

Chairman Report

Dear Shareholders,

The Board of Directors is pleased to welcome the Shareholders to the eighth Annual General Meeting of Abraj Energy Services SAOG- (Abraj) and to present the Annual Report for the financial year ended 31st December 2025.

Abraj had, sustainably, performed well throughout 2025, with good steady results from the Drilling and workover services and a remarkable contribution from the Cementing and Well Services. Abraj has successfully managed to grow outside Oman by expanding its operations in Alwafra Joint Operations for the provision of drilling rigs in Kuwait, reflecting its commitment to operational efficiency and project execution excellence. This achievement not only strengthens Abraj’s foothold in the regional market but also enhances its reputation as a reliable and capable service provider. With a solid track record and a growing presence, Abraj is well-positioned to sustain its current growth trajectory and explore further expansion opportunities in the industry.

Abraj is focused on providing services around Oil and Gas Wells, during and post wells construction. From building a wider service portfolio, Abraj now focuses on strategic top-tier services coupled with strong operational efficiency to realize maximum financial returns and sustainable growth. Abraj continues to benefit from the strength of long-term contracts in generating sufficient cash flow for growth.

On behalf of the Board of Directors I would like to expresses our sincere and deep gratitude to the vision and wise great leadership of the country’s leader for maintaining sustainable growth and prosperity of the Omani Economy. Abraj Board also wishes to place on record its thanks and gratitude to the Ministry of Oil & Gas, Ministry of Commerce & Industry, Ministry of Manpower, and the Financial Services Authority for their guidance and support. Abraj Board also would like to appreciate and thank you for the valuable support and guidance from the Shareholders, Bankers, and Suppliers. The Board thanks the Management team and all Abraj employees for their dedication and commitment to meeting challenging situations.

Ayad Al Balushi

Chairman of the Board

Statement of Financial Position, Current, Non-current	Thousands/Omani Rial/Audited	
	Standalone 31/12/2025	Standalone 31/12/2024
STATEMENT OF FINANCIAL POSITION		
CONSOLIDATED AND SEPARATE		
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	189,737	201,173
Intangible assets other than goodwill	147	173
Right-of-use assets	3,020	4,081
Other non-current non-financial assets	13,709	1,050
Total non-current assets	206,613	206,477
CURRENT ASSETS		
Current inventories	27,136	28,416
Trade and other current receivables	43,731	42,951
Cash and bank balances	7,050	5,473
Other current non-financial assets	160	25
Total current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners	78,077	76,865
Total current assets	78,077	76,865
Total assets	284,690	283,342
EQUITY AND LIABILITIES		
EQUITY		
Share capital	77,020	77,020
Share premium	(90)	0
Treasury shares	65	0
Statutory reserve	14,172	12,405
Other reserves	(360)	0
Retained earnings (Accumulated losses)	55,492	56,895
Total equity	146,169	146,320
LIABILITIES		
NON-CURRENT LIABILITIES		
NON-CURRENT PROVISIONS		
Non-current provisions for employee benefits	2,215	2,398
Total non-current provisions	2,215	2,398
Borrowings, non-current	71,993	74,017
Non-current lease liabilities	2,343	3,178
Non-current derivative financial liabilities	304	0
Deferred tax liabilities	2,532	3,238
Contract liabilities, non-current / Deferred non-current revenue	1,651	1,058
Total non-current liabilities	81,038	83,889
CURRENT LIABILITIES		
CURRENT PROVISIONS		
Trade and other current payables	22,921	30,912
Borrowings, current	27,060	16,801
Current lease liabilities	822	1,012
Current derivative financial liabilities	120	0
Current tax liabilities, current	5,367	3,748
Contract liabilities, current/ Deferred current revenue	1,193	660
Total current liabilities other than liabilities included in disposal groups classified as held for sale	57,483	53,133
Total current liabilities	57,483	53,133
Total liabilities	138,521	137,022
Total equity and liabilities	284,690	283,342
Number of outstanding shares	770200000	770200000

Subclassifications of Assets, Liabilities and Equity, Current, Non-current	Thousands/Omani Rial/Audited	
	Standalone 31/12/2025	Standalone 31/12/2024
SUBCLASSIFICATIONS OF ASSETS, LIABILITIES AND EQUITIES		
CONSOLIDATED AND SEPARATE		
ASSETS		
NON-CURRENT ASSETS		
EXPLORATION AND EVALUATION ASSETS		
INVESTMENT PROPERTIES		
INVESTMENT PROPERTIES AT COST		
INVESTMENT PROPERTIES AT FAIR VALUE		
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD		
OTHER CURRENT NON-FINANCIAL ASSETS		
Contract assets, non-current/ Accrued revenue, non-current	95	68
Miscellaneous non-current non-financial assets	13,614	982
Total Other non-current non-financial assets	13,709	1,050
CURRENT ASSETS		
INVENTORIES		
Spares and consumables	28,129	29,075
Allowance for slow moving and obsolete inventories	993	659
Total current inventories	27,136	28,416
TRADE AND OTHER CURRENT RECEIVABLES		
Accounts receivables	25,887	29,009
Receivables due from related parties	3,969	2,348
PREPAYMENTS AND ACCRUED INCOME		
Prepayments	480	481
Advances	1,125	185
Total prepayments and accrued income	1,605	666
Other receivables	12,456	11,112

ANNUAL FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON 02 Mar 2026

Allowance for expected credit losses	186	184
Total trade and other current receivables	43,731	42,951
CASH AND CASH EQUIVALENTS		
CASH		
Cash on hand	15	5
Balances with banks	7,035	5,468
Total cash	7,050	5,473
CASH EQUIVALENTS		
Total cash and cash equivalents	7,050	5,473
Total cash and bank balances	7,050	5,473
OTHER CURRENT NON-FINANCIAL ASSETS		
Contract assets, current/ Accrued revenue, current	160	25
Total other current non-financial assets	160	25
EQUITY		
RESERVES		
Hedge reserve	(360)	0
Total reserves	(360)	0
LIABILITIES		
NON-CURRENT LIABILITIES		
NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS		
Employee End of Term Benefits, non current	2,215	2,398
Total Non-current provisions for employee benefits	2,215	2,398
BORROWINGS, NON CURRENT		
Borrowings from banks and other financial institutions, non current	71,993	74,017
Total Borrowings, non current	71,993	74,017
CURRENT LIABILITIES		
BORROWINGS, CURRENT		
Borrowings from banks and other financial institutions, current	17,060	16,801
Other short term borrowings	10,000	0
Total Borrowings, current	27,060	16,801
TRADE AND OTHER CURRENT PAYABLES		
Accounts payable	13,722	15,770
Payables to related parties	662	689
ACCRUALS AND DEFERRED INCOME		
Other payables	8,537	14,453
Total trade and other current payables	22,921	30,912
PROVISIONS FOR EMPLOYEE BENEFITS, CURRENT		

Income Statement, Function of expense	Thousands/Omani Rial/Audited	
	Standalone 01/01/2025-31/12/2025	Standalone 01/01/2024-31/12/2024
PROFIT OR LOSS		
CONSOLIDATED AND SEPARATE		
PROFIT OR LOSS		
Revenue	147,188	151,646
Cost of sales	111,028	113,666
Gross profit	36,160	37,980
Other income	150	801
General and administrative expense	9,132	10,262
Profit (loss) from operating activities	27,178	28,519
Impairment gain and reversal of impairment loss (impairment loss)	420	2,706
Finance income	142	128
Finance costs	6,074	5,966
Impairment (reversal of impairment) on financial assets	2	16
Profit (loss) before income tax	20,824	19,959
Income tax expense, continuing operations	3,154	3,089
Profit (loss) from continuing operations	17,670	16,870
Profit (loss) for period	17,670	16,870
PROFIT (LOSS), ATTRIBUTABLE TO		
BASIC AND DILUTED EARNINGS PER SHARE		
BASIC EARNINGS PER SHARE		
Basic earnings (loss) per share from continuing operations	0.023	0.022
Total basic earnings (loss) per share	0.023	0.022
DILUTED EARNINGS PER SHARE		
Diluted earnings (loss) per share from continuing operations	0.023	0.022
Total diluted earnings (loss) per share	0.023	0.022

Statement of comprehensive income - Net of tax	Thousands/Omani Rial/Audited	
	Standalone 01/01/2025-31/12/2025	Standalone 01/01/2024-31/12/2024
STATEMENT OF COMPREHENSIVE INCOME		
CONSOLIDATED AND SEPARATE		
Net Profit / (Loss) for the Period	17,670	16,870
OTHER COMPREHENSIVE INCOME (LOSS) TO BE RECLASSIFIED TO STATEMENT OF INCOME IN SUBSEQUENT PERIODS		
Changes in fair value of cash flow hedges	(360)	0
Total other comprehensive income that will be reclassified to profit or loss	(360)	0
OTHER COMPREHENSIVE INCOME (LOSS) NOT TO BE RECLASSIFIED TO STATEMENT OF INCOME IN SUBSEQUENT PERIODS		
Total other comprehensive income for the Period	(360)	0
Total comprehensive income for the Period	17,310	16,870
COMPREHENSIVE INCOME ATTRIBUTABLE TO		

Analysis of Income and Expense, Function of Expense	Thousands/Omani Rial/Audited	
	Standalone 01/01/2025-31/12/2025	Standalone 01/01/2024-31/12/2024
ANALYSIS OF INCOME AND EXPENSE		
CONSOLIDATED AND SEPARATE		
REVENUE		
Sale of goods	8,117	6,712
Revenue from rendering of services	115,659	122,436
LEASE REVENUE		
Operating lease rentals	23,412	22,498
Total lease revenue	23,412	22,498
Total revenue	147,188	151,646
OTHER INCOME		
Miscellaneous income	150	801
Total other income	150	801
EXPENSES		
COST OF SALES		
Cost of material consumed	20,310	20,297
Employee benefit expense	46,208	47,720
Fuel and electricity	211	93
Depreciation, depletion and amortisation	21,564	22,422
Other cost of goods sold	22,735	23,134
Total cost of sales	111,028	113,666
GENERAL AND ADMINISTRATIVE EXPENSES		
Rent and utility expenses	107	51
Employee benefit expense	5,738	5,672
Director's remuneration and sitting fees	203	191
Expected credit losses - trade and other receivables	2	16
Depreciation, depletion and amortisation	612	488
Legal and professional expense	250	739
Vehicle expenses	54	37
Printing and stationary	33	2
Advertisement and business promotion	261	198
Other expenses and fees	1,872	2,868
Total General and administrative expenses	9,132	10,262
SELLING, DISTRIBUTION AND MARKETING EXPENSES		

Statement of cash flows, indirect method	Thousands/Omani Rial/Audited	
	Standalone 01/01/2025-31/12/2025	Standalone 01/01/2024-31/12/2024
STATEMENT OF CASH FLOWS		
CONSOLIDATED AND SEPARATE		
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit for the period before taxation	20,824	19,959
ADJUSTMENTS TO RECONCILE PROFIT (LOSS)		
Adjustments for depreciation and amortisation expense	22,176	22,910
Adjustments for impairment loss (reversal of impairment loss) recognised in profit or loss	420	2,706
Adjustments for increase (decrease) in employee benefit liabilities	361	481
Adjustments for finance costs	6,074	5,966
Adjustments for finance income	142	128
Adjustments for gain (loss) on disposals, property, plant and equipment	(293)	(1,730)
Adjustments for losses (gains) on disposal of other non-current assets	(3)	(190)
Other adjustments to reconcile profit (loss)	(675)	(928)
Total adjustments to reconcile profit (loss)	28,504	32,547
Cash flows from (used in) operations before changes in working capital	49,328	52,506
WORKING CAPITAL CHANGES		
Adjustments for decrease (increase) in inventories	946	(4,786)
Adjustment for decrease (increase) in trade and other receivables	(937)	(582)
Adjustments for increase (decrease) in trade and other payables	(4,810)	(1,552)
Total adjustments to working capital changes	(4,801)	(6,920)
Net cash flows from (used in) operations	44,527	45,586
Income taxes paid (refund)	(2,177)	(2,759)
Interest paid, classified as operating activities	(5,825)	(5,493)
Employees end of service benefits paid	(544)	(301)
Other inflows (outflows) of cash	2,272	1,086
Net cash flows from (used in) operating activities	38,253	38,119
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Proceeds from sales of property, plant and equipment	17	470
Purchase of property, plant and equipment	26,424	27,902
Purchase of intangible assets	70	25
Interest received	142	128
Other inflows (outflows) of cash, classified as investing activities	(297)	(98)
Net cash flows from (used in) investing activities	(26,632)	(27,427)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from borrowings	48,810	34,721
Repayments of borrowings	40,575	29,195
Payments of lease liabilities	973	2,488
Dividends paid to equity holders of parent	17,306	16,328
Net cash flows from (used in) financing activities	(10,044)	(13,290)
Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes	1,577	(2,598)
Net increase (decrease) in cash and cash equivalents	1,577	(2,598)
Cash and cash equivalents at beginning of period	5,473	8,071
Cash and cash equivalents at end of period	7,050	5,473

Statement of cash flows, indirect method	English 01/01/2025-31/12/2025
OTHER CASH FLOW INFORMATION	
DISCLOSURE OF CASH FLOW STATEMENT	
Material Non-cash transactions	Ref #8

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ANNUAL FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON 02 Mar 2026

Non cash transactions:	2025	2024
Following non cash transactions have been excluded from above cash flows:		
Accruals for the property and equipment	3,430	(3,523)
Capex advances settled	-	(3,564)
Net movement in treasury shares	(155)	-

Statement of changes in equity	Share Capital	Reserve of cash flow hedges	Retained earnings (accumulated Losses)	Share premium	Statutory reserve	Treasury shares	Thousands/Omani Rial/Audited
	Standalone	Standalone	Standalone	Standalone	Standalone	Standalone	Standalone
	01/01/2025-31/12/2025	01/01/2025-31/12/2025	01/01/2025-31/12/2025	01/01/2025-31/12/2025	01/01/2025-31/12/2025	01/01/2025-31/12/2025	01/01/2025-31/12/2025
STATEMENT OF CHANGES IN EQ UITY							
STATEMENT OF CHANGES IN EQ UITY							
Equity at beginning of period (before adjustments)	77,020		56,895		12,405		146,320
Equity at beginning of period (after adjustments)	77,020		56,895		12,405		146,320
CHANGES IN EQ UITY							
COMPREHENSIVE INCOME							
Net Profit / (Loss) for the Period			17,670				17,670
Other comprehensive income			(360)				(360)
Total comprehensive income			17,670				17,310
Purchase of treasury shares				90		(65)	155
Transfer to reserves			(1,767)		1,767		0
Dividends			17,306				17,306
Total increase (decrease) in equity			(360)	(90)	1,767	65	(151)
Equity at end of period	77,020	(360)	55,492	(90)	14,172	65	146,169

Statement of changes in equity	Share Capital	Reserve of cash flow hedges	Retained earnings (accumulated Losses)	Share premium	Statutory reserve	Treasury shares	Thousands/Omani Rial/Audited
	Standalone	Standalone	Standalone	Standalone	Standalone	Standalone	Standalone
	01/01/2024-31/12/2024	01/01/2024-31/12/2024	01/01/2024-31/12/2024	01/01/2024-31/12/2024	01/01/2024-31/12/2024	01/01/2024-31/12/2024	01/01/2024-31/12/2024
STATEMENT OF CHANGES IN EQ UITY							
STATEMENT OF CHANGES IN EQ UITY							
Equity at beginning of period (before adjustments)	77,020		58,040		10,718		145,778
Equity at beginning of period (after adjustments)	77,020		58,040		10,718		145,778
CHANGES IN EQ UITY							
COMPREHENSIVE INCOME							
Net Profit / (Loss) for the Period			16,870				16,870
Other comprehensive income							0
Total comprehensive income			16,870				16,870
Transfer to reserves			(1,687)		1,687		0
Dividends			16,328				16,328
Total increase (decrease) in equity			(1,145)		1,687		542
Equity at end of period	77,020		56,895		12,405		146,320

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Abraj Energy Services SAOG (the “Company”) is a public joint stock company registered in the Sultanate of Oman. The Company was incorporated on 24 May 2006 and commenced its commercial operations on 4 March 2007. The Company was a closed joint stock company till 31 December 2022. During year 2022, the Company initiated the transformation from closed to a public joint stock Company. The Company became a public joint stock company on 14 March 2023. The Company is a subsidiary of OQ SAOC (the “Parent Company”) which is a closed joint stock company incorporated in Sultanate of Oman. The ultimate controlling party is Oman Investment Authority (the “Ultimate Parent”), the investment arm of the Government of Sultanate of Oman.

The registered address of the Company is PO Box 1156, Postal Code 130, Azaiba, Sultanate of Oman.

The principal activities of the Company are to provide Oilfield Services which mainly includes services such as onshore drilling, workover, flowback, well testing, well intervention, cementing, fracturing, coil tubing, integrated project management, drilling fluids services and training services.

The Company has established two branches in the Kingdom of Saudi Arabia and Kuwait. In Kuwait, the Company signed a contract with Saudi Arabian Chevron Inc – Kuwait Gulf Oil Company to provide three rigs for a project in the Wafra fields of the Saudi Arabia-Kuwaiti neutral zone and has also provided performance guarantee of RO 5.4 million to Kuwait Gulf Oil Company. During January 2024, Rig-112 arrived in Kuwait and started the drilling operations from 19 March 2024. Further, the second Rig arrived in Kuwait and started the drilling operations from 11 July 2024. The third Rig is expected to commence drilling operations in the second quarter of 2026. For Saudi Arabia branch, as at 31 December 2025 no business activities have taken place as the Company is getting itself pre-qualified with Saudi Aramco.

2 ACCOUNTING POLICIES

2.1 Basis of preparation

(a) *Statement of compliance and basis of measurement*

The financial statements of the Company have been prepared in accordance with IFRS accounting standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Commercial Companies Law of the Sultanate of Oman and the Financial Services Authority (“FSA”).

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

(b) *Functional and presentation currency*

The financial statements have been presented in Rial Omani (﷮ or “RO”) which is the functional and presentation currency. The financial statements have been rounded off to the nearest thousand, unless otherwise stated.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.2 Summary of accounting policies

The material accounting policies are as follows which are applied consistently throughout the year and are consistent with those applied in prior years:

Fair value measurement

The Company measures financial instruments such as derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

2 ACCOUNTING POLICIES (continued)

2.2 Summary of accounting policies (continued)

Fair value measurement (continued)

- In the principal market for the asset or liability
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer that reflects the consideration to which the Company expects to be entitled in exchange for goods or services. The Company recognizes revenue when it transfers control over a good or a service to a customer. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Cost to fulfil a contract

The Company capitalizes costs to fulfil a contract with a customer if the fulfilment costs meet the following criteria:

- Relate directly to an existing contract or specific anticipated contract;
- Generate or enhance resources that will be used to satisfy performance obligations in the future; and
- Are expected to be recovered.

The Company also capitalizes the incremental cost to obtain the contract. The Company amortizes the asset recognized for the costs to obtain and/or fulfil a contract on a systematic basis, consistent with the pattern of transfer of the good or service to which the asset relates. In the case of an impairment, the Company recognizes these losses to the extent that the carrying amount of the asset exceeds the recoverable amount.

Varying day rates

Day rates are determined by the activities being carried out. The Full Day Rate is applied when the rig is fully operational. A Special Rate is used when the rig performs work to compensate for deficiencies. The Reduced Rate applies to less demanding tasks such as electric logging or wireline operations. The Zero Rate is charged when the rig is idle for a specified period.

2 ACCOUNTING POLICIES (continued)

2.2 Summary of accounting policies (continued)

Revenue from contracts with customers (continued)

Varying day rates (continued)

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

<i>Type of product / service</i>	<i>Nature and timing of satisfaction of performance obligations</i>	<i>Revenue recognition policies</i>
Service revenue – Drilling, work over, well services.	Invoices for services revenue are issued on a monthly basis or earlier in case work is done before month. The contract does not contain any significant financing component.	Revenue is recognized over time as the services are provided. The stage of completion for determining the amount of revenue to recognize is assessed based on both input and output method which consider days lapsed (output) and labor days expended (input). If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated based on their relative standalone selling prices. The stand-alone selling price is determined based on the list prices at which the Company sells the services in separate transactions. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due.
Sale of products	Customers obtain control of products when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. No discounts are provided for products.	Revenue is recognized when the goods are delivered and have been accepted by customers at their premises. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due.

Mobilization revenue

Mobilization revenue represents fees for initial mobilization of rigs. These activities do not constitute delivery of a separate service to the customers but are necessary to fulfill the drilling services. Accordingly, mobilization revenue is recognized as contract liabilities and is amortized over the term of the respective contracts with customers for drilling services.

Contract fulfilment cost

Contract fulfilment cost represents costs incurred for initial mobilization of rigs. Such cost is recognized as contract fulfilment cost and is amortized over the term of the respective contracts with customers for drilling services. However, in case of new operating asset, the mobilization cost forms part of the commissioning cost of the asset.

Finance income

Interest revenue is recognized as the interest accrues using the effective interest method, under which the rate used exactly discounts, estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset

Income tax

Income tax comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

2 ACCOUNTING POLICIES (continued)

2.2 Summary of accounting policies (continued)

Income tax (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognizing deferred tax.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

VAT

Expenses and assets are recognised net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of VAT included

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting dates are translated to the functional currency at the exchange rate at reporting date.

2 ACCOUNTING POLICIES (continued)

2.2 Summary of accounting policies (continued)

Foreign currencies (continued)

The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated to the functional currency at the exchange rate at the date of the transaction. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated into the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign currency differences arising on translation of monetary items are recognized in statement of profit or loss.

Director's remuneration

Directors' remunerations are computed in accordance with the Commercial Companies Law, as per the requirements of Financial Services Authority and are recognized as an expense in the statement of profit or loss.

Dividend on ordinary shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Company's shareholders.

Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent expenditure

The cost of replacing part of an item of property and equipment and major repairs and inspections is recognized in the carrying amount of an item if it is probable that future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognized in the statement of profit or loss as and when incurred.

Depreciation

Depreciation is charged on a straight-line basis over the estimated useful lives of items of property and equipment. The estimated useful lives current and comparative period are as follows:

	<i>Years</i>
Rigs and well services equipment	3 - 30
Furniture and fixtures	3
Office and computer equipment	3 - 5
Motor vehicles	5 - 10
Building	10 - 30

Land is not depreciated.

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in statement of profit or loss.

Capital work-in-progress

Assets during construction for cash generating units, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees, costs of site preparation, installation and assembly costs and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Such assets are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets commence when the assets are ready for their intended use.

2 ACCOUNTING POLICIES (continued)

2.2 Summary of accounting policies (continued)

Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an non-financial asset (other than inventories and deferred tax assets) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast covered period of ten years.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Intangible assets

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in statement of profit or loss as incurred.

Amortization

Intangible assets are amortized on a straight-line basis over the estimated useful lives of individual assets. The estimated useful lives current and comparative year are as follows:

	<i>Years</i>
Software	7

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted annually if appropriate.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized as expenses in the period in which they are incurred.

2 ACCOUNTING POLICIES (continued)

2.2 Summary of accounting policies (continued)

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use asset

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). 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. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the estimated useful life of the underlying asset. The depreciation starts at the commencement date of the lease and the estimated useful lives of the assets, as follows:

	<i>Years</i>
Building	5
Land	2 – 30
Equipment	6
Vehicle	1 – 7

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease or, if that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- amounts expected to be payable under a residual value guarantee as stated in the contract; and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is presented as a line item in the statement of financial position.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability. The related payments are recognized as an expense in the year in which the event or condition that triggers those payments occurs and are included in the statement of profit or loss.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

2 ACCOUNTING POLICIES (continued)

2.2 Summary of accounting policies (continued)

Leases (continued)

The Company as a lessee (continued)

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed, for short term and low value leases.

The Company as lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract. The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

At initial recognition, the Company measures a financial asset (unless it is a trade receivable without a significant financing component) at its fair value plus or minus, for a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue transaction cost for financial assets carried at FVTPL are expensed in profit or loss.

2 ACCOUNTING POLICIES (continued)

2.2 Summary of accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

A trade receivable without a significant financing component is initially measured at the transaction price.

Subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its financial assets.

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these are applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Contractual cash flow characteristics test

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. The Company assesses whether the financial instruments' cash flows represent Solely for Payments of Principal and Interest (the 'SPPI'). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

The Company reclassifies a financial asset only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Classification

On initial recognition, a financial asset is classified and subsequently measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The classification depends on the entity's business model for managing the financial instruments and the contractual terms of the cash flows. The Company reclassifies these financial assets, when and only when its business model for managing those financial assets changes.

Financial assets at amortised cost (debt instruments)

Assets that are held for collection of contractual cash flows where those cash flows represent solely of principal and interest on the principal amount outstanding are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

2 ACCOUNTING POLICIES (continued)

2.2 Summary of accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at amortised cost (debt instruments) (continued)

Any gain or loss arising on derecognition is recognized directly in the statement of profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses.

Impairment losses are presented as separate line item in the statement of profit or loss through the Expected Credit Loss method.

The Company's financial assets at amortised cost includes trade receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired
- Or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is assessed to be uncollectable. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

2 ACCOUNTING POLICIES (continued)

2.2 Summary of accounting policies (continued)

Financial instruments (continued)

Financial liabilities

Initial recognition, measurement and presentation

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities can be classified as:

- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to note 15.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as interest rate swaps contracts, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

2 ACCOUNTING POLICIES (continued)

2.2 Summary of accounting policies (continued)

Derivative financial instruments and hedge accounting (continued)

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is ‘an economic relationship’ between the hedged item and the hedging instrument.
- The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as Cash flow hedges.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income (OCI) in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Company uses interest rate swaps as hedges of its exposure to variability in cashflows in forecast transactions. The ineffective portion relating to interest rate swaps is recognised as other expense. Refer to note 14 for more details.

The Company designates only the SOFR of interest rate swaps as a hedging instrument. The SOFR element is recognised in OCI and accumulated in a separate component of equity under cash flow hedge reserve. For cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average principle and includes all costs incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Provision is made where necessary for obsolete and defective items, based on management’s assessment aligning with the inventory provision policy of the Company.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand.

2 ACCOUNTING POLICIES (continued)

2.2 Summary of accounting policies (continued)

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the reserve on trading of treasury shares.

Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation, as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Increases in provisions due to the passage of time are recognised as finance costs.

Employees' end of service benefits

The Company make payment to the Omani Government Social Security scheme under Royal Decree 52/2023 for Omani employees, calculated as a percentage of the employees' salary. The Company's obligations are limited to these contributions, which are expensed when due.

The Company provide end-of-service benefits to its expatriate employees. End-of-service benefits are accrued in accordance with the terms of employment of the company's employees at the reporting date, having regard to the requirements of the Oman Labor Law and its amendments subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Employee entitlements to annual leave are recognized when they accrue to employees and an accrual is made for the estimated liability arising as a result of services rendered by employees up to the reporting date. These accruals are included in current liabilities, while that relating to end of service benefits is disclosed as a non-current liability.

Current versus non-current classification

The Company present assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classify all other liabilities as non-current.

2 ACCOUNTING POLICIES (continued)

2.2 Summary of accounting policies (continued)

Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

2.3 Changes in accounting policies and disclosures

New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – amendments to IAS 21. The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendment did not have a material impact on the Company's financial statements.

New and revised IFRS standards and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7
- Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21

The Company does not expect that these amendments will have a material impact on its financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

2 ACCOUNTING POLICIES (continued)

2.3 Changes in accounting policies and disclosures (continued)

Standards issued but not yet effective (continued)

IFRS 18 Presentation and Disclosure in Financial Statements(continued)

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements. The initial expected material impacts on Company's financial statements are, as follows:

- Foreign exchange difference will be classified in the category where the related income and expense form the item giving rising to the foreign exchange difference.
- New disclosure will be added: (a) management-defined performance measures; (b) specified expense by nature if expenses are presented by function in the operating category of the statement of profit or loss; and (c) a reconciliation for each line item in the statement of profit or loss between the restated amounts presented applying IFRS 18 and the amounts previously presented applying IAS 1.
- Interest received and interest paid will be classified in the investing activities and financing activities, respectively, on the statement of cash flows.

Annual Improvements to IFRS Accounting Standards - Volume 11

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.

The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed.

The Company is currently working to identify all impacts the amendments will have on the financial statements.

2.4 Climate-related matters

The Company considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the company due to both physical and transition risks. Even though the Company believes its business model and services will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Company is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

- Useful life of property, plant and equipment. When reviewing the residual values and expected useful lives of assets, the Company considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures.
- Impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Company's services. Even though the Company has concluded that no single climate-related assumption is a key assumption for the 2025 test of impairment, the Company considered expectations for increased costs of emissions, increased demand for services rendered by the Company and cost increases due to stricter recycling requirements in the cash-flow forecasts in assessing value-in-use amounts.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements, in conformity with IFRSs, requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditures. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized prospectively.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term

In case where the Company is a lessee, it 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 Company applies judgment and considers all relevant factors that create an economic incentive for the Company to extend the term beyond its expiry date when determining the lease term. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstance that is within its control and affect its ability to exercise (or not to exercise) the option to renew.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of property and equipment

Management performs impairment reviews on the Company's properties and equipment yearly with reference to indicators in IAS 36 Impairment of Assets. Where indicators are present and an impairment test is required, the calculation of the recoverable amount requires estimation of future cash flows.

Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cashflow model (DCF) model. The cash flows are derived from the budget for the next ten years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to property and equipment recognised by the Company. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 4.

Useful lives of property and equipment

Management estimates the useful lives and residual value of assets based on best estimates of the expected period for which the Company will derive economic benefits and the expected price for which the asset will fetch in the market when asset is sold. The calculation of useful lives and residual values is based on management's assessment of various factors such as the maintenance programs and normal wear and tear based on industry practice. These estimates are reviewed by the management at each financial year end.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Allowance for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 8(a).

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See note 30 for further disclosures.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not of the same term as borrowing arrangement).

The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the company's stand-alone credit rating).

Provision for obsolete, defective and slow moving inventory

The Company estimates a provision for obsolete, defective and slow moving inventory to ensure inventories are carried at the lower of cost and net realisable value (NRV). Individually significant items are assessed separately, while other aged or obsolete items are evaluated collectively based on their type, degree of ageing, historic usage and anticipated future utilisation. Any write-downs, losses, or reductions to NRV are recognised as expenses in the period incurred. The provision is reviewed periodically in line with Company policy, and any differences between estimated and actual realisable values are recorded in the statement of profit or loss.

4 PROPERTY AND EQUIPMENT

	<i>Rigs and well services equipment س'000</i>	<i>Furniture and fixtures س'000</i>	<i>Office and computer equipment س'000</i>	<i>Motor vehicles س'000</i>	<i>Building س'000</i>	<i>Capital work in progress (note 5) س'000</i>	<i>Total س'000</i>
Cost							
At 1 January 2024	370,813	1,161	1,369	2,351	3,794	3,023	382,511
Additions	3,010	19	130	113	-	31,717	34,989
Transfer from capital work-in-progress (note 5)	24,750	46	29	-	4,992	(29,817)	-
Disposal / written off	(7,393)	-	(133)	(117)	-	-	(7,643)
At 1 January 2025	391,180	1,226	1,395	2,347	8,786	4,923	409,857
Additions	1,089	6	124	-	-	9,143	10,362
Transfer from capital work-in-progress (note 5)	2,969	683	61	-	(686)	(3,027)	-
Disposal / written off	(7,204)	(5)	(156)	(172)	-	-	(7,537)
At 31 December 2025	388,034	1,910	1,424	2,175	8,100	11,039	412,682
Accumulated depreciation and impairment							
At 1 January 2024	186,369	1,006	974	1,848	909	-	191,106
Depreciation charge for the year	19,870	79	125	88	153	-	20,315
Impairment	2,706	-	-	-	-	-	2,706
Related to disposal / written off	(5,194)	-	(132)	(117)	-	-	(5,443)
At 1 January 2025	203,751	1,085	967	1,819	1,062	-	208,684
Depreciation charge for the year	20,172	305	307	93	191	-	21,068
Impairment	420	-	-	-	-	-	420
Related to disposal / written off	(6,894)	(5)	(301)	(172)	145	-	(7,227)
At 31 December 2025	217,449	1,385	973	1,740	1,398	-	222,945
Carrying amount							
At 31 December 2025	170,585	525	451	435	6,702	11,039	189,737
At 31 December 2024	187,429	141	428	528	7,724	4,923	201,173

4 PROPERTY AND EQUIPMENT (continued)

Details of depreciation and amortization is as below:

	2025  '000	2024  '000
Depreciation on property and equipment	21,068	20,315
Amortisation of intangible assets (note 6)	96	83
Depreciation on right-of-use assets [note 7(a)]	1,012	2,512
	22,176	22,910

The total depreciation and amortization charge for the year is allocated as follows:

	2025  '000	2024  '000
Cost of revenue (note 20)	21,564	22,422
General and administrative expenses [note 21(a)]	612	488
	22,176	22,910

- (a) Rigs and well services equipment have a negative lien against the term loan facilities with commercial banks mentioned in note 15.
- (b) The Company has leased out certain rigs and well service equipment under operating leases.

Impairment assessment:

During the year, the management has carried out impairment assessment on all cash-generating units (CGUs). The cash generating units (CGU) consist of drilling rigs, workover rigs, cement, fracturing, coil tubing and well testing, slick line, flow back and non-corrosive pumping (NCP).

Key assumptions used in value in use calculations for the current year

The recoverable amount of CGU was based higher of value in use or fair value, the value in use determined by discounting the future cash flows to be generated from the continuing use of the CGU. The principal assumptions used in the projections relate to revenue, margins and WACC. The assumptions are constructed based upon historic experience and management's best estimate of future trends and performance and consider anticipated efficiency improvements over the forecasted period.

Sensitivity analysis

The Company has performed sensitivity analysis on the Weighted Average Cost of Capital (WACC) used in impairment testing. A 1% increase in the WACC would result in an additional impairment provision of RO 137 thousand (2024: RO 157 thousand), while 1% decrease in the WACC would reduce the impairment provision by RO 141 thousand (2024: RO 162 thousand). This analysis highlights the sensitivity of the Company's financial position to changes in the WACC assumption.

Major parameters used for impairment testing are as follows:

- Future cash inflows and outflows for a period of five years and extrapolated for period beyond five years from the continuing use of the CGU and its ultimate disposal were determined.
- Capital Asset Pricing Model (CAPM) was used to determine the pretax discount rate of 9.48% (2024: 11.2%).
- Both the cash flows and the discounting rates used were on pretax basis.
- Year-on-year revenue forecast and the discounting rates were used. An inflation of 1% to 3% have been assumed on the year-on-year operating and manpower cost forecast.

4 PROPERTY AND EQUIPMENT (continued)

Impairment assessment: (continued)

Based upon the above parameters, the Company has assessed the impairment and adjusted for the necessary amount towards impairment as follow:

	2025  '000	2024  '000
Provision for impairment		
At 1 January	3,401	708
Charge for the year	420	2,706
Write off	(1)	(13)
At 31 December	3,820	3,401

The impairment provision for the four Cash Generating Units (CGUs) - Rigs 201, 202, 203, and 204 has been recognized due to their operational limitations and market conditions. These CGUs, which are approximately 18 years old, are no longer aligned with the technological requirements demanded by clients in Oman.

Management is actively evaluating a range of strategic options for these CGUs. As part of this process, management has successfully secured extensions for several of the rigs.

In light of these developments, management has reassessed the recoverable amount of the respective CGUs, resulting in the recognition of an impairment provision.

5 CAPITAL WORK-IN-PROGRESS

The movement in capital work in progress is as follows:

	2025  '000	2024  '000
At 1 January (note 4)	4,923	3,023
Additions (note 4)	9,143	31,717
Transfer to property and equipment (note 4)	(3,027)	(29,817)
At 31 December (note 4)	11,039	4,923

Transfer to property and equipment mainly represents commissioning of new assets relating to the drilling, workover business.

At 31 December 2025, capital work in progress represents cost for the upgradation of existing rigs and construction of new rigs.

During the year, the Company has capitalised borrowing costs of RO 71 thousand (2024: RO 156 thousand) in capital work-in-progress for qualifying assets.

6 INTANGIBLE ASSETS

	2025 ₹ '000	2024 ₹ '000
Cost		
At 1 January	773	748
Additions	70	25
Disposals	(3)	-
At 31 December	<u>840</u>	<u>773</u>
Amortisation		
At 1 January	600	517
Charge for the year (note 4)	96	83
Related to disposals	(3)	-
At 31 December	<u>693</u>	<u>600</u>
Carrying amount at 31 December	<u><u>147</u></u>	<u><u>173</u></u>

Intangible assets consist of computers software used in the ordinary course of the business. Additions represent the software licenses acquired during the year.

7 (a) RIGHT-OF-USE ASSETS

	<i>Building</i> ₹ '000	<i>Land</i> ₹ '000	<i>Equipment</i> ₹ '000	<i>Vehicles</i> ₹ '000	<i>Total</i> ₹ '000
At 1 January 2024	330	156	2	5,014	5,502
Additions	-	-	105	3,327	3,432
Terminations	-	-	(2)	(2,331)	(2,333)
Impact of lease modification	-	-	-	(8)	(8)
Depreciation (note 4)	(230)	(60)	(105)	(2,117)	(2,512)
At 31 December 2024	<u>100</u>	<u>96</u>	<u>-</u>	<u>3,885</u>	<u>4,081</u>
	<i>Building</i> ₹ '000	<i>Land</i> ₹ '000	<i>Equipment</i> ₹ '000	<i>Vehicles</i> ₹ '000	<i>Total</i> ₹ '000
At 1 January 2025	100	96	-	3,885	4,081
Additions	-	-	-	76	76
Terminations	-	(18)	-	(152)	(170)
Impact of lease modification	-	45	-	-	45
Depreciation (note 4)	(29)	(43)	-	(940)	(1,012)
At 31 December 2025	<u>71</u>	<u>80</u>	<u>-</u>	<u>2,869</u>	<u>3,020</u>

7 (b) LEASE LIABILITIES

	2025 ₪'000	2024 ₪'000
Current portion	822	1,012
Non-current portion	2,343	3,178
	3,165	4,190
At 1 January	4,190	5,777
Additions [note 7(a)]	76	3,432
Terminations	(173)	(2,523)
Impact of lease modification	45	(8)
Accretion of interest (note 22)	198	258
Payments	(1,171)	(2,746)
At 31 December	3,165	4,190

Maturity analysis of lease liabilities is disclosed in note 28.

The Company leases several assets including buildings, land, equipment and vehicles. The average lease term is 1 to 30 years (31 December 2024: 5 to 10 years) and there are extension option for certain contracts. During the year, certain contracts were modified because of changing contract value or contract period. This resulted in the re-measurement of lease liabilities which increased by RO 45 thousand (31 December 2024: decreased by RO 8 thousand).

The corresponding adjustment was made to right-of-use assets. Incremental borrowing rate used is 5.5% p.a. (2024: 5.5% p.a.).

The following are the amounts recognized in the statement of profit or loss:

	2025 ₪'000	2024 ₪'000
Depreciation expense on right-of-use assets (note 4)	1,012	2,512
Interest expense on lease liabilities (note 22)	198	258
Gain on the lease termination	(3)	(190)
	1,207	2,580

8 (a) TRADE RECEIVABLES

	2025 ₹ '000	2024 ₹ '000
Trade receivables from non - related parties	25,887	29,009
Trade receivable from a related party (note 24)	3,969	2,348
	29,856	31,357
Contract assets – accrued revenue	11,049	8,962
	40,905	40,319
Less: Allowance for expected credit losses	(186)	(184)
	40,719	40,135

The ageing of trade receivables at the reporting date was:

	<i>Gross</i> 2025 ₹ '000	<i>Expected credit loss</i> 2025 ₹ '000	<i>Gross</i> 2024 ₹ '000	<i>Expected credit loss</i> 2024 ₹ '000
Not due	24,101	17	25,845	4
Due within 1-90 days	5,366	15	5,001	3
Due within 91-180 days	83	3	267	3
Due within 181-270 days	55	3	152	108
Due within 271-360 days	77	15	92	66
More than one year	174	133	-	-
	29,856	186	31,357	184

The movement in the allowance for expected credit losses in respect of trade receivables is as follows:

	2025 ₹ '000	2024 ₹ '000
At 1 January	184	168
Charge for the year	2	16
At 31 December	186	184

As at the year end, total trade receivables as mentioned above are assigned in favor of commercial banks under the terms of the facility (note 15).

The Company has concentration of credit risk with respect to trade receivables and, at the reporting date 83% (31 December 2024: 88%) of trade receivables are due from four customers. These are reputable customers with a good track record of payments and the Company monitors the receivable position on a regular basis.

8 (b) ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	2025 S'000	2024 S'000
VAT receivable	1,078	1,022
Advance to liquidity provider (note 12)	975	-
Prepayments	480	481
Advance to suppliers	150	185
Other receivable	329	1,128
	<u>3,012</u>	<u>2,816</u>

9 INVENTORIES

	2025 S'000	2024 S'000
Stores, spares and consumables	28,129	29,075
Provision for slow moving, obsolete and defective inventories	(993)	(659)
	<u>27,136</u>	<u>28,416</u>

Movement in the provision for slow moving, obsolete and defective inventories is as follows:

	2025 S'000	2024 S'000
At 1 January	659	503
Charge for the year	334	156
At 31 December	<u>993</u>	<u>659</u>

10 CASH AND CASH EQUIVALENTS

	2025 S'000	2024 S'000
Cash on hand	15	5
Cash at bank	7,035	5,468
	<u>7,050</u>	<u>5,473</u>

Bank balances are placed with reputed commercial banks in Oman and are denominated in Rial Omani. Further, bank balances are not considered to be credit impaired as there is no significant increase in credit risk. Accordingly, the management of the Company estimates the loss allowance on bank balances at the end of the reporting period at an amount equal to 12 months ECL, which is immaterial and therefore not recognized in these financial statements.

11 SHARE CAPITAL

	2025  '000	2024  '000
Share capital		
Authorized share capital		
2,000,000,000 (2024: 2,000,000,000) shares of Baisa 100 each	200,000	200,000
Issued and paid up share capital		
770,200,000 (2024: 770,200,000) shares of Baisa 100 each	77,020	77,020

Shareholders of the Company who own 10% or more of shares, as at year end whether in their name, or through a nominee account, including the number of shares they hold are as follows:

	2025		2024	
	<i>No. of shares</i>	<i>%</i>	<i>No. of shares</i>	<i>%</i>
OQ SAOC	392,802,000	51	392,802,000	51

Dividends

In the Annual General Meeting (AGM) held in March 2025, the shareholders approved to pay a dividend of 22.47 baisa per share amounting to RO 17,306,394 for the financial year ended 31 December 2024 which was paid in March 2025 (2024: 21.2 baisa per share amounting to RO 16,328,240 for the financial year ended 31 December 2023 which was paid in April 2024). Proposed dividend on ordinary shares of 16.88 baisa per share amounting to RO 13,000,000 are subject to approval at the annual general meeting to be held on 24 March 2026 and are not recognised as a liability as at 31 December 2025.

12 TREASURY SHARES

During the year, the Company engaged a third party licensed liquidity provider on Muscat Securities Exchange (MSX) to facilitate the selling and buying of its own shares. Under the agreement, the gains and losses on trading of shares by the liquidity provider will accrue to the Company. At 31 December 2025, the liquidity provider held 0.46 million shares on behalf of the Company at par value. Additionally, the Company has provided an advance to the liquidity provider amounting to RO 0.975 million [note 8(b)].

The premium recognized on trading in its shares is recorded as "Reserve on trading of treasury shares". Such reserve which amounted to RO 90 thousand is classified under equity.

Net movement in treasury shares is presented in the statement of cashflows in cashflows from financing activities as below:

	2025  '000	2024  '000
Movement in treasury shares at par value	65	-
Movement in reserve on trading of treasury shares	90	-
	155	-

13 LEGAL RESERVES

Under the article 132 of the Commercial Companies Law of 2019 of the Sultanate of Oman, requires that 10% of the Company's profit be transferred to a non-distributable legal reserve until the amount of legal reserve becomes equal to one-third of the Company's share capital. During the year, the Company transferred amount of RO 1,767 thousand (2024: RO 1,687 thousand) to the legal reserve. This reserve is not available for distribution.

14 CASH FLOW HEDGE RESERVE

During the year, the Company entered into and designated interest rate swaps (IRS) as cash flow hedges of its USD-denominated term loans. These hedges cover the full notional amount and entire tenor of the underlying loans and were assessed to be fully effective. The Company manages its cashflow interest rate risk by using floating-to-fixed IRS. At the reporting date, the fair value of the swaps was recognised as a derivative liability of RO 424 thousand, with RO 360 thousand (net of tax) recorded in the cash flow hedge reserve within equity.

Movement in reserve during the year is as follows:

	2025 ₹'000	2024 ₹'000
Fair value movement in hedges	424	-
Deferred tax	(64)	-
At 31 December	<u>360</u>	<u>-</u>
Current	120	-
Non - current	304	-
	<u>424</u>	<u>-</u>

The impact of the hedging instruments on the statement of financial position is, as follows:

	Notional amount ₹'000	Carrying amount ₹'000
At 31 December 2025		
Interest rate swap A	20,674	338
Interest rate swap B	2,905	57
Interest rate swap C	1,665	29
	<u>25,244</u>	<u>424</u>

Interest rate swap A

On 28 March 2025, the Company entered into an interest rate swap (IRS) arrangement with a local bank with a fixed interest rate, covering USD Term Loan F (note 15). IRS A hedges floating interest rate (SOFR) of the Term Loan F with fixed margin rate.

Interest rate swap B

On 22 May 2025, the Company entered into an interest rate swap (IRS) arrangement with a local bank with a fixed interest rate, covering USD Tranche 1 of Term Loan G (note 15). IRS A hedges floating interest rate (SOFR) of the Term Loan F with fixed margin rate.

Interest rate swap C

On 24 July 2025, the Company entered into an interest rate swap (IRS) arrangement with a local bank with a fixed interest rate, covering USD Tranche 2 of Term Loan G (note 15). IRS A hedges floating interest rate (SOFR) of the Term Loan F with fixed margin rate.

The below table summarize the profile tenor of the notional amounts of derivatives.

	1 to 12 months ₹'000	1 to 5 years ₹'000	Over 5 years ₹'000	Total ₹'000
31 December 2025	<u>4,744</u>	<u>16,829</u>	<u>3,671</u>	<u>25,244</u>

15 TERM LOANS

	Maturity	2025 S'000	2024 S'000
Total			
Term loan A [note 14 (a)]	December 2027	-	5,627
Term loan B [note 14 (b)]	December 2029	-	16,423
Term loan C [note 14 (c)]	February 2030	19,467	24,047
Term loan D [note 14 (d)]	December 2030	22,500	27,000
Term loan E [note 14 (e)]	December 2031	21,842	17,721
Term loan F [note 14 (f)]	December 2032	20,674	-
Term loan G [note 14 (g)]	May 2033	4,570	-
		89,053	90,818
Non-current portion			
Term loan A	December 2027	-	4,348
Term loan B	December 2029	-	12,513
Term loan C	February 2030	14,887	19,467
Term loan D	December 2030	18,000	22,500
Term loan E	December 2031	18,606	15,189
Term loan F	December 2032	16,539	-
Term loan G	May 2033	3,961	-
		71,993	74,017
Current portion			
Term loan A	December 2027	-	1,279
Term loan B	December 2029	-	3,910
Term loan C	February 2030	4,580	4,580
Term loan D	December 2030	4,500	4,500
Term loan E	December 2031	3,236	2,532
Term loan F	December 2032	4,135	-
Term loan G	May 2033	609	-
		17,060	16,801

(a) Term loan A

The term loan was originally denominated in Omani Rial. Repayment was scheduled in 32 equal monthly installments, with final maturity in December 2027. Interest was payable monthly at the bank's one-year fixed deposit rate plus a fixed margin, with the deposit rate re-set semi-annually. During the year, the Omani Rial denominated facility was fully repaid and converted into a USD denominated loan.

(b) Term loan B

The term loan was originally denominated in Omani Rial. Repayment is scheduled in 32 equal quarterly installments, with a final maturity in December 2029. Interest was payable quarterly at the bank's one year fixed deposit rate plus a fixed margin, with the deposit rate reset semi-annually. During the year, the Omani Rial denominated loan was fully extinguished and converted into a USD denominated facility.

(c) Term loan C

The term loan is availed in Omani Rial. The term loan is repayable in 28 quarterly installments with the last instalment due in February 2030. Interest on the term loan is payable at Central Bank of Oman's weighted average interest rate on Deposit (WAIRD) for private sector RO time deposits Plus fixed margin.

15 TERM LOANS (continued)

(d) Term loan D

The Sharia Compliant term finance is repayable in 28 quarterly installments. The last instalment is repayable in December 2030. The profit rate is to be payable at Central Bank of Oman's Weighted Average Interest Rate on Deposit (WAIRD) for private sector RO time deposits plus fixed margin for the tenor of the term financing.

(e) Term loan E

The Sharia Compliant term finance is repayable in 28 quarterly installments. The last instalment is repayable in December 2031. The profit rate is to be payable at Central Bank of Oman's weighted average interest rate on Deposit (WAIRD) for private sector RO time deposits plus fixed margin.

(f) Term loan F

In March 2025, the Omani Rial denominated Term Loans A and B were fully extinguished and consolidated into a single USD denominated loan. The facility is repayable in 16 equal semi-annual instalments, with final maturity in December 2032. Interest is payable quarterly and calculated based on overnight SOFR plus a fixed margin. The USD denominated loan is secured by an interest rate swap (IRS).

(g) Term loan G

The term loan was availed to finance 2024 operating capex. The term loan is denominated in US Dollar. Repayment of the loan is scheduled in 32 equal installments, with the final maturity set for May 2033. Interest is payable quarterly and calculated based on overnight SOFR plus a fixed margin. The USD denominated loan is secured by an interest rate swap (IRS).

Short term loan

The Company obtained a short-term facility during the year amounting to RO 17 million to support working capital and liquidity requirements. The facility will be repaid in the ordinary course of business during the financial year ending 31 December 2026.

Security terms for all the above loans

- Clean loan with no mortgage / charge on the assets financed.
- Assignment of respective client's revenues for the assets financed by the bank [8(a)].
- Negative lien over the assets financed through management undertaking to the bank.

The Company has complied with all the financial covenants of its borrowing facilities which relate to 'Total liabilities to Net worth', 'Total Debt to Net Worth' and 'Debt Service Coverage' ratios as at 31 December 2025 and 31 December 2024.

16 CONTRACT BALANCES

16 (a) Contract liabilities

An analysis of contract liabilities is set out below:

	2025 £'000	2024 £'000
Current portion	1,193	660
Non-current portion	1,651	1,058
	<u>2,844</u>	<u>1,718</u>
At 1 January	1,718	1,856
Contract liabilities received	2,272	1,086
Mobilization revenue recognized (note 19)	(966)	(1,168)
Other revenue recognized	(180)	(56)
At 31 December	<u>2,844</u>	<u>1,718</u>

In line with the Company's accounting policy, mobilization revenue is accounted over the contract period and accordingly the revenue pertaining to future period is deferred.

16 (b) Contract fulfillment costs

An analysis of contract fulfillment costs is set out below:

	2025 £'000	2024 £'000
At 1 January	93	119
Costs incurred	297	98
Costs recognised	(135)	(124)
At 31 December	<u>255</u>	<u>93</u>

In line with the Company's accounting policy, contract fulfilment costs on existing rigs for a new contract are accounted over the contract period and accordingly the expenses pertaining to future period is deferred.

16 (c) Capex advances

The capex advances amounted to RO 13,614 thousand (31 December 2024: RO 982 thousand).

17 EMPLOYEES' END OF SERVICE BENEFITS

	2025 £'000	2024 £'000
At 1 January	2,398	2,218
Charge for the year [note 21(b)]	361	481
Payments during the year	(544)	(301)
At 31 December	<u>2,215</u>	<u>2,398</u>

18 (a) TRADE PAYABLES

	2025 S'000	2024 S'000
Trade payables to non - related parties	6,256	8,872
Trade payables to related parties (note 24)	353	319
Payables to related parties not invoice (note 24)	309	370
Payables to non - related parties not invoice	7,466	6,898
	<u>14,384</u>	<u>16,459</u>

18 (b) OTHER PAYABLES

	2025 S'000	2024 S'000
Leave encashment accrual	3,054	3,900
Accrued expenses	2,405	7,731
Performance bonus accrual	1,542	1,533
Accrued interest on loans	822	573
Social security accrual	555	559
Retention payable	92	91
Payable to customers	67	66
	<u>8,537</u>	<u>14,453</u>

19 REVENUE

	2025 S'000	2024 S'000
Revenue from contracts with customers		
Disaggregation of revenue:		
<i>Revenue recognized over time:</i>		
Service revenue - Drilling, work over, well services and maintenance	114,693	121,268
Mobilisation revenue [note 16(a)]	966	1,168
<i>Revenue recognized point in time:</i>		
Contract revenue - product	8,117	6,712
	<u>123,776</u>	<u>129,148</u>
Other revenue:		
Leased operating assets	23,412	22,498
	<u>147,188</u>	<u>151,646</u>

All revenues are generated from Oman and Kuwait markets. The revenue disaggregated by primary geographical markets and major products is disclosed in note 27.

The Company leases out some assets which are classified as operating leases because they do not transfer substantially all the risks and rewards incidental to the ownership of such assets.

19 REVENUE (continued)

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after reporting date.

	<i>2025</i>  '000	<i>2024</i>  '000
Less than one year	20,094	19,613
One to two years	17,282	16,609
Two to three years	6,269	13,363
Three to four years	4,552	3,209
Four to five years	1,684	1,897
More than five years	2,698	2,555
	<u>52,580</u>	<u>57,246</u>

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

20 COST OF REVENUE

	<i>2025</i>  '000	<i>2024</i>  '000
Employee related costs [note 21(b)]	46,208	47,720
Depreciation and amortization (note 4)	21,564	22,422
Materials and spares consumed	20,310	20,297
Transportation	9,893	10,136
Camp and catering costs	3,715	3,794
Equipment rentals	2,144	1,823
Repairs and maintenance	1,846	2,367
Reimbursable costs	1,488	1,049
Vehicle rentals	937	441
Insurance	813	846
Vehicle running	635	571
Communication	370	558
Inspection	367	397
Water and electricity	211	93
Mobilization and demobilization expenses	126	473
Business travel	73	127
Legal and professional charges	47	13
Miscellaneous	281	539
	<u>111,028</u>	<u>113,666</u>

21 (a) GENERAL AND ADMINISTRATIVE EXPENSES

	2025 £'000	2024 £'000
Employee related costs [note 21(b)]	5,738	5,672
Repairs and maintenance	835	753
Depreciation and amortization (note 4)	612	488
Loss on disposal of property and equipment	294	1,730
Advertisement and sales promotion	261	198
Legal and professional charges	250	739
Directors - other remuneration (note 24)	175	155
Business travel	123	126
Insurance	113	57
Subscription and membership	109	96
Water and electricity	80	31
Vehicle rentals	36	19
Communication	34	48
Printing and stationary	33	2
Food expenses	30	29
Directors - sitting fees (note 24)	28	36
Rent	27	20
Vehicle running	18	18
Miscellaneous	336	45
	<u>9,132</u>	<u>10,262</u>

21 (b) EMPLOYEE RELATED COSTS

The employee costs consist the following:

	2025 £'000	2024 £'000
Wages and salaries	38,585	38,784
Social insurance provisions under the Social Protection Fund	4,230	4,014
Performance bonus	1,366	1,351
End of service benefits (note 17)	361	481
Other benefits	7,404	8,762
	<u>51,946</u>	<u>53,392</u>

22 FINANCE COSTS AND FINANCE INCOME

An analysis of finance cost is set out below:

	2025 £'000	2024 £'000
Interest on term loans	4,929	5,100
Interest on short term loan	640	268
Bank charges / exchange fluctuations	307	340
Interest on lease liabilities [note 7(b)]	198	258
	<u>6,074</u>	<u>5,966</u>

22 FINANCE COSTS AND FINANCE INCOME (continued)

An analysis of finance income is set out below:

	2025  '000	2024  '000
Interest income on call accounts	34	40
Other finance income	108	88
	<u>142</u>	<u>128</u>

23 INCOME TAX EXPENSE

The Company is liable for income tax in accordance with the income tax laws of Sultanate of Oman, at the rate of 15% of taxable income.

The Company's effective tax rate is 15.1% (31 December 2024: 15.5%).

Recognized in the statement of profit or loss and comprehensive income:

	2025  '000	2024  '000
Statement of profit or loss:		
Current tax:		
Current year	3,806	3,748
Prior years	(10)	84
	<u>3,796</u>	<u>3,832</u>
Deferred tax:		
Current year	(651)	(743)
Prior years	9	-
	<u>3,154</u>	<u>3,089</u>
Other comprehensive income:		
Deferred tax:		
Current year	(64)	-
	<u>3,090</u>	<u>3,089</u>

	2025  '000	2024  '000
Reconciliation		
Profit before tax	20,824	19,959
Income tax as per rates mentioned above	3,124	2,994
Non-deductible expenses	31	11
Prior year adjustment- deferred tax	9	-
Prior year adjustment- current tax	(10)	84
Tax expense for the year	<u>3,154</u>	<u>3,089</u>

23 INCOME TAX EXPENSE (continued)

	2025 S'000	2024 S'000
Current tax payable		
At 1 January	3,748	2,673
Charge for the year	3,796	3,832
Payment during year	(2,177)	(2,757)
At 31 December	<u>5,367</u>	<u>3,748</u>

The deferred tax comprises the following temporary differences:

	As at 1 January S'000	(Charge) / reversal to profit or loss S'000	Charge to other comprehensive income S'000	As at 31 December S'000
2025				
Deferred tax liabilities				
Property and equipment	3,627	(443)	-	3,184
Deferred expenses	14	24	-	38
	<u>3,641</u>	<u>(419)</u>	<u>-</u>	<u>3,222</u>
Deferred tax assets				
Provision for impairment	28	-	-	28
Deferred income	258	169	-	427
Provision for inventories	99	50	-	149
Provision on donation	2	(2)	-	-
Derivatives financial instruments	-	-	64	64
Right-of-use assets and lease liabilities	16	6	-	22
	<u>403</u>	<u>223</u>	<u>64</u>	<u>690</u>
2024				
Deferred tax liabilities				
Property and equipment	4,389	(762)	-	3,627
Deferred expenses	18	(4)	-	14
	<u>4,407</u>	<u>(766)</u>	<u>-</u>	<u>3,641</u>
Deferred tax assets				
Provision for impairment	25	3	-	28
Deferred income	278	(20)	-	258
Provision for inventories	75	24	-	99
Provision on donation	6	(4)	-	2
Right-of-use assets and lease liabilities	41	(25)	-	16
	<u>425</u>	<u>(22)</u>	<u>-</u>	<u>403</u>

The tax returns of the Company up to the years 2020 have been agreed with the Tax Authority of the Sultanate of Oman.

The Board of Directors are of the opinion that additional taxes, if any, related to the open tax years would not be significant to the Company's financial position as at 31 December 2025.

23 INCOME TAX EXPENSE (continued)

On 31 December 2024, Oman issued Royal Decree Number 70/2024, enacting new global minimum tax rules to align with the Organization for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (“BEPS”) Pillar Two project. Under Pillar Two, multinational enterprises (MNEs) whose group annual revenue exceeds EUR 750 million (in two of the last four years) are liable to pay corporate income tax at minimum effective tax rate of 15% in each jurisdiction they operate. The enacted law includes the implementation of a Domestic Minimum Top-up Tax (DMTT) and Income Inclusion Rule (IIR). These rules are effective for fiscal years beginning on or after 1 January 2025.

For the year ended 31 December 2025, the Company did not recognise any current tax expense related to Pillar Two income taxes, on the basis that the effective tax rate for the Parent Company in Oman jurisdiction exceeds the minimum threshold of 15%. Based on the assessment performed to date, the Company does not expect the application of Pillar Two to result in a material top-up tax liability.

24 RELATED PARTY TRANSACTIONS AND BALANCES

The Company enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The transactions between related parties are carried out at mutually agreed terms which are agreed between the management of the company and the management of the respective related party. The significant transactions entered into by the Company with related parties, other than those disclosed elsewhere in these financial statements, are as follows:

	2025 ﷼'000	2024 ﷼'000
Sale of goods and services		
Revenue from the OQ Exploration and Production SAOG (entity under common control)- Drilling and workover and well services	21,060	21,569
Purchases of goods and services		
Fuel, lubricants and others from Oman Oil Marketing Company SAOG – entity under common control	2,796	4,423
OQ SAOC (Parent Company) – charge back of software cost	78	-
Directors remuneration and sitting fees		
Directors - other remunerations [note 21(a)]	175	155
Directors - sitting fees [note 21(a)]	28	36
	203	191
	2025 ﷼'000	2024 ﷼'000
Key management compensation		
Short term employee benefits	1,040	789
Post employment benefits	6	9
	1,046	798

24 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	2025 ﷼'000	2024 ﷼'000
Related party balances		
Receivable from the OQ Exploration and Production SAOG- entity under common control [note 8(a)] - Drilling and workover and well services	3,969	2,348
Payable to Oman Oil Marketing Company SAOG – entity under common control [note 18(a)]	481	689
Payable to OQ SAOC – Parent Company [note 18(a)]	160	-
Payable to Takatuf Oman LLC – entity under common control [note 18(a)]	21	-
	662	689

Balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received in respect of these balances.

In accordance with IAS 24 "Related Party Disclosures", the Company has chosen to avail partial exemption under IAS 24 available to government entities, including the Oman Investment Authority (OIA) and other entities controlled, jointly controlled, or significantly influenced by the Government of Oman. All individually significant transactions and balances are disclosed in the notes above. There are no other transactions that are individually insignificant but collectively significant.

25 CONTINGENT LIABILITIES

	2025 ﷼'000	2024 ﷼'000
Bank guarantees	29,713	24,590
Legal cases	441	2,901
Total	30,157	27,491

The contingent liability for legal cases is relating to an amount of RO 441 thousand (31 December 2024: RO Nil) for which a case is filed by one of the employees in the Court of Investment and Commerce. The Company has made adequate provisions for the claim.

26 COMMITMENTS

As at 31 December 2025, the Company had contractual capital commitments of RO 50,576 thousand (31 December 2024: RO 4,595 thousand) relating to property and equipment.

27 SEGMENT REPORTING

The Company has the two reportable segments: Drilling and Work Over, Well Services and Others. All revenues are generated in the Oman and Kuwait market.

Information related to each reportable segment is set out below. Segment profit/(loss) before tax is used to measure performance because the chief executive officer, who acts as chief operating decision maker believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

27 SEGMENT REPORTING (continued)

The financial information that the chief operating decision makers reviews for Drilling and Workover and Well services & others are as follows:

	For the year ended 31 December 2025								
	Drilling & Workover			Well Services & Others			Total		
	Oman S'000	Kuwait S'000	Total S'000	Oman S'000	Kuwait S'000	Total S'000	Oman S'000	Kuwait S'000	Total S'000
Revenue	120,607	7,400	128,007	19,181	-	19,181	139,788	7,400	147,188
Cost of revenue (excluding depreciation and amortization)	(71,663)	(4,060)	(75,723)	(13,741)	-	(13,741)	(85,404)	(4,060)	(89,464)
Depreciation and amortization	(16,745)	(1,350)	(18,095)	(3,469)	-	(3,469)	(20,214)	(1,350)	(21,564)
Gross profit	32,199	1,990	34,189	1,971	-	1,971	34,170	1,990	36,160
Administrative costs (excluding depreciation and amortization)	(7,466)	(514)	(7,980)	(540)	-	(540)	(8,006)	(514)	(8,520)
Depreciation and amortization	-	-	-	(612)	-	(612)	(612)	-	(612)
Other income	150	-	150	-	-	-	150	-	150
Impairment of property and equipment	(590)	-	(590)	170	-	170	(420)	-	(420)
Reversal for expected credit loss on trade receivables	(2)	-	(2)	-	-	-	(2)	-	(2)
Operating profit	24,291	1,476	25,767	989	-	989	25,280	1,476	26,756
Finance costs	(4,699)	(976)	(5,675)	(399)	-	(399)	(5,098)	(976)	(6,074)
Finance income	142	-	142	-	-	-	142	-	142
Profit before tax	19,734	500	20,234	590	-	590	20,324	500	20,824
Income tax expense	(2,978)	(76)	(3,054)	(100)	-	(100)	(3,078)	(76)	(3,154)
Net profit for the year	16,756	424	17,180	490	-	490	17,246	424	17,670
Total segment assets	239,073	24,339	263,412	21,173	105	21,278	260,246	24,444	284,690
Total segment liabilities	103,897	24,270	128,167	10,249	105	10,354	114,146	24,375	138,521
Capital expenditure	22,055	3,109	25,164	1,248	9	1,257	23,303	3,118	26,421

27 SEGMENT REPORTING (continued)

	For the year ended 31 December 2024								
	Drilling & Workover			Well Services & Others			Total		
	Oman S '000	Kuwait S '000	Total S '000	Oman S '000	Kuwait S '000	Total S '000	Oman S '000	Kuwait S '000	Total S '000
Revenue	131,279	3,999	135,278	16,368	-	16,368	147,647	3,999	151,646
Cost of revenue (excluding depreciation and amortization)	(76,219)	(2,288)	(78,507)	(12,737)	-	(12,737)	(88,956)	(2,288)	(91,244)
Depreciation and amortization	(18,531)	(879)	(19,410)	(3,012)	-	(3,012)	(21,543)	(879)	(22,422)
Gross profit	36,529	832	37,361	619	-	619	37,148	832	37,980
Administrative costs (excluding depreciation and amortization)	(8,120)	(354)	(8,474)	(1,300)	-	(1,300)	(9,420)	(354)	(9,774)
Depreciation and amortization	(381)	(60)	(441)	(47)	-	(47)	(428)	(60)	(488)
Other income	801	-	801	-	-	-	801	-	801
Impairment of property and equipment	(2,622)	-	(2,622)	(84)	-	(84)	(2,706)	-	(2,706)
Allowance for expected credit loss on trade receivables	(14)	-	(14)	(2)	-	(2)	(16)	-	(16)
Operating profit	26,193	418	26,611	(814)	-	(814)	25,379	418	25,797
Finance costs	(4,961)	(694)	(5,655)	(311)	-	(311)	(5,272)	(694)	(5,966)
Finance income	99	17	116	12	-	12	111	17	128
Profit before tax	21,331	(259)	21,072	(1,113)	-	(1,113)	20,218	(259)	19,959
Income tax expense	(3,299)	40	(3,259)	170	-	170	(3,129)	40	(3,089)
Net profit for the year	18,016	(219)	17,797	(927)	-	(927)	17,089	(219)	16,870
Total segment assets	226,425	25,908	252,333	27,825	3,184	31,009	254,250	29,092	283,342
Total segment liabilities	109,497	12,529	122,026	13,456	1,540	14,996	122,953	14,069	137,022
Capital expenditure	13,123	18,948	32,071	2,918	-	2,918	16,041	18,948	34,989

All property and equipment's are located in Oman and Kuwait.

ANNUAL FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON 02-03-2026

28 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks arising from:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of directors (the "Board") entrusted the Management with the responsibility of development and monitoring the Company's risk management policies and procedures and its compliance with them. The Company's Internal Audit oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Financial instruments carried on the statement of financial position comprise trade and other receivables, cash and cash equivalents, trade and other payables, lease liabilities, derivative financial instruments and borrowings. The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to mitigate the potential adverse effects on the Company's financial performance.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers or counterparty. The carrying amount of financial assets represents the maximum credit exposure.

The Company does not foresee any significant increase in credit risk based on the financial condition of the banks and other factors if any, since the date such financial asset is being originated as the bank's credit ratings have not gone down by two notches after the date of deposit till the date of the financial information.

For trade receivables, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at expected credit loss (ECL).

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast economic conditions at the reporting date. The Company's exposure to credit risk on trade and other receivables is influence mainly by the individual characteristics of each customer.

As at the reporting date the Company has provided for RO 186 thousand (31 December 2024: RO 184 thousand) as allowance for expected credit losses [note 8(a)]. Apart from this, management believes that the Company is not exposed to any significant credit risk.

	2025	2024
	₤'000	₤'000
Financial assets		
Trade receivables	40,719	40,135
Advances and other receivables	2,382	2,150
Cash at bank	7,035	5,468
Total	50,136	47,753

28 FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

Credit risk (continued)

The details of the risk profile of trade receivables based on the Company's provision matrix is provided in note 8(a).

As at 31 December 2025 and 31 December 2024, though the Company has significant bank balances, Management believes that the risk arising out of these balances are minimal as these are with local banks with good financial standing.

	Ratings	2025 S'000	2024 S'000
Bank balance			
National Bank of Oman	BAA3	3,003	2,456
National Bank of Kuwait	A1	2,039	933
Alizz Islamic Bank	BAA3	1,003	1,432
Meethaq Islamic Bank	BAA3	485	121
Oman Arab Bank	BAA3	296	305
Sohar International Bank	BAA3	66	132
Bank Dhofar	BAA3	58	59
Ahli Bank	A2	57	-
First Abu Dhabi Bank	AA3	17	17
Alinma Bank Saudi	A2	10	10
Bank Muscat	BAA3	1	3
Total (note 10)		<u>7,035</u>	<u>5,468</u>

As per management, balances due from related parties are fully recoverable.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The detail maturities of the Company's undiscounted financial liabilities based on contractual payment dates, at reporting date are given below:

Non-derivative financial liabilities

	Carrying Amount S'000	Total S'000	Contractual cash flow			
			6 months or less S'000	6 to 12 months S'000	1 to 5 Years S'000	More than 5 years S'000
2025						
Term loans	89,053	103,567	11,554	9,994	75,731	6,288
Short term loan	10,000	10,057	10,057	-	-	-
Lease liabilities	3,165	3,716	556	475	2,039	646
Trade payables	14,384	14,384	14,384	-	-	-
Other payables	4,860	4,860	4,860	-	-	-
	<u>121,462</u>	<u>136,584</u>	<u>41,411</u>	<u>10,469</u>	<u>77,770</u>	<u>6,934</u>

28 FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

Liquidity risk (continued)

Non-derivative financial liabilities (continued)

	Carrying Amount S '000	Total S '000	Contractual cash flow			
			6 months or less S '000	6 to 12 months S '000	1 to 5 Years S '000	More than 5 years S '000
2024						
Term loans	90,818	107,557	11,607	10,369	82,947	2,634
Lease liabilities	4,190	4,336	604	448	2,519	765
Trade payables	16,459	16,459	16,459	-	-	-
Other payables	9,928	9,928	9,928	-	-	-
	<u>121,395</u>	<u>138,280</u>	<u>38,598</u>	<u>10,817</u>	<u>85,466</u>	<u>3,399</u>

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign currency risk

The Company's functional and presentation currency is Rial Omani. The Company's contracts with its clients are entered in US \$, Kuwaiti Dinar as well as in Rial Omani and therefore its receipts are in US \$, Kuwaiti Dinar and in Rial Omani. Part of the Company's expenses are in US \$, Kuwaiti Dinar and partly in Rial Omani. However, since Rial Omani is effectively pegged to US \$, the Company is not exposed to any significant currency risks. In case of Kuwaiti Dinar since it is subject to basket of currencies with US \$ and therefore to that extent it is exposed to currency risk but it is not significant.

Interest rate risk

The Company is exposed to interest rate risk as a significant portion of its borrowings are subject to floating interest rates. For RO denominated loans, the exposure is limited to movements in the CBO Weighted Average Interest Rate on Deposits (WAIRD), as the credit spread is fixed for the tenor of the loans.

For USD denominated loans, the Company has entered into interest rate swap (IRS) arrangements to mitigate the risk arising from fluctuations in interest rates. Management continuously monitors interest rate movements and reviews the effectiveness of its risk mitigation strategies on an ongoing basis. At 31 December 2025, after taking into account the effect of interest rate swaps, approximately 28% of the Company's borrowings are at a fixed rate of interest (2024: 24%).

	2025		2024	
	S '000 20 bp Increase	S '000 20 bp Decrease	S '000 20 bp Increase	S '000 20 bp Decrease
Interest rate expense	<u>(132)</u>	<u>132</u>	<u>(174)</u>	<u>174</u>

29 CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base to sustain future development of the business. The management monitors the return on equity, which the Company defines as net profit divided by total shareholders' equity on weighted average basis. No changes were made in the objectives, policies or processes during the year ended 31 December 2025 and 31 December 2024.

29 CAPITAL MANAGEMENT (continued)

	2025  '000	2024  '000
Net profit	17,670	16,870
Average equity	146,245	146,049
Return on equity (percentage)	12.1%	11.5%

30 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Company management believe that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

Fair value measurements recognized in the statement of financial position

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

At 31 December 2025 and 31 December 2024 the Company has following level 2 financial instruments only.

	2025  '000	2024  '000
Level 2 instruments		
Fair value of derivative financial instruments	424	-

31 EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit for the year attributable to the shareholders by the weighted average number of shares in issue during the year as follows:

	2025	2024
Profit attributable to shareholders (RO'000)	17,670	16,870
Weighted average number of shares for basic and diluted EPS (Thousand)	770,200	770,200
Basic and diluted earnings per share (RO)	0.023	0.022

32 CHANGES IN CASH FLOWS FROM FINANCING ACTIVITIES

	<i>Term loans</i> <i>﷌'000</i>	<i>Short term loan</i> <i>﷌'000</i>	<i>Lease liabilities</i> <i>﷌'000</i>	<i>Total</i> <i>﷌'000</i>
2025				
At 1 January	90,818	-	4,190	95,008
Disbursement/availed during the year	31,810	17,000	-	48,810
Non-cash adjustments	-	-	(52)	(52)
Repayments during the year	(33,575)	(7,000)	-	(40,575)
Payment of lease liabilities	-	-	(973)	(973)
At 31 December	<u>89,053</u>	<u>10,000</u>	<u>3,165</u>	<u>102,218</u>
	<i>Term loans</i> <i>﷌'000</i>	<i>Short term loan</i> <i>﷌'000</i>	<i>Lease liabilities</i> <i>﷌'000</i>	<i>Total</i> <i>﷌'000</i>
2024				
At 1 January	85,292	-	6,246	91,538
Disbursement/availed during the year	17,721	17,000	-	34,721
Non-cash adjustments	-	-	432	432
Repayments during the year	(12,195)	(17,000)	-	(29,195)
Payment of lease liabilities	-	-	(2,488)	(2,488)
At 31 December	<u>90,818</u>	<u>-</u>	<u>4,190</u>	<u>95,008</u>

33 Corresponding figures

Certain corresponding figures for year ended 31 December 2025 have been reclassified in order to confirm to the presentation for the current year. Such reclassifications do not affect previously reported profit or shareholder's equity.

Filing Information	01/01/2025-31/12/2025
GENERAL INFORMATION ABOUT FINANCIAL STATEMENTS	
Type of company	SAOG
Commercial Registration (CR) number	1844555
Name of reporting entity	ABRAJ ENERGY SERVICES SAOG
Listing status	Listed
Ticker code (Symbol)	ABRJ
Licensing Status	Not Licensed with FSA
Licensed for	Not Applicable
Type of Fund	Not Applicable
Sector	Services Sector
Sub-sector	Oil and Gas
Category of filer	Services Companies
Reporting period frequency	Annual
Whether reporting entity is preparing financial statements for the first financial period since its establishment	No
Reporting period start date	01/01/2025
Reporting period end date	31/12/2025
Description of reporting currency	Omani Rial
Level of rounding off for monetary values	Thousands
Description of nature of financial statements	Audited
Preparation format	Standalone