

Chairman's Report

Dear Shareholders,

On behalf of the Board of Directors of Abraj Energy Services SAOG, I am pleased to present the condensed interim financial statements for the third quarter of 2024.

The Company 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.

HSE:

Abraj HSE performance in Q3 2024 was excellent as there was no Loss Time Incident (LTI), no recordable incident or any other major incident in Q3 2024. All Units have achieved Unit KPI target score in Q3 2024 as per defined criteria. In Q3 2024, a dedicated CCTV workshop conducted with site supervisors to enhance their awareness about at-risk behaviors. HSE forum with level 1 contractors conducted in Q3 2024 and shared Abraj HSE performance, KPI and learning from incidents.

Company Financial Performance

Key Financials of your company-

During the nine months ending on September 30, 2024, revenue increased by 7.7% compared to the same in 2023, increasing from OMR 10

Segment Performances – Q3-2024:

Drilling and Workover

In the current operational cycle, Abraj fleet operating 22 Drilling rigs and 5 workover units in Oman and 2 Drilling Rigs in Kuwait with of 89% utilization for our drilling rigs and 100% utilization for workover rigs.

Our national market share remains at 29% for drilling rigs and becoming the leader and national champion of Oman in the drilling rig market.

Abraj committed to provide high-quality services for drilling rigs involves ensuring operational efficiency, safety, and reliability throughout the drilling operations.

Well Services and Others

Abraj has established a strong foothold in the well services sector, capturing a 20% market share in core services. This achievement is largely due to its superior service quality and innovative technology, which have allowed the company to outpace competitors in certain regions.

The company has also made significant inroads in the cementing market, particularly with its major customer, PDO, in Oman. The commissioning and mobilization of a second Frac fleet for PDO-Gas Frac project positions Abraj strategically for future opportunities in hydraulic fracturing.

Looking ahead, Abraj is committed to expanding its well services portfolio and enhancing its regional presence. This will be pursued through successful prequalification, strategic bidding, and the formation of partnerships, ensuring the company remains competitive in a rapidly evolving market

Acknowledgements:

On behalf of the Board of Directors, I take this opportunity to express their sincere and deep gratitude to the vision and wise leadership of the country's leader His Majesty Sultan Haitham bin Tariq for maintaining the sustainable growth and prosperity of the Omani Economy. Abraj Board also appreciates the valuable support and guidance from the various stakeholders such as Government agencies, Shareholders, Clients, Management, Employees, Bankers, and Suppliers.

Ayad Al Balushi

Chairman of the Board

Statement of Financial Position, Current, Non-current	Thousands/Omani Rial/Reviewed		
	Standalone 30/09/2024	Standalone 30/09/2023	Standalone 31/12/2023
STATEMENT OF FINANCIAL POSITION			
CONSOLIDATED AND SEPARATE			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	202,574	190,193	191,405
Intangible assets other than goodwill	178	247	231
Right-of-use assets	4,881	4,503	5,502
Deferred tax asset	470	513	426
Other non-current financial assets	3,376	4,030	4,640
Total non-current assets	211,479	199,486	202,204
CURRENT ASSETS			
Current inventories	28,531	22,933	23,786
Trade and other current receivables	40,729	41,328	42,385
Cash and bank balances	4,959	4,292	8,071
Other current financial assets	25	25	25
Total current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners	74,244	68,578	74,267
Total current assets	74,244	68,578	74,267
Total assets	285,723	268,064	276,471
EQUITY AND LIABILITIES			
EQUITY			
Share capital	77,020	77,020	77,020
Statutory reserve	12,220	10,167	10,718
Retained earnings (Accumulated losses)	55,230	53,080	58,040
Total equity	144,470	140,267	145,778
LIABILITIES			
NON-CURRENT LIABILITIES			
NON-CURRENT PROVISIONS			
Non-current provisions for employee benefits	2,385	2,216	2,218
Total non-current provisions	2,385	2,216	2,218
Borrowings, non-current			
Non-current lease liabilities	4,726	2,928	3,565
Deferred tax liabilities	4,245	4,553	4,407
Contract liabilities, non-current / Deferred non-current revenue	1,207	1,285	1,094
Total non-current liabilities	88,485	78,336	83,344
CURRENT LIABILITIES			
CURRENT PROVISIONS			
Trade and other current payables	31,375	23,785	28,469
Borrowings, current			
Current lease liabilities	293	1,856	2,212
Current tax liabilities, current	2,877	2,055	2,674
Contract liabilities, current / Deferred current revenue	740	764	762
Total current liabilities other than liabilities included in disposal groups classified as held for sale	52,768	49,461	47,349
Total current liabilities	52,768	49,461	47,349
Total liabilities	141,253	127,797	130,693
Total equity and liabilities	285,723	268,064	276,471
Number of outstanding shares	770200000	770200000	770200000

Subclassifications of Assets, Liabilities and Equity, Current, Non-current	Thousands/Omani Rial/Reviewed		
	Standalone 30/09/2024	Standalone 30/09/2023	Standalone 31/12/2023
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			
CURRENT ASSETS			
INVENTORIES			
Spares and consumables	29,374	23,901	24,289
Allowance for slow moving and obsolete inventories	843	968	503
Total current inventories	28,531	22,933	23,786
TRADE AND OTHER CURRENT RECEIVABLES			
Accounts receivables	25,662	33,137	25,837
Receivables due from related parties	5,075	6,329	5,129
PREPAYMENTS AND ACCRUED INCOME			
Prepayments	900	869	635
Advances	605	136	457
Total prepayments and accrued income	1,505	1,005	1,092
Other receivables	8,655	978	10,495
Allowance for expected credit losses	168	121	168
Total trade and other current receivables	40,729	41,328	42,385
CASH AND CASH EQUIVALENTS			
CASH			
Cash on hand	9	265	20
Balances with banks	4,950	4,027	8,051
Total cash	4,959	4,292	8,071

INTERIM CONDENSED FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON
30 Oct 2024

CASH EQUIVALENTS			
Total cash and cash equivalents	4,959	4,292	8,071
Total cash and bank balances	4,959	4,292	8,071
OTHER CURRENT NON-FINANCIAL ASSETS			
EQUITY			
RESERVES			
LIABILITIES			
NON-CURRENT LIABILITIES			
NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS			
Employee End of Term Benefits, non current	2,385	2,216	2,218
Total Non-current provisions for employee benefits	2,385	2,216	2,218
BORROWINGS, NON CURRENT			
Borrowings from banks and other financial institutions, non current	75,922	67,354	72,060
Total Borrowings, non current	75,922	67,354	72,060
CURRENT LIABILITIES			
BORROWINGS, CURRENT			
Borrowings from banks and other financial institutions, current	17,483	21,001	13,232
Total Borrowings, current	17,483	21,001	13,232
TRADE AND OTHER CURRENT PAYABLES			
Accounts payable	17,429	14,685	16,401
Payables to related parties	819	1,114	1,490
ACCRUALS AND DEFERRED INCOME			
Other payables	13,127	7,986	10,578
Total trade and other current payables	31,375	23,785	28,469
PROVISIONS FOR EMPLOYEE BENEFITS, CURRENT			

Income Statement, Function of expense	Thousands/Omani Rial/Reviewed			
	Standalone 01/07/2024-30/09/2024	Standalone 01/07/2023-30/09/2023	Standalone 01/01/2024-30/09/2024	Standalone 01/01/2023-30/09/2023
PROFIT OR LOSS				
CONSOLIDATED AND SEPARATE				
PROFIT OR LOSS				
Revenue	36,347	36,425	114,268	106,072
Cost of sales	27,589	27,547	85,476	82,658
Gross profit	8,758	8,878	28,792	23,414
Other income		(14)		
General and administrative expense	2,204	1,657	6,353	4,685
Other expenses	(32)	154	325	695
Profit (loss) from operating activities	6,586	7,053	22,114	18,034
Finance income	66	29	177	130
Finance costs	1,534	1,453	4,517	4,739
Profit (loss) before income tax	5,118	5,629	17,774	13,425
Income tax expense, continuing operations	768	1,062	2,754	2,375
Profit (loss) from continuing operations	4,350	4,567	15,020	11,050
Profit (loss) for period	4,350	4,567	15,020	11,050
PROFIT (LOSS), ATTRIBUTABLE TO				
BASIC AND DILUTED EARNINGS PER SHARE				
BASIC EARNINGS PER SHARE				
Basic earnings (loss) per share from continuing operations	0.006	0.006	0.020	0.014
Total basic earnings (loss) per share	0.006	0.006	0.020	0.014
DILUTED EARNINGS PER SHARE				
Diluted earnings (loss) per share from continuing operations	0.006	0.006	0.020	0.014
Total diluted earnings (loss) per share	0.006	0.006	0.020	0.014

Statement of comprehensive income - Net of tax	Thousands/Omani Rial/Reviewed			
	Standalone 01/07/2024- 30/09/2024	Standalone 01/07/2023- 30/09/2023	Standalone 01/01/2024- 30/09/2024	Standalone 01/01/2023- 30/09/2023
STATEMENT OF COMPREHENSIVE INCOME				
CONSOLIDATED AND SEPARATE				
Net Profit / (Loss) for the Period		4,350	4,567	15,020
OTHER COMPREHENSIVE INCOME (LOSS) TO BE RECLASSIFIED TO STATEMENT OF INCOME IN SUBSEQUENT PERIODS				
OTHER COMPREHENSIVE INCOME (LOSS) NOT TO BE RECLASSIFIED TO STATEMENT OF INCOME IN SUBSEQUENT PERIODS				
Total comprehensive income for the Period		4,350	4,567	15,020
COMPREHENSIVE INCOME ATTRIBUTABLE TO				

Analysis of Income and Expense, Function of Expense	Thousands/Omani Rial/Reviewed			
	Standalone 01/07/2024-30/09/2024	Standalone 01/07/2023-30/09/2023	Standalone 01/01/2024-30/09/2024	Standalone 01/01/2023-30/09/2023
ANALYSIS OF INCOME AND EXPENSE				
CONSOLIDATED AND SEPARATE				
REVENUE				
Sale of goods	1,569	1,784	4,519	5,024
Revenue from rendering of services	29,078	29,287	92,940	85,227
LEASE REVENUE				
Operating lease rentals	5,700	5,354	16,809	15,821
Total lease revenue	5,700	5,354	16,809	15,821
Total revenue	36,347	36,425	114,268	106,072
OTHER INCOME				
Miscellaneous income		(14)		
Total other income		(14)		
EXPENSES				
COST OF SALES				
Cost of material consumed	5,089	5,720	15,190	16,547
Employee benefit expense	11,595	11,719	36,227	35,438
Fuel and electricity	121	79	248	200
Depreciation, depletion and amortisation	5,610	5,329	16,895	15,900
Other cost of goods sold	5,174	4,700	16,916	14,573
Total cost of sales	27,589	27,547	85,476	82,658
GENERAL AND ADMINISTRATIVE EXPENSES				
Rent and utility expenses	21	10	44	19
Employee benefit expense	1,424	1,090	4,318	3,405
Director's remuneration and sitting fees	45	39	134	139
Expected credit losses - trade and other receivables		17		(187)
Depreciation, depletion and amortisation	105	105	316	290
Legal and professional expense	96	205	204	490
Vehicle expenses	10	1	27	16
Advertisement and business promotion	0	35	120	57
Other expenses and fees	503	155	1,190	456
Total General and administrative expenses	2,204	1,657	6,353	4,685
SELLING, DISTRIBUTION AND MARKETING EXPENSES				

INTERIM CONDENSED FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON
30 Oct 2024

Statement of cash flows, indirect method	Thousands/Omani Rial/Reviewed	
	Standalone 01/01/2024-30/09/2024	Standalone 01/01/2023-30/09/2023
STATEMENT OF CASH FLOWS		
CONSOLIDATED AND SEPARATE		
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit for the period before taxation	17,774	13,425
ADJUSTMENTS TO RECONCILE PROFIT (LOSS)		
Adjustments for depreciation and amortisation expense	17,211	16,190
Adjustments for increase (decrease) in employee benefit liabilities	350	382
Adjustments for finance costs	4,517	4,739
Adjustments for finance income	177	130
Adjustments for gain (loss) on disposals, property, plant and equipment	(324)	(695)
Other adjustments to reconcile profit (loss)	(690)	(888)
Total adjustments to reconcile profit (loss)	21,535	20,988
Cash flows from (used in) operations before changes in working capital	39,309	34,413
WORKING CAPITAL CHANGES		
Adjustments for decrease (increase) in inventories	(5,085)	(4,328)
Adjustment for decrease (increase) in trade and other receivables	2,302	(5,566)
Adjustments for increase (decrease) in trade and other payables	2,314	368
Adjustments for decrease (increase) in other working capital items	(646)	1,890
Total adjustments to working capital changes	(1,115)	(7,636)
Net cash flows from (used in) operations	38,194	26,777
Income taxes paid (refund)	(2,757)	(3,138)
Interest paid, classified as operating activities	(3,925)	(4,499)
Employees end of service benefits paid	(183)	(121)
Net cash flows from (used in) operating activities	31,329	19,019
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Proceeds from sales of property, plant and equipment	42	25
Purchase of property, plant and equipment	25,470	11,868
Purchase of intangible assets	10	105
Interest received	177	130
Other inflows (outflows) of cash, classified as investing activities	988	17,853
Net cash flows from (used in) investing activities	(24,273)	6,035
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from borrowings	34,000	53,653
Repayments of borrowings	25,886	61,092
Dividends paid to equity holders of parent	16,328	15,404
Other inflows (outflows) of cash, classified as financing activities	(1,954)	(2,039)
Net cash flows from (used in) financing activities	(10,168)	(24,882)
Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes	(3,112)	172
Net increase (decrease) in cash and cash equivalents	(3,112)	172
Cash and cash equivalents at beginning of period	8,071	4,120
Cash and cash equivalents at end of period	4,959	4,292

INTERIM CONDENSED FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON
30 Oct 2024

Statement of changes in equity	Thousands/Omani Rial/Reviewed							
	Share Capital	Retained earnings (accumulated Losses)	Statutory reserve	Standalone	Share Capital	Retained earnings (accumulated Losses)	Statutory reserve	Standalone
	Standalone	Standalone	Standalone	01/01/2024-30/09/2024	Standalone	Standalone	Standalone	01/01/2023-30/09/2023
	01/01/2024-30/09/2024	01/01/2024-30/09/2024	01/01/2024-30/09/2024		01/01/2023-30/09/2023	01/01/2023-30/09/2023	01/01/2023-30/09/2023	
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	77,020	58,539	9,062	144,621
Equity at beginning of period (after adjustments)	77,020	58,040	10,718	145,778	77,020	58,539	9,062	144,621
CHANGES IN EQ UITY								
COMPREHENSIVE INCOME								
Net Profit / (Loss) for the Period		15,020		15,020		11,050		11,050
Total comprehensive income		15,020		15,020		11,050		11,050
Transfer to reserves		(1,502)	1,502	0		(1,105)	1,105	0
Dividends		16,328		16,328		15,404		15,404
Total increase (decrease) in equity		(2,810)	1,502	(1,308)		(5,459)	1,105	(4,354)
Equity at end of period	77,020	55,230	12,220	144,470	77,020	53,080	10,167	140,267

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 the year 2023, 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 now a subsidiary of OQ SAOC (the “Parent”) following the transfer of all the shares from OQ Exploration and Production LLC on 4th July 2024, OQ SAOC 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 (KGOC) 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 (KGOC). During January 2024, Rig-112 started the drilling operations from 19th March 2024. Further, 2nd Rig started the drilling operations from 11th July 2024. Company is awaiting from client (KGOC) for mobilization notice for 3rd Rig. For Saudi Arabia branch, no business activities have taken place as company is getting itself pre-qualified with Saudi Aramco.

2 Basis of preparation

These condensed interim financial statement for the period ended 30 September 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Company’s last annual audited financial statements as at and for the year ended 31 December 2023 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements.

3 Use of judgement and estimates

In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

3. Use of judgements and estimates (continued)

Judgements

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.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in following notes:

Impairment of property and equipment

Management performs impairment reviews on the Company's properties and equipment assets quarterly 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.

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.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

3. Use of judgements and estimates (continued)

Assumptions and estimation uncertainties (continued)

Measurement of fair values (continued)

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

4 Change in accounting policy

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Company's audited financial statements as at and for the year ended 31 December 2023.

The policy for recognising and measuring income taxes in the interim period is disclosed in Note 23 and is consistent with that applied in the comparative interim period except for the changes outlined below.

a. New and amended standards adopted by the Company

Following are the standards that are effective from 01 January 2024.

- Amendment to IAS 7 and IFRS 7, Supplier Finance Arrangements.
- Amendments to IFRS 16, Lease liability in a sale and leaseback.

The Company has adopted Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1, as issued in 2020 and 2022. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current liabilities that are subject to covenants within 12 months after the reporting period. Despite the change in policy, there is no current period or retrospective impact on the comparative statement of financial position as of 31 December 2023 and for the Nine months period ended 30 September 2024.

The change in accounting policy will also be reflected in the Company's financial statements as at and for the year ending 31 December 2024.

b. Impact of new standards (issued but not yet adopted by the Company)

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted. The Company has not early adopted any of the forthcoming new or amended accounting standards in preparing these condensed interim financial statements.

The Company is currently assessing the impact of the below not yet effective amendments on financial statements:

New standards or amendments	Effective date
• Lack of Exchangeability – Amendments to IAS 21	01 January 2025
• Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption/effective date deferred indefinitely

5 Property and equipment

	Rigs and well services equipment RO'000	Furniture and fixtures RO'000	Office and computer equipment RO'000	Motor vehicles RO'000	Building RO'000	Capital work in progress (note 6) RO'000	Total RO'000
Cost							
At 1 January 2023 (audited)	360,052	1,145	1,152	2,456	3,793	3,549	372,147
Additions during the year	3,941	16	155	-	1	10,783	14,896
Transfer from capital work-in-progress (note 6)	11,236	-	71	2	-	(11,309)	-
Asset disposal / written off	(3,947)	-	(9)	(107)	-	-	(4,063)
Accrual for assets written off	(469)	-	-	-	-	-	(469)
At 31 December 2023 (audited)	370,813	1,161	1,369	2,351	3,794	3,023	382,511
At 1 January 2023 (audited)	360,052	1,145	1,152	2,456	3,793	3,549	372,147
Additions during the period	1,781	15	113	-	1	7,208	9,118
Transfer from capital Work-in-progress	8,729	-	71	2	-	(8,804)	(2)
Asser disposal/written off	(2,413)	-	-	(97)	-	-	(2,510)
Accrual for assets written off	(494)	-	-	-	-	-	(494)
At 30 September 2023 (unaudited)	367,655	1,160	1,336	2,361	3,794	1,953	378,259
At 1 January 2024 (audited)	370,813	1,161	1,369	2,351	3,794	3,023	382,511
Additions during the period	900	14	108	100	-	25,593	26,715
Transfer from capital work-in-progress (note 6)	22,448	46	29	-	-	(22,523)	-
Asset disposal / written off	(3,482)	-	(132)	-	-	-	(3,614)
Accrual for assets written off	661	-	-	-	-	-	661
At 30 September 2024 (unaudited)	391,340	1,221	1,374	2,451	3,794	6,093	406,273

5 Property and equipment (continued)

	Rigs and well services equipment RO'000	Furniture and fixtures RO'000	Office and computer equipment RO'000	Motor vehicles RO'000	Building RO'000	Capital work in progress (note 6) RO'000	Total RO'000
Accumulated depreciation and impairment							
At 1 January 2023 (audited)	171,629	924	860	1,871	757	-	176,041
Depreciation charge for the year	18,879	82	123	83	152	-	19,319
Impairment reversal during the year	(757)	-	-	-	-	-	(757)
Asset disposal / written off	(2,890)	-	(9)	(106)	-	-	(3,005)
Accrual for assets written off	(492)	-	-	-	-	-	(492)
31 December 2023 (audited)	186,369	1,006	974	1,848	909	-	191,106
At 1 January 2023 (audited)	171,629	924	860	1,871	757	-	176,041
Depreciation charge for the period	13,979	62	90	64	114	-	14,309
Asset disposal/written off	(1,730)	-	-	(97)	-	-	(1,827)
Accrual for assets written off	(457)	-	-	-	-	-	(457)
At 30 September 2023 (unaudited)	183,421	986	950	1,838	871	-	188,066
1 January 2024 (audited)	186,369	1,006	974	1,848	909	-	191,106
Depreciation charge for the period	14,851	58	92	63	114	-	15,178
Asset disposal / written off	(2,451)	-	(131)	-	-	-	(2,582)
Accrual for assets written off	(3)	-	-	-	-	-	(3)
At 30 September 2024 (unaudited)	198,766	1,064	935	1,911	1,023	-	203,699
Carrying amount							
At 30 September 2024 (unaudited)	192,574	157	439	540	2,771	6,093	202,574
At 31 December 2023 (audited)	184,444	155	395	503	2,885	3,023	191,405

5 **Property and equipment (continued)**

Details of depreciation and amortization is as below:

	(Unaudited)			
	Three months ended		Nine months ended 30	
	30 September		September	
	2024	2023	2024	2023
	RO'000	RO'000	RO'000	RO'000
Depreciation on property and equipment	5,147	4,861	15,178	14,309
Amortisation of intangible assets (note 7)	21	22	63	51
Depreciation on right-of-use assets (note 8a)	547	551	1,970	1,830
Depreciation and amortization	<u>5,715</u>	<u>5,434</u>	<u>17,211</u>	<u>16,190</u>

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

Cost of sales (note 20)	5,610	5,329	16,895	15,900
General and administrative expenses (note 21a)	105	105	316	290
	<u>5,715</u>	<u>5,434</u>	<u>17,211</u>	<u>16,190</u>

- During the period, the Company capitalized finance cost of RO 127.1 thousand (31 Dec 2023: RO 39.7 thousand) in the cost of the capital work-in-progress of qualifying assets.
- Rigs and well services equipment have a negative pledge against the term loan facilities with banks mentioned in note 14.
- The Company has leased out rigs and well service equipment under operating leases.

6 **Capital work-in-progress**

	30 September 2024 (Unaudited) RO'000	30 September 2023 (Unaudited) RO'000	31 December 2023 (Audited) RO'000
Rigs and other service line assets not commissioned	2,622	394	1,055
Building under construction	3,471	1,559	1,968
Balance as at	<u>6,093</u>	<u>1,953</u>	<u>3,023</u>
The movement in capital work in progress is as follows:			
At 1 January	3,023	3,549	3,549
Addition during the period/year (note 5)	25,593	7,208	10,783
Transfer to property and equipment (note 5)	(22,523)	(8,804)	(11,309)
Balance as at	<u>6,093</u>	<u>1,953</u>	<u>3,023</u>

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

7 Intangible assets

	30 September 2024 (Unaudited) RO'000	30 September 2023 (Unaudited) RO'000	31 December 2023 (Audited) RO'000
Cost			
At beginning of the period	748	635	635
Additions during the period/year	10	105	113
Transfers from capital work in progress (Note 7)	-	2	-
At end of the period	758	742	748
Amortization			
At beginning of the period	517	444	444
Charge for the period/year (note 5)	63	51	73
At end of the period	580	495	517
Carrying amount at end of the period/year	178	247	231

Intangible assets consist of computers software used in the ordinary course of the business.

8a. Right-of-use assets

	Building RO'000	Land RO'000	Equipment RO'000	Vehicles RO'000	Total RO'000
At 1 January 2023 (audited)	136	123	106	5,631	5,996
Additions	452	93	-	2,381	2,926
Terminations and related adjustments	-	-	-	(750)	(750)
Impact of lease modification	-	-	-	5	5
Less: depreciation	(258)	(60)	(104)	(2,253)	(2,675)
At 31 December 2023 and 1 January 2024 (audited)	330	156	2	5,014	5,502
Additions	-	-	105	3,256	3,361
Terminations and related adjustments	-	-	(3)	(2,001)	(2,004)
Impact of lease modification	-	-	-	(8)	(8)
Less: depreciation	(193)	(44)	(78)	(1,655)	(1,970)
At 30 September 2024	137	112	26	4,606	4,881

8b. Lease liabilities

	30 September 2024 (Unaudited) RO'000	31 December 2023 (Audited) RO'000
Lease liabilities	<u>5,019</u>	<u>5,777</u>
Current portion	293	2,212
Non-current portion	<u>4,726</u>	<u>3,565</u>
Balance as at period/year	<u>5,019</u>	<u>5,777</u>
At 1 January	5,777	6,246
Additions (note 8a)	3,361	2,926
Terminations and other adjustments	(2,157)	(769)
Impact of lease modification	(8)	5
Add: interest cost (note 22)	195	324
Less: payments during the period/year	<u>(2,149)</u>	<u>(2,955)</u>
Balance as at period/year end	<u>5,019</u>	<u>5,777</u>

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 5 to 10 years (31 December 2023: 5 to 10 years). During the period, certain contracts were modified. This resulted in the re-measurement of lease liabilities decreased by RO 8 thousand (31 December 2023: increased by RO 5 thousand). The corresponding adjustment was made to right-of-use assets. Incremental borrowing rate used is 5.5% p.a (31 December 2023: 5.5% p.a).

	30 September 2024 (Unaudited) RO'000	31 December 2023 (Audited) RO'000
Depreciation expense on right-of-use assets	1,970	2,723
Interest expense on lease liabilities	195	324
Expense relating to short-term leases	<u>153</u>	<u>19</u>
	<u>2,318</u>	<u>3,066</u>

9a Trade receivables

Trade receivables from non - related parties	25,662	25,837
Trade receivable from a related party (note 24)	5,075	5,129
Less: allowance for expected credit losses	<u>(168)</u>	<u>(168)</u>
	<u>30,569</u>	<u>30,798</u>
Accrued revenue	6,577	8,650
Balance as at period / year end	<u>37,146</u>	<u>39,448</u>

9a Trade receivables (continued)

The ageing of trade receivables and receivable from a related parties at the reporting date was:

	Gross 2024 RO'000	Impairment 2024 RO'000	Gross 2023 RO'000	Impairment 2023 RO'000
Not due	23,776	13	25,683	13
Due within 1-90 days	5,939	1	4,196	1
Due within 91-180 days	379	4	304	4
Due within 181-270 days	220	40	426	40
Due within 271-360 days	104	10	100	10
More than one year	319	100	257	100
	30,737	168	30,966	168

All the trade receivable are performing and none of the trade receivable have been considered as credit impaired.

Movement in the allowance for impaired debt is as follows:

	30 September 2024 (Unaudited) RO'000	31 December 2023 (Audited) RO'000
Balance as at 1 January	168	308
Less: reversal of the provision for the period / year	-	(140)
Balance as at period / year end	168	168

At the period end, total trade receivables as mentioned above are assigned in favor of banks under the terms of the facility (note 14).

The Company has concentration of credit risk with respect to trade debtors and, at the reporting date 84% (31 December 2023: 87%) 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.

9b Advance, prepayments, and other receivables

	30 September 2024 (Unaudited) RO'000	31 December 2023 (Audited) RO'000
Other receivables	2,078	1,838
Advance to suppliers	605	457
Prepayments	900	635
Deposits	-	7
Balance as at period / year end	3,583	2,937

10 Inventories

	30 September 2024 (Unaudited) RO'000	31 December 2023 (Audited) RO'000
Stores, spares and consumables	29,374	24,289
Provision for obsolete and slow-moving inventories	(843)	(503)
Balance as at period / year end	<u>28,531</u>	<u>23,786</u>

Movement in the provision for inventories is as follows:

Balance as at 1 January	503	968
Add: charge for the period / year	340	160
Less: reversal of the provision for the period / year	-	(625)
Balance as at period / year end	<u>843</u>	<u>503</u>

11 Cash and cash equivalents

	30 September 2024 (Unaudited) RO'000	31 December 2023 (Audited) RO'000
Cash on hand	9	20
Cash at bank	4,950	8,051
Total cash and cash equivalents	<u>4,959</u>	<u>8,071</u>

12 Share capital

	30 September 2024 (Unaudited) RO'000	31 December 2023 (Audited) RO'000
Share capital		
Authorized share capital		
2,000,000,000 (2023: 200,000,000) shares of Baisa 100 each	<u>200,000</u>	<u>200,000</u>
Issued and paid up share capital		
770,200,000 (2023: 770,200,000) shares of Baisa 100 each	<u>77,020</u>	<u>77,020</u>

Approved / paid dividend

In the Annual General Meeting (AGM) held in March 2024, the shareholders approved to pay a dividend of 21.2 baisa per share amounting to RO 16,328,240 for the financial year ended 31 December 2023 which were paid in April 2024 (2023: 20 baisa per share amounting to RO 15,404,000 for the financial year ended 31 December 2022 which was paid in April 2023).

13 Legal reserves

Under the article 132 of the Commercial Companies Law, 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. This reserve is not available for distribution.

14 Term loans

	Maturity	30 September 2024 (Unaudited) RO'000	31 December 2023 (Audited) RO'000
Total			
Term loan A [note 14 (a)]	December 2027	5,884	6,395
Term loan B [note 14 (b)]	December 2029	17,205	18,770
Term loan C [note 14 (c)]	February 2030	25,192	28,627
Term loan D [note 14 (d)]	December 2030	28,125	31,500
Term loan E [note 14 (e)]	December 2031	16,999	-
		<u>93,405</u>	<u>85,292</u>
Non-current portion			
Long term loan A	December 2027	4,605	5,372
Long term loan B	December 2029	13,295	15,641
Long term loan C	February 2030	20,612	24,047
Long Term loan D	December 2030	23,625	27,000
Long Term loan E	December 2031	13,785	-
		<u>75,922</u>	<u>72,060</u>
Current portion			
Long term loan A	December 2027	1,279	1,023
Long term loan B	December 2029	3,910	3,129
Long term loan C	February 2030	4,580	4,580
Long Term loan D	December 2030	4,500	4,500
Long Term loan E	December 2031	3,214	-
		<u>17,483</u>	<u>13,232</u>

(a) Term loan A

The term loan is denominated in Omani Rials. The final maturity is December 2027. Interest on the term loan is payable on a monthly basis at the one-year fixed deposit rate of the bank plus a fixed margin. The one-year fixed deposit rate is reset on a semi-annual basis by the bank.

(b) Term loan B

The term loan was converted from USD to OMR in April 2023. Repayment of the loan is scheduled in 32 equal installments, with the final maturity set for December 2029. The interest on the term loan is payable quarterly, calculated at the one-year fixed deposit rate of the bank plus a fixed margin. The one-year fixed deposit rate is reset on a semi-annual basis by the bank.

(c) Term loan C

The term loan is availed in OMR. 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 OMR time deposits Plus fixed margin.

(d) Term loan D

In the previous year, the Company has availed term finance from an Islamic Bank. The term finance is repayable in 28 quarterly installments. The last instalment is repayable in December 2030. The rate of return on the Islamic term financing is fixed for the first year and thereafter, the profit rate will be payable at Central Bank of Oman's Weighted Average Interest Rate on Deposit (WAIRD) for private sector OMR time deposits plus fixed margin for the tenor of the term financing.

14 Term loans (continued)

(e) Term loan E

During the current period, the Company has availed term finance from an Islamic financial institution. The term finance is repayable in 28 quarterly installments. The last instalment is repayable in December 2031. The rate will be payable at Central Bank of Oman's weighted average interest rate on Deposit (WAIRD) for private sector OMR time deposits plus fixed margin.

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.
- Negative lien over the assets financed through management undertaking to the bank.
- There is no breach on any of the covenants as per the facilities documents executed with the bank. (31 December 2023: no breach).

15. Deferred income and deferred expenses

15a Deferred income

An analysis of deferred income is set out below:

	30 September 2024 (Unaudited) RO'000	31 December 2023 (Audited) RO'000
Deferred income	<u>1,947</u>	<u>1,856</u>
Current portion	<u>740</u>	<u>762</u>
Non-current portion	<u>1,207</u>	<u>1,094</u>
Balance as at period/year end	<u>1,947</u>	<u>1,856</u>
Balance as at 1 January	1,856	2,884
Add: income received during the period/year	1,086	-
Less: income recognized during the period/year	(995)	(1,028)
Balance as at period/year end	<u>1,947</u>	<u>1,856</u>

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

15b. Deferred expenses

An analysis of deferred expense is set out below:

	30 September 2024 (Unaudited) RO'000	31 December 2023 (Audited) RO'000
Deferred expenses	<u>99</u>	<u>119</u>
Current portion	<u>25</u>	<u>25</u>
Non-current portion	<u>74</u>	<u>94</u>
Balance as at period/year end	<u>99</u>	<u>119</u>

15b. Deferred expenses (continued)

	30 September 2024 (Unaudited) RO'000	31 December 2023 (Audited) RO'000
1 January	119	259
Add: cost incurred during the period/year	98	-
Less: cost accounted during the period/year	(118)	(140)
Balance as at period/year end	<u>99</u>	<u>119</u>

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

16 Capex advance

The capex advances amounted to OMR 3,301 thousand as of 30 September 2024 (31 December 2023: OMR 4,546 thousand) includes an amount of OMR 468 thousand (31 December 2023: 960 thousands) paid towards advances for capex suppliers for the Kuwait Operations.

17 Employees' end of service benefits

	30 September 2024 (Unaudited) RO'000	31 December 2023 (Audited) RO'000
At 1 January	2,218	1,955
Add: cost incurred during the period/year	350	477
Less: payments during the period/year	(183)	(214)
Balance as at period/year end	<u>2,385</u>	<u>2,218</u>

18a Trade payables

	30 September 2024 (Unaudited) RO'000	31 December 2023 (Audited) RO'000
Trade payables	10,139	4,972
Payables for other services	6,178	10,644
Payables for acquisition of assets	1,112	785
	<u>17,429</u>	<u>16,401</u>

18b Other payables

	30 September 2024 (Unaudited) RO'000	31 December 2023 (Audited) RO'000
Accrued expenses	5,578	3,105
Leave encashment payable	4,086	4,880
Performance bonus provision	1,406	1,478
Due to a related party (note 24)	819	1,490
Accrued interest	692	100
Payable to customers	60	228
Retention payable	774	22
Social security payable	531	530
Employee payable	-	117
Advances from customers	-	118
	<u>13,946</u>	<u>12,068</u>

19 Revenue

	<u>Unaudited</u>			
	<u>Three months ended 30</u>		<u>Nine months ended 30</u>	
	<u>September</u>		<u>September</u>	
	2024	2023	2024	2023
	RO'000	RO'000	RO'000	RO'000
Revenue from contracts with customers				
Disaggregation of revenue:				
Revenue recognized over time:				
Service revenue - drilling, work over, well services and maintenance	29,078	29,287	92,940	85,227
Revenue recognized point in time:				
Contract revenue - product	1,569	1,784	4,519	5,024
	<u>30,647</u>	<u>31,071</u>	<u>97,459</u>	<u>90,251</u>
Other revenue				
Leased operating assets	5,700	5,354	16,809	15,821
Total revenue	<u>36,347</u>	<u>36,425</u>	<u>114,268</u>	<u>106,072</u>

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

20 Cost of sales

	Unaudited			
	Three months ended 30		Nine months ended 30	
	September		September	
	2024	2023	2024	2023
	RO'000	RO'000	RO'000	RO'000
Employee related cost (note 21b)	11,595	11,719	36,227	35,438
Depreciation and amortization (note 5)	5,610	5,329	16,895	15,900
Materials and spares consumed	5,089	5,720	15,190	16,547
Transportation	2,086	1,710	7,367	5,030
Camp catering cost	967	900	2,823	2,651
Equipment rentals	353	206	1,070	950
Repairs and maintenance	642	576	1,783	1,695
Inspection	94	312	319	1,031
Reimbursable cost	330	199	1,147	761
Insurance	197	195	673	580
Vehicle running	131	145	417	304
Mobilization / demobilization expenses	57	12	371	136
Communication	115	92	370	338
Water and electricity	121	79	248	200
Business travel	95	30	160	107
Vehicle rentals	105	274	324	681
Legal and Professional Charges	1	25	5	163
Miscellaneous	1	24	87	146
	<u>27,589</u>	<u>27,547</u>	<u>85,476</u>	<u>82,658</u>

21a General and administrative expenses

Employee related costs (note 21b)	1,424	1,090	4,318	3,405
Depreciation and amortization (note 5)	105	105	316	290
Consumables and materials consumed	12	7	212	27
Repairs and maintenance	279	43	525	112
Legal and professional	96	205	204	490
Directors - other remuneration (note 24)	38	38	113	113
Rent	18	-	30	1
Audit Fees	10	-	10	24
Communication	20	14	37	20
Water and electricity	3	10	14	18
Advertisement and sales promotion	-	35	120	57
Insurance	41	8	60	16
Vehicle running	3	1	11	7
Directors - sitting fees (note 24)	7	4	21	26
Business travel	75	37	104	61
Vehicle rentals	7	-	16	9
Food expenses	5	6	13	12
Subscription and membership	25	24	81	58
Miscellaneous	36	13	148	126
	<u>2,204</u>	<u>1,640</u>	<u>6,353</u>	<u>4,872</u>

21b Employee related costs

	Unaudited			
	Three months ended 30		Nine months ended 30	
	September		September	
	2024	2023	2024	2023
	RO'000	RO'000	RO'000	RO'000
The employee cost consist the following:				
Wages and salaries	9,601	9,244	29,181	28,183
Performance bonus provision	410	314	1,230	939
End of service benefits (note 17)	77	186	350	382
Others	2,931	3,065	9,784	9,339
	13,019	12,809	40,545	38,843

22 Finance costs and finance income

An analysis of finance cost is set out below:

Interest on long term loans	1,352	1,375	3,860	4,108
Interest on short term loans	78	-	287	-
Bank charges / exchange fluctuations	54	5	175	391
Interest on lease liabilities (note 8b)	50	73	195	240
	1,534	1,453	4,517	4,739

An analysis of finance income is set out below:

Interest income on fixed deposits	-	6	9	107
Other finance income	66	23	168	23
	66	29	177	130

23 Taxation

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 period and any adjustment to the tax payable or receivable in respect of previous periods. 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.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that effects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

23 **Taxation** (continued)

Income Tax (continued)

Deferred tax (continued)

- Taxable temporary differences arising on the initial recognition of goodwill.
- 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 only offset only if certain criteria are met.

Current and deferred tax for the period

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 15.49% (30 September 2023: 17.70%).

Recognized in the statement of profit or loss:

	Unaudited			
	Three months ended 30		Nine months ended 30	
	September		September	
	2024	2023	2024	2023
	RO'000	RO'000	RO'000	RO'000
Statement of profit or loss:				
Current tax:				
Current period	723	842	2,877	2,072
Prior period	-	(8)	84	38
Deferred tax				
Current period	45	(93)	(207)	(56)
Prior period	-	321	-	321
	768	1,062	2,754	2,375

23 **Taxation** (continued)

Current and deferred tax for the period (continued)

The following is a reconciliation of income taxes calculated at the applicable tax rate with the income tax expenses:

	Unaudited			
	Three months ended 30		Nine months ended 30	
	September		September	
	2024	2023	2024	2023
	RO'000	RO'000	RO'000	RO'000
Reconciliation				
Profit before tax	5,118	5,629	17,774	13,425
Income tax as per rates mentioned above	768	845	2,666	2,014
Non-deductible expenses	-	(94)	4	2
Prior year adjustment- Deferred tax	-	321	-	321
Prior year adjustment- current tax	-	(10)	84	38
Tax expense for the period	768	1,062	2,754	2,375
			30 September	31 December
			2024	2023
			(Unaudited)	(Audited)
			RO'000	RO'000
Current tax payable				
Current tax payable			2,877	2,674

The deferred tax (liability) / asset comprises the following temporary differences:

2024	(Charge) /		
	As at	reversal to	As at
	1 January	profit or loss	30 September
	RO'000	RO'000	RO'000
Deferred tax liabilities			
Property and equipment	(4,389)	159	(4,230)
Deferred expenses	(18)	3	(15)
	(4,407)	162	(4,245)
Deferred tax assets			
Provision for impairment	25	-	25
Deferred income	278	14	292
Provision for inventories	75	51	126
Provision on donation	6	-	6
Right-of-use assets and lease liabilities	42	(21)	21
	426	44	470

23 **Taxation** (continued)

Reconciliation (continued)

	As at 1 January	(Charge) / reversal to profit or loss	As at 31 December
	RO'000	RO'000	RO'000
Deferred tax liabilities			
Property and equipment	(4,398)	9	(4,389)
Deferred expenses	(39)	21	(18)
	<u>(4,437)</u>	<u>30</u>	<u>(4,407)</u>
Deferred tax assets			
Deferred payment obligation	46	(21)	25
Provision for impairment	433	(155)	278
Deferred income	145	(70)	75
Provision for inventory	-	6	6
Right-of-use assets and lease liabilities	38	4	42
	<u>662</u>	<u>(236)</u>	<u>426</u>

The tax returns of the Company up to the years 2020 have been agreed with the Secretariat General for Taxation at the Ministry of Finance. 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 30 September 2024.

24 **Related party transactions and balances**

The Company has entered into transactions with shareholders and entities over which shareholders have the ability to control or exercise significant influence in financials and operating decisions. The transactions are in the normal course of business and terms of providing and receiving such transactions are based on mutually agreed terms. Details of significant related party transactions and the balances involved are as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2024	2023	2024	2023
	RO'000	RO'000	RO'000	RO'000
Sale of goods and services				
Revenue from the OQ Exploration and Production SAOC (entity under common control) - Drilling and workover and well services	<u>4,976</u>	<u>5,194</u>	<u>16,182</u>	<u>16,067</u>
Purchases of goods and services				
Fuel, lubricants and others from Oman Oil Marketing Company SAOG— entity under common control	<u>1,081</u>	<u>2,632</u>	<u>3,531</u>	<u>3,083</u>
Directors - sitting fees	<u>7</u>	<u>4</u>	<u>21</u>	<u>26</u>
Directors - other remunerations	<u>38</u>	<u>38</u>	<u>113</u>	<u>113</u>

24 Related party transactions and balances (continued)

	<u>Three months ended 30</u>		<u>Nine months ended 30</u>	
	<u>September</u>		<u>September</u>	
	2024	2023	2024	2023
	RO'000	RO'000	RO'000	RO'000
Key management compensation				
Basic salaries and allowances	222	191	730	705
End of service benefits	<u>1</u>	<u>1</u>	<u>7</u>	<u>9</u>
	<u>223</u>	<u>192</u>	<u>737</u>	<u>714</u>
		30 September	31 December	
		2024	2023	
		(Unaudited)	(audited)	
		RO'000	RO'000	
Related party balances				
Receivable from the OQ Exploration and Production SAOC – entity under common control (note 9a)		<u>5,075</u>	<u>5,129</u>	
Payable to Oman Oil Marketing Company SAOG – entity under common control (note 18b)		<u>819</u>	<u>1,490</u>	

These balances are interest free and repayable on demand.

25 Contingent liabilities

	30 September	31 December
	2024	2023
	(Unaudited)	(audited)
	RO'000	RO'000
Bank guarantees	25,548	25,239
Legal cases	3,645	2,901
Other claim	<u>381</u>	<u>381</u>
Total	<u>29,574</u>	<u>28,521</u>

The major portion of legal cases is relating to an amount of RO 2,456,416 (31 December 2023: RO 2,456,416) for which a case is filed by one of the suppliers in the primary court. The case is ongoing, and no decision is yet pronounced. Other claim is related to liquidated damages due to delayed commissioning of two rigs during global pandemic period. This is being challenged by the management based on evidence provided invoked force majeure and therefore, is currently being reviewed by the counterparty.

26 Commitments

As at 30 September 2024, the Company had contractual capital commitments of RO 24,328,114 (31 December 2023: RO 13,761,213).

27 Segment reporting

The Company's structure reflects various activities in which it is engaged. At the reporting date, the Company has two reportable segments: Drilling and Work Over, Well Services and Others. Sales to external customers are all domestic within the Sultanate of Oman.

Information related to each reportable segment is set out below. Segment profit/(loss) before tax is used to measure performance because the chief operating decision makers 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:

	Nine months ended 30 September 2024								
	<u>Drilling & Workover</u>			<u>Well Services & Other's</u>			<u>Total</u>		
	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>
	----- RO'000 -----								
Revenue	100,614	2,358	102,972	11,296	-	11,296	111,910	2,358	114,268
Direct costs	(72,859)	(1,921)	(74,780)	(10,696)	-	(10,696)	(83,555)	(1,921)	(85,476)
Gross Profit	27,755	437	28,192	600	-	600	28,355	437	28,792
Administrative costs	(5,258)	(311)	(5,569)	(784)	-	(784)	(6,042)	(311)	(6,353)
Other expenses	(345)	-	(345)	20	-	20	(325)	-	(325)
Operating Profit	22,152	126	22,278	(164)	-	(164)	21,988	126	22,114
Finance costs	(3,924)	(376)	(4,300)	(217)	-	(217)	(4,141)	(376)	(4,517)
Finance income	177	-	177	-	-	-	177	-	177
Profit / (loss) before tax	18,405	(250)	18,155	(381)	-	(381)	18,024	(250)	17,774
Income tax expense	(2,852)	39	(2,813)	59	-	59	(2,793)	39	(2,754)
Net profit / (loss) for the period	15,553	(211)	15,342	(322)	-	(322)	15,231	(211)	15,020
	Three months ended 30 September 2024								
	<u>Drilling & Workover</u>			<u>Well Services & Other's</u>			<u>Total</u>		
	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>
	----- RO'000 -----								
Revenue	31,226	1,516	32,742	3,605	-	3,605	34,831	1,516	36,347
Direct costs	(22,764)	(1,280)	(24,044)	(3,545)	-	(3,545)	(26,309)	(1,280)	(27,589)
Gross Profit	8,462	236	8,698	60	-	60	8,522	236	8,758
Administrative costs	(1,568)	(150)	(1,718)	(486)	-	(486)	(2,054)	(150)	(2,204)
Other expenses	35	-	35	(3)	-	(3)	32	-	32
Operating Profit	6,929	86	7,015	(429)	-	(429)	6,500	86	6,586
Finance costs	(1,455)	(322)	(1,777)	243	-	243	(1,212)	(322)	(1,534)
Finance income	177	-	177	(111)	-	(111)	66	-	66
Profit / (loss) before tax	5,651	(236)	5,415	(297)	-	(297)	5,354	(236)	5,118
Income tax expense	(851)	37	(814)	46	-	46	(805)	37	(768)
Net profit / (loss) for the period	4,800	(199)	4,601	(251)	-	(251)	4,549	(199)	4,350

27 Segment reporting (continued)

	As at 30 September 2024								
	<u>Drilling & Workover</u>			<u>Well Services & Other's</u>			<u>Total</u>		
	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>
	RO'000								
Total segment assets	229,849	24,604	254,453	28,246	3,024	31,270	258,095	27,628	285,723
Total segment liabilities	113,630	12,164	125,794	13,964	1,495	15,459	127,594	13,659	141,253
Capital expenditure	6,488	18,884	25,372	1,343	-	1,343	7,831	18,884	26,715
	Nine months ended 30 September 2023								
	<u>Drilling & Workover</u>			<u>Well Services & Other's</u>			<u>Total</u>		
	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>
	RO'000								
Revenue	93,780	-	93,780	12,292	-	12,292	106,072	-	106,072
Direct costs	(71,513)	-	(71,513)	(11,145)	-	(11,145)	(82,658)	-	(82,658)
Gross Profit	22,267	-	22,267	1,147	-	1,147	23,414	-	23,414
Administrative costs	(4,343)	-	(4,343)	(529)	-	(529)	(4,872)	-	(4,872)
Other expenses	(676)	-	(676)	(19)	-	(19)	(695)	-	(695)
Other income	-	-	-	-	-	-	-	-	-
ECL reversal	187	-	187	-	-	-	187	-	187
Operating Profit	17,435	-	17,435	599	-	599	18,034	-	18,034
Finance costs	(4,184)	-	(4,184)	(555)	-	(555)	(4,739)	-	(4,739)
Finance income	-	-	-	130	-	130	130	-	130
Profit before tax	13,251	-	13,251	174	-	174	13,425	-	13,425
Income tax expense	(2,316)	-	(2,316)	(59)	-	(59)	(2,375)	-	(2,375)
Net profit for the period	10,935	-	10,935	115	-	115	11,050	-	11,050
	Three months ended 30 September 2023								
	<u>Drilling & Workover</u>			<u>Well Services & Other's</u>			<u>Total</u>		
	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>
	RO'000								
Revenue	32,340	-	32,340	4,085	-	4,085	36,425	-	36,425
Direct costs	(23,711)	-	(23,711)	(3,836)	-	(3,836)	(27,547)	-	(27,547)
Gross Profit	8,629	-	8,629	249	-	249	8,878	-	8,878
Administrative costs	(1,521)	-	(1,521)	(119)	-	(119)	(1,640)	-	(1,640)
Other expenses	(167)	-	(167)	13	-	13	(154)	-	(154)
Other income	(14)	-	(14)	-	-	-	(14)	-	(14)
ECL reversal	(17)	-	(17)	-	-	-	(17)	-	(17)
Operating Profit	6,910	-	6,910	143	-	143	7,053	-	7,053
Finance costs	(1,332)	-	(1,332)	(121)	-	(121)	(1,453)	-	(1,453)
Finance income	-	-	-	29	-	29	29	-	29
Profit before tax	5,578	-	5,578	51	-	51	5,629	-	5,629
Income tax expense	(1,062)	-	(1,062)	-	-	-	(1,062)	-	(1,062)
Net profit for the period	4,516	-	4,516	51	-	51	4,567	-	4,567

27 Segment reporting (continued)

	Drilling & Workover			As at 30 September 2023 Well Services & Other's			Total		
	Oman	Kuwait	Total	Oman	Kuwait	Total	Oman	Kuwait	Total
	RO'000								
Total segment assets	219,666	24,994	244,660	28,561	3,250	31,811	248,227	28,244	276,471
Total segment liabilities	103,840	11,815	115,655	13,501	1,537	15,038	117,341	13,352	130,693
Capital expenditure	8,530	1,534	10,064	4,832	-	4,832	13,362	1,534	14,896

28 Financial risk management

The Company has exposure to the following risks arising from:

- Credit risk
- Liquidity risk
- Market risk

Financial instruments carried on the statement of financial position comprise trade and other receivables, cash and cash equivalents, bank deposits, trade and other payables, lease liabilities 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.

As at 30 September 2024, Management believes risk arising out of Bank balances are minimal as these are with banks with good financial standing.

The Company does not foresee any significant increase in credit risk based on the financial condition of the bank 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 determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. 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 direction of conditions at the reporting date. The Company's exposure to credit risk on trade and other receivables is influenced mainly by the individual characteristics of each customer. The Company has a significant concentration of credit risk as below.

28 Financial risk management(continued)

Credit risk(continued)

As at the reporting date the Company has provided for RO 168 thousand (31 December 2023: RO 168 thousand) as total provision for impaired debts from its customers (note 9). Apart from this, management believes that the Company is not exposed to any significant credit risk.

	30 September 2024 (Unaudited) RO'000	31 December 2023 (Audited) RO'000
Financial assets		
Trade receivables	30,569	30,798
Cash at bank	4,950	8,051
Other receivables	2,078	1,838
Total	37,597	40,687

The details the risk profile of trade receivables based on the provision matrix is provided in note no. 9a.As at 30 September 2024, though the Company has bank balances, Management believes that the risk arising out of these balances are minimal as these are with local banks with good financial standing.

	30 September 2024 (Unaudited) RO'000	31 December 2023 (Audited) RO'000
Bank balance		
FAB	AA3 19	19
NBO	BA2 2,387	5,084
Bank Muscat	BA2 7	7
Ahli bank	BAA3 57	57
HSBC bank	AA3 -	23
Oman Arab Bank	BA1 12	1,693
Alinma Bank Saudi	A- 10	10
Bank Dhofar	BA2 298	279
Sohar International Bank	BA3 130	651
National Bank of Kuwait	A+ 331	225
Meethaq Islamic Bank	BA1 1,693	3
Alizz Islamic Bank	AAA 6	-
Total (Note 11a)	4,950	8,051

As per management, due from related parties is 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.

28 Financial risk management(continued)

Liquidity risk(continued)

The detail maturities of the Company's financial liabilities, at reporting date are given below:

Non-derivative financial liabilities

Contractual cash flow

**30 September 2024
(Unaudited)**

	Carrying amount RO'000	Total RO'000	6 months or less RO'000	6 to 12 months RO'000	1 to 5 years RO'000	More than 5 years RO'000
Term loans	93,406	112,396	11,438	11,307	88,505	1,146
Lease liabilities	5,019	5,144	1,047	707	2,535	855
Trade payables	17,429	17,429	17,429	-	-	-
Other payables	13,946	13,946	13,946	-	-	-
	<u>129,800</u>	<u>148,915</u>	<u>43,860</u>	<u>12,014</u>	<u>91,040</u>	<u>2,001</u>

Contractual cash flow

**30 December 2023
(Unaudited)**

	Carrying amount RO'000	Total RO'000	6 months or less RO'000	6 to 12 months RO'000	1 to 5 years RO'000	More than 5 years RO'000
Term loans	85,292	102,140	8,936	8,834	78,498	5,872
Lease liabilities	5,777	6,001	1,596	1,853	2,541	11
Trade payables	16,401	16,401	16,401	-	-	-
Other payables	1,490	1,490	1,490	-	-	-
	<u>108,960</u>	<u>126,032</u>	<u>28,423</u>	<u>10,687</u>	<u>81,039</u>	<u>5,883</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 \$ as well as in Rial Omani and therefore its receipts are in US \$ and in Rial Omani. Part of the Company's expenses are in US \$ and partly in Rial Omani. However, since Rial Omani is effectively pegged to US \$, the Company is not exposed to any significant currency risks.

Interest rate risk

The Company is exposed to interest rate risk since substantial portion of its borrowings are on floating interest rates. However, the risk is limited to CBO WAIRD since the spread is fixed for the tenure of the loan.

28 Financial risk management(continued)

Interest rate risk (continued)

However, the management has successfully converted the entire portion of its US Dollar-denominated loans into new Omani Rial-denominated loans, completing the transaction by December 2023. This move was undertaken with the aim of reducing interest costs using the newly acquired loans.

Cash flow sensitivity analysis for variable rate instruments

A change of 20 basis points in interest rates as at 30 September would have no major impact in equity shown below:

	30 September 2024- Unaudited		31 December 2023 -Audited	
	bp	bp	20 bp	20 bp
	Increase	Decrease	Increase	Decrease
Interest rate expense	158	(158)	(20)	20

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.

30 Fair value of financial assets and liabilities

The fair value of the financial assets and liabilities approximates their carrying value as stated in the statement of financial position unless stated otherwise.

31 Earnings per share

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

	(Unaudited)			
	<u>Three months ended</u>		<u>Nine months ended 30</u>	
	<u>30 September</u>		<u>September</u>	
	2024	2023	2024	2023
Profit attributable to shareholders (RO'000)	<u>4,350</u>	<u>4,567</u>	<u>15,020</u>	<u>11,050</u>
Weighted average number of shares for basic and diluted EPS (Thousand)	<u>770,200</u>	<u>770,200</u>	<u>770,200</u>	<u>770,200</u>
Basic and diluted earnings per share (Baiza)	<u>5.6</u>	<u>5.9</u>	<u>19.5</u>	<u>14.3</u>

32 Changes in cash flows from financing activities

	Term loan RO'000	Short term loan RO'000	Lease liabilities RO'000	Total RO'000
30 September 2024 – unaudited				
At 1 January	85,292	-	5,777	91,069
Repayments during the period	(8,886)	(17,000)	-	(25,886)
Non-cash adjustments	-	-	1,196	1,196
Disbursement/availed during the period	17,000	17,000	-	34,000
Payment of lease liabilities	-	-	(1,954)	(1,954)
At 30 September 2024	<u>93,406</u>	<u>-</u>	<u>5,019</u>	<u>98,425</u>
Other Changes				
Interest expense	3,860	-	195	4,055
Interest paid	(3,351)	-	(195)	(3,546)
31 December 2023 – Audited				
At 1 January	95,794	-	6,246	102,040
Disbursement/availed during the year	85,153	4	-	85,157
Non-cash adjustments	-	-	2,162	2,162
Repayments during the period	(95,655)	(4)	-	(95,659)
Payment of lease liabilities	-	-	(2,631)	(2,631)
At 31 December	<u>85,292</u>	<u>-</u>	<u>5,777</u>	<u>91,069</u>
Other Changes				
Interest expense	5,431	38	324	5,793
Interest paid	(5,331)	(38)	(324)	(5,693)
30 September 2023 - Unaudited				
At 1 January	95,794	-	6,246	102,040
Disbursement/availed during the period	53,653	4	-	53,657
Non-cash adjustments	-	-	337	337
Repayments during the period	(61,092)	(4)	-	(61,096)
Payment of lease liabilities	-	-	(1,799)	(1,799)
At 30 September	<u>88,355</u>	<u>-</u>	<u>4,784</u>	<u>93,139</u>
Other Changes				
Interest expense	2,733	-	240	2,973
Interest paid	(2,733)	-	(240)	(2,973)

Filing Information	01/07/2024-30/09/2024
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 CMA
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	Quarter 3
Whether reporting entity is preparing financial statements for the first financial period since its establishment	No
Reporting period start date	01/07/2024
Reporting period end date	30/09/2024
Description of reporting currency	Omani Rial
Level of rounding off for monetary values	Thousands
Description of nature of financial statements	Reviewed
Preparation format	Standalone