP and Eni. While maintaining a superior health, safety and environmental record, the Group currently has a fleet of nine jack-up offshore drilling rigs, three onshore drilling rigs, a jack-up barge, and a mobile offshore production unit ("MOPU"), which includes a floating storage and offloading unit. The Group is the largest offshore drilling operator in Egypt by number of rigs. investors.adihgroup.com

Shareholder Information

LSE: ADES INT.HDG
Bloomberg: ADES:LN
Listed: May 2017
Shares Outstanding: 42.2 million

Forward-Looking Statements

This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as "according to estimates", "aims", "anticipates", "assumes", "believes", "could", "estimates", "expects", "forecasts", "intends", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "should", "to the knowledge of", "will", "would" or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding business and management, future growth or profitability and general economic and regulatory conditions and other matters affecting the Group.

Forward-looking statements reflect the current views of the Group's management ("Management") on future events, which are based on the assumptions of the Management and involve known and unknown risks, uncertainties and other factors that may cause the Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause the Group's actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements.

The Group's business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to differ materially from those expressed or implied by the forward-looking statements contained in this prospectus. The information, opinions and forward-looking statements contained in this communication speak only as at its date and are subject to change without notice. The Group does not undertake any obligation to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this communication.

Chief Executive Officer's Report

The first half of 2017 saw ADES join the ranks of internationally recognised oil and gas services companies listed on the London Stock Exchange in May, and announce multiple contract awards and renewals. Our sustained operational performance and exemplary safety performance with an RIFR[6] of 0.45 has allowed us to deliver strong financial results and stands as a testament to the success of our business model. Our revenue grew by 46% year-on-year while maintaining our standard low-cost base, resulting in an EBITDA margin of 51% highlighting the continued activity in development and production operations in the geographies in which we operate.

ADES' ability to deliver strong operational results is underpinned by its three-pillar strategy, including the build-up of our current backlog through contract extensions, significant participation in tender activity to increase our market share in existing and new markets, and targeting smart acquisition opportunities. Execution of this strategy is made possible thanks to our lean cost structure, operational excellence, impeccable safety record and robust balance sheet.

While rig utilisation worldwide has remained low on the back of stagnating recovery in global oil prices, we have maintained our fleet utilisation at an average rate of over 90% since 2012, well above the current average Middle East Jack-up utilisation rate of 66% and Global average of 58%[7]. The assets we purchased in 2016 — including four jack-up rigs and one onshore drilling rig — are all either currently operational or have been contracted and are waiting to come online in the near future. Our key strength lies in our ability to purchase legacy assets at a fraction of their market price if new. On the back of our comprehensive market intelligence and our ability to swiftly act on opportunities we are able to turn legacy assets into high-quality rigs that are subsequently offered at competitive day-rates due to our low-cost base.

Our operations in the KSA, which began at the end of 2016 with the deployment of three offshore jack-up rigs to Saudi Aramco, generated USD 29 million or 33% of total revenue in 1H2017. This represents only the start of the significant potential for our business in the country — as well as the wider GCC region — that we are looking to capture going forward. Entering the KSA market has allowed us to demonstrate our ability to deliver superior services, and as a result, we have received new invitations to participate in tenders for turnkey jobs in the Kingdom.

In Egypt, where we maintain a market-leading position, our commitment to our clients has allowed ADES to maintain long-term relationships with high-profile local and international energy companies, ensuring the continuity of our business during challenging times. Contracts for Admarine V and Admarine VI, both of which expired during the reporting period, have been renewed with Petrobel and GPC, respectively, during the first half of 2017. Meanwhile, Admarine VIII and Admarine 88's new contracts are scheduled to commence in early 2018.

As new contracts won in 1H2017 are expected to commence operations in 2018, we believe 2H2017 will be broadly in line with 1H2017, with the business continuing to deliver organic double-digit revenue growth while maintaining similar margins in the current financial year.

We are currently participating in new tenders to further scale up our operations in both existing and new markets, including Egypt, KSA, Algeria, UAE and Iraq. Additionally, we have finalised exclusive marketing agreements with a number of shipyards for the rights to utilise 8 rigs in active tenders. The agreements enable the Group to obtain new contracts and generate additional revenue without incurring the additional capital expenditure associated with a high-spec rig.

Closing our IPO during this critical time in the life of the Group has provided necessary liquidity that will help the Group take advantage of acquisition opportunities. We have identified a number of prospects and have

6 RIFR - Reportable Injury Frequency Rate
7 Source: Wood Mackenzie (as of 10/09/17)

also been approached by multiple sellers in our field, and are in the process of evaluating these opportunities with a focus on the medium-term and the objective of scaling up our operations in existing and target markets. ADES is in a strong position to finance these acquisitions, both from the funds raised at IPO, as well from our existing banking relationships. It is these strong relationships with multiple stakeholders, from rig owners and brokers to regulators and banks, that provide ADES with a unique position to grow in the region.

Our focus during the second half of 2017 will be on capitalising on our recent successes during the first half this year through expanding our presence in existing markets, entering new high growth markets in the GCC, and executing profitable acquisitions aimed at securing long-term growth. The regional scale of ADES, combined with our global industry-leading practices, will help us unlock value across our segments and markets.

Dr. Mohamed Farouk, Chief Executive Officer

Operational & Financial Review

Revenue

Consolidated revenue increased 45.6% year-on-year to USD 87.8 million in 1H2017, driven by high utilisation of the Group's employed rigs, including the full impact of new rigs in the KSA and Algeria which came online during the latter half of 2016 and the full six-month impact of introducing MOPU services.

Revenue by Country

(USD '000)	1H2017	1H2016	% change
Egypt	46,818	55,134	-15.1%
Algeria	12,361	5,217	137.0%
KSA	28,667	-	n/a
Total	**87,846**	**60,351**	**45.6%**

The Group's top line was primarily driven by the ramp up of operations in KSA (three offshore rigs deployed in November 2016), the launch of MOPU services in Egypt with Admarine I (February 2016) and the commencement of operations by ADES 3 in Algeria (October 2016).

Egypt contributed 53.3% of total revenue at USD 46.8 million in 1H2017, down from 91.4% in 1H2016, as new geographies increasingly contribute to the Group's top-line. The Group's revenue in Egypt decreased by 15.1% year-on-year due to upgrade projects performed on Admarine II and Admarine VI during 1H2017.

In Algeria, where the Group currently has two onshore rigs, revenue increased 137.0% year-on-year from USD 5.2 million to USD 12.4 million due to the commencement of ADES 3's contract in October 2016.

KSA, where operations commenced in November 2016, was the highest contributor to the Group's top-line growth year-on-year. Revenue from KSA reached USD 28.7 million in 1H2017, as the Group realised the full impact of its first full six months of operations in the country. With the Group's successful venture into the KSA market and its operations in the Kingdom increasingly contributing to top-line earnings, management reiterates its forward-looking strategy that will see it further expand in the GCC and continue driving long-term revenue growth.

Assets by Country & Type as at 30 June 2017

	MOPU	Offshore Rig	Onshore Rig
Egypt	1	7	-
Algeria	-	-	3
KSA	-	3	-
Total Assets	**1**	**10**	**3**

Revenue by Segment

(USD '000)	1H2017	1H2016	% change
Drilling & Workover	67,782	46,779	44.9%
MOPU	12,857	5,814	121.1%
Jack-Up Barge & Projects	5,442	7,111	-23.5%
Others	2,255	1,666	35.3%
Discounts	(490)	(1,020)	-52.0%
Total	**87,846**	**60,351**	**45.6%**

Drilling & Workover (77.2% of revenues in 1H2017)

Maintaining our focus on providing services to customers in the development and production phases, particularly well maintenance and workover services, has allowed the Group to enjoy long-term contracts that are largely sustainable in a sub-sector that is less susceptible to oil price fluctuations. Drilling & Workover, which includes onshore and offshore drilling as well as workover services, is the Group's main source of revenue, contributing 77.2% to total revenue in 1H2017. Drilling & Workover revenue grew by 44.9% year-on-year to reach USD 67.8million in 1H2017, due to the introduction of the KSA rigs in November 2016 as the Company realised the impact of its first full six months of operations in the country.

MOPU (14.6% of revenues in 1H2017)

MOPU services, which contributed 14.6% to total revenue during 1H2017, were introduced by ADES in February 2016 with Admarine I, a converted modified jack-up rig equipped with production and process facilities and an FSO, which is used as a storage unit. Admarine I, located in Egypt, is currently under contract with Petrozenima to process, store and offload crude oil. Admarine I was not production-ready until October 2016, when an additional production-related day rate was added to its original day rate. As a result of this, MOPU revenue grew by 121.1% year-on-year to reach USD 12.9 million in 1H2017 as the full impact of its revenue is realised.

Jack-Up Barge & Projects (6.2% of revenues in 1H2017)

As part of its offshore offerings, ADES owns an offshore jack-up barge, Admarine II, which is currently leased to GUPCO in the Gulf of Suez area in Egypt. Projects revenue is primarily generated from contracting fees charged to clients for outsourcing various operating projects, such as maintenance, construction and repair services, to third party personnel. Revenue from the Group's jack-up barge and projects, which combined contributed 6.2% to total revenue, fell from USD 7.1 million to USD 5.4 million between 1H2016 and 1H2017, representing a decrease of 23.5% year-on-year. This decrease was attributed in part to planned upgrade work on Admarine II which meant it was taken out of operation, and a decrease in revenue from project work performed during the period.

Others (2% of revenues in 1H2017)

Other revenue includes catering revenue and the rental of essential operating equipment that the client has not supplied. Between 1H2016 and 1H2017 other revenue remained at 3.3-3.4% of drilling & workover revenue, growing in proportion to the growth of new rigs coming online. As a result, other revenue reached USD 2.3 million in 1H2017, representing a year-on-year increase of 35.3% and contributing 2.6% to total revenue.

Gross Profit

Gross profit rose 28.5% year-on-year to USD 41.0 million in 1H2017 (USD 31.9 million in 1H2016), with an associated gross profit margin of 46.7% versus 52.9% in 1H2016. Margin contraction was mainly attributed to the growth in crew salaries as a percentage of revenue by 4.8 percentage points following the introduction of the three offshore units operating in the KSA, where salary costs are higher than in Egypt. Management is actively working to ensure costs are kept in line with the wider group and is implementing a plan to ensure more Saudi nationals are employed in the KSA and at the same time reduce the number of foreign workers on rigs in the Kingdom.

The addition of four new rigs to the Group's fleet since June 2016 saw depreciation expense climb 81% year-on-year in 1H2017, recording a 3.3 percentage point increase for the expense as a percent of revenue.

Operating Profit

Top-line growth led to a 35.9% year-on-year increase in operating profit to USD 29.4 million in 1H2017 versus USD 21.6 million a year earlier. The continued use of a predominantly local administrative team largely remunerated in local currencies in relation to mainly USD-denominated revenue saw the November 2016 devaluation of the Egyptian pound dampen the effect of increased costs in KSA. Despite a 6.2 percentage point decline in gross profit margin, the Group's operating profit margin fell by 2.4 percentage points to 33.4% compared with 35.8% a year earlier.

The devaluation of the Egyptian pound allowed the Group to reduce administrative expenses as a percentage of revenue from 13.6% to 11.7%. This saw adjusted EBITDA increase by 42.7% year-on-year to USD 45.0 million in 1H2017 (USD 31.6 million in 1H2016), with EBITDA margin maintained at 51.3%.

Finance Cost

ADES recorded a finance cost of USD 8.3 million in 1H2017, representing a year-on-year increase of 113.5% from USD 3.9 million in 1H2016 due to the expansion of the Group's financing facilities with the addition of a new KSA syndication loan of USD 55 million.

IPO-Related Expenses

One-time IPO expenses, in relation to the successful completion of ADES' IPO in May 2017, stood at USD 4.6 million.

Income Tax

Income tax expenses recorded in 1H2017 amounted to a credit of USD 687 thousand compared to an expense of USD 295 thousand in 1H2016, due to an adjustment in tax accruals.

Normalised Net Profit

Normalised net profit, which excludes the one-time USD 4.6 million IPO expense in 1H2017, reached USD 21.9 million in 1H2017, reflecting a year-on-year increase of 18.8%. ADES' normalised net profit margin fell by 5.6 percentage points over the period due to i) higher interest expenses associated with the addition of

new financing facilities; and ii) higher depreciation expenses associated with the growth of our fleet by 4 new rigs since June 2016.

Balance Sheet

Assets

Noncurrent Assets stayed relatively stable between 31 December 2016 and 30 June 2017, decreasing slightly from USD 292.6 million to USD 289.6 million due to the effects of depreciation of property and equipment.

Current assets grew from USD 106.2 million as at 31 December 2016 to USD 290.5 million as at 30 June 2017. This growth is mainly attributed to cash & cash equivalents, which grew from USD 5.2 million to USD 163.5 million due to proceeds from ADES' IPO. Accounts receivable increased from USD 50.8 million to USD 71.3 million during the same period on the back of increased revenue, with its days-on-hand increasing by approximately one month, from 92 days to 126 days. Management are working to ensure this is reduced back to historic levels.

Liabilities

Noncurrent liabilities consist solely of the Group's long-term loans, which saw a slight decrease between 31 December 2016 and 30 June 2017 from USD 189.9 million to USD 172.5 million, in association with the repayment of USD 12.4 million of the medium-term loans.

Current Liabilities increased slightly from USD 104.0 million as at December 31, 2016 to USD 116.8 million as at 30 June 2017. The increase in current liabilities is due to a USD 5.2 million overdraft facility drawn by the Group and the increase in the current portion of long-term debt by USD 5.6 million associated with the Group's new KSA syndicated loan. Trade and other payables has slightly increased from USD 51.2 million to USD 51.5 million over the period, despite the substantial growth in the Group's top-line and cost of sales, due to the decrease of the Group's days payable outstanding from 170 days to 161 days over the period.

Principal Risks and Uncertainties

As in any corporation, ADES is exposed to risks and uncertainties that may adversely affect its performance. The Board and senior management agree that the principal risks and uncertainties facing the Group include political and economic situation in Egypt, Algeria, KSA and the rest of the Middle East, foreign currency supply and associated risks, changes in regulation and regulatory actions, environmental and occupational hazards, failure to maintain the Group's high quality standards and accreditations, failure to retain or renew contracts with clients, failure to recruit and retain skilled personnel and senior management, pricing pressures and decreased business activity in the oil and gas industry, among others.

Going Concern

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, the directors continue to adopt the going concern basis in preparing the condensed financial statements. The Group's Financial Statements for the half year ended 30 June 2017 are available on the Group's website at investors.adihgroup.com

Statement of Directors' Responsibilities

The Interim Report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Report in accordance with the Disclosure and Transparency Rules ("DTR") of the United Kingdom's Financial Conduct Authority. The DTR require that the accounting policies and presentation applied to the half yearly figures must be consistent with those applied in the latest published annual accounts, except where the accounting policies and presentation are to be changed in the subsequent annual accounts, in which case the new accounting policies and presentation should be followed, and the changes and the reasons for the changes should be disclosed in the Interim Report, unless the United Kingdom Financial Conduct Authority agrees otherwise.

We confirm that to the best of our knowledge:

The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU; and

The Interim Report includes a fair review of the information required by:

a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six month of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

A list of current directors of the Group is maintained on the Group's website at

For and on behalf of the Board of Directors:

Dr. Mohamed Farouk
Chief Executive Officer

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ADES INTERNATIONAL HOLDING LTD. AND ITS SUBSIDIARY

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of ADES International Holding Ltd. (the "Company") and its subsidiary (the "Group") as of 30 June 2017 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-months period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated 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". 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 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young

Anthony O'Sullivan
Partner
Registration No: 687

11 September 2017

Dubai, United Arab Emirates

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months period ended 30 June 2017 (Unaudited)

USD	Notes	30-Jun 2017	30-Jun 2016
Revenue	4	**87,846,400**	60,350,945
Cost of revenue	5	**(46,807,782)**	(28,403,244)
GROSS PROFIT		**41,038,618**	31,947,701
General and administrative expenses		**(10,294,981)**	(8,273,828)
Provision for impairment of trade receivables		**-**	(600,000)
Other provisions		**(1,392,099)**	(1,473,870)
OPERATING PROFIT		**29,351,538**	21,600,003
Finance costs	6	**(8,144,924)**	(2,875,698)
Other expenses	7	**(4,562,722)**	-
PROFIT FOR THE PERIOD BEFORE INCOME TAX		**16,643,892**	18,724,305
Income tax		**686,979**	(295,330)
PROFIT FOR THE PERIOD		**17,330,871**	18,428,975
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods		**-**	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**-**	-
TOTAL COMPREHENSIVE INCOME		**17,330,871**	18,428,975
Earnings per share - basic and diluted (USD per share)	17	0.50	0.58

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

USD	Notes	30-Jun 2017 (Unaudited)	31-Dec 2016 (Audited)
ASSETS			
Non-current assets			
Property and equipment		**287,618,630**	290,661,449
Intangible assets		**10,711**	15,265
Available for sale financial asset	8	**1,950,000**	1,950,000
Total non-current assets		**289,579,341**	292,626,714
Current assets			
Inventories		**19,078,582**	17,777,071
Accounts receivable	9	**71,315,583**	50,789,113
Due from related parties	18	**371,830**	277,117
Prepayments and other receivables	10	**36,244,592**	32,152,163
Cash and cash equivalents	11	**163,480,054**	5,192,864
Total current assets		**290,490,641**	106,188,328
TOTAL ASSETS		**580,069,982**	398,815,042
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**42,203,030**	1,000,000
Share premium	15	**158,224,345**	-
Share application money	15	**-**	30,900,000
Merger reserve	16	**(6,520,807)**	(6,520,807)
Legal reserve	16	**4,481,408**	4,481,408
Retained earnings		**92,378,653**	75,047,782
TOTAL EQUITY		**290,766,629**	104,908,383
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	13	**172,542,873**	189,929,837
Total non-current liabilities		**172,542,873**	189,929,837
Current liabilities			
Trade and other payables	12	**51,485,404**	51,157,293
Interest-bearing loans and borrowings	13	**56,535,587**	45,804,082
Provisions	14	**1,877,045**	2,933,915
Due to related parties	18	**6,862,444**	4,081,532
Total current liabilities		**116,760,480**	103,976,822
TOTAL LIABILITIES		**289,303,353**	293,906,659
TOTAL EQUITY AND LIABILITIES		**580,069,982**	398,815,042

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

These interim condensed consolidated financial statements were approved and authorised for issue on 11 September 2017 by the Board of Directors and signed on their behalf by:

Dr. Mohamed Farouk
Chief Executive Officer

Mr. Ibrahim Sallam
Chief Financial Officer

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months period ended 30 June 2017 (Unaudited)

USD	Share Notes	Share premium	Share application money	Merger reserve	Legal reserve	Retained earnings	Total
As at 1 January 2017	1,000,000	-	30,900,000	(6,520,807)	4,481,408	75,047,782	104,908,383
Profit for the period	-	-	-	-	-	17,330,871	17,330,871
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	17,330,871	17,330,871
Share capital issued	10,303,030	-	-	-	-	-	10,303,030
Share premium received	-	158,224,345	-	-	-	-	158,224,345
Transfer of share application money	30,900,000	-	(30,900,000)	-	-	-	-
As at 30 June 2017	**42,203,030**	**158,224,345**	**-**	**(6,520,807)**	**4,481,408**	**92,378,653**	**290,766,629**
As at 1 January 2016	-	-	-	32,000,000	2,999,264	48,617,203	83,616,467
Profit for the period	-	-	-	-	-	18,428,975	18,428,975
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	18,428,975	18,428,975
Share capital issued	1,000,000	-	-	-	-	-	1,000,000
As at 30 June 2016	1,000,000	-	-	32,000,000	2,999,264	67,046,178	103,045,442

* Share premium is recognised net of transaction cost of USD 1,472,625.

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT CASH FLOWS

For the six months period ended 30 June 2017 (Unaudited)

USD	30-Jun 2017	30-Jun 2016
OPERATING ACTIVITIES		
Profit for the period before income tax	**16,643,892**	18,724,305
Adjustments for:		
Depreciation of property and equipment	**14,285,937**	7,883,178
Amortisation of intangible assets	**4,554**	4,554
Provision for impairment of trade receivables	**-**	600,000
Provisions	**-**	1,332,207
Interest on loans and borrowings	**8,144,924**	2,875,698
	39,079,307	31,419,942
Working capital changes:		
Inventories	**(1,301,511)**	(851,620)
Accounts receivable	**(20,526,470)**	(5,705,900)
Due from related parties	**(94,713)**	(8,659,710)
Prepayments and other receivables	**(4,092,429)**	(10,086,273)
Trade and other payables	**1,525,887**	1,197,492
Due to related parties	**2,780,912**	(198,076)
Cash flows from operations	**17,370,983**	7,115,855
Interest paid	**(8,144,924)**	(2,875,698)
Income tax paid	**(510,797)**	(185,489)
Provisions paid	**(1,056,870)**	(475,049)
Net cash flows from operating activities	**7,658,392**	3,579,619
INVESTING ACTIVITIES		
Purchase of property and equipment	**(11,243,118)**	(36,192,588)
Net cash flows used in investing activities	**(11,243,118)**	(36,192,588)
FINANCING ACTIVITIES		
Proceeds from interest-bearing loans and borrowings	**18,826,588**	39,422,683
Repayment of interest-bearing loans and borrowings	**(25,482,047)**	(9,587,291)
Proceeds from increase in share capital including share premium	**168,527,375**	-
Net cash flows from financing activities	**161,871,916**	29,835,392
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**158,287,190**	(2,777,577)
Cash and cash equivalents at 1 January	**5,192,864**	25,350,359
CASH AND CASH EQUIVALENTS AT 30 JUNE	**163,480,054**	22,572,782

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

1 BACKGROUND

ADES International Holding Ltd (the "Company") was incorporated and registered in the Dubai International Financial Centre (DIFC) on 22 May 2016 with registered number 2175 under the Companies Law - DIFC Law No. 2 of 2009 (and any regulations thereunder) as a private company limited by shares. The Company's registered office is at level 5, Index tower, Dubai International Financial Centre, P.O. Box 507118, Dubai, United Arab Emirates. The principal business activity of the Company is to act as a holding company and managing office. The Company and its subsidiary (see below) constitute the Group (the "Group"). The Company is owned by ADES Investments Holding Ltd., a company incorporated on 22 May 2016 under the Companies Law, DIFC Law no. 2 of 2009.

The Company owns Advanced Energy System (ADES) (S.A.E.) (the "Subsidiary") that was established as an Egyptian joint stock company in Egypt and whose shares are not publicly traded.

The Group is a leading oil and gas drilling and production services provider in the Middle East and Africa. The Group services primarily include offshore and onshore contract drilling and production services. The Group currently operates in United Arab Emirates, Egypt, Algeria and the Kingdom of Saudi Arabia. The Group's offshore services include drilling and work over services and Mobile Offshore Production Unit (MOPU) production services, as well as accommodation, catering and other barge-based support services. The Group's onshore services primarily encompass drilling and work over services. The Group also provides projects services (outsourcing various operating projects for clients, such as maintenance and repair services).

In 2016, pursuant to a reorganisation plan (the "Reorganisation") the ultimate shareholders of the Subsidiary:

(i) Established the Company as a new holding company with share capital of USD 1,000,000 and made an additional capital contribution of USD 30,900,000 for additional shares that were allotted on 23 March 2017.

(ii) Transferred their shareholdings in Advanced Energy System (ADES) (S.A.E.) to the Company for a total consideration of USD 38,520,807 comprising of cash of USD 29,710,961 and the assumption of shareholder obligation of USD 8,809,846.

On 9 May 2017, the Company made an offer of 14,756,258 offer shares of par value USD 1.00 each at an offer price of USD 16.50 per ordinary share and admission to the standard listing segment of the official list and to trading on the London Stock Exchange through an Initial Public Offering ("IPO"). The Company was accordingly listed on the London Stock Exchange and its shares were traded with effect from 12 May 2017.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the six months period ended 30 June 2017 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

These interim condensed consolidated financial statements have been prepared on the historical cost basis. The interim condensed consolidated financial statements are presented in United States Dollars ("USD"), which is Company's functional and presentation currency.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read with the Group's annual financial statements as at 31 December 2016. The results for the period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

2.2 BASIS OF CONSOLIDATION

Subsidiaries

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 30 June 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

(a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(b) Exposure, or rights, to variable returns from its involvement with the investee; and
(c) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee
(b) Rights arising from other contractual arrangements
(c) The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the interim condensed consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The interim condensed consolidated financial statements of the subsidiaries are prepared for the same reporting period as the Group, using consistent accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gain or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss.

Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

Associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint controls are similar to those necessary to determine control over subsidiaries.

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

New standards, interpretations and amendments adopted by the Group:
The accounting policies adopted in the preparation of these interim condensed consolidated financial statements for the six months period ended 30 June 2017 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new standards and interpretations issued by the International Accounting Standard Board ("IASB") and effective for annual periods beginning on or after 1 January 2017, which do not impact the interim condensed consolidated 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.

3 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer (CEO) that are used to make strategic decisions. The CEO considers the business from a geographic perspective and has identified four geographical segments. Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss before intersegment charges.

Segment

USD	Egypt	Algeria	Kingdom of Saudi Arabia	United Arab Emirates	Total
For the six months period ended 30 June 2017					
Revenue	46,818,209	12,361,042	28,667,149	-	87,846,400
Gross profit	32,859,959	2,257,023	5,921,636	-	41,038,618
Finance costs	(8,144,924)	-	-	-	(8,144,924)
Income tax	-	1,092,933	(405,954)	-	(686,979)
Profit (loss) for the period	19,045,490	2,417,257	869,675	(5,001,551)	17,330,871
Total assets as at 30 June 2017	**392,266,553**	**8,324,312**	**22,582,170**	**156,896,947**	**580,069,982**
Total liabilities as at 30 June 2017	**273,689,682**	**3,919,166**	**9,500,946**	**2,193,559**	**289,303,353**

** COGS included bareboat charter agreements for both KSA and Algeria "lease agreement"*

Other segment information:					
Capital expenditure	11,229,642	-	13,476	-	11,243,118
Intangible assets expenditure	-	-	-	-	-
Total	**11,229,642**	**-**	**13,476**	**-**	**11,243,118**
Depreciation and amortisation	14,270,613	8,670	11,208	-	14,290,491
For the six months period ended 30-Jun-16					
Revenue	55,134,240	5,216,705	-	-	60,350,945
Gross profit	30,365,072	1,582,629	-	-	31,947,701
Finance costs	(2,875,698)	-	-	-	(2,875,698)
Income tax	-	(295,330)	-	-	(295,330)
Profit for the period	16,846,319	1,582,656	-	-	18,428,975
Total assets as at 31 December 2016	285,031,429	30,001,212	83,527,793	254,608	398,815,042
Total liabilities as at 31 December 2016	282,332,927	5,994,104	5,553,301	26,327	293,906,659
Other segment information:					
Capital expenditure	36,190,506	2,082	-	-	36,192,588
Intangible assets expenditure	-	-	-	-	-
Total	36,190,506	2,082	-	-	36,192,588
Depreciation and amortisation	7,887,732	-	-	-	7,887,732

4 REVENUE

USD	30-Jun 2017	30-Jun 2016
Units operations	**82,082,927**	55,305,608
Catering services	**1,363,451**	1,257,271
Projects income *	**3,508,387**	3,378,929
Others	**891,635**	409,137
	87,846,400	60,350,945

* Projects income represents services relating to outsourcing various operating projects for clients such as maintenance and repair services.

5 COST OF REVENUE

USD	30-Jun 2017	30-Jun 2016
Project direct costs	**2,741,643**	3,404,656
Maintenance costs	**3,699,721**	1,749,748
Staff costs	**12,609,510**	5,794,285
Rental equipment	**4,058,252**	2,250,507
Insurance	**1,876,240**	1,367,472
Depreciation	**14,239,611**	7,806,695
Other costs	**7,582,805**	6,029,881
	46,807,782	28,403,244

6 FINANCE COST

USD	30-Jun 2017	30-Jun 2016
Interest on bank credit facilities and loans	**8,281,412**	3,973,021
Net foreign exchange gain	**(136,488)**	(1,097,323)
	8,144,924	2,875,698

7 OTHER EXPENSES

Other expenses relates to initial public offering made during the year.

8 AVAILABLE FOR SALE FINANCIAL ASSET

USD	Country of Incorporation	Ownership	30-Jun 2017 (Unaudited)	31-Dec 2016 (Audited)
Egyptian Chinese Drilling Company	Egypt	48.75%	**1,950,000**	1,950,000

9 ACCOUNTS RECEIVABLE

USD	30-Jun 2017 (Unaudited)	31-Dec 2016 (Audited)
Trade receivables	**74,430,234**	53,903,764
Provision for impairment in trade receivables	**(3,114,651)**	(3,114,651)
	71,315,583	50,789,113

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days after which trade receivables are considered to be past due. Unimpaired trade receivables are expected on the past experience to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

The movement in impairment of trade receivables is as follows:

USD	30-Jun 2017 (Unaudited)	31-Dec 2016 (Audited)
As at 1 January	**3,114,651**	752,454
Charge for the period / year	**-**	2,362,197
As at 30 June /31 December	**3,114,651**	3,114,651

As at 30 June, the aging analysis of un-impaired trade receivables is as follows:

	Neither past due nor impaired	Past due but not impaired				
USD		<30 days	30 - 60 days	61 - 90 days	>90 days	Total
30-Jun-17	**16,308,703**	**13,434,715**	**6,942,426**	**9,116,851**	**25,512,888**	**71,315,583**
31-Dec-16	9,749,411	11,792,203	4,858,481	3,967,213	20,421,805	50,789,113

10 PREPAYMENTS AND OTHER RECEIVABLES

USD	30-Jun 2017 (Unaudited)	31-Dec 2016 (Audited)
Advances to contractors and suppliers	**5,185,464**	3,225,691
Advances to employees	**14,895**	13,626
Accrued revenue*	**11,135,244**	17,587,148
Margin deposits	**3,675,190**	3,511,930
Dividends receivable	**1,225,000**	1,225,000
Other receivables and deposits**	**15,008,799**	6,588,768
	36,244,592	32,152,163

* Accrued revenue represents services rendered but not yet billed at the reporting date.

** Other receivables and deposits mainly includes prepaid insurance and deposits.

11 BANK BALANCES AND CASH

USD	30-Jun 2017 (Unaudited)	31-Dec 2016 (Audited)
Cash in hand	**30,124**	23,656
Bank balances	**163,449,930**	5,169,208
	163,480,054	5,192,864

Cash and cash equivalents comprise of cash in hand and at banks.

12 TRADE AND OTHER PAYABLES

USD	30-Jun 2017 (Unaudited)	31-Dec 2016 (Audited)
Trade payables	**29,398,109**	27,766,226
Notes payable	**243,346**	150,218
Accrued expenses	**6,676,704**	7,438,635
Accrued interest	**1,759,417**	1,616,446
Income tax payable	**1,510,133**	2,857,063
Other payables	**4,869,692**	4,179,671
Dividends payable	**7,028,003**	7,149,034
	51,485,404	51,157,293

13 INTEREST-BEARING LOANS AND BORROWINGS

USD	30-Jun 2017 (Unaudited)	31-Dec 2016 (Audited)
Balance at the beginning of the period / year	**235,733,919**	136,208,434
Borrowings drawn during the period / year	**18,826,588**	120,899,330
Borrowings repaid during the period / year	**(25,482,047)**	(21,373,845)
Balance at the end of the period / year	**229,078,460**	235,733,919
Maturing within 12 months	**56,535,587**	45,804,082
Maturing after 12 months	**172,542,873**	189,929,837
Balance at the end of the period / year	**229,078,460**	235,733,919

14 PROVISIONS

USD	As at 1-Jan	Charged	Used	As at 31-Dec
30 June 2017 (Unaudited)				
Other tax provisions *	**2,933,915**	**-**	**(1,056,870)**	**1,877,045**
31 December 2016 (Audited)				
Other tax provisions *	1,513,641	2,027,004	(606,730)	2,933,915

* Other tax provisions mainly represents provision made for employee's taxes and withholding taxes which are borne by the Group.

15 SHARE CAPITAL

USD	30-Jun 2017	31-Dec 2016
Authorised shares	**1,500,000,000**	10,000,000
Issued shares	**42,203,030**	1,000,000
Shares par value	**1.00**	1.00
Issued and paid up capital	**42,203,030**	1,000,000
Share application money*	**-**	30,900,000
Share premium**	**158,224,345**	-

The Company was incorporated and registered in DIFC on 22 May 2016.

* During the year ended 31 December 2016, the Shareholder has introduced share application money to issue additional shares amounting to USD 30,900,000 which was subsequently registered as share capital on 23 March 2017.

** Share premium represents the excess of fair value received over the par value of shares issued as a result of IPO as mentioned in note 1.

16 RESERVES

Legal reserve

As required by Egyptian Companies' Law and the Subsidiary's Articles of Association, 5% of the net profit for the year of which the dividends is paid transferred to legal reserve. The subsidiary may resolve to discontinue such annual transfers when the reserve totals 20% of the issued share capital of the subsidiary.

Merger reserve

As disclosed in Note 1, pursuant to a reorganisation plan, the shareholders reorganised the Group by establishing the Company as a new holding company (refer Note 1). Merger reserve represents the difference between the consideration paid to the shareholders under the reorganisation plan and the nominal value of the Subsidiary shares. Prior to the reorganisation, the merger reserve comprise of the share capital and share application money of the Subsidiary.

17 EARNINGS PER SHARE

Basic earnings per share (EPS) amounts are calculated by dividing the profit for the year attributable to the ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares.

The information necessary to calculate basic and diluted earnings per share is as follows:

USD	30-Jun 2017	30-Jun 2016
Profit attributable to the ordinary equity holders for basic and diluted EPS	**17,330,871**	18,428,975
Weighted average number of ordinary shares – basic and diluted	**34,843,723**	31,900,000
Earnings per share – basic and diluted (USD per share)	**0.5**	0.58

18 RELATED PARTIES TRANSACTION

- Assets purchased from related parties amounted to USD 5,000,000
- Settlement from due to balance of AMAK for Drilling & Petroleum Services Co. (other related party) during the period ended 30 June 2017 amounted to USD 2,204,091 (30 June 2016: USD 3,947,300).

Related party balances

Significant related party balances included in the interim condensed consolidated statement of financial position are as follows:

	30-Jun-17		12/31/2016	
USD	Due from	Due to	Due from	Due to
Shareholder				
ADES Investment Holding Ltd	**-**	**11,329**	-	26,327
Ultimate shareholders				
Sky Investment Holding ltd.	**60,000**	**-**	60,000	-
Intro for Trading & Contracting Co.	**29,387**	**-**	60,000	-
Misr El Mahrousa	**-**	**207065**	-	207,065
Advansys Project	**9,499**	**-**	9,499	-
Apetco Co.	**1,114**	**-**	1,115	-
Advansys Creative Solutions	**26,212**	**-**	26,212	-
AMAK for Drilling & Petroleum	**-**	**6,644,050**	-	3,848,140
Services Co.	**-**	**-**	-	
ECDC Egyptian Chinese Company.	**170,617**	**-**	91,000	-
Egyptian Italian Co.	**2**	**-**	-	-
Into Investment Holding ltd.	**74,999**	**-**	29,291	-
	371,830	**6,862,444**	277,117	4,081,532

19 CONTINGENT LIABILITIES AND COMMITMENTS

	30-Jun 2017	31-Dec 2016
Contingent liabilities		
Letter of guarantees	21,665,644	21,839,083

Contingent liabilities represents letters of guarantee issued in favour of General Authority for Investment, Petrobel Group, Egyptian General Petroleum Corporation, Petro Gulf of Suez, Suze Abu Zenima Petroleum Company (Petro Zenima) and Association Sonatrach - First Calgary Petroleum. The cover margin on such guarantees amounted to USD 3,675,190 (31 December 2016: USD 3,511,930).