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 2019

(London & Dubai, 27 September 2019) 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 2019.

Summary of Key Financials

(US$ '000)	1H2019	1H2018	*% change*
Revenues	**219,940**	**79,700**	***176.0%***
EBITDA	**90,064**	**37,778**	***138.4%***
EBITDA Margin	*40.9%*	*47.4%*	
Normalised Net Profit[1]	**33,190**	**14,021**	***136.7%***
Normalised Net Profit Margin	15.1%	*17.6%*	
Net Profit	**11,015**	**18,246**	***-39.6%***
Net Profit Margin	5.0%	*22.9%*	
Weighted Average No. of Shares	43,794	42,359	
Normalised Earnings per Share (US$)	**0.76**	**0.33**	
Reported Earnings per Share (US$)	**0.25**	**0.43**	

Key Financial Highlights

- **Revenue** increased significantly by 176.0% year-on-year to reach US$ 219.9 million in 1H 2019 driven by:
    - organic growth of the pre-acquisition business
    - increasing contributions from the newly acquired rigs which contributed 62% of consolidated revenue for the period
    - steady ramp up of utilisation rates to 95% compared to 80% in 1H 2018

- **EBITDA** increased by a strong 138.4% to US$ 90.1 million from US$ 37.8 million in 1H 2018, with margins reflecting the increasing work in KSA and Kuwait.
- **Normalised net profit** increased by 136.7 % year-on-year to US$ 33.2 million in 1H 2019 from US$ 14.0 million in 1H 2018. Normalised net profit margin was affected by higher finance charges
- **Net profit** declined 39.6 % year-on-year to US$ 11.0 million in 1H 2019 due to significant non-recurring charges during the period.
- **Cash from operating activities stood strong at US$ 61.5 million in 1H 2019**, compared to US$ 0.9 million in 1H 2018, driven by a significant uplift in operating cash flow and improvements in working capital. The Group expects working capital and free cash flow generation to improve further in 2H 2019, driven by the deployment of further assets.
- **Successfully closed a bond offering** of US$ 325 million in aggregate of senior secured notes due 2024, with a B+ credit rating and a stable outlook from S&P and Fitch rating.

[1] Normalised Net Profit –Net profit before non-controlling interest after excluding non-recurring charges from: a) non-cash amortized prepaid transaction costs written off due to debt refinancing; b) accounting adjustments related to IFRS 3 (Business Combinations) and a one-off bargain purchase gain; c) non-cash, equity-settled share-based payment compensation from the parent company; d) non-cash fair-value adjustments under financial instruments; and e) non-recurring transactions.

- **Net debt** increased to US$ 615.7 million as at 30 June 2019 (on a post-IFRS16 basis and US$ 600.7 million on a pre-IFRS 16 basis), reflecting the increase in our interest-bearing loans and borrowings to finance the acquired rigs and capital expenditures. ADES's net leverage (Net debt to LTM Proforma EBITDA) stood at 2.7x (on a post-IFRS16 basis) and 2.6x (on a pre-IFRS16 basis) as at 30 June 2019.
- **Cash and bank balances** stood at US$ 40.3 million in 1H2018.

Key Operational Highlights

- **Operating rig count** of 36 during 1H 2019, up significantly from the 14 rigs operated in the prior year.
- **Utilisation rates** climbed to 95% in 1H 2019 versus 80% in 1H 2018.
- ADES recorded upwards of 6.4 million-man hours during the period, registering a **Recordable Injury Frequency Rate ("RIFR")** per 200,000 working hours of 0.34 as at 30 June 2019, below the International Association of Drilling Contractors ("IADC") worldwide standard rate of 0.73.
- **Substantial and long-dated backlog of c.US$ 1.5 billion** as at 30 June 2019, compared to US$ 1.2 billion as at 31 December 2018, with average weighted maturity of 4.2 years.
- **New contracts** for the onshore rigs ADES 2 and ADES 3 in Algeria and for ADES 13 and ADES 14 in KSA.
- **Access to deep drilling market in Egypt with first deepwater drilling contract** secured in the Egyptian Mediterranean basin and significant in-country gas discoveries**.**

Current trading and outlook

- **Continued top line growth** expected in the second half of the year supported by the Group's strong backlog, driving revenues through the optimal utilisation and growing contributions from the newly acquired rigs, alongside deployment of the newly contracted rigs
- Operational developments of material impact expected in the coming months include:
  - **Completion of refurbishment projects on two Kuwaiti rigs** with deployment scheduled for 2H 2019;
  - **Commencement of scheduled operations** under the newly secured onshore contracts for ADES 2 in Algeria, and new build ADES 13 and ADES 14 in KSA;
  - **Cumulative contribution** from operations at the newly acquired Weatherford rigs in Algeria (February 2019) during 2H 2019.

- **Integration Project is progressing smoothly** with the first phase successfully completed and further synergies from acquisitions to be realised during 2020, including cost and working capital efficiencies.
- **Strong liquidity position on account of** new facilities providing additional headroom and financial flexibility to reinforce our resilient position and support growth.
- **Deleveraging expected to commence in 2020** driven by increasing operational cash flows with the full-year impact of the newly acquired assets, continued organic growth and the repayment of the KSA-based loans following the expiry of the grace period in June 2020.
- **Our focus will remain on organic growth** based on our diversified regional presence and assets base and through leveraging of our unutilized rigs in the MENA region.

Commenting on the results, Dr. Mohamed Farouk, Chief Executive Officer of ADES International Holding said:

"The first half of 2019 saw Group revenue grow almost threefold and become increasingly diversified across key regional markets with a good balance of off- and on-shore activities. ADES stands today with an asset base of over 50 rigs, the majority of which were acquired with a contracted backlog and short payback periods, and we are enjoying today a substantial and long-dated backlog of US$ 1.5 billion with an average maturity of 4.2 years. This low-risk approach to acquisitions coupled with ADES's lean cost structure, cultural alignment and adherence to global best practices, provides a solid platform for organic growth and positions the Group as a regional champion."

"Following the completion of the Weatherford acquisitions we successfully finalised the first phase of our Integration Programme, ensuring the smooth transfer of assets and businesses with minimal operational and contractual disruptions. In the second half of 2019 our focus will be on the Implementation phase to help maximize value. Management expects to realise the full benefits of the synergies by the end of 2020."

"We have developed an optimised capital structure that is more aligned with our operational scale and that provides ample liquidity for our future growth requirements. In the first half of 2019 ADES partially refinanced its US$ 450 million syndication secured in 2018 through a US$ 325 million five-year senior secured bond due 2024. This allowed us to restructure our commitments and allowed us to secure a US$ 144 million top-up for our KSA facility to fund operational growth, as well as a US$ 50 million revolving credit facility. Although higher finance charges will have a modest impact on our overall return for the year, the Group's optimised capital structure is now securely in place with access to c.US$ 194 million to support further growth requirements and capture any short-term opportunities. Overall, we expect our leverage ratios to gradually improve as our interest-bearing loans are amortised, the contribution from our newly acquired assets is annualised and as we continue to drive organic growth."

"In summary, the Group is well-positioned with the asset base, cost structure and backlog across a diversified regional presence to support long-term revenue visibility with a strong cash flow generating ability. Meanwhile, our strong relationships with AA-rated regional clients and ability to secure contract renewals and awards, renewed confidence by top-tier regional banks, and ample liquidity reinforces our resilient position and will allow us to capture further growth opportunities. As a consequence, save for the modest impact of higher finance charges previously disclosed, we expect our trading performance to be in line with the Board's expectations for the full year."

Conference Call

ADES's management team will present the 1H 2019 results and will be available for a Q&A session with analysts and investors on Monday 30 September 2019 at 14:00 GMT. For conference call details, please email ades@instinctif.com.

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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 13 jack-up offshore drilling rigs, 36 onshore drilling rigs, 1 jack-up barge, and 1 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

Revenue

Consolidated revenue grew by 176.0% year-on-year to record US$ 219.9 million for 1H 2019. ADES's rapid growth during the period was supported by the increasing contribution from the newly acquired rigs as well as a ramp up of utilisation rates. ADES operated 36 onshore and offshore rigs during 1H 2019, up significantly from the 14 rigs operated one year previously on the back of the Group's acquisitions during the period. ADES was also able to operate at an average fleet utilisation rate of 95% in 1H 2019, up from 80% in 1H 2018.

The three offshore rigs acquired from Nabors in June 2018 and the 31 onshore drilling rigs acquired from Weatherford in February 2019 (of which 22 were operational as at 30 June 2019) accounted for 62% of ADES's consolidated revenue in 1H 2019.

Revenue by Country

(US$ '000)	1H2019	1H2018	% change
KSA	121,008	29,663	308 %
Egypt	43,571	44,340	-2 %
Algeria	16,305	5,727	185 %
Kuwait	39,057	-	-
Total	**219,941**	**79,700**	**176**%

Revenue Contribution by Country

(%)	1H2019	1H2018	% change
KSA	55%	37%	18 pts
Egypt	20%	56%	-36 pts
Algeria	7%	7%	0 pts
Kuwait	18%	-	18 pts

ADES's Egyptian operations generated revenues of US$ 43.6 million during 1H 2019, broadly in line with prior year. As a result of growing revenues from the Nabors and Weatherford acquisitions in KSA, Kuwait and Algeria, revenues from Egypt declined as a percentage of the Group's top line in 1H 2019, coming in at 20% against 56% one year previously. ADES continues to pursue opportunities for strengthening its presence in Egypt, where it has renewed all its contracts that were up for expiry and was awarded a new two-year contract for its Admarine IV jack-up rig by a leading energy company.

Operations in Saudi Arabia yielded revenues of US$ 121.0 million in 1H 2019, up 308% year-on-year. As a percentage of ADES's consolidated top line, Saudi revenues rose by 18 percentage points to reach 55% during the period. ADES significantly deepened its operational presence in the Saudi market acquiring three Nabors rigs and 11 Weatherford rigs. All three Nabors rigs contributed to ADES's consolidated revenues in 1H 2019, while nine out of the 11 Weatherford rigs were contracted and operating at the time of purchase in end of November 2018.

ADES is committed to expanding its presence in Saudi Arabia and Kuwait, with the Group's ability to achieve scale in these markets being the key driver for generating sustainable organic growth over the long run. The

Group has secured two onshore drilling contracts in Saudi Arabia for which it has purchased two new-build assets, ADES 13 and ADES 14. Operations on these contracts are due to commence during 4Q 2019.

Kuwaiti operations generated US$ 39.1 million in revenues during 1H 2019, forming 18% of ADES's consolidated top line for the period. The Group entered the Kuwaiti market after finalising the Kuwait segment of the Weatherford transaction in November 2018, with 12 onshore rigs added to the Group's fleet, out of which eight were contracted. In 1H 2019, four out of the eight contracted rigs were undergoing upgrade projects, with two reaching completion during the period and delivering a minor contribution to Group revenue. Upgrade works on the third rig were completed 3Q 2019 while works on the fourth and final rig are scheduled for completion during 4Q 2019.

Revenues from Algeria came in at US$ 16.3 million in 1H 2019, up by 185% year-on-year on the back of ADES's acquisition of three operational onshore rigs from Weatherford. The Group strengthened its position in the Algerian market during 1H 2019, securing a new contract for its onshore rig ADES II that commenced operations during the last week of 1H 2019. Algeria's total contribution to revenue remained stable at 7% in 1H 2019.

Assets by Country & Type as at 30 June 2019

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

Revenue by Segment

(US$ '000)	1H2019	1H2018	% change
Offshore Drilling & Workover	85,364	58,042	47%
Onshore Drilling & Workover	109,820	5,371	1945%
MOPU	12,810	12,737	1%
Jack-Up Barge & Projects	6,123	2,247	173%
Others	5,823	1,303	347%
Total	**219,940**	**79,700**	**176%**

Offshore Drilling & Workover (39% of revenues in 1H 2019)

ADES currently conducts its offshore drilling and workover services in Egypt and KSA, focusing on shallow/ultra-shallow water and non-harsh environments.

Offshore Drilling & Workover booked revenues of US$ 85.4 million in 1H 2019, rising 47% year-on-year to contribute 39% of ADES' consolidated top line in 1H 2019 against 73% one year previously. ADES operated a fleet of 12 offshore rigs as at 30 June 2019. The period's improved performance was driven by the growing contribution of three rigs purchased from Nabors in June 2018.

Onshore Drilling & Workover (50% of revenues in 1H 2019)

Onshore Drilling & Workover activities generated revenues of US$ 109.8 million in 1H 2019, an increase of 194% year-on-year. As a percentage of consolidated revenues, the segment contributed 50% in 1H 2019 against 7% one year previously. ADES operated a fleet of 21 onshore rigs as at 30 June 2019. The bulk of the rigs in ADES's onshore fleet were acquired through the Group's transaction with Weatherford, series of closing by end of 2018 and finalized in February 2019. The acquisition included the purchase of 31 onshore drilling rigs in Kuwait, Saudi Arabia, Algeria.

MOPU (6% of revenues in 1H 2019)

MOPU services, Admarine I, located in Egypt, is currently under contract to process, store and offload crude oil, which provided revenues of US$ 12.8 million in 1H 2019. The contribution to total revenues from MOPU services decreased to 6% in 1H 2019 from 16% in 1H 2018, reflecting the effect of asset acquisitions at ADES' Offshore and Onshore Drilling & Workover segments.

Jack-Up Barge & Projects (3% of revenues in 1H 2019)

As part of its offshore offering, ADES owns an offshore jack-up barge, Admarine II, which is currently contracted to GUPCO in the Gulf of Suez area of Egypt. Project revenue is primarily generated from contracting fees charged to clients for outsourcing various operating projects, such as maintenance, construction and repair services, to third-party personnel.

Revenue from the Company's Jack-Up Barge & Projects was US$ 6.1 million in 1H 2019, up 173% year-on-year versus the US$ 2.2 million recorded in 1H 2018 and represented 3% to total revenue in 1H 2019 broadly in line with prior year.

Others (2% of revenues in 1H 2019)

Other revenue, which includes catering revenue and the rental of essential operating equipment that the client has not supplied, was US$ 5.8 million in 1H 2019, representing 2% of total revenue.

Operating Profit

Operating profit recorded US$ 58.2 million during the first half of 2019, an increase of 136.6% year-on-year from US$ 24.6 million in 1H 2018.

ADES's EBITDA reached US$ 90.1 million in 1H 2019, up by 138.4% year-on-year against the US$ 37.8 million booked one year previously. Broadly in line with management's guidance, the Group's EBITDA margin was 40.9% in 1H 2019 compared to 47.4% during the same period last year. EBITDA margin contraction was driven by ADES's growing operational footprint in KSA and Kuwait, where drilling and workover operations impose higher operational costs than in Egypt and Algeria, as well as the Group's significantly expanded onshore operations.

Finance Charges

Finance charges came in at US$ 52.7 million in 1H 2019, up 266.2% year-on-year from US$ 14.4 million recorded in 1H 2018. Higher finance charges during the six-month period came as the Group secured new banking facilities and issued a successful maiden 5-year bond which provided additional liquidity, headroom and financial flexibility. Additionally, to support business growth post acquisition, ADES replaced the Letters of Guarantee associated with the Weatherford rigs.

Finance costs include a one-off transaction charge of US$ 25.1 million (US$ 4.4 million during 1H 2018) relating to the unamortised and written-off portion of fees on a refinanced debt facility.

Recurring net finance charges for the Group were US$ 27.6 million in 1H 2019 and are expected, as previously disclosed, to be higher than originally anticipated on a full-year basis.

Normalised and Statutory Net Profit

Normalised net profit came in at US$ 33.2 million in 1H 2019, which excludes the non-recurring charges (mentioned below) amounting to US$ 21.1 million from the net profit of the period before the non-controlling interest. This represents an increase of 136.7% year-on-year from a normalised net profit of US$ 14.0 million in 1H 2018. Normalised net profit margin stood at 15.1% in 1H 2019 and was impacted by higher finance charges linked to ADES's optimisation of its capital structure.

ADES' net profit after minority interest was US$ 11.0 million in 1H 2019, a decrease of 39.6% year-on-year from the US$ 18.2 million in 1H 2018, with a net profit margin of 5.0%. The decrease was driven by significant non-recurring charges, including

- One-off transaction charge of US$ 25.1 million (US$ 4.4 million during 1H 2018) relating to the unamortised and written-off portion of fees on a refinanced debt facility;
- Accounting adjustments stemming from IFRS 3 (Business Combinations) and a bargain purchase gain of US$ 20.3 million;
- Non-cash, equity-settled share-based payment compensation from the Parent Company of US$ 7.5 million;
- Non-cash fair-value adjustments under financial instruments of US$ 4.5 million; and
- Non-recurring transactions impacts of US$ 4.4 million.

Balance Sheet

Assets

Total assets stood at US$ 1,266.1 million as at 30 June 2019, up from US$ 1,085.0 million as at 31 December 2018. The movement of US$ 181.0 million in total assets is mainly attributed to the growth in our net fixed assets on account of the acquisition of the Algerian and South Iraqi land rigs from Weatherford; significant investment to purchase two new-build land rigs in KSA; capital expenditures related to upgrade works on ADES' rigs; and accounting adjustments stemming from IFRS 3 (Business Combinations) on the fair value of the rigs in 30 June 2019 and 31 December 2018.

Accounts receivable increased to US$ 145.2 million as at 30 June 2019 from US$ 100.8 million as at 31 December 2018, with the increase being driven by higher Group revenues. ADES' days sales outstanding (DSO) has improved, decreasing from 149 days in 31 December 2018 to 101 days in 30 June 2019, driven by the Group's focus on working capital and reflecting the impact of the Group's growing business in Saudi and Kuwait which traditionally support lower DSO when compared against the Group's other markets.

Total Equity and Liabilities

Total Equity and Liabilities stood at US$ 1,266.1 million as at 30 June 2019, up from US$ 1,085.0 million as at 31 December 2018. The increase is mainly attributed to the Group's equity base driven by the net profit; accounting adjustments incurred during the period; and an increase in interest-bearing loans and borrowings.

The Group's total interest-bearing loans and borrowings grew by US$ 80.0 million from US$ 555.4 million as at 31 December 2018 to US$ 635.3 million as at 30 June 2019. The increase came as ADES worked to optimise its capital structure, including the issuance of a maiden 5-year US$ 325 million bond utilised to refinance the US$ 450 million syndication facility secured in March 2018 of which US$ 337.9 million was drawn.

During the period, ADES's also secured a US$ 144 million top-up to its Alinma facility to fund operational growth, of which US$ 80 million were utilised at the close of the first half of 2019.

Net debt increased to US$ 615.7 million (on a post-IFRS16 basis) as at 30 June 2019 reflecting the increase in interest-bearing loans and borrowings to finance a period of significant investment, including the purchase of two new-build land rigs in KSA, capital expenditures related to upgrade works on ADES's rigs and completion of the Weatherford acquisition. Net debt was US$ 600.7 million (On a pre-IFRS16 basis), not considering the accounting adjustments for adopting IFRS 16, impacting on the statement of financial position with increase to Finance lease liabilities of US$ 15.0 million as at 30 June 2019:

Accounts payable increased to US$ 80.8 million as at 30 June 2019 from US$ 37.4 million as at 31 December 2018. The increase was driven primarily by the growth in the Company's operating expenses. ADES's days payable outstanding (DPO) has recorded decreased to 100 days in 30 June 2019 compared to 157 days in 31 December 2018.

Cash Flow

Cash Flow by Activity

(US$ '000)	1H2019	1H2018	% change
Cash Flow from Operating Activities	61,537	904	6,702%
Net Cash Flow Used in Investing Activities	(176,759)	(88,506)	100%
Net Cash Flows from Financing Activities	24,661	69,881	-65%

Cash Flow from Operating Activities

As of 30 June 2019, net cash flow from operating activities was US$ 61.5 million, up 6,702% compared to US$ 0.9 million in 30 June 2018. The increase was primarily due to the Group's operating 36 onshore and offshore rigs by the end of 1H 2019, up significantly from the 14 rigs operated one year previously. During 1H 2019, ADES has recorded working capital improvements following its expanded presence in Saudi Arabia and Kuwait which both support a shorter working capital cycle. The Group expects working capital and free cash flow generation to improve further in 2H 2019, driven by the deployment of further assets.

Net Cash Flow Used in Investing Activities

As of 30 June 2019, net cash flow used in investing activities was US$ 176.8 million versus a negative US$ 88.5 million in 30 June 2018. The increase in cash used was driven by the acquisition of the Algerian and South Iraqi land rigs from Weatherford; significant investment to purchase two new-build land rigs in KSA; capital expenditures related to upgrade works on ADES's rigs. In 2H 2019, the Group expects its capital expenditures to be significantly lower than 1H 2019.

Net Cash Flow from Financing Activities

As of 30 June 2019, net cash flow from financing activities was US$ 24.7 million, down 65% compared to US$ 69.9 million in 30 June 2018. The cash in during H1 2019 represents utilisation of overdraft facilities of US$ 5.6 million; and the 5-year US$ 325 million bond issued which was utilised to refinance US$ 337.9 million of the US$ 450 million syndication facility secured in March 2018; and US$ 80 million utilised from the secured US$ 144 million top-up from KSA based Alinma facility to fund operational growth.

Interest and finance lease liabilities paid during the period amounted to US$ 35.1 million. As noted above, finance charges (on a recurring basis) will be higher on a full year basis than expected, with a modest impact on the Group's normalized net profit for the full year. Deleveraging to commence in 2020 with the repayment of loans following the expiry of the grace period in June 2020 for the KSA-based loans, and an expected steady improvement in Net Debt / EBITDA with the full-year impact of the newly acquired assets combined with our prudent financial policies.

Principal Risks and Uncertainties

As in any corporation, ADES is exposed to risks and uncertainties that may adversely affect its performance. The Board and senior management agree that the principal risks and uncertainties facing the Group include political and economic situation in Egypt, Algeria, 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.

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 2019 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 interim financial statements, 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 as a whole as required by DTR 4.2.4; and
- The interim management report includes a fair review of the information as required by:
  - DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of the important events that have occurred during the six months of the current financial year and their impact on the interim financial information and a description of the principal risks for the remaining six months of the year; and
  - DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially impacted the financial position or performance of the Group during the period and any material changes in the related party transactions described in the Group's Annual Report and Accounts for the year ended 31 December 2018.

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 and share-based payments expense.

LTM Proforma EBITDA – actual last twelve-month (LTM) EBITDA for the existing business, that includes the number of operating rigs for the last 12 months (16 rigs), plus the expected annualized EBITDA for the newly contracted rigs (24 rigs).

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.

DSO – Days Sales Outstanding.

DSO ratio = Average net accounts receivable / (year-to-date sales / reporting period days)

DPO – Days Payable Outstanding.

DPO ratio = Average net trade and note payables / (year-to-date cost of revenue / reporting period days)

MENA – The Middle East and North Africa.

Parent Company – ADES Investments Holding.Ltd.

Normalised Net Profit – Net profit before non-controlling interest after excluding non-recurring charges from: a) non-cash amortized prepaid transaction costs written off due to debt refinancing; b) accounting adjustments related to IFRS 3 (Business Combinations) and a one-off bargain purchase gain; c) non-cash, equity-settled share-based payment compensation from the parent company; d) non-cash fair-value adjustments under financial instruments; and e) non-recurring transactions.

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 and total finance lease liability.

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

ADES International Holding PLC (formerly "ADES International Holding Ltd") and its Subsidiaries

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

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 2019 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

26 September 2019

Dubai, United Arab Emirates

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the six months period ended 30 June 2019 (Unaudited)

US$	Notes	30 June 2019	30 June 2018 (Restated*)
Revenue from contract with customers	6	219,940,465	79,700,571
Cost of revenue	7	(128,511,093)	(40,490,051)
GROSS PROFIT		**91,429,372**	**39,210,520**
General and administrative expenses	8	(23,992,501)	(13,057,546)
End of service provision	20	(1,745,191)	(290,320)
Share-based payment expense	22	(7,470,824)	-
Provision for impairment of trade receivables	13	-	(1,250,607)
OPERATING PROFIT		**58,220,856**	**24,612,047**
Finance costs	9	(52,676,090)	(14,384,580)
Finance income	11	123,982	2,032,444
Bargain purchase gain	5	20,340,755	8,623,894
Business acquisition transaction costs		(4,383,022)	-
Other income		378,203	-
Other taxes		(80,250)	(661,893)
Other expenses		(1,093,385)	(1,108,551)
Fair value loss on derivative financial instrument	27	(4,552,297)	-
PROFIT FOR THE YEAR BEFORE INCOME TAX		**16,278,752**	**19,113,361**
Income tax expense	10	(4,234,025)	(867,641)
PROFIT FOR THE YEAR		**12,044,727**	**18,245,720**
OTHER COMPREHENSIVE INCOME		**-**	**-**
TOTAL COMPREHENSIVE INCOME		**12,044,727**	**18,245,720**
Attributable to:			
Equity holders of the Parent		11,014,962	18,245,720
Non-controlling interests		1,029,765	-
		12,044,727	**18,245,720**
Earnings per share - basic and diluted attributable to equity holders of the Parent (US$ per share)	23	**0.25**	0.43

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

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION at 30 June 2019 (Unaudited)

US$	Notes	30 June 2019	31 December 2018 (Restated*)
ASSETS			
Non-current assets			
Property, plant and equipment	15	**874,720,634**	710,417,921
Right of use assets	2.2	**21,439,010**	-
Intangible assets	16	**396,892**	456,189
Investments in an associate and a joint venture		**2,463,173**	2,184,382
Other non-current assets		**1,562,878**	1,202,586
Total non-current assets		**900,582,587**	714,261,078
Current assets			
Inventories	12	**66,428,413**	49,593,666
Trade receivables	13	**145,169,310**	100,757,512
Contract assets	13	**35,347,318**	36,369,649
Due from related parties	24	**3,003,641**	377,345
Prepayments and other receivables	14	**75,280,089**	52,849,659
Bank balances and cash	11	**40,314,309**	130,875,239
Total current assets		**365,543,080**	370,823,070
Total assets		**1,266,125,667**	1,085,084,148
EQUITY AND LIABILITIES			
Equity			
Share capital	21	**43,793,882**	43,793,882
Share premium	21	**178,746,337**	178,746,337
Merger reserve	1	**(6,520,807)**	(6,520,807)
Legal reserve		**6,400,000**	6,400,000
Share-based payments reserve	22	**7,470,824**	-
Retained earnings		**202,130,123**	191,115,161
Equity attributable to equity holders of the Parent		**432,020,359**	413,534,573
Non–controlling interests		**10,017,552**	8,987,787
Total equity		**442,037,911**	422,522,360
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	18	**270,110,526**	510,010,564
Bonds payable	19	**317,123,553**	-
Lease liabilities	2.2	**13,331,917**	5,391,573
Provisions	20	**14,013,379**	12,331,933
Derivative financial instrument	27	**6,544,324**	3,123,799
Other non-current liabilities		**10,577,216**	-
Total non-current liabilities		**631,700,915**	530,857,869
Current liabilities			
Trade and other payables	17	**140,325,102**	83,298,424
Interest-bearing loans and borrowings	18	**48,077,441**	45,258,354
Provisions	20	**1,577,918**	1,874,654
Due to related parties	24	**58,225**	56,106
Derivative financial instrument	27	**2,348,155**	1,216,381
Total current liabilities		**192,386,841**	131,703,919
Total liabilities		**824,087,756**	662,561,788
TOTAL EQUITY AND LIABILITIES		**1,266,125,667**	1,085,084,148

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

The accompanying notes 1 to 27 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 2019 (Unaudited)

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, restated*	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	-	-	-	-	-	11,014,962	11,014,962	1,029,765	12,044,727
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	11,014,962	11,014,962	1,029,765	12,044,727
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**	**202,130,123**	**432,020,359**	**10,017,552**	**442,037,911**
As at 1 January 2018	42,203,030	158,224,346	(6,520,807)	6,400,000	-	117,703,129	318,009,698	-	318,009,698
Profit for the period, restated*	-	-	-	-	-	18,245,720	18,245,720	-	18,245,720
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period, restated*	-	-	-	-	-	18,245,720	18,245,720	-	18,245,720
Share capital issued	1,590,852	-	-	-	-	-	1,590,852	-	1,590,852
Share premium received	-	20,521,991	-	-	-	-	20,521,991	-	20,521,991
Balance at 30 June 2018, restated*	43,793,882	178,746,337	(6,520,807)	6,400,000	-	135,948,849	358,368,261	-	358,368,261

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

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months period ended 30 June 2019 (Unaudited)

US$	Notes	30 June 2019	30 June 2018 (Restated*)
OPERATING ACTIVITIES			
Profit for the period before income tax		16,278,752	19,113,361
Adjustments for:			
Depreciation of property, plant and equipment	15	19,898,160	12,812,921
Amortisation of intangible assets	16	59,297	63,251
Depreciation of right of use assets	2.2	2,669,341	-
Provision for impairment of trade receivables and contract assets	13	-	1,250,607
End of services provision	20	1,745,191	-
Share-based payments expense	22	7,470,824	-
Other provisions		-	290,320
Finance costs	9	52,676,090	14,384,580
Finance income	11	(123,982)	(2,032,444)
Bargain purchase gain	5	(20,340,755)	(8,623,894)
Share of results of investment in a joint venture and an associate		211,209	-
Fair value loss on derivative financial instrument	27	4,552,299	-
Cash from operations before working capital changes		**85,096,426**	**37,258,702**
Inventories		(1,380,625)	1,128,240
Trade receivables		(44,411,798)	(17,447,094)
Contract assets		1,022,331	-
Due from related parties		(2,626,296)	(1,786,601)
Prepayments and other receivables		(25,990,149)	(1,358,942)
Trade and other payables		52,464,763	(13,501,311)
Due to related parties		2,119	(2,060,223)
Cash flows from operations		**64,176,771**	**2,232,771**
Income tax paid		(2,279,508)	(1,266,631)
Provisions paid	20	(360,481)	(61,498)
Net cash flows from operating activities		**61,536,782**	**904,642**
INVESTING ACTIVITIES			
Purchase of intangible assets	16	-	(12,497)
Purchase of property, plant and equipment		(100,155,423)	(28,275,791)
Acquisitions of subsidiaries and new rigs**		(76,237,278)	(62,250,000)
Interest received		123,982	2,032,444
Investment in an associate		(490,000)	-
Net cash flows used in investing activities		**(176,758,719)**	**(88,505,844)**
FINANCING ACTIVITIES			
Proceeds from interest-bearing loans and borrowings		85,585,672	127,007,706
Repayment of interest-bearing loans and borrowings		(337,900,000)	(27,252,059)
Proceeds from bonds issuance		325,000,000	-
Payments of loan/bonds transaction costs	19	(12,941,008)	(19,806,682)
Interest paid		(31,688,558)	(10,067,862)
Payment of lease liabilities	2.2	(3,395,099)	-
Net cash flows from financing activities		24,661,007	69,881,103
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(90,560,930)**	**(17,720,099)**
Cash and cash equivalents at the beginning of the period	11	130,875,239	136,964,417
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11	**40,314,309**	**119,244,318**

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements.

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

**It includes net amounts of cash paid for Algeria, Iraq and Kuwait transactions amounting to USD 57,859,245, USD 12,000,000 and USD 6,378,033, respectively (30 June 2018: USD 62,250,000 for Nabors transaction).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS at 30 June 2019 (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 name has changed from ADES International Holding Ltd to ADES International Holding PLC during 2019. 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.

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 2019	% equity interest 2018
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%
Advanced Transport Services	Leasing of transportation equipment	Cayman	**100%**	100%
Advanced Drilling Services	Trading	Cayman	**100%**	100%

* Advanced Energy Systems (ADES) (S.A.E) has branches in the Kingdom of Saudi Arabia and Algeria.
** 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 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 2018. No such reorganisations took place in 2019 and 2018.

(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 2019 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

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

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read with the Group's annual financial statements as at 31 December 2018. The results for the period ended 30 June 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

Basis of consolidation
The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2019. 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.

Business combinations and acquisition of non-controlling interests
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions in IAS 37 Provisions, Contingent Liabilities and Contingent Assets or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

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 2018, except for the adoption of new standards and interpretations as of 1 January 2019.

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

The Group applies, for the first time, IFRS 16 Leases that requires restatement of previous financial statements. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

IFRS 16 Leases
IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using a modified retrospective approach. There was no difference recognised in retained earnings on date of initial application of the standard as the Group adopted the approach whereby the right of use assets are initially measured equal to the lease liability. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (‘short-term leases’), and lease contracts for which the underlying asset is of low value (‘low-value assets’).

The effect of adoption IFRS 16 is as follows:
Impact on the statement of financial position (increase/(decrease)) as at 1 January 2019:

US$	
Assets	
Right-of-use assets	16,403,788
Liabilities	
Finance Lease Liabilities	16,403,788

a) Nature of the effect of adoption of IFRS 16
The Group has lease contracts for various items of property, plant and equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Leases previously classified as finance leases
The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 was applied to these leases from 1 January 2019.

Leases previously accounted for as operating leases
The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

b) Summary of new accounting policies
Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below USD 5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

c) Amounts recognised in the statement of financial position and profit or loss

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

US$	Right-of-Use Assets**	Lease Liabilities
As at 1 January 2019*	23,025,936	22,363,321
Additions	1,082,415	1,082,415
Depreciation expense	(2,669,341)	-
Interest expense	-	649,687
Payments	-	(3,395,099)
	21,439,010	**20,700,324**

*The beginning balances of right-of-use asset and lease liabilities include the office premises of the Group amounting to USD 6,622,148 and USD 5,959,533, respectively, which were accounted for as a finance lease in the prior year.
**Right-of-use assets include office premises, yards, motor vehicles and machinery and equipment.

The Group recognised rent expense from short-term leases of USD 607,896, leases of low-value assets of USD Nil and variable lease payments of USD 178,480 for the six months ended 30 June 2019.

d) Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of property, plant and equipment due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on operation if a replacement is not readily available.

3 COMPARATIVE INFORMATION

The corresponding figures for 2018 have been adjusted to reflect the IFRS 3 Business combination measurement period adjustments as discussed in Note 5. These adjustments are summarised below:

US$	As previously reported 31 December 2018	IFRS 3 Business Combination measurement period adjustment	Restated balances 31 December 2018
Consolidated statement of comprehensive income:			
Bargain purchase gain	11,737,157	(3,113,263)	8,623,894
Consolidated statement of financial position:			
Non-current assets:			
Property, plant and equipment	710,704,139	(286,218)	710,417,921
Current assets:			
Inventories	52,508,041	(2,914,375)	49,593,666
Equity:			
Retained earnings	188,693,787	2,421,374	191,115,161
Current liabilities:			
Trade and other payables	85,423,424	(2,125,000)	83,298,424

A third year consolidated statement of financial position is not presented as these adjustments have no impact on the third year numbers.

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 (2018: four geographical segments). Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment.

Segment

US$	Egypt	Algeria	KSA	Kuwait	UAE	Total
For the period ended 30 June 2019						
Revenue from contracts with customers	43,570,859	16,304,642	121,007,780	39,057,184	-	219,940,465
Gross profit (I)	50,362,795	7,030,995	19,019,367	15,016,215	-	91,429,372
Finance cost	(6,514,654)	(780)	(165,742)	(1,229,356)	(44,765,558)	(52,676,090)
Finance income	123,982	-	-	-	-	123,982
Income tax expense	-	-	(3,696,259)	(537,766)	-	(4,234,025)
Profit (i)	33,977,901	5,935,957	4,305,299	7,797,670	(41,001,865)	11,014,962
Total Assets as at 30 June 2019 (II)	712,776,339	101,039,668	121,111,101	315,770, 824	15,427,735	1,266,125,667
Total Liabilities as at 30 June 2019	262,724, 330	11,972,138	46,421,169	69,911,275	433,058,844	824,087,756
Other segment information:						
Capital expenditure (ii)	15,233,746	58,198,176	41,010,083	76,381,016	-	190,823,021
Depreciation and amortization	17,569,590	664,393	592,801	3,634,460	165,554	22,626,78
For the period ended 30 June 2018						
Revenue from contracts with customers	44,340,375	5,727,194	29,633,002	-	-	79,700,571
Gross profit	30,201,390	1,673,521	7,335,609	-	-	39,210,520
Finance cost	(9,974,266)	49,320	(128,626)	-	(4,331,008)	(14,384,580)
Income tax expense	-	(96,431)	(771,210)	-	-	(867,641)
Profit (restated*)	20,846,586	950,467	2,438,971	-	(5,990,304)	18,245,720
Total Assets as at 31 December 2018 (restated*)	712,414,636	13,686,120	80,935,512	187,009,318	91,038,562	1,085,084,148
Total Liabilities as at 31 December 2018 (restated*)	173,642,219	2,219,470	19,918,374	26,533,772	440,247,953	662,561,788
Other segment information:						
For the year ended 31 December 2018						
Capital expenditure (ii) (restated*)	41,176,697	-	230,984,752	144,036,035	-	416,197,484
Intangible assets expenditure	21,409	-	-	-	-	21,409
Total	41,198,106	-	230,984,752	144,036,035	-	416,218,893
For the period ended 30 June 2018						
Depreciation and amortisation	12,860,954	4,863	10,355	-	-	12,876,172

(i) As per the intersegment lease agreements, Egypt charged KSA and Algeria amounting to USD 41,852,821 and USD 112,805 respectively, as a lease charges (30 June 2018: 8,201,095 and 1,130,588 respectively). These amounts are not eliminated in segment wise gross profit and profit information as disclosed above.

(ii) Management presents the assets in the segment which holds such assets, while the capital expenditure is presented in the segment where such assets are utilised.

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

5 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.

A. Acquisition of three rigs from Nabors Drilling International II Limited
On 12 June 2018, the Group acquired three jack-up drilling rigs, located in the Kingdom of Saudi Arabia, in their entirety, including all spare parts, equipment and inventory, from Nabors Drilling International II Limited (Nabors). The Group acquired these rigs to expand its operations in the Kingdom of Saudi Arabia. The acquisition has been accounted for using the acquisition method.

Identifiable net assets acquired
The fair values of the identifiable net assets of these rigs as at the date of acquisition were:

US$	Fair values recognized on acquisition (Restated*)
Property and equipment*	91,328,955
Inventories*	1,657,782
Total identifiable net assets at fair values (provisional)*	**92,986,737**
Gain from bargain purchase*	(8,623,894)
Purchase consideration	**84,362,843**
Analysis of purchase consideration	
Cash paid	62,250,000
Allotment of shares**	22,112,843
	84,362,843
Analysis of cash flow on acquisition	
Net cash paid (included in cash flows from investing activities)	**62,250,000**

*During the current period, the Group completed the necessary analysis on the fair values of assets acquired and made the following retrospective adjustments:

- The Group reduced the fair value of the property and equipment by USD 3.1 million, with corresponding reduction to gain from bargain purchase for the same amount.
- The Group allocated USD 4.5 million out of total fair value of the rigs acquired to inventories as part of provisional purchase price. Upon verification of the inventories and their nature, as well as the projects where these items have been used subsequent to the acquisition date, the Group identified that USD 2.9 million of total balance represents critical spare parts which should have been recorded as part of property and equipment account. Accordingly, the Group increased fair value of the rigs and reduced inventories by USD 2.9 million as part of purchase price allocation.

**In accordance with the purchase and sale agreement, the Group issued 1,590,852 fully paid shares to Nabors, valued at the price as quoted on the London Stock Exchange on 12 June 2018.

B. Acquisitions of the rigs and subsidiaries from Weatherford Drilling International (WDI)

B.1 Acquisitions in Kuwait and The Kingdom of Saudi Arabia (KSA) – recorded in 2018
On 31 October 2018 and 30 November 2018, the Group acquired certain assets from Weatherford Drilling International in Kuwait and KSA, respectively. The acquisitions have been accounted for using the acquisition method. The Group acquired the following in Kuwait:

i) Kuwait Assets: 12 onshore rigs and related equipment, drilling contracts, other vendor contracts, certain employees, inventories to be used in the drilling business, the business intellectual property and records related to the drilling business and rig moving equipment; and

ii) A 100% interest in PDC Cyprus Holding ("PDC") (pre-qualified shareholder of UPDC for Kuwait Oil Company tender process) which has a 47.5% interest in UPDC, a Kuwait entity which handles the operations of the rigs in Kuwait including the employees and the drilling contracts.

The Group acquired 11 onshore rigs in KSA and related equipment, drilling contracts, other vendor contracts, certain employees, inventories to be used in the drilling business, the business intellectual property and records related to the drilling business.

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

US$	Provisional fair values recognized on acquisition (KSA)	Provisional fair values recognized on acquisition (Kuwait)
Property and equipment	94,861,942	130,364,292
Inventories	20,313,058	8,139,747
Accounts receivable and prepayments	-	36,925,705
Due from related parties	-	6,699,193
Bank balances and cash	-	110,528
Total assets (provisional)*	**115,175,000**	**182,239,465**
Employees' end of service benefits	-	10,505,611
Accounts payable and accruals	-	11,335,812
Due to related parties	-	6,699,193
Total liabilities (provisional)*	-	**28,540,616**
Total identifiable net assets at fair value (provisional)*	**115,175,000**	**153,698,849**
Non-controlling interest (52.5% of net assets) **	-	(8,733,565)
Bargain purchase gain arising on acquisitions, restated***	(22,675,000)	(15,587,251)
Purchase considerations, restated* **	**92,500,000**	**129,378,033**

The gross amount of trade receivables is USD 11,537,905 which approximates to its fair value. It is expected that the full contractual amounts can be collected, and management estimated that no allowance for ECL is required.

* The Group have not yet completed the additional analysis for the WDI transaction reports the components of the purchase price allocation on provisional basis in the interim condensed consolidated financial statements for the period ended 30 June 2019. Thus, the assets and liabilities may be subsequently adjusted, with a corresponding adjustment to gain from bargain purchase within one year after the respective acquisition dates.

**This represents share of non-controlling interests over the net assets of UPDC as of the acquisition date.

***During the period, management made retrospective adjustments to the amount of purchase consideration for Kuwait for the total amount of USD 5,621,967 as per the relevant clauses of the Sales and Purchase Agreement signed between WDI and the Group.

B.2 Acquisitions in Algeria and Iraq – recorded in 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 provisional fair value of the identifiable assets and liabilities as at the acquisition were:

US$	Provisional fair values recognized on acquisition (Algeria)	Provisional fair values recognized on acquisition (Iraq)
Property and equipment	57,545,878	17,200,000
Inventories	15,454,122	-
Total identifiable net assets at fair value (provisional)*	**73,000,000**	**17,200,000**
Bargain purchase gain arising on acquisitions	(15,140,755)	(5,200,000)
Purchase considerations	**57,859,245**	**12,000,000**

US$	Algeria	Iraq
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 has not yet completed the additional analysis for the WDI transaction and reports the components of the purchase price allocation on a provisional basis in the interim condensed consolidated financial statements for the period ended 30 June 2019. Thus, the assets and liabilities may be subsequently adjusted, with a corresponding adjustment to gain from bargain purchase within one year after the respective acquisition dates.

**The Group claimed and collected USD 2,140,755 from the Seller which representing 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.

6 REVENUE FROM CONTRACT WITH CUSTOMERS

US$	30 June 2019	30 June 2018
Units operations	210,160,097	77,251,347
Catering services	3,837,612	1,017,834
Projects income*	3,957,421	1,145,922
Others	1,985,335	285,468
	219,940,465	**79,700,571**

*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 only operational revenue stream is mainly drilling services (units operations) and the revenue is recognised over the time of service.

7 COST OF REVENUE

US$	30 June 2019	30 June 2018
Staff costs	45,051,645	12,569,169
Repair and maintenance costs	22,272,588	4,504,121
Depreciation (Note 15 & 2.2)	21,777,688	12,682,223
Rental equipment	2,962,979	699,996
Insurance	3,007,019	1,947,417
Project direct costs	2,088,268	453,132
Other costs	31,350,906	7,633,993
	128,511,093	**40,490,051**

8 GENERAL AND ADMINISTRATIVE EXPENSE

US$	30 June 2019	30 June 2018
Staff costs	14,517,595	8,005,132
Depreciation and amortisation (Notes 15, 16 & 2.2)	849,110	193,529
Professional fees	1,393,764	1,147,672
Business travel expenses	1,325,402	748,770
Free zone expenses	1,875,515	853,995
Rental expenses	607,896	472,343
Other expenses	3,423,219	1,636,105
	23,992,501	**13,057,546**

9 FINANCE COSTS

US$	30 June 2019	30 June 2018
Loan interest expense	18,552,330	8,533,712
Loan fees and written off prepaid transaction cost	25,080,501	4,399,432
Bond interest and bond fees amortization	5,139,064	-
Guarantee related finance charges	2,041,387	-
Interest on lease liabilities	649,687	-
IRS related finance charges	461,761	-
Interest on overdraft facilities	321,270	1,318,100
Other finance charges	430,090	133,336
	52,676,090	**14,384,580**

10 INCOME TAX

US$	30 June 2019	30 June 2018
Consolidated statement of profit or loss:		
Current income tax expense*	**4,234,025**	**867,641**

*Current income tax expense includes withholding taxes on intercompany rentals in the Kingdom of Saudi Arabia amounting to USD 2,118,101 (2018: USD 1,979,495).

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.

11 BANK BALANCES AND CASH

US$	30 June 2019	31 December 2018
Cash on hand	21,650	31,399
Bank balances	37,142,659	99,808,981
Time deposits	3,150,000	31,034,859
	40,314,309	130,875,239
Escrow account held to acquire new assets	-	(10,800,000)
Cash and cash equivalents for the purpose of statement of cash flows	40,314,309	120,075,239

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

United States Dollar (USD)	26,185,986	90,062,113
Saudi Riyal (SAR)	7,299,586	6,610,718
Egyptian Pound (EGP)	3,450,853	2,417,859
United Arab Emirates Dirham (AED)	1,518	531
Great British Pound (GBP)	183	6,111
Euro (EUR)	72	247
Algerian Dinar (DZD)	217,868	254,620
Kuwaiti Dinar (KWD)	8,243	488,181
Time deposits (USD)*	3,150,000	31,034,859
	40,314,309	**130,875,239**

*Time deposits represent short-term investment with a local bank in Egypt. Time deposits have original maturities of less than 90 days and earns average interest of 3.5% per annum. The finance income reported in the consolidated statement of comprehensive income for the period ended 30 June 2019 amounted to USD 123,982.

12 INVENTORIES

US$	30 June 2019	31 December 2018 (restated*)
Offshore rigs	20,212,512	19,536,583
Onshore rigs	16,943,300	13,028,737
Warehouse and yards	29,272,601	17,028,346
	66,428,413	**49,593,666**

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

13 TRADE RECEIVABLES AND CONTRACT ASSETS

Trade receivables

US$	30 June 2019	31 December 2018
Trade receivables	150,113,683	105,701,885
Provision for impairment in trade receivables	(4,944,373)	(4,944,373)
	145,169,310	**100,757,512**

Trade receivables are non-interest bearing and are generally on 30 to 90 days terms 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 2019, the Group has contract assets of USD 35,347,318 (31 December 2018: USD 36,369,649). As at 30 June 2019, there was no impairment of contract assets and hence no ECL has been recorded.

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

US$	30 June 2019	31 December 2018
As at 1 January	4,944,373	3,693,766
Charge for the year	-	1,250,607
As at 30 June	**4,944,373**	**4,944,373**

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 2019	52,638,263	10,583,516	8,548,919	6,699,238	66,699,374	**145,169,310**
31 December 2018	36,620,688	7,110,821	3,744,240	6,837,607	46,444,156	**100,757,512**

As at 30 June 2019, the largest portion of over due balances over 90 days is from one customer of the Group, which is a governmental entity. Management believes that the customer will reach certain milestones in 2019 and will be able to fulfil its obligations. The application of forward looking information has no material impact on the ECL provision.

14 PREPAYMENTS AND OTHER RECEIVABLES

US$	30 June 2019	31 December 2018 (restated*)
Invoice retention	32,242,717	25,933,048
Margin LG (Note 26)	10,164,823	5,635,765
Advances to contractors and suppliers	14,241,224	5,513,390
Insurance with customers	3,979,741	3,890,082
Dividends receivable	1,225,000	1,225,000
Provision for impairment in dividends receivables	(245,000)	-245,000
Other receivables and deposits	13,671,584	10,897,374
	75,280,089	**52,849,659**

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

15 PROPERTY AND EQUIPMENT

US$	*Rigs Restated**	*Furniture & Fixtures*	*Drilling pipes*	*Tools Restated*	*Assets under construction*	*IT Equipment*	*Motor Vehicles*	*Leasehold Improvements*	*Total*
Cost									
As of 1 January, 2019, Restated*	628,683,472	1,188,005	13,137,229	30,586,819	124,673,795	777,987	249,765	256,804	799,553,876
Additions	264,730	11,354	87,600	3,719,945	111,971,747	21,767	-	-	116,077,143
Acquisitions through business combinations	35,239,183	-	-	-	39,506,695	-	-	-	74,745,878
Reclassification			(5,062,203)	(2,376,007)	7,438,210	-	-	-	-
Transfers	100,681,911	3,623		2,124,755	(103,204,209)	-	-	393,920	-
As of 30 June, 2019	**764,869,296**	**1,202,982**	**8,162,626**	**34,055,512**	**180,386,238**	**799,754**	**249,765**	**650,724**	**990,376,897**
Accumulated depreciation									
As of 1 January, 2019, restated*	(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 period	(17,593,370)	(54,839)	(810,422)	(1,343,286)	-	(59,183)	(18,384)	(18,676)	(19,898,160)
As of 30 June, 2019	**(99,964,209)**	**(531,090)**	**(4,079,057)**	**(9,474,068)**	**(765,291)**	**(502,728)**	**(202,521)**	**(137,299)**	**(115,656,263)**
Net book value									
At 30 June 2019	**664,905,087**	**671,892**	**4,083,569**	**24,581,444**	**179,620,947**	**297,026**	**47,244**	**513,425**	**874,720,634**

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

15 PROPERTY AND EQUIPMENT (cont'd)

US$	Rigs Restated*	Furniture & Fixtures	Drilling pipes	Tools Restated	Assets under construction	IT Equipment	Motor Vehicles	Leasehold Improvements	Building**	Total
As of 1 January 2018	316,529,474	1,154,408	8,075,026	21,977,187	41,115,141	666,495	249,765	232,453	-	389,999,949
Additions	647,078	26,727	5,062,203	4,105,794	83,062,191	91,803	-	24,351	6,622,148	99,642,295
Acquisition through business combinations, restated*	207,415,957	-	-	3,914,375	105,224,856					316,555,188
Transfers	104,090,963	6,870	-	589,463	(104,706,985)	19,689	-	-	-	-
Transfer to Intangible Assets		-	-	-	(21,408)		-	-	-	(21,408)
As of 31 Dec, 2018, restated*	628,683,472	1,188,005	13,137,229	30,586,819	124,673,795	777,987	249,765	256,804	6,622,148	806,176,024
Accumulated depreciation										
As of 1 January, 2018	(58,139,451)	(367,329)	(1,653,630)	(6,071,696)	(765,291)	(333,381)	(145,520)	(81,676)	-	(67,557,974)
Depreciation for the year, restated*	(24,231,388)	(108,922)	(1,615,005)	(2,059,086)	-	(110,164)	(38,617)	(36,947)	-	(28,200,129)
As of 31 Dec 2018, restated*	(82,370,839)	(476,251)	(3,268,635)	(8,130,782)	(765,291)	(443,545)	(184,137)	(118,623)	-	(95,758,103)
Net book value										
At 31 Dec 2018, restated*	546,312,633	711,754	9,868,594	22,456,037	123,908,504	334,442	65,628	138,181	6,622,148	710,417,921

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

**The building reported as at 31 December 2018 pertains to the office premises of the Group under finance lease arrangement. The Group reclassified the balance on 1 January 2019 as right of use asset in accordance with the requirement of IFRS 16.

15 PROPERTY AND EQUIPMENT (cont'd)

Depreciation charge for property, plant and equipment is allocated as follows:

US$	30 June 2019	31 December 2018
Cost of revenue	19,760,546	27,936,712
General and administrative expenses	137,614	263,417
Total depreciation charge	**19,898,160**	**28,200,129**

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).

16 INTANGIBLE ASSETS

US$	30 June 2019	31 December 2018
Cost:		
As at 1 January	776,653	742,457
Additions	-	12,788
Transfer from property & equipment	-	21,408
As at 30 June	776,653	776,653
Accumulated amortisation:		
As at 1 January	320,464	197,917
Amortisation charge for the year	59,297	122,547
As at 30 June	379,761	320,464
Net carrying amount:		
As at 30 June	**396,892**	**456,189**

Intangible assets represent computer software and the related licenses.

17 TRADE AND OTHER PAYABLES

US$	30 June 2019	31 December 2018 (restated*)
Local trade payables	77,675,546	32,833,885
Foreign trade payables	920,914	4,241,609
Notes payable	2,190,597	333,519
Accrued expenses	37,054,969	14,995,275
Accrued interests	7,122,393	7,811,987
Income tax payable	5,292,811	3,040,753
Deferred consideration payable related to business acquisitions (Note 5)	-	9,875,000
Lease liabilities	7,368,407	567,960
Other payables	2,699,465	9,598,436
	140,325,102	**83,298,424**

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

18 INTEREST-BEARING LOANS AND BORROWINGS

US$	30 June 2019	31 December 2018
Balance as at 1 January	555,268,918	212,489,035
Borrowings drawn during the year	85,585,672	569,304,756
Borrowings repaid during the year	(342,964,562)	(238,038,446)
Amortised arrangement fees	20,297,939	11,513,573
Balance as at 30 June	**318,187,967**	**555,268,918**
Maturing within 12 months	48,077,441	45,258,354
Maturing after 12 months	270,110,526	510,010,564
Balance as at 30 June	**318,187,967**	**555,268,918**

Type	*Interest rate %*	*Latest maturity*	*30 June 2019 USD*	*31 December 2018 USD*
Current interest-bearing loans and borrowings				
Loan 1 Syndication				
Tranche A	5.0% + 6 Month LIBOR	3.5 years	**15,050,000**	-
				-
Ijara Loan				-
Tranche A	3.25% + 6 Months SAIBOR	7 years	**7,777,000**	-
Tranche B	3.25% + 6 Months SAIBOR	7 years	**7,777,000**	-
Tranche C	3.25% + 6 Months SAIBOR	7 years	**8,888,000**	
Credit facility 1	1.25% + Corridor	Renewable	**(185)**	(186)
Credit facility 2	1.25% + Corridor	Renewable	**2,658,754**	-
Credit facility 3	4.50% + 3 Month LIBOR	Renewable	**5,926,872**	2,999,955
Loan 2 Syndication				
Tranche A	5.0% + 6 Month LIBOR	5 years	-	21,500,000
Tranche C	5.0% + 6 Month LIBOR	5 years	-	17,568,851
Murabaha facility	5.0% + 6 Month LIBOR	5 years	-	3,189,734
Total current interest-bearing loans and borrowings			**48,077,441**	45,258,354

Type	Interest rate %	Latest maturity	30 June 2019 USD	31 December 2018 USD
Non-current interest-bearing loans and borrowings				
Loan 1 Syndication				
Tranche A	5.0% + 6 Month LIBOR	3.5 years	**48,612,473**	-
Tranche B	5.0% + 6 Month LIBOR	3.5 years	**30,000,000**	-
				-
Loan 2 Syndication				
Tranche A	5.0% + 6 Month LIBOR	5 years	-	155,039,448
Tranche B	5.0% + 6 Month LIBOR	5 years	-	41,500,000
Tranche C	5.0% + 6 Month LIBOR	5 years	-	145,862,324
Murabaha facility	5.0% + 6 Month LIBOR	5 years	-	29,779,091
Ijara loan				
Tranche A	3.25% + 6 Months SAIBOR	7 years	**58,163,053**	67,829,701
Tranche B	3.25% + 6 Months SAIBOR	7 years	**62,223,000**	70,000,000
Tranche C	3.25% + 6 Months SAIBOR	7 years	**71,112,000**	-
Total non-current interest-bearing loans and borrowings			**270,110,526**	510,010,564
Total interest-bearing loans and borrowings			**318,187,967**	555,268,918

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:

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, Tranch 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. 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 7,876,447 as transaction costs for the issuance of the bonds. The Group recognised interest expense of USD 4,884,338 for the six months period ended 30 June 2019. 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 2019				
Provision for end of service benefits	12,331,933	1,745,191	(63,745)	14,013,379
*Other tax provisions **	1,874,654	-	(296,736)	1,577,918
	14,206,587	1,745,191	(360,481)	15,591,297
31 December 2018				
Provision for end of service benefits	620,083	11,814,647	(102,797)	12,331,933
*Other tax provisions**	1,836,000	280,017	(241,363)	1,874,654
	2,456,083	12,094,664	(344,160)	14,206,587

* 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 2019	31 December 2018
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 2019 is:

Shareholders	Shareholding %	No. of shares	Value US$
ADES Investment Holding Ltd	62	27,179,084	27,446,772
Individual shareholders	38	16,614,798	16,347,110
	100	**43,793,882**	**43,793,882**

The shareholding structure as at 31 December 2018 was:

Shareholders	Shareholding %	No. of shares	Value US$
ADES Investment Holding Ltd	63	27,446,772	27,446,772
Individual shareholders	37	16,347,110	16,347,110
	100	**43,793,882**	**43,793,882**

*As at 30 June 2019 and 31 December 2018, the authorised share capital of the Company was USD 1,500,000,000 comprising of 1,500,000,000 shares.

**In 2018, the Group issued 1,590,852 shares to Nabors as part of the consideration paid for the business acquisition (Note 5).

*** Share premium represents the excess of fair value received over the par value of shares issued as a result of business combinations (Note 5) and IPO (Note 1).

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 2019. 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 2019, the Group has recognised USD 7,470,824 of share-based payment expense in the consolidated statement of profit or loss (30 June 2018: USD Nil, 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 2019, 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 2019	30 June 2018 (restated*)
Profit attributable to the ordinary equity holders of the Parent for basic and diluted EPS	11,014,962	18,245,720
Weighted average number of ordinary shares – basic and diluted	43,793,882	42,358,725
Earnings per share – basic and diluted (US$ per share)	**0.25**	**0.43**

*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:

During the period, the Group transferred funds to and on behalf of a related party, AMAK for Drilling & Petroleum Services Co. (other related party), amounting to USD 1,935,394 (30 June 2018: USD 11,265,899), for expenses of the related party.

Assets purchased from AMAK, a related party, amounted to USD Nil (2018: USD 7,400,000).

Related party balances

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

US$	30 June 2019 Due from	30 June 2019 Due to	31 December 2018 Due from	31 December 2018 Due to
Ultimate Shareholders				
Sky Investment Holding Ltd.	60,000	-	60,000	-
Intro Investment Holding Ltd.	90,503	-	90,502	-
Shareholder				
ADES Investment Holding Ltd	46,364	-	46,364	
Joint venture				
Egyptian Chinese Drilling Co. (S.A.E.)		57,197	170,618	-
Other related parties				
TBS Holding	3,027	-	3,027	-
Advansys Project	1,308	-	1,308	-
Advansys Holding	5,299	-	5,299	-
AMAK for Drilling & Petroleum Services Co.	1,880,095	-	-	55,078
ADVANSYS FOR ENG.SERV. & CONS	-	1,028	-	1,028
Intro for Trading & Contracting Co.	228	-	227	-
	3,003,641	**58,225**	**377,345**	**56,106**

Compensation of key management personnel

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

US$	30 June 2019	30 June 2018
Short-term benefits*	**2,020,000**	**2,565,000**

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

Contingent liabilities

US$	30 June 2019	30 June 2018
Letter of guarantees	**43,564,552**	**25,708,373**

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 10,164,823 (31 December 2018: USD 5,635,765).

27 FINANCIAL INSTRUMENTS

US$	30 June 2019	31 December 2018
Derivative financial Instrument		
Interest rate swap	8,892,479	4,340,180
Balance as period/ year end	8,892,479	4,340,180
Total current	**2,348,155**	**1,216,381**
Total non-current	**6,544,324**	**3,123,799**

Derivative financial instrument at 30 June 2019 amounting to USD 8,892,479 represents the negative mark to market of the interest rate swap entered into by the Group during 2019. The interest rate swap is effective from 21 November 2018 and terminates on 22 March 2023. The notional amount of the interest rate swap as at 30 June 2019 was USD 241,500,000 which represents the loans withdrawn as Tranche A and B Loan under Loan 2 Syndication (note 18).

Interest rate swaps relates 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.

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 2019				
Derivative financial Instrument				
Interest rate swap	**(8,892,479)**	**-**	**(8,892,479)**	**-**
31 December 2018				
Derivative financial Instrument				
Interest rate swap	(4,340,180)	-	(4,340,180)	-

During the period ended 30 June 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.