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

ADES International Holding PLC results for the six-month period ended 30 June 2020

(London & Dubai, 22 September 2020) ADES International Holding PLC ("ADES" or "the Group"), a leading oil & gas drilling and production services provider in the Middle East and North Africa (MENA), announces its results for the six-month period ended 30 June 2020.

Summary of Financials

(US$ '000)	H1 2020	H1 2019	*% change*
Revenue	**249,325**	**219,940**	***13%***
EBITDA	93,324	90,064	*3.6%*
EBITDA Margin	37.4%	*40.9%*	*-3.5 pts*
Normalised EBITDA[1]	**99,906**	**90,064**	***11%***
Normalised EBITDA Margin	*40.1%*	*40.9%*	*-0.8 pts*
Net Profit	15,469	3,235[2]	378%
Net Profit Margin	6.0%	1.0%	5 pts
Normalised Net Profit[3]	**25,989**	**32,844**	**-21%**
Normalised Net Profit Margin	10.4%	14.9%	-4.5 pts
Weighted Average No. of Shares	43,223	43,794	-1.3%
Normalised Earnings per Share (US$)	0.60	**0.75**	-20%
Reported Earnings per Share (US$)	0.36	**0.07**	384%
Net Debt	621	601	3.3%

Key Financial Highlights

- **Revenue** grew by 13.4% to US$ 249.3 million in H1 2020 from US$ 219.9 million in the same period of 2019, demonstrating the Group's resilience in the face of exceptional challenges posed by the outbreak of COVID-19 and fluctuating oil prices.
- **EBITDA** increased by 3.6% to US$ 93.3 million in H1 2020 from US$ 90.1 million in H1 2019. EBITDA margin stood at 37.4% versus 40.9% in H1 2019. The EBITDA margin in H1 2020 was impacted by one-off charges taken to ensure continued safe operation of the crews across the Group's rigs during the ongoing COVID-19 crisis, in addition to non-recurring integration costs.
- **Normalised EBITDA[1]**, which excludes one-off charges, was up 11.0% year-on-year to US$ 99.9 million in H1 2020, with a margin of 40.1%.
- **Backlog** as at 30 June 2020 of US$ 1.2 billion, compared to US$ 1.3 billion at year-end 2019, reflecting delivery of c.US$ 250 million and replenishment with three new contracts worth US$ 140 million.
- **Net profit** of US$ 15.5 million in H1 2020 compared to US$ 3.2 million in the same period during 2019, due to a 40% year-on-year reduction in the reported interest expense.
- **Normalised net profit[3]** stood at US$ 26.0 million in H1 2020, compared to US$ 32.8 million for the same period in 2019. The decline was due to a higher depreciation expense due to the Group's increased asset

[1] Normalised EBITDA is calculated as EBITDA excluding non-recurring charges related to: a) non-recurring staff cost related to crew overstay due to COVID 19; b) non-recurring integration program costs.
[2] Refer to the financial statement as 30 June 2020, disclosure 3 Business combination.
[3] Normalised Net Profit is calculated as net profit before non-controlling interest after excluding non-recurring charges from: a) non-recurring staff cost related to crew overstay due to COVID 19; b) non-recurring integration program costs; c) one off finance charges related to loan fees and written off prepaid transaction costs; d) accounting adjustments related to IFRS 3 (Business Combinations) and a one-off bargain purchase gain; e) non-cash, equity-settled share-based payment compensation from the parent company; f) non-cash fair-value adjustments under financial instruments; and g) non-recurring transactions.

base. Additionally, the Group booked higher finance charges in H1 2020 on a normalised basis as a consequence of the successful issuance of the Group's five-year bond of US$ 325 million in late April 2019 and utilisation of the US$ 80 million NCB facility during H2 2019, both of which provided additional liquidity, headroom and financial flexibility for the business.

- **Net operating cashflow** recorded a strong 66% y-o-y growth to US$ 102 million in H1 2020, which was reflected on the Group's free cash flow to firm FCFF (pre debt service) having stood at an inflow of US$ 37 million compared to an outflow of US$ 115 million in the same period last year. The improvement follows a normalisation of capital expenditure post acquisitions and the significantly enhanced working capital dynamics year over year, specifically following a temporary increase at the end of Q1 2020 as the Group took proactive efforts to secure essential supplies and inventory in order to mitigate any potential disruptions related to COVID-19. Additionally, the Group saw improved collection periods, particularly in KSA and Kuwait, coupled with tighter cash preservation policies.
- **Cash on hand** of US$ 125.6 million and available undrawn banking facilities of approximately US$ 90 million as at 30 June 2020, continuing to provide strong liquidity and headroom.
- **Net Debt** stood at US$ 621 million as of 30 June 2020 versus US$ 640.3 million as of 31 March 2020. The improvement is in line with the guidance stated in the Q1 2020 trading update (in June) where management had anticipated a normalisation of working capital requirements.
- **Net Debt to LTM EBITDA[4]** stood at 3.16x in H1 2020, providing headroom against the current covenant of 4.0x.
- **B+ credit rating** reaffirmed by S&P and Fitch Ratings during the first half of 2020.
- **Utilisation rates** softened from 95% to 92% in H1 2020 despite the year-on-year improvement recorded in Q1 2020 as market conditions impacted Q2. Expectation for 2H 2020 to slightly lag behind the first half of the year.
- **Contract renewals and extensions for US$ 140 million in KSA**, including a five-year contract renewal for ADMARINE 262, a one-year extension for ADMARINE 261 and a six-month contract extension for ADES 40.
- **Launch of a second share repurchase program** emphasising the Board's confidence in the Company's prospect. Thus far, the Company has purchased 2.46 million treasury shares worth approximately US$ 24.2 million as of 31 August 2020, in turn channelling cash back to shareholders.
- ADES achieved over 6.75 million-man hours in H1 2020 with a **Recordable Injury Frequency Rate ("RIFR")** of 0.41[5], below the IADC worldwide standard rate as at 30 June 2020 of 0.52.

Key Operational Highlights

- The Group's proactive response at the onset of the COVID-19 crisis saw the roll out of robust **health and safety protocols and business continuity plans** to mitigate risks posed by the pandemic. These protocols have proven successful in allowing the Group's operations to continue without notable interruptions across all four of its countries of operation.
- With the vast majority of the **Group's rigs staffed by in country employees,** the restrictions on mobility, which impacted businesses globally, have not posed significant challenges to ADES's operations. The Group also benefits from the essential role of the oil & gas industry for the MENA region, which is seen as an important factor in helping to address some of the restrictive measures imposed by governments across the region on other industries. Additionally, the MENA region continues to produce a significant proportion of global supply at low production costs per barrel.
- The Group's continued focus on **business sustainability** over the years, allowed ADES to enter 2020 well positioned to weather the current challenging conditions faced up to this point as well as any future difficulties which may present. Today ADES's business has been largely shielded from the ongoing turmoil.

[4] LTM EBITDA (Last Twelve Months EBITDA) is calculated as operating profit for the period before depreciation and amortisation, employee benefit provision and other provisions and impairment of assets under construction for the past twelve consecutive months.
[5] Per 200,000 working hours

Current Trading and Outlook

- During the first six months of the year, **ADES continued to make good progress with its Integration Project** and is now delivering normalised EBITDA margins broadly in line with the Group's average at the majority of the Group's acquired rigs. Furthermore, the Group was agile in implementing cost-saving initiatives, in its effort to counter the effect posed by the pandemic and the current market dynamics.
- Despite the challenges posed by the ongoing COVID-19 pandemic and the oil prices fluctuations, the Group's operations have not seen a material impact with the exception of the delay of two new contracts in Kuwait (previously announced on 9 December 2019) and temporary contract suspensions for few of the Group's land rigs due to the slowdown of activities in KSA and Algeria.
- The contract suspensions helped our client control their costs while at the same time generally preserving ADES's backlog with the suspension period automatically extending the contracted tenor. More importantly, we were able to almost eliminate our costs for these rigs, which in addition to the low-cost nature of stacking onshore rigs has allowed the Group to broadly maintain margins. This flexibility has further strengthened our client partnerships, leaving them satisfied with quality assets on temporary hold and ensuring our ability to a swift return to production without the need for retendering.
- In the second half of 2020, the Group expects to continue delivering resilient operational and financial results but lagging behind figures recorded in the first six months of the year. Overall, as previously highlighted, **management expects full-year results broadly in line with the Group's 2019 performance** underpinned by the current backlog and activity levels.

Commenting on the results, Dr. Mohamed Farouk, Chief Executive Officer of ADES International said:
"The Group's first half results highlight the relative resilience of ADES's markets and the strength of our business model in very challenging market conditions. This in part reflects the Group's successful transformation over the last three years from a local, offshore-focused driller in Egypt, to a regional champion with a significant asset base across both the on- and offshore segments. Over the same period ADES has significantly grown revenue and delivered a threefold increase in EBITDA, strengthening its financial position. I am proud to say that regardless of the ongoing global uncertainty, the whole team has demonstrated tremendous commitment, and remarkable agility which enabled us to continue working in line with our strategy.

Our results were supported by a strong first quarter performance through April, before seeing an impact caused by oil market volatility and COVID-19 related disruptions towards the end of the second quarter. Nevertheless, we managed to broadly maintain our normalised margins thanks to our cost-saving initiatives that helped counter the effect posed by the pandemic and the current market dynamics.

In the medium term we see good prospects for our services given our geographical exposure and cost-effective, well targeted asset base. We do expect an oil market recovery through 2021 as the global economy slowly recovers and markets return to an equilibrium.

Having successfully navigated the most critical time in the global crisis, the Board is confident in ADES's ability to continue to prosper with strong long-term sustainable business."

Conference Call

ADES's management team will host an analyst and investor call for the 1H 2020 Results today at 14:00 UK. For conference call details, please email ades@instinctif.com.

Enquiries

ADES International Holding
Hussein Badawy
Investor Relations Officer
ir@adesgroup.com
+2 (02) 38525354

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 North Africa, offering onshore and offshore contract drilling as well as workover and production services. Its c.4,000 employees serve clients including major national oil companies ("NOCs") such as Saudi Aramco and Kuwait Oil Company 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 thirty-six onshore drilling rigs, thirteen jack-up offshore drilling rigs, a jack-up barge, and a mobile offshore production unit ("MOPU"), which includes a floating storage and offloading unit. For more information, visit investors.adihgroup.com.

Shareholder Information

LSE: ADES INT.HDG
Bloomberg: ADES:LN
Listed: May 2017
Shares Outstanding: 43.8 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.

Operational & Financial Review

Backlog

The Group's backlog recorded US$ 1.2 billion as at 30 June 2020 compared to US $1.3 billion at 31 December 2019, as the adverse market conditions due to COVID-19 and oil price volatility presented for reduced tendering and renewal activity. Nonetheless ADES added c. US$ 140 million of backlog during H1 2020.

In H1 2020, in the KSA, ADMARINE 262 secured a contract renewal for an additional five years at a higher day rate, while for ADMARINE 261 the contract was extended for an additional year at the same day rate. Additionally, the Group also secured a six-month contract extension for ADES 40 which is also located in KSA.

Revenue

Revenue grew 13.4% year-on-year in H1 2020 representing Group's ability to promptly adapt to the difficult operational conditions, combined with the resilience of its business model which saw ADES record only a marginal decline in utilisation rates to 92% from 95% in H1 2019. The decline is attributable to a slowdown of activities in the second quarter of the year.

Revenue by Country

(US$ '000)	H1 2020	H1 2019	% change
KSA	135,090	121,008	11.6%
Kuwait	65,737	39,057	68.3%
Egypt	39,167	43,571	-10.1%
Algeria	9,331	16,304	-42.8%
Total	**249,325**	**219,940**	**13.4%**

Revenue Contribution by Country

	H1 2020	H1 2019	% change
KSA	54%	55%	-1 pts
Kuwait	26%	18%	8 pts
Egypt	16%	20%	-4 pts
Algeria	4%	7%	-3 pts

Backlog by Country

	H1 2020	H1 2019	% change
KSA	51%	50%	+1 pts
Egypt	8%	10%	-2 pts
Algeria	2%	2%	-
Kuwait	39%	38%	+1 pts

The Group's revenue in KSA rose 11.6% year-on-year to US$ 135.1 million in the first half of 2020. While fluctuations in the oil price and the ongoing COVID-19 crisis impacted operations across the region, the long-term planning horizons and lower breakeven point of ADES's main partner in KSA, Saudi Aramco, allowed the Company to continue operating without major in-country disruptions. Specifically, growth was driven by the new build rigs ADES 13 and ADES 14 that were not operational in H1 2019. Additionally, operations in KSA recorded a modest improvement in average utilisation rates of offshore rigs, with two rigs having undergone upgrade projects for approximately 30 days in H1 2019 versus full operation in the current period.

In Kuwait, the continued ramp up of operations in the country saw first half revenue expand 68.3% year-on-year to US$ 65.7 million. As such, the country's contribution to consolidated revenue increased eight percentage points to 26% in H1 2020. Revenue growth in Kuwait came as the number of operating rigs increased year-on-year.

Revenue from Egypt of US$ 39.2 million was down 10.1% year-on-year. The country's contribution to total revenues stood at 16% in H1 2020. Operations in the country were impacted by oil price volatility and generally adverse market conditions.

Algeria revenue declined to US$ 9.3 million in H1 2020, down 42.8% versus the same period of last year. The decline is largely attributable to lower utilisation rates given a lower oil price. Algeria is our most exposed end market to oil price volatility and as a result of the weak first half performance Algeria's contribution to consolidated revenue declined to 4% compared to 7% in the first half of 2019.

Assets by Country & Type as at 30 June 2020

	Onshore Rig	Offshore Rig	Jack-up Barge	MOPU
KSA	15	6	-	-
Kuwait	12	-	-	
Egypt	1	7	1	1
Algeria	8	-	-	-
Other	-	-	-	-
Total Assets	**36**	**13**	**1**	**1**

Revenue by Segment

(US$ '000)	H1 2020	H1 2019	% change
Onshore Drilling & Workover	134,186	109,820	22.2%
Offshore Drilling & Workover	88,896	85,364	4.1%
MOPU	12,899	12,810	0.7%
Jack Up Barge & Projects	1,144	6,123	-81.3%
Others	12,200	5,823	109.5%
Total	**249,325**	**219,940**	**13.4%**

Onshore Drilling & Workover (54% of revenue in H1 2020)

ADES's onshore fleet currently includes 36 rigs located in KSA, Kuwait, Algeria and one in Egypt. The Company's onshore capabilities have been significantly expanded in recent years through the acquisition of 31 onshore rigs during 2018 and 2019, and in H1 2020 made up more than half of the Group's revenue at 54%. H1 2020 revenue generated by ADES's Onshore Drilling & Workover operations grew 22.2% year-on-year to US$ 134.2 million. Onshore growth was driven by contracts for ADES 13 and ADES 14 in KSA as well as the increase in the number of operating rigs in Kuwait year on year.

Offshore Drilling & Workover (36% of revenue in H1 2020)

We currently conduct our offshore drilling and workover services in Egypt and KSA, focusing on shallow/ultra-shallow water and non-harsh environments.

Offshore Drilling & Workover revenue saw a 4.1% year-on-year increase to US$ 88.9 million in H1 2020, up from US$ 85.4 million in the same period of 2019. The segment's contribution to the Group's consolidated revenues declined three percentage points to 36%, reflecting the rapid growth in contribution from the onshore segment. Revenue growth was driven by a marginal improvement in offshore utilisation rates in KSA, with two rigs having undergone upgrade projects during H1 2019.

MOPU, Jack Up Barge & projects (5% of revenue in H1 2020)

ADES's MOPU services were first introduced in February 2016 with Admarine I, a converted and modified jack-up rig equipped with production and process facilities and a Floating Storage and Offloading (FSO) unit. Admarine I, located in Egypt, is currently under contract with Petrozenima to process, store and offload crude oil.

MOPU services generated revenues of US$ 12.9 million in H1 2020, largely unchanged from the same six months of 2019.

The Group's jack-up barge and projects generated US$ 1.1 million in revenue for H1 2020 compared to US$ 6.1 million in H1 2019. The decline reflects slower activity of projects in Egypt which accounted for c.US$ 3.9 million of the lower revenue year-on-year.

Others (5% of revenue in H1 2020)

Other revenue mainly includes catering, mobilization, the rental of essential operating equipment that the client has not supplied, and site preparation revenue. Other revenue recorded a 109.5% year-on-year increase to US$ 12.2 million in H1 2020 from US$ 5.8 million in the same period of last year. The significant increase is largely attributable to mobilization revenue amortization for four rigs in H1 2020 as opposed to two rigs in H1 2019; and de-mobilization revenue for four rigs in Kuwait (out of which two are being prepared for new contracts).

Operating Profit

Operating profit was US$ 57.5 million in H1 2020, remaining largely flat compared to the US$ 57.9 million recorded in the same period last year.

Normalised EBITDA – which excludes non-recurring staff costs related to crew overstays due to COVID-19 (US$ 3.3 million) mainly during Q2 2020 and non-recurring integration program costs (US$ 3.3 million) was up 11.0% year-on-year to US$ 99.9 million in H1 2020, a margin of 40.1% versus 40.9% in H1 2019. The modest contraction in margin reflects the mix effect of the growing contribution from onshore drilling and workover activities in KSA and Kuwait.

Net Finance Charges

Reported finance charges stood at US$ 31.5 million in H1 2020, down 40% year-on-year from the US$ 52.7 million in H1 2019. The decline reflects the one-offs in H1 2019 related to the successful issuance of the Group's five-year bond, loan fees and written-off prepaid transaction costs.

Normalised net finance charges which exclude one-off costs increased by 14% year-on-year versus US$ 27.6 million in H1 2019. Higher finance charges reflect higher gross borrowings as facilities were secured in order to provide an optimal capital structure, with the required financial flexibility and liquidity. The Group received finance income of US$ 0.5 million in H1 2020 compared to US$ 0.1 million in H1 2019.

Statutory and Normalised Net Profit

ADES reported a net profit of US$ 15.5 million in H1 2020, up 378% from the US$ 3.2 million recorded in H1 2019. Normalised net profit was down by 21% at US $26.0 million, excluding the following non-recurring charges:

- non-cash, equity-settled share-based payment compensation from the Parent Company of US$ 1.9 million;
- non-cash fair-value adjustment loss under financial instruments of US$ 2.0 million;
- one-off charges related to COVID-19 and non-recurring integration program costs totalling US$ 6.6 million.

Balance Sheet

Assets

Total assets stood at US$ 1.45 billion as of 30 June 2020 compared to US$ 1.43 billion as of 31 December 2019, representing a modest 1% increase. Net fixed assets were US$ 1.01 billion at H1 2020 compared to US$ 987 million at the 2019 year-end, driven by the refurbishment and maintenance capital expenditure during the period above depreciation.

Net accounts receivable stood at US$ 130.6 million as of 30 June 2020, flat compared to year-end 2019.

Cash and cash equivalents increased to US$ 125.6 million compared to US$ 119.6 million at year-end 2019.

Liabilities

ADES' total liabilities stood at US$ 995.4 million as of 30 June 2020 compared to US$ 978.8 million as of 31 December 2019. The Group's total interest-bearing loans, borrowings and financial lease were US$ 747.1 million as of 30 June 2020, up from US$ 725.8 million at the end of 2019.

Net debt was US$ 621 million as of 30 June 2020, down from US$ 640 million at the close of the previous quarter and higher than the US$ 606 million as of 31 December 2019. The quarter-on-quarter improvement in net debt reflects a normalisation of working capital requirements following an increase in the first quarter of the year as the Group took proactive efforts to secure essential supplies and inventory in order to mitigate any potential disruptions related to COVID-19.

Cash Flow

Cash Flow by Activity

(US$ '000)	H1 2020	H1 2019	% change
Net Cash Flow from Operating Activities	101,965	61,177	67%
Net Cash Flow Used in Investing Activities	(63,986)	(176,759)	-64%
Net Cash Flow from Financing Activities	(31,976)	24,661	n/a

Cash Flow from Operating Activities

Cash flow from operating activities increased 67% year-on-year to US$ 102 million in H1 2020 driven by improved operational performance along with better working capital dynamics. The Group saw improved collection periods, particularly in KSA and Kuwait, coupled with tighter cash preservation policies.

Net Cash Flow Used in Investing Activities

Net cash flow used in investing activities declined 64% year-on-year to US$ 64.0 million in H1 2020 compared to the US$ 176.8 million in the same period last year. The decline reflects the higher total spend in H1 2019 including the acquisition spend for the Algerian and South Iraqi land rigs from Weatherford; capital expenditure to build two new-build land rigs for KSA; and spending to ongoing upgrades on ADES's rigs. Meanwhile, capital expenditure in H1 2020 totalled US$ 64.4 million.

Net Cash Flow from Financing Activities

Net cash outflow from financing activities stood at US$ 32 million in H1 2020 compared to an inflow of US$ 24.7 million in the same period last year. The change reflects repayments of US$ 46 million related to the Group's medium-term loans and other revolving or working capital facilities; US$ 30.2 million in interest payments; and US$ 14.3 million for the purchase of treasury stock. The Group drew down on the remainder of its Alinma facility totalling US$ 64.0 million during 2Q 2020 as part of our capital structure optimisation efforts.

The Group has a total loan repayment of approximately US$ 40 million in H2 2020 which will be satisfied through existing cash balances.

Principal Risks and Uncertainties

As any company, 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, Kuwait and KSA and the rest of the Middle East and North Africa region, 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.

Additionally, the continued spread of the global COVID-19 pandemic and the potential for a second wave across the Group's geographies as well as uncertainty in commodity markets continues to affect the global economic outlook and in turn activity in oil markets. This may adversely impact future financial results, earnings and cash flow for all businesses including ADES. The Group is also exposed to specific risks posed by the COVID-19 pandemic, including, but not limited to, risk of infection among its employees, operational disruption in the case of infection on the Group's rigs, supply-chain related risks and the ability to acquire necessary materials and failure to mobilise crew due to travel restrictions and lockdowns.

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 2020 are available on the Group's website at investors.adihgroup.com

Statement of Directors' Responsibilities

Each of the Directors confirms that, to the best of their knowledge:

- The preliminary financial information, which has been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- The preliminary announcement includes a fair summary of the development and performance of the business and the position of the Group.

After making enquiries, the Directors considered it appropriate to adopt the going concern basis in preparing the consolidated financial statements.

A list of current directors of the Company is maintained on the Group's website at investors.adihgroup.com.

On behalf of the Board
Dr. Mohamed Farouk
Chief Executive Officer

Terms and Definitions

EBITDA – Operating profit for the year before depreciation and amortisation, employee benefit provision and other provisions and impairment of assets under construction.

Normalised EBITDA – EBITDA excluding non-recurring charges related to: a) non-recurring staff cost related to crew overstay due to COVID 19; and b) non-recurring integration program costs.

LTM EBITDA (Last Twelve Months EBITDA) – operating profit for the period before depreciation and amortisation, employee benefit provision and other provisions and impairment of assets under construction for the past twelve consecutive months.

Normalised Net profit – Net profit before non-controlling interest after excluding non-recurring charges from: a) non-recurring staff cost related to crew overstay due to COVID 19; b) non-recurring integration program costs; c) one off finance charges related to loan fees and written off prepaid transaction costs; d) accounting adjustments related to IFRS 3 (Business Combinations) and a one-off bargain purchase gain; e) non-cash, equity-settled share-based payment compensation from the parent company; f) non-cash fair-value adjustments under financial instruments; and g) non-recurring transactions costs.

FCFF (pre debt service) – Free Cash Flow to Firm calculated as cash flow from operations (after working capital changes) less taxes paid, less CAPEX.

Backlog – means the total amount payable to the Group during the remaining term of an existing contract plus any optional client extension provided for in such contract, assuming the contracted rig will operate (and thus receive an operating day rate) for all calendar days both in the remaining term and in the optional extension period.

GCC – Gulf Cooperation Council.

MENA – The Middle East and North Africa.

MOPU – Mobile Operating Production Unit.

Recordable Injury Frequency Rate (RIFR) – The number of fatalities, lost time injuries, cases or substitute work and other injuries requiring medical treatment by a medical professional per 200,000 working hours.

KSA –The Kingdom of Saudi Arabia.

Utilisation Rate – refers to our measure of the extent to which our assets under contract and available in the operational area are generating revenue under client contracts. We calculate our utilisation rate for each rig by dividing Utilisation Days by Potential Utilisation days under a contract. Utilisation rates are principally dependent on our ability to maintain the relevant equipment in working order and our ability to obtain replacement and other spare parts. Because our measure of utilisation does not include rigs that are stacked or being refurbished or mobilised, our reported utilisation rate does not reflect the overall utilisation of our fleet, only of our operational, contracted rigs.

Gross Debt – Total interest-bearing loans and borrowings.

Net Debt – Total gross debt minus cash and cash equivalents.

ADES International Holding PLC and its Subsidiaries

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2020

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ADES INTERNATIONAL HOLDING PLC AND ITS SUBSIDIARIES

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of ADES International Holding plc (the "Company") and its subsidiaries (the "Group") as of 30 June 2020 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

Signed by:
Anthony O'Sullivan
Partner

17 September 2020

Dubai, United Arab Emirates

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the six months period ended 30 June 2020 (Unaudited)

US$	Notes	30 June 2020	30 June 2019 (Restated*)
Revenue from contract with customers	5	**249,325,240**	219,940,465
Cost of revenue	6	**(158,039,578)**	(128,857,424)
GROSS PROFIT		**91,285,662**	91,083,041
General and administrative expenses	7	**(26,573,446)**	(23,992,501)
End of service provision	20	**(2,550,346)**	(1,745,191)
Share-based payments expense	22	**(1,922,935)**	(7,470,824)
Inventory impairment provision	11	**(220,331)**	-
Provision for impairment of trade receivables and contract assets	12	**(2,558,649)**	-
OPERATING PROFIT		**57,459,955**	57,874,525
Finance costs	8	**(31,545,379)**	(52,676,090)
Finance income	10	**481,305**	123,982
Bargain purchase gain	3	**-**	11,877,674
Business acquisition transaction costs	3	**-**	(4,383,022)
Capital loss from assets disposal	14	**(333,176)**	-
Other income		**-**	378,203
Other taxes		**(237,098)**	(80,250)
Other expenses		**(2,311,347)**	(1,093,385)
Fair value loss on derivative financial instrument	27	**(2,014,982)**	(4,552,297)
PROFIT FOR THE PERIOD BEFORE INCOME TAX		**21,499,278**	7,469,340
Income tax expense	9	**(6,030,643)**	(4,234,025)
PROFIT FOR THE PERIOD		**15,468,635**	3,235,315
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME		**15,468,635**	3,235,315
Attributable to:			
Equity holders of the Parent		**13,998,082**	2,205,550
Non-controlling interests		**1,470,553**	1,029,765
		15,468,635	3,235,315
Earnings per share - basic and diluted attributable to equity holders of the Parent (US$ per share)	23	**0.32**	0.05
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of any tax)			
Net loss on cash flow hedge	27	(2,810,994)	-
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		**(2,810,994)**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**12,657,641**	3,235,315
Attributable to:			
Equity holders of the Parent		**11,187,088**	2,205,550
Non-controlling interests		**1,470,553**	1,029,765
		12,657,641	3,235,315

*Comparative information has been adjusted to reflect the IFRS 3 Business combination measurement period adjustments, refer to note 3.

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION at 30 June 2020 (Unaudited)

US$	Notes	30 June 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	14	**1,006,663,328**	987,216,314
Right of use assets	17	**21,777,732**	23,422,290
Intangible assets	15	**364,346**	347,304
Investments in an associate and a joint venture		**3,968,008**	4,140,576
Trade receivables	12	**16,754,965**	38,947,290
Other non-current assets		**1,130,559**	2,858,310
Total non-current assets		**1,050,658,938**	1,056,932,084
Current assets			
Inventories	11	**47,984,109**	44,820,164
Trade receivables	12	**113,813,826**	91,780,792
Contract assets	12	**34,234,563**	41,541,310
Due from related parties	24	**4,080,399**	4,740,918
Prepayments and other receivables	13	**69,207,724**	72,150,555
Bank balances and cash	10	**125,604,127**	119,601,159
Total current assets		**394,924,748**	374,634,898
Total assets		**1,445,583,686**	1,431,566,982
EQUITY AND LIABILITIES			
Equity			
Share capital	21	**43,793,882**	43,793,882
Share premium	21	**178,746,337**	178,746,337
Merger reserve		**(6,520,807)**	(6,520,807)
Legal reserve		**6,400,000**	6,400,000
Share-based payments reserve		**13,264,154**	11,341,219
Treasury shares		**(18,285,402)**	(3,501,200)
Cash flow hedge reserve		**(8,958,569)**	(6,147,575)
Retained earnings		**233,223,501**	219,225,419
Equity attributable to equity holders of the Parent		**441,663,096**	443,337,275
Non–controlling interests		**8,551,656**	9,387,205
Total equity		**450,214,752**	452,724,480
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	18	**341,251,756**	322,354,493
Bonds payable	19	**314,291,958**	313,158,968
Lease liabilities	17	**13,359,957**	13,316,152
Provisions	20	**17,840,957**	16,375,652
Derivative financial instrument	27	**9,093,581**	6,584,893
Deferred mobilisation revenue		**13,449,660**	11,751,262
Other non-current payables		**10,331,565**	10,988,839
Total non-current liabilities		**719,619,434**	694,530,259
Current liabilities			
Trade and other payables	16	**185,850,756**	196,329,456
Interest-bearing loans and borrowings	18	**84,214,117**	83,692,835
Provisions	20	**177,390**	1,100,000
Due to related parties	24	**58,221**	58,224
Derivative financial instrument	27	**5,449,016**	3,131,728
Total current liabilities		**275,749,500**	284,312,243
Total liabilities		**995,368,934**	978,842,502
TOTAL EQUITY AND LIABILITIES		**1,445,583,686**	1,431,566,982

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months period ended 30 June 2020 (Unaudited)

US$	Share capital	Share premium	Merger reserve	Legal reserve	Share-based payment reserve	Cash flow hedge reserve	Treasury shares	Retained earnings	Total	Non-controlling interests	Total Equity
Balance at 1 January 2020	43,793,882	178,746,337	(6,520,807)	6,400,000	11,341,219	(6,147,575)	(3,501,200)	219,225,419	443,337,275	9,387,205	452,724,480
Dividends (Note 28)	-	-	-	-	-	-	-	-	-	(2,306,102)	(2,306,102)
Profit for the period	-	-	-	-	-	-	-	13,998,082	13,998,082	1,470,553	15,468,635
Other comprehensive loss for the period	-	-	-	-	-	(2,810,994)	-	-	(2,810,994)	-	(2,810,994)
Total comprehensive income for the period	-	-	-	-	-	(2,810,994)	-	13,998,082	11,187,088	1,470,553	12,657,641
Treasury Shares (Note 21)	-	-	-	-	-	-	(14,784,202)	-	(14,784,202)	-	(14,784,202)
Share-based payments (Note 22)	-	-	-	-	1,922,935	-	-	-	1,922,935	-	1,922,935
Balance at 30 June 2020	**43,793,882**	**178,746,337**	**(6,520,807)**	**6,400,000**	**13,264,154**	**(8,958,569)**	**(18,285,402)**	**233,223,501**	**441,663,096**	**8,551,656**	**450,214,752**

US$	Share capital	Share premium	Merger reserve	Legal reserve	Share-based payment reserve	Retained earnings	Total	Non-controlling interests	Total Equity
Balance at 1 January 2019	43,793,882	178,746,337	(6,520,807)	6,400,000	-	191,115,161	413,534,573	8,987,787	422,522,360
Profit for the period, *restated**	-	-	-	-	-	2,205,550	2,205,550	1,029,765	3,235,315
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period, *restated**	-	-	-	-	-	2,205,550	2,205,550	1,029,765	3,235,315
Share-based payments	-	-	-	-	7,470,824	-	7,470,824	-	7,470,824
Balance at 30 June 2019	**43,793,882**	**178,746,337**	**(6,520,807)**	**6,400,000**	**7,470,824**	**193,320,711**	**423,210,947**	**10,017,552**	**433,228,499**

*Comparative information has been adjusted to reflect the IFRS 3 Business combination measurement period adjustments, refer to note 3.
The accompanying notes 1 to 30 form an integral part of these consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months period ended 30 June 2020 (Unaudited)

US$	Notes	30 June 2020	30 June 2019 (Restated*)
OPERATING ACTIVITIES			
Profit for the period before income tax		**21,499,278**	7,469,340
Adjustments for:			
Depreciation of property, plant and equipment	14	**28,425,621**	20,244,491
Amortisation of intangible assets	15	**68,683**	59,297
Depreciation of right of use assets	17	**2,676,188**	2,669,341
Provision for impairment of trade receivables and contract assets	12	**2,558,649**	-
End of services provision	20	**2,550,346**	1,745,191
Share-based payments expense	22	**1,922,935**	7,470,824
Inventory impairment provision	11	**220,331**	-
Capital loss from assets disposal	14	**333,176**	-
Finance costs	8	**31,545,379**	52,676,090
Finance income	10	**(481,305)**	(123,982)
Bargain purchase gain	3	**-**	(11,877,674)
Share of results of investment in a joint venture and an associate		**172,568**	211,209
Fair value loss on derivative financial instrument	27	**2,014,982**	4,552,299
Cash from operations before working capital changes		**93,506,831**	85,096,426
Inventories		**(3,384,276)**	(1,380,625)
Trade receivables		**2,254**	(44,411,798)
Contract assets		**7,306,747**	1,022,331
Due from related parties		**660,519**	(2,626,296)
Prepayments and other receivables		**4,902,901**	(25,990,149)
Trade and other payables		**4,846,779**	52,464,763
Due to related parties		**(3)**	2,119
Cash flows from operations		**107,841,752**	64,176,771
Income tax paid		**(3,869,280)**	(2,279,508)
Provisions paid	20	**(2,007,651)**	(360,481)
Net cash flows from operating activities		**101,964,821**	61,536,782
INVESTING ACTIVITIES			
Purchase of intangible assets	15	**(23,250)**	-
Purchase of property, plant and equipment		**(64,444,163)**	(100,155,423)
Acquisitions of subsidiaries and new rigs		**-**	(76,237,278)
Interest received		**481,305**	123,982
Investment in an associate		**-**	(490,000)
Net cash flows used in investing activities		**(63,986,108)**	(176,758,719)
FINANCING ACTIVITIES			
Proceeds from interest-bearing loans and borrowings		**64,000,000**	85,585,672
Repayment of interest-bearing loans and borrowings		**(46,132,450)**	(337,900,000)
Proceeds from bonds issuance	19	**-**	325,000,000
Payments of loan/bonds transaction costs		**-**	(12,941,008)
Interest paid		**(30,175,949)**	(31,688,558)
Treasury shares acquired		**(14,271,474)**	-
Dividend payments	28	**(2,306,102)**	-
Payment of lease liabilities	17	**(3,089,770)**	(3,395,099)
Net cash flows from financing activities		**(31,975,745)**	24,661,007
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**6,002,968**	(90,560,930)
Cash and cash equivalents at the beginning of the period	10	**119,601,159**	130,875,239
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10	**125,604,127**	40,314,309

*Comparative information has been adjusted to reflect the IFRS 3 Business combination measurement period adjustments, refer to note 3.

The accompanying notes 1 to 30 form an integral part of these consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS at 30 June 2020 (Unaudited)

1 BACKGROUND

Corporate information

ADES International Holding PLC (the "Company" or the "Parent") 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 shares are listed on the Main Market of the London Stock Exchange. The Company's registered office is at level 5, Index tower, Dubai International Financial Centre, PO 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 subsidiaries (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, which is the majority shareholder and ultimate controlling party.

These interim condensed consolidated financial statements have been approved by the Board of Directors on 17 September 2020.

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 Egypt, Algeria, Kuwait and the Kingdom of Saudi Arabia. The Group's offshore services include drilling and workover 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).

The interim condensed consolidated financial statements of the Group include activities of the following main subsidiaries:

Name	*Principal activities*	*Country of incorporation*	*% equity interest* **2020**	*2019*
Advanced Energy Systems (ADES) (S.A.E)*	Oil and gas drilling and production services	Egypt	**100%**	100%
Precision Drilling Company**	Holding company	Cyprus	**100%**	100%
Kuwait Advanced Drilling Services	Leasing of rigs	Cayman	**100%**	100%
Prime innovations for Trade S.A.E	Trading	Egypt	**100%**	100%
ADES International for Drilling	Leasing of rigs	Cayman	**100%**	100%
ADES-GESCO Training Academy	Training	Egypt	**70%**	70%
Advanced Transport Services	Leasing of transportation equipment	Cayman	**100%**	100%

* Advanced Energy Systems (ADES) (S.A.E) has branches in the Kingdom of Saudi Arabia, Algeria, Abu Dhabi and Iraq.

** Precision Drilling Company holds 47.5% interest in United Precision Drilling Company W.L.L, a Kuwait entity which handles the operations of the rigs in Kuwait.

The Company holds an investment in Egyptian Chinese Drilling Company (ECDC) (joint venture) and ADVantage for Drilling Services Company (associate) which are accounted for using equity method of accounting in these interim condensed consolidated financial statements.

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 2019. No such reorganisations took place in 2020 and 2019.

(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.

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 2020 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

The interim condensed consolidated financial statements have been prepared under the historical cost basis, except for derivative financial instruments carried at fair value which include interest rate swap contracts classified as held-for-trading and those designated as hedging instrument. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The interim condensed consolidated financial statements are presented in United States Dollars ("USD"), which is the functional currency of the Parent Company and the presentation currency for the Group.

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 2019. The results for the period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2020. 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 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 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 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.

2.2 NEW STANDARDS AND INTERPRETATIONS

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019, except for the adoption of new standards and interpretations as of 1 January 2020.

The following new standards and amendments became effective as at 1 January 2020, which did not have an impact on the interim condensed consolidated financial statements of the Group:

• Amendments to IFRS 3 Definition of a Business
• Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
• Amendments to IAS 1 and IAS 8 Definition of Material
• Conceptual Framework for Financial Reporting

The Group did not early adopt any standard, interpretation or amendment that was issued but is not yet effective.

3 BUSINESS COMBINATIONS

As part of the Group's strategy to expand its fleet and operations, the Group has acquired the assets and entities which are accounted for as business combinations. These business combinations resulted in bargain purchase transactions because the fair value of assets acquired and liabilities assumed exceeded the total fair value of the consideration paid and the fair value of non- controlling interests.

Acquisitions of the rigs from Weatherford Drilling International– recorded in period ended 30 June 2019
On 27 February 2019 and 25 March 2019, the Group acquired certain assets from Weatherford Drilling International in Algeria and Iraq, respectively. The acquisitions have been accounted for using the acquisition method.

The Group acquired 6 onshore rigs in Algeria and related equipment, drilling contracts, other vendor contracts, certain employees, spare parts to be used in the drilling business, the business intellectual property and records related to the drilling business. While in Iraq, the Group acquired 2 onshore rigs and related equipment, certain employees, spare parts to be used in the drilling business, the business intellectual property and records related to the drilling business.

Identifiable net assets acquired
The fair value of the identifiable assets and liabilities as at the acquisition were:

US$	Fair values recognized on acquisition (Algeria)	Fair values recognized on acquisition (Iraq)
Property, plant and equipment	55,983,324	17,200,000
Inventory	8,553,595	-
Total identifiable net assets at fair value	**64,536,919**	**17,200,000**
Bargain purchase gain arising on acquisitions	(6,677,674)	(5,200,000)
Purchase considerations	**57,859,245**	**12,000,000**
Analysis of cash flow on acquisition (included in cash flows from investing activities)		
Cash paid	(60,000,000)	(12,000,000)
Cash collected*	2,140,755	-
Net cash out flows on acquisition	**(57,859,245)**	**(12,000,000)**

*The Group claimed and collected USD 2,140,755 from the Seller which represents a backlog deduction at the closing date for Algeria as per the terms of the Sales and Purchase Agreement signed between WDI and the Group.

Comparative Information

During the year ended 31 December 2019, the Group completed the necessary analysis on the fair values of assets and liabilities acquired in Algeria and Iraq, which resulted in decrease in the fair value of the assets acquired with the corresponding decrease in depreciation charge recorded as cost of revenue and in bargain purchase gain:

US$	As previously reported 30 June 2019	IFRS 3 Business Combination measurement period adjustment	Restated balances 30 June 2019
Consolidated statement of comprehensive income:			
Cost of revenue	(128,511,093)	(346,331)	(128,857,424)
Bargain purchase gain	20,340,755	(8,463,081)	11,877,674
Consolidated statement of cash flow:			
Profit for the period before income tax	16,278,752	(8,809,412)	7,469,340
Depreciation of property, plant and equipment	19,898,160	346,331	20,244,491
Bargain purchase gain	(20,340,755)	8,463,081	(11,877,674)

4 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. As operationally, the Group is only in the oil and gas production and drilling services, the CEO considers the business from a geographic perspective and has identified five geographical segments (2019: five geographical segments). Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment.

Segment (US$)	Egypt	Algeria	KSA	Kuwait	United Arab Emirates****	Total segment	Adjustments and eliminations***	Total****
For the period ended 30 June 2020								
Revenue								
External customers	39,166,679	9,331,460	135,090,438	65,736,663	-	249,325,240	-	249,325,240
Inter-segment	38,419,323	-	-	-	-	38,419,323	(38,419,323)	-
Total Revenue	77,586,002	9,331,460	135,090,438	65,736,663	-	287,744,563	(38,419,323)	249,325,240
Expenses								
Cost of revenue*	(18,138,882)	(7,060,598)	(71,251,486)	(30,768,448)	-	(127,219,414)	-	(127,219,414)
General and administrative expenses	(2,242,855)	(1,434,652)	(15,059,546)	(4,702,915)	(3,133,478)	(26,573,446)	-	(26,573,446)
Finance costs (net)	(2,410,774)	(1,261,222)	(18,081,743)	(9,310,335)	-	(31,064,074)	-	(31,064,074)
Depreciation and amortisation	(12,372,887)	(1,223,050)	(10,233,731)	(6,990,496)	-	(30,820,164)	-	(30,820,164)
Other expenses (net)**	(3,081,986)	(499,014)	(7,408,684)	(2,077,278)	(5,112,545)	(18,179,507)	-	(18,179,507)
Profit / (Loss)- excluding inter-segment revenue	919,295	(2,147,076)	13,055,248	11,887,191	(8,246,023)	15,468,635	-	15,468,635
Total Assets as at 30 June 2020 (i)	**835,400,982**	**90,010,389**	**152,335,994**	**341,118,092**	**26,718,229**	**1,445,583,686**	**-**	**1,445,583,686**
Total Liabilities as at 30 June 2020	**411,518,795**	**12,590,439**	**67,286,648**	**76,851,407**	**427,121,645**	**994,368,934**	**-**	**995,368,934**
Other Segment information (30 June 2020)								
Capital expenditure (i)	20,481,580	46,581	15,373,774	12,366,351	-	48,268,286	-	48,268,286
Intangible assets expenditure	23,250	-	-	-	-	23,250	-	23,250
Total	**20,504,830**	**46,581**	**15,373,774**	**12,366,351**	**-**	**48,291,536**	**-**	**48,291,536**

4 SEGMENT INFORMATION (continued)

Segment (US$)	Egypt	Algeria	KSA	Kuwait	United Arab Emirates****	Total segment	Adjustments and eliminations***	Total****
For the year ended 30 June 2019								
Revenue								
External customers	43,570,858	16,304,642	121,007,781	39,057,184	-	219,940,465	-	219,940,465
Inter-segment	41,852,822	-	-	-	-	41,852,822	(41,852,822)	-
Net Revenue	85,423,680	16,304,642	121,007,781	39,057,184	-	261,793,287	(41,852,822)	219,940,465
Expenses								
Cost of revenue*	(17,763,339)	(8,541,980)	(59,682,185)	(20,745,900)	-	(106,733,404)	-	(106,733,404)
General and administrative expenses	(6,708,344)	(1,183,065)	(10,154,510)	(3,835,052)	(2,111,530)	(23,992,501)	-	(23,992,501)
Finance costs (net)	(5,342,786)	(2,045,718)	(15,182,659)	(4,900,444)	(25,080,501)	(52,552,108)	-	(52,552,108)
Depreciation and amortisation	(11,189,814)	(4,150,058)	(6,715,548)	(68,600)	-	(22,124,020)	-	(22,124,020)
Other expenses (net)**	(890,694)	(170,055)	(6,315,011)	(1,339,497)	(2,587,860)	(11,303,117)	-	(11,303,117)
Profit / (Loss)- excluding inter-segment revenue	1,675,881	213,766	22,957,868	8,167,691	(29,779,891)	3,235,315	-	3,235,315
Total Assets as at 31 December 2019 (i)	863,562,100	98,630,862	108,650,199	346,575,615	14,148,206	1,431,566,982	-	1,431,566,982
Total Liabilities as at 31 December 2019	374,171,422	16,943,110	58,622,288	94,608,532	434,497,150	978,842,502	-	978,842,502
Other Segment information (30 June 2019)								
Capital expenditure (i)	15,233,746	56,640,921	41,010,083	76,381,016	-	189,265,766	-	189,265,766
Intangible assets expenditure	-	-	-	-	-	-	-	-
Total	15,233,746	56,640,921	41,010,083	76,381,016	-	189,265,766	-	189,265,766

* excluding depreciation and amortisation.
** Other expenses includes end of service provision, provision for impairment of inventory, provision for impairment of trade receivables, share-based payments expense, business acquisition transaction costs, capital loss from asset disposal, other taxes, income tax expense and other expenses which are stated net off release of provision for impairment of trade receivables, bargain purchase gain, fair value gain/(loss) on derivative financial instrument and other income.
*** Inter-segment revenues and other adjustments are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column.
**** The United Arab Emirates (UAE) is included in reports reviewed by CEO. While ADES does not have business activities in the UAE, ADES is participating in tendering activities and therefore management believes it has potential to generate revenue in the future.
(i) Management presents the assets in the segment which holds such assets, while the capital expenditure are presented in the segment where such assets are utilised.

5 REVENUE FROM CONTRACT WITH CUSTOMERS

US$	30 June 2020	30 June 2019
Units operations	**241,519,942**	210,160,097
Catering services	**4,230,254**	3,837,612
Projects income *	**79,200**	3,957,421
Others	**3,495,844**	1,985,335
	249,325,240	219,940,465

*Projects income represents services relating to outsourcing various operating projects for clients such as manpower, well platform installation, maintenance and repair services.

The disaggregation of revenue in accordance with IFRS 15 is in line with the segments disclosed in Note 4 above as the management monitors the revenue geographically and the main operational revenue stream is drilling services (units operations) and the revenue is recognised over the time of service.

6 COST OF REVENUE

US$	30 June 2020	30 June 2019 (Restated*)
Staff costs**	**62,116,891**	45,051,645
Repair and maintenance costs	**20,345,024**	22,272,588
Depreciation	**30,820,164**	22,124,019
Rental equipment	**5,292,564**	2,962,979
Insurance	**2,890,133**	3,007,019
Project direct costs	**1,333**	2,088,268
Other costs	**36,573,469**	31,350,906
	158,039,578	128,857,424

* The corresponding figures for 2019 have been adjusted to reflect the IFRS 3 Business combination measurement period adjustments as discussed in Note 3.
** It includes staff cost of USD 3,327,510 in relation to the overstay of the crew due to COVID 19 (30 June 2019: NIL)

7 GENERAL AND ADMINISTRATIVE EXPENSE

US$	30 June 2020	30 June 2019
Staff costs*	**16,923,746**	14,517,595
Depreciation and amortisation	**350,328**	849,110
Professional fees	**2,083,262**	1,393,764
Business travel expenses	**1,091,235**	1,325,402
Free zone expenses	**2,069,474**	1,875,515
Rental expenses	**424,156**	607,896
Other expenses	**3,631,245**	3,423,219
	26,573,446	23,992,501

* It includes staff cost of USD 3,254,682 in relation to the integration project (30 June 2019: NIL) which is estimated based on the number of hours spent on the project.

8 FINANCE COSTS

US$	30 June 2020	30 June 2019
Loan interest expense	**11,727,045**	18,552,330
Loan fees and written off prepaid transaction cost	**2,202,099**	25,080,501
Bond interest and bond fees amortisation	**15,148,618**	5,139,064
Guarantee related finance charges	**1,568,293**	2,041,387
Interest on lease liabilities	**400,306**	649,687
IRS related finance charges	**1,658,399**	461,761
Interest on overdraft facilities	**840,602**	321,270
Unwinding of discounting of a long-term trade receivable	**(2,152,932)**	-
Other finance charges	**152,949**	430,090
	31,545,379	52,676,090

9 INCOME TAX

US$	30 June 2020	30 June 2019
Consolidated statement of profit or loss:		
Current income tax expense*	**6,030,643**	4,234,025

*Current income tax expense includes withholding taxes on intercompany rentals in the Kingdom of Saudi Arabia amounting to USD 2,524,368 (30 June 2019: USD 2,118,101).

The Group operates in jurisdictions which are subject to tax at higher rates than the statutory corporate tax rate of 0%, which is applicable to profits in Algeria, Kingdom of Saudi Arabia and Kuwait where applicable tax rate is 26%, 20% and 15%, respectively.

Egyptian corporations are normally subject to corporate income tax at a statutory rate of 22.5% however the Company has been registered in a Free Zone in Alexandria under the Investment Law No 8 of 1997 which allows exemption from corporate income tax.

10 BANK BALANCES AND CASH

US$	30 June 2020	31 December 2019
Cash on hand	**170,503**	21,245
Bank balances	**107,742,643**	56,373,290
Time deposits	**17,690,981**	63,206,624
Cash and cash equivalents for the purpose of statement of cash flows	**125,604,127**	119,601,159

Bank balances and cash comprise of balances in the following currencies:

*United States Dollar (USD)	**66,939,005**	97,150,110
Saudi Riyal (SAR)	**36,266,674**	4,367,958
*Egyptian Pound (EGP)	**10,042,470**	3,879,327
United Arab Emirates Dirham (AED)	**48**	38
Great British Pound (GBP)	**74**	160
Euro (EUR)	**1,303**	883
Algerian Dinar (DZD)	**853,725**	1,377,837
Kuwaiti Dinar (KWD)	**11,500,828**	12,824,846
	125,604,127	119,601,159

*Time deposits represent short-term investment. Time deposits have original maturities of less than 90 days and earns average interest of 2.3% per annum for USD time deposits and 9% per annum for EGP time deposits (2019: 3.5% per annum). The finance income reported in the consolidated statement of comprehensive income for the period ended 30 June 2020 amounted to USD 481,305 (2019: USD 123,982).

11 INVENTORIES

US$	30 June 2020	31 December 2019
Offshore rigs	**21,874,755**	19,818,133
Onshore rigs	**8,654,836**	8,295,669
Warehouse and yards	**17,454,518**	16,706,362
	47,984,109	44,820,164

As at 30 June 2020, the inventories are stated net of provision for impairment of inventory of USD 473,660 (2019: 253,329).

12 TRADE RECEIVABLES AND CONTRACT ASSETS

Trade receivables

US$	30 June 2020	31 December 2019
Trade receivables	**135,295,561**	132,896,203
Provision for impairment in trade receivables	**(4,726,770)**	(2,168,121)
	130,568,791	130,728,082
Maturing within 12 months	**113,813,826**	91,780,792
Maturing after 12 months	**16,754,965**	38,947,290
Balance as at 31 December	**130,568,791**	130,728,082

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

Contract assets

As at 30 June 2020, the Group has contract assets of USD 34,234,563 (2019: 41,541,310).

The movement in the provision for impairment of trade receivables and contract assets is as follows:

US$	30 June 2020	31 December 2019
As at 1 January	**2,168,121**	4,944,373
Charge for the period	**2,558,649**	-
Release for the period	**-**	(2,776,252)
As at 30 June	**4,726,770**	2,168,121

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

		Past due but not impaired				
US$	Neither past due nor impaired	<30 days	30 - 60 days	61 - 90 days	>90 days	Total
30 June 2020	**99,996,240**	**7,389,894**	**5,273,555**	**2,690,056**	**15,219,046**	**130,568,791**
31 December 2019	99,540,594	10,527,810	2,668,836	1,808,191	16,182,651	130,728,082

The largest portion of balances is from one customer of the Group, which is a partially government owned entity. In 2019 the Group signed a settlement agreement with the customer to settle all due balance and the management believes that the customer will be able to fulfil its obligations. The application of forward-looking information has no material impact on the ECL provision.

13 PREPAYMENTS AND OTHER RECEIVABLES

US$	30 June 2020	31 December 2019
Invoice retention	**38,932,589**	44,361,741
Margin LG	**4,212,567**	2,379,048
Advances to contractors and suppliers	**11,569,180**	12,018,430
Insurance with customers	**5,833,657**	3,979,741
Dividends receivable	**1,225,000**	1,225,000
Provision for impairment in dividends receivables	**-245,000**	-245,000
Other receivables	**7,679,731**	8,431,595
	69,207,724	72,150,555

14 PROPERTY AND EQUIPMENT

US$	*Rigs**	*Furniture & Fixtures*	*Drilling pipes*	*Tools*	*Assets under construction*	*IT Equipment*	*Motor Vehicles*	*Leasehold Improvements*	*Total*
Cost:									
As at 1 January 2020	986,786,882	1,513,178	15,696,517	42,724,619	79,914,429	956,580	249,765	687,471	1,128,529,441
Additions	10,900,840	180,975	2,350,370	3,304,252	31,328,515	167,334	36,000	-	48,268,286
Retirement & Disposal	-	(514,724)	-	-	-	-	-	(162,413)	(677,137)
Reclassification	(9,230,748)	-	-	9,230,748	-	-	-	-	-
Transfers	1,037,684	-	-	581,403	(1,715,048)	33,486	-	-	(62,475)
As at 30 June 2020	**989,494,658**	**1,179,429**	**18,046,887**	**55,841,022**	**109,527,896**	**1,157,400**	**285,765**	**525,058**	**1,176,058,115**
Accumulated depreciation and impairment:									
As of 1 January 2020	(122,573,384)	(595,198)	(5,030,612)	(11,358,115)	(765,291)	(573,029)	(220,905)	(196,593)	(141,313,127)
Retirement & Disposal	-	251,116	-	-	-	-	-	92,845	343,961
Depreciation for the period*	(23,849,544)	(76,250)	(1,774,126)	(2,568,448)	-	(77,125)	(18,385)	(61,743)	(28,425,621)
As of 30 June 2020	**(146,422,928)**	**(420,332)**	**(6,804,738)**	**(13,926,563)**	**(765,291)**	**(650,154)**	**(239,290)**	**(165,491)**	**(169,394,787)**
Net book value:									
At 30 June 2020	**843,071,730**	**759,097**	**11,242,149**	**41,914,459**	**108,762,605**	**507,246**	**46,475**	**359,567**	**1,006,663,328**
31 December 2019									
Cost:									
As at 1 January 2019	645,604,819	1,188,005	13,137,229	30,586,817	124,673,795	777,987	249,765	256,804	816,475,221
Additions	13,231,608	219,577	461,069	6,420,413	218,467,321	47,137	-	36,747	238,883,872
Acquisitions through business combinations (Note 6)	42,378,439	-	-	-	30,804,885	-	-	-	73,183,324
Transfers	285,572,016	105,596	2,098,219	5,717,389	(294,018,596)	131,456	-	393,920	-
Transfer to intangible assets	-	-	-	-	(12,976)	-	-	-	(12,976)
As at 31 December 2019	986,786,882	1,513,178	15,696,517	42,724,619	79,914,429	956,580	249,765	687,471	1,128,529,441
Accumulated depreciation and impairment:									
As of 1 January 2019	(82,370,839)	(476,251)	(3,268,635)	(8,130,782)	(765,291)	(443,545)	(184,137)	(118,623)	(95,758,103)
Depreciation for the year	(40,202,545)	(118,947)	(1,761,977)	(3,227,333)	-	(129,484)	(36,768)	(77,970)	(45,555,024)
As of 31December 2019	(122,573,384)	(595,198)	(5,030,612)	(11,358,115)	(765,291)	(573,029)	(220,905)	(196,593)	(141,313,127)
Net book value:									
At 31 December 2019	864,213,498	917,980	10,665,905	31,366,504	79,149,138	383,551	28,860	490,878	987,216,314

*Comparative information has been adjusted to reflect the IFRS 3 Business combination measurement period adjustments, refer to note 3.

14 PROPERTY AND EQUIPMENT (cont'd)

Depreciation charge is allocated as follows:

US$	30 June 2020	30 June 2019
Cost of revenue (Note 6)	**30,820,164**	22,124,019
General and administrative expenses (Note 7)	**350,328**	849,110
Total depreciation charge	**31,170,492**	22,973,129

Assets under construction
Assets under construction represent the amounts that are incurred for the purpose of upgrading and refurbishing property and equipment until it is ready to be used in the operation. Assets under construction will be transferred to 'Rigs' or 'Tools' of the property and equipment after completion.

*Some of the rigs are pledged to the lenders (banks) against loans and borrowings (Note 18).

15 INTANGIBLE ASSETS

US$	30 June 2020	31 December 2019
Cost:		
As at 1 January	**789,629**	776,653
Additions	**23,250**	-
Transfer from property & equipment	**62,475**	12,976
As at period/ year end	**875,354**	789,629
Accumulated amortisation:		
As at 1 January	**442,325**	320,464
Amortisation charge for the period/ year	**68,683**	121,861
As at period/ year end	**511,008**	442,325
Net carrying amount:		
As at period/ year end	**364,346**	347,304

Intangible assets represent computer software and the related licenses.

16 TRADE AND OTHER PAYABLES

US$	30 June 2020	31 December 2019
Local trade payables	**84,764,890**	89,670,226
Foreign trade payables	**21,398,077**	24,930,548
Notes payable	**2,680,633**	2,371,597
Accrued expenses	**35,467,691**	41,035,747
Accrued interests	**10,288,073**	9,560,653
Income tax payable (Note 9)	**12,369,615**	9,975,938
Finance lease liability (Note17)	**6,525,893**	8,793,910
Other payables	**12,355,884**	9,990,837
	185,850,756	196,329,456

17 LEASES

(US$)	Yard and Warehouse	Office Premises	Motor Vehicles	Other Equipment	Furniture and Fixture	Building	Total
Cost:							
As at 1 January 2020	4,829,127	1,105,574	1,915,524	12,332,234	1,357,312	7,230,880	28,770,651
Additions	3,383	-	(217,562)	-	925,160	320,649	1,031,630
As at 30 June 2020	**4,832,510**	**1,105,574**	**1,697,962**	**12,332,234**	**2,282,472**	**7,551,529**	**29,802,281**
Accumulated depreciation:							
As at 1 January 2020	(1,224,677)	(256,292)	(678,170)	(3,189,222)	-	-	(5,348,361)
Depreciation	(659,218)	(128,026)	(285,129)	(1,572,350)	-	(31,465)	(2,676,188)
As at 30 June 2020	**(1,883,895)**	**(384,318)**	**(963,299)**	**(4,761,572)**	**-**	**(31,465)**	**(8,024,549)**
Net book value:							
As at 30 June 2020	**2,948,615**	**721,256**	**734,663**	**7,570,662**	**2,282,472**	**7,520,064**	**21,777,732**

(US$)	Yard and Warehouse	Office Premises	Motor Vehicles	Other Equipment	Building	Total
As at 1 January 2019	3,251,013	1,105,574	1,915,524	12,332,234	6,622,148	25,226,493
Additions	1,578,114	-	-	-	1,966,044	3,544,158
Depreciation	(1,224,677)	(256,292)	(678,170)	(3,189,222)	-	(5,348,361)
As at 31 December 2019	3,604,450	849,282	1,237,354	9,143,012	8,588,192	23,422,290

Set out below are the carrying amounts of lease liabilities and the movements during the year:

US$	30 June 2020	31 December 2019
As at 1 January 2020	**22,110,062**	24,769,237
Additions	**501,991**	2,909,853
Accretion of interest	**363,567**	1,376,722
Payments	**(3,089,770)**	(6,945,750)
As at 30 June 2020	**19,885,850**	22,110,062
Current	**6,525,893**	8,793,910
Non-Current	**13,359,957**	13,316,152

18 INTEREST-BEARING LOANS AND BORROWINGS

US$	30 June 2020	31 December 2019
Balance as at 1 January	**406,047,328**	555,268,918
Borrowings drawn during the period/year	**64,000,000**	179,493,220
Borrowings repaid during the period/year	**(46,132,450)**	(351,018,420)
Amortised arrangement fees	**1,550,995**	22,303,610
Balance as at 30 June	**425,465,873**	406,047,328
Maturing within 12 months	**84,214,117**	83,692,835
Maturing after 12 months	**341,251,756**	322,354,493
Balance as at 30 June	**425,465,873**	406,047,328

Type	*Interest rate %*	*Latest maturity*	***June 2020 USD***	*December 2019 USD*
Current loans and borrowings				
Loan 1 Syndication				
Tranche A	5.0% + 6 Month LIBOR	3.5 years	**15,050,000**	15,050,000
				-
Ijara Loan			**-**	-
Tranche A	3.25% + 6 Months SAIBOR	7 years	**12,727,273**	15,554,000
Tranche B	3.25% + 6 Months SAIBOR	7 years	**12,727,273**	15,554,000
Tranche C	3.25% + 6 Months SAIBOR	7 years	**14,545,455**	8,888,000
Tranche D	3.25% + 6 Months SAIBOR	7 years	**12,800,000**	-
NCB Loan				
NCB Loan	2.25%+SAIBOR	6 years	**12,307,693**	6,153,846
Credit facility 1	1.25% + Corridor	Renewable	**(166)**	(177)
Credit facility 2	4.50% + 3 Month LIBOR	Renewable	**4,056,697**	3,996,693
Credit facility 3	6.50% + 3 Month LIBOR	Renewable	**-**	3,551,531
Credit facility 4	4% + 3 Month LIBOR	Renewable	**(108)**	111,609
Credit facility 5	2% + 6 Month LIBOR	Renewable	**-**	5,333,333
RCF	3.5% + 3 Month LIBOR	Renewable	**-**	9,500,000
Total current loans and borrowings			**84,214,117**	83,692,835

Type	*Interest rate %*	*Latest maturity*	***June 2020 USD***	*December 2019 USD*
Non-current loans and borrowings				
Loan 1 Syndication				
Tranche A	5.0% + 6 Month LIBOR	3.5 years	**35,506,900**	42,178,475
Tranche B	5.0% + 6 Month LIBOR	3.5 years	**30,000,000**	30,000,000
NCB Loan				
NCB Loan	2.25%+SAIBOR	6 years	**67,475,260**	73,594,207
Ijara loan				
Tranche A	3.25% + 6 Months SAIBOR	7 years	**47,978,687**	51,023,811
Tranche B	3.25% + 6 Months SAIBOR	7 years	**50,909,091**	54,446,000
Tranche C	3.25% + 6 Months SAIBOR	7 years	**58,181,818**	71,112,000
Tranche D	3.25% + 6 Months SAIBOR	7 years	**51,200,000**	-
Total non-current loans and borrowings			**341,251,756**	322,354,493
Total loans and borrowings			**425,465,873**	406,047,328

The Group has secured loans and borrowings as follows:

Bank credit facilities
Credit facility 2 is granted by Industrial Development Bank of Egypt (IDBE) with an overdraft facility limit amounting to USD 4 million.

Credit facility 3 is granted by the Al Ahli Bank of Kuwait (ABK) with an overdraft facility limit amounting to USD 7 million.

Credit Facility 4 is granted by Export development Bank of Egypt (EBE) with a non-secured facility limit amounting to USD 12 million available for overdraft &/or Letters of Guarantees.

Credit Facility 5 is granted by National Commercial Bank in KSA (NCB) with a total amount of SAR 30 million which is secured within a basket of other facilities.

Financial Institutions (as defined in the Revolving Credit Facility Agreement) made available a dollar revolving credit facility dated 18 April 2019 to ADES International Holding PLC, in the total principal amount of USD 50 million, which terms include extensions, renewals or increases (which may be made thereto from time to time).

Loan 1 – Syndication
On 2 May 2019, the Group has signed a syndication loan agreement arranged by HSBC with total amount of USD 100 million divided over four banks. The loan is divided into two tranches, the purpose and the use of each facility is described as follows:

a) Tranche A
For refinancing existing financial indebtedness in full (excluding the payment of the fees, costs and expenses incurred under or in connection with the transaction documents). Tranche A was utilised during the current year to partially settle Loan 2 Tranch A.

b) Tranche B
Tranche B was utilised during the current year to partially settle Loan 2 Tranche B

Tranche A Facility is a medium-term loans over 3.5 years to be paid semi-annually in un-equal instalments starting from 22 September 2019 and the last instalment will be on 22 March 2023. Tranche B will be settled with bullet repayment on 22 March 2023**.**

Loan 2 – Syndication
On 22 March 2018, the Group has signed a syndication loan agreement arranged by Merrill Lynch International and EBRD with total amount of USD 450 million divided over eleven banks. The loan is divided into four tranches, the purpose and the use of each facility is described as follows:

a) Tranche A
For refinancing existing financial indebtedness in full (including the payment of the fees, costs and expenses incurred under or in connection with the transaction documents). Tranche A was utilised in 2018 to settle financial indebtedness. On 2 May 2019, USD 130 million was settled in cash and USD 70 million was refinanced by Loan 1 Tranch A.

b) Tranche B
New working capital purposes and to refinance certain existing working capital facilities. Tranche B was utilised in 2018. On 2 May 2019, USD 11.5 million was settled in cash and USD 30 million was refinanced as discussed by Loan 1 Tranch B.

c) Tranche C
Capital expenditure for the acquisition of the new rigs and mobile offshore production units. Tranche C was partially utilised in 2018. On 2 May 2019, Tranche C was fully settled in cash.

d) “Murabaha Facility”
Capital expenditure for the acquisition of the new rigs and mobile offshore production units. Murabaha Facility was partially utilised in 2018. On 2 May 2019, Murabaha Facility was fully settled in cash.

Ijara Loan
On 22 May 2018, the Group has signed “Musharakah” agreement and “Ijara” agreement with Alinma Bank to finance the acquisition of the new rigs and related capital expenditure with the amount of the equivalent to USD 140 million in SAR.

On 25 April 2019, the Group has signed “Musharakah” agreement and “Ijara” agreement with Alinma Bank to increase the facility to the equivalent to USD 284 million. On 20 May 2020, the group utilized equivalent to USD 64 million in SAR.

All loans are medium-term loans over 7 years which includes 2 year grace period and is paid semi-annually in equal instalments starting from 10 June 2020 and the last instalment will be on 10 June 2024.

Ijara loan is secured by the rigs purchased from Nabors Drilling International II Limited (Jackup rig Admarine 656, Jackup rig Admarine 656 and Jackup rig Admarine 657) and rigs purchased from Weatherford Drilling International (ADES 40, ADES 158, ADES 174, ADES 799 and ADES 889, Rig 144, Rig 798, Rig 157, Rig 173).

NCB Loan
On 14 May 2019, the group signed a Long Term Loan Facility agreement with National Commercial Bank ("NCB") for a total limit of SAR 300 million (USD 80 million). As of 31 December 2019, the Group has fully utilized the facility.

On 10 December 2019, the group has amended the facility with National Commercial Bank ("NCB") to be Sharia compliant (Islamic Facility) without any change in the original agreed terms.

The Group has secured interest-bearing loans and borrowings as follows:

Bank credit facilities
Credit facility 2 is granted by the Egyptian Gulf Bank (EGB) with an overdraft facility limit amounting to EGP 45,000,000 which is secured by promissory note.

Credit facility 3 is granted by the Al Ahli Bank of Kuwait (ABK) with an overdraft facility limit amounting to USD 7,000,000 which is secured by promissory note.

Loan 1 – Syndication
On 2 May 2019, the Group has signed a syndication loan agreement arranged by HSBC with total amount of USD 100 million divided over four banks. The loan is divided into two tranches, the purpose and the use of each facility is described as follows:

c) Tranche A
For refinancing existing financial indebtedness in full (excluding the payment of the fees, costs and expenses incurred under or in connection with the transaction documents). Tranche A was utilised during the current year to partially settle Loan 2 Tranch A.

d) Tranche B
Tranche B was utilised during the current year to partially settle Loan 2 Tranche B

Tranche A Facility is a medium-term loans over 3.5 years to be paid semi-annually in un-equal instalments starting from 22 September 2019 and the last instalment will be on 22 March 2023. Tranche B will be settled with bullet repayment on 22 March 2023

Loan 2 – Syndication
On 22 March 2018, the Group has signed a syndication loan agreement arranged by Merrill Lynch International and EBRD with total amount of USD 450 million divided over eleven banks. The loan is divided into four tranches, the purpose and the use of each facility is described as follows:

e) Tranche A
For refinancing existing financial indebtedness in full (including the payment of the fees, costs and expenses incurred under or in connection with the transaction documents). Tranche A was utilised in 2018 to settle financial indebtedness. On 2 May 2019, USD 130 million was settled in cash and USD 70 million was refinanced by Loan 1 Tranch A.

f) Tranche B
New working capital purposes and to refinance certain existing working capital facilities. Tranche B was utilised in 2018. On 2 May 2019, USD 11.5 million was settled in cash and USD 30 million was refinanced as discussed by Loan 1 Tranch B.

g) Tranche C
Capital expenditure for the acquisition of the new rigs and mobile offshore production units. Tranche C was partially utilised in 2018. On 2 May 2019, Tranch C was fully settled in cash.

h) “Murabaha Facility”
Capital expenditure for the acquisition of the new rigs and mobile offshore production units. Murabaha Facility was partially utilised in 2018. On 2 May 2019, Murabaha Facility was fully settled in cash.

Ijara Loan
On 22 May 2018, the Group has signed “Musharakah” agreement and “Ijara” agreement with Alinma Bank to finance the acquisition of the new rigs and related capital expenditure. The Musharakah facility amount is USD 200 million, of which 70% is financed by Alinma Bank and 30% by the Group. On 11 June 2018, the Group obtained USD 70 million from Alinma Bank within the framework of “Musharakah” facility to finance the acquisition of three rigs from Nabors (Note 5) and subsequent capital expenditures.

On 18 July 2018, the Group obtained USD 70 million from Alinma Bank within the framework of “Musharakah” facility to finance the acquisitions of three rigs from Weatherford Drilling International (Note 5).

On 25 April 2019 , the Group has signed “Musharakah” agreement and “Ijara” agreement with Alinma Bank to increase the facility to USD 284 million .On 5 May 2019, the Group obtained additional USD 80 million from Alinma Bank within the framework of “Musharakah” facility to finance the purchase and maintenance of rigs ADM 657, Rig 40, Rig 158, Rig 174, Rig 799 and Rig 889 .

All loans are medium-term loans over 7 years which includes 2 year grace period and is paid semi-annually in equal instalments starting from 10 June 2020 and the last instalment will be on 10 June 2024.

Ijara loan is secured by the rigs purchased from Nabors Drilling International II Limited (Jackup rig Admarine 656, Jackup rig Admarine 656 and Jackup rig Admarine 657) and rigs purchased from Weatherford Drilling International (ADES 40, ADES 158, ADES 174, ADES 799 and ADES 889) (Note 5).

Others
On 14 May 2019, the group signed a Long Term Loan Facility from National Commercial Bank ("NCB") for a total limit of SAR 300 million (US$80 million). As of 30 June 2019, the Group has not utilized any amounts under this facility.

On 6 May 2019, the group signed a multicurrency credit facility agreement with Mashreq Bank PJSC Dubai and subsequent amendments last of which being on 12 June 2019 for the total facility granted by Mashreq Bank PSC Dubai to reach $70,000,000. As of 30 June 2019, the Group has not utilized any amounts under this facility.

19 BONDS PAYABLE

On 16 April 2019, the Group issued USD 325,000,000 senior secured notes at 8.625% interest due on 24 April 2024. Interest is payable semi-annually on 24 April and 24 October each year commencing on 24 October 2019. The Group paid USD 10,708,042 as transaction costs for the issuance of the bonds. The Group recognised interest expense of USD 15,148,618 for the six months period ended 30 June 2020. The bonds payable is recognised at amortised cost using the effective interest method.

20 PROVISIONS

US$	As at 1 January	*Accrued / acquired during the period/year	Paid during the period/year	As at period/year end
30 June 2020				
Provision for end of service benefits	**16,375,652**	**2,550,346**	**(1,085,041)**	**17,840,957**
*Other tax provisions **	**1,100,000**	**-**	**(922,610)**	**177,390**
	17,475,652	**2,550,346**	**(2,007,651)**	**18,018,347**
31 December 2019				
Provision for end of service benefits	12,959,590	4,899,967	(1,483,905)	16,375,652
*Other tax provisions**	1,874,654	1,443,181	(2,217,835)	1,100,000
	14,834,244	6,343,148	(3,701,740)	17,475,652

* Other tax provisions mainly represent provision made for employee’s taxes and withholding taxes which are borne by the Group. The total balance is presented as current in the statement of financial position.

21 SHARE CAPITAL

Share capital of the Group comprise:

US$	30 June 2020	31 December 2019
Authorised shares*	1,500,000,000	1,500,000,000
Issued shares	43,793,882	43,793,882
Shares par value	1.00	1.00
Issued and paid up capital	**43,793,882**	**43,793,882**
Share premium**	**178,746,337**	**178,746,337**

The shareholding structure as at 30 June 2020 is:

Shareholders	Shareholding %	No. of shares	Value US$
ADES Investment Holding Ltd	61	26,889,499	26,889,499
Individual shareholders	39	16,904,383	16,904,383
	100	**43,793,882**	**43,793,882**

The shareholding structure as at 31 December 2019 was:

Shareholders	Shareholding %	No. of shares	Value US$
ADES Investment Holding Ltd	62	27,179,084	27,179,084
Individual shareholders	38	16,614,798	16,614,798
	100	**43,793,882**	**43,793,882**

*As at 30 June 2020 and 31 December 2019, the authorised share capital of the Company was USD 1,500,000,000 comprising of 1,500,000,000 shares.

** Share premium represents the excess of fair value received over the par value of shares issued as a result of business combinations and IPO.

Movement in treasury shares as at 30 June 2020 is as follows:

		Shares issued	*Treasury shares**	*Shares outstanding*
1 January 2020	Balance at beginning of year	**43,793,882**	**300,000**	**43,493,882**
	Purchase of treasury shares	**-**	**1,542,591**	**1,542,591**
30 June 2020	Balance at period end	**43,793,882**	**1,842,591**	**41,951,291**

Movement in treasury shares as at 31 December 2019 is as follows:

		Shares issued	*Treasury shares**	*Shares outstanding*
1 January 2019	Balance at beginning of year	43,793,882	-	43,793,882
	Purchase of treasury shares for cash	-	300,000	300,000
31 December 2019	Balance at year end	43,793,882	300,000	43,493,882

* On 29 November 2019 the Group announced that pursuant to Shareholders' authority granted at the Company's EGM on 30 October 2019, it intends to commence purchases of ordinary shares in the capital of the Company. As at 30 June 2020 the total number of purchased ordinary shares that are held as treasury shares is 1,842,591 purchased for a cumulative amount of USD 18,275,089.

22 EQUITY SETTLED SHARE-BASED PAYMENTS

Pursuant to the rules of the Long Term Incentive Plan ("LTIP") adopted by ADES Investments Holding Ltd., the awards over a total number of 1,136,451 ordinary shares of US$1.00 each in the capital of the Company have been granted to certain employees of the Company by ADES Investments Holding Ltd (the majority shareholder). The LTIP is equity settled and effective from 1 January 2020. According to the LTIP rules, the shares will be vested over a period of three years and not subject to performance conditions. These shares are currently held by ADES Investments Holding Ltd and the awards will not be satisfied by the new issue of any shares in the Company. Awards will normally lapse and cease to vest on termination of employment.

The fair value at grant date was determined based on the market price of the shares of the Company at grant date.

For the six months ended 30 June 2020, the Group has recognised USD 1,922,935 of share-based payment expense in the consolidated statement of profit or loss (30 June 2019: USD 7,470,824), with a corresponding increase in equity (share-based payment reserve).

23 EARNINGS PER SHARE

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

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. As at 30 June 2020, there were no potential dilutive shares and hence the basic and diluted EPS is same.

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

US$	30 June 2020	30 June 2019 (restated*)
Profit attributable to the ordinary equity holders of the Parent for basic and diluted EPS	13,998,082	2,205,548
Weighted average number of ordinary shares – basic and diluted	43,222,712	43,793,882
Earnings per share – basic and diluted (US$ per share)	**0.32**	**0.05**

*Comparative information has been adjusted to reflect the IFRS 3 Business combination measurement period adjustments, refer to note 3.

24 RELATED PARTIES TRANSACTIONS AND BALANCES

Related party transactions
During the period, the following were the significant related party transactions recorded in the interim condensed consolidated statement of comprehensive income or consolidated statement of financial position:

Due from balance with AMAK for Drilling & Petroleum Services Co. (a related party under common control) relates to the funds transferred for settlement of payables to purchase fixed assets.

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

	30 June 2020		31 December 2019	
US$	*Due from*	*Due to*	*Due from*	*Due to*
Ultimate Shareholders				
Sky Investment Holding Ltd.	60,000	-	60,000	-
Intro Investment Holding Ltd.	90,503	-	90,503	-
Shareholder				
ADES Investment Holding Ltd	114,864	-	48,864	
Joint venture				
Egyptian Chinese Drilling Co. (S.A.E.)	-	57,192	-	57,192
Entities under common control				
AMAK for Drilling & Petroleum Services Co.	3,087,608	-	4,019,924	
Intro for Trading & Contracting Co.	266,715	-	39,738	
Other related parties				
TBS Holding	18,836	-	35,387	-
Misr El-Mahrousa	12,716		14,624	
Advantage Drilling Services	422,550		425,271	
Advansys Project	1,308	-	1,308	-
Advansys Holding	5,299	-	5,299	-
ADVANSYS FOR ENG.SERV. & CONS	-	1,029	-	1,032
	4,080,399	**58,221**	**4,740,918**	**58,224**

Compensation of key management personnel
The remuneration of key management personnel during the period was as follows:

US$	30 June 2020	30 June 2019
Short-term benefits*	**660,000**	**2,020,000**

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. Financial assets of the Group include bank balances and cash, trade receivables and contract assets, due from related parties and other receivables. Financial liabilities of the Group include trade payables, due to related parties, loans and borrowings, other payables and derivative financial instrument. The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

26 CONTINGENT LIABILITIES

US$	30 June 2020	31 December 2019
Letter of guarantees	**34,502,890**	**33,572,453**

Contingent liabilities represent 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 5,343,121 (31 December 2019: USD 5,527,168).

27 FINANCIAL INSTRUMENTS

US$	30 June 2020	31 December 2019
Derivative held for trading		
Interest rate swap	5,584,028	3,569,046
	5,584,028	3,569,046
Total current	**2,088,740**	**1,150,326**
Total non-current	**3,495,288**	**2,418,720**

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

US$	Total	Level 1	Level 2	Level 3
30 June 2020				
Derivative financial Instrument				
Interest rate swap	**(5,584,028)**	**-**	**(5,584,028)**	**-**
31 December 2019				
Derivative financial Instrument				
Interest rate swap	(3,569,046)	-	(3,569,046)	-

During the period ended 30 June 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 at fair value measurements (31 December 2019: nil).

Interest rate swap derivatives relate to contracts taken out by the Group with other counterparties (mainly financial institutions) in which the Group either receives or pays a floating rate of interest, respectively, in return for paying or receiving a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

Derivative financial instruments - classified as held for trading financial liabilities - are carried in the consolidated statement of financial position at fair value at the total of USD 5,584,028 as of 30 June 2020. The carrying amount of these derivatives represents the negative mark to market value of the remaining USD 100,000,000 notional amount of the swap contract that was originally entered into by the Group with Goldman Sachs (GS) in 2018, novated in 2019 and is still outstanding at 30 June 2020. The remaining tenor of the GS interest rate swap contract extends from 21 November 2019 until it terminates on 22 March 2023. The total notional amount of the GS interest rate swap before novation was USD 241,500,000 which represented at that time the loans withdrawn as Tranche A and B Loan under Loan 1 Syndication and Ijara loan (note 18).

US$	30 June 2020	31 December 2019
Derivative financial liabilities that are designed and effective as hedging instruments		
Interest rate swap contracts	8,958,569	6,147,575
Balance as at 31 December	8,958,569	6,147,575
Total current	**3,360,276**	**1,981,402**
Total non-current	**5,598,293**	**4,166,173**

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

US$	Total	Level 1	Level 2	Level 3
30 June 2020				
Derivative financial Instrument				
Interest rate swap	**(8,958,569)**	**-**	**(8,958,569)**	**-**
31 December 2019				
Derivative financial Instrument				
Interest rate swap	(6,147,575)	-	(6,147,575)	-

During the year ended 31 December 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 at fair value measurements. (31 December 2018: Nil).

28 DIVIDEND DISTRIBUTIONS

In the current period, dividends of USD 2,306,102 (2019: USD 1,934,284) have been paid by UPDC, one of the Group's subsidiaries, to its non-controlling shareholders in respect of 2019 profits. The Board of Directors of ADES International Holding Plc does not propose a dividend to the shareholders at the Annual General Meeting.

29 SUBSEQUENT EVENTS

Shares buy back
As at 17 September, 2020, ADES International Holding PLC has purchased 616,292 from its own shares with an average price of USD 10.00 per share, in accordance with the shareholder authority granted at the Company's EGM on 22 June 2020 and as part of the buyback program announced on November 29, 2019. As at the close of business on 21 August 2020, the total number of ordinary shares held as treasury shares became 2,458,883 and ADES had 43,793,882 ordinary shares (including treasury shares) in issue. Therefore, the total number of voting rights in the Company became 43,423,882.

30 COVID-19 IMPACT

Current events caused by COVID-19 and lower oil prices
The outbreak of Novel Coronavirus (COVID-19) continues to progress and evolve. Therefore, it is challenging now, to predict the full extent and duration of its business and economic impact.

The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. These developments could impact our future financial results, cash flows and financial condition.