

### **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 2023.

Abraj had, sustainably, performed well throughout the year 2023, with good steady results from the Drilling and workover services and a remarkable contribution from Well Services. Building on the strong recovery post-Covid-19, the company has continued to grow in revenue, net profit, and market share. Abraj has successfully managed to grow outside Oman for the first time by winning a contract for the provision of drilling rigs in Kuwait. This breakthrough in penetrating the regional market will form a strong base for Abraj to retain the current growth rates.

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.

#### **Abraj Energy Services SAOG Performance:**

In 2023, Abraj managed to breakthrough the regional market by penetrating the Kuwaiti drilling market with the award of 3 drilling rigs with KGOC expected to start operation in 2024. Abraj fleet remained at 25 Drilling rigs with 100% utilization for our drilling rigs and 100% utilization for workover rigs. Our market share is at 29% for drilling rigs and becoming the leader and national champion of Oman.

#### **HSE:**

Abraj had a very good HSE Performance in the year 2023. Abraj managed 2023 with zero LTI and as a result LTIF remained zero against the threshold of 0.36, whereas TRCF by end of the year was 0.49 against the threshold of 1.17. RTAF remain 0.09 against the threshold of 0.20. Management site audits were completed successfully as per plan in 2023. Also, level 1 contractor audit completed as per set plan in 2023.

Medical fitness to work compliance achieved 99% by the end of 2023.

All Abraj units (Rigs, Workover and Well Services) achieved LTI free year in 2023 however below units LTI free years are among the top:

- Rig 207 completed 12 years LTI free in 2023.
- Rig 202 completed 11 years LTI free in 2023.
- Hoist 2 completed 11 years LTI free in 2023.
- Muscat warehouse achieved 10 years LTI free in 2023.
- Rig 209 and 303 achieved 9 years LTI free in 2023.

- Rig 306, Hoist 1 & Rig 304 achieved 8 years LTI free in 2023.
- Rigs 210, 201 and Muscat workshop achieved 7 years LTI free in 2023.

### **Well Services:**

In 2022, Well Services had 7 Cementing Packages and 1 Integrated Fracturing Services Fleet contracted out. By 2023 Well services managed to add one more Frac fleet and acquire more cementing scope to improve total assets utilization by 25% which contributed to 23% growth as a result this had a remarkable impact on WS financial performance.

Well services currently have 20% market share for the core services and progressively expanding this market share by outperforming service quality and New Technology differentiation being a trusted technical provider for all our customers.

For Well services main Highlights for 2023 are:

Improved assets utilization by 25%

Achieved 23% Revenue Growth and significant financial performance improvement.

Reduced Cementing Non Productive time by 85%, even though activity increased by 25%

Successful startup and smooth execution of Stimulation campaign with OQ

Successful commissioning and flawless startup of Oxy Frac Stimulation contract

Successful execution of BP High Profile Multistage gas Frac operation which will position the Company for more scope in 2024 onward

Successful execution of several gas wells and HPHT Multistage fracs opened the door for Abraj to qualify and acquire more scope in Gas wells.

Successfully deployment of Key Frac New Technologies added value to both Abraj and its Clients.

Successful technical validation of key cementing technologies for the Company's main client PDO which resulted into 10% growth.

Successfully qualified by Kuwait Oil Company for Conventional Cementing Service.

Successfully achieving API Q2 certification for all services.

### **Total Revenue booked in 2023:**

The actual revenue realized in 2023 was OMR 144.3 Million, which represents a 5.3 % increase (OMR 7.3 Million) compared to the 2022 OMR 137.0 Million. This revenue increase is mainly attributed to higher number of rig months and no rig is stacked in Year 2023.

### **Total Net Expenditure including Tax provided in 2023:**

Total net expenditure including Tax provided in FY23 is OMR 128.8 Million and increase of OMR 8.3 Million (6.9 % higher) as compared to total expenditure booked in 2022 amounting to OMR 120.5 Million. This increase in expenditure is mainly attributed to:-

- Higher number of rig months as all drilling rigs were operational
- Higher administrative cost attributable to MSX / MCDC / CMA fees for IPO listing and other related expenditures for Website improvement & other overhead such as higher manpower and other head office related expenditures

**Net profit realized for the year 2023:**

The net profit for the year is RO 16.6 Million, an increase of OMR 42 Thousand (0.3% higher) as compared to net profit of OMR 16.5 M in 2022.

**Acknowledgements:**

The Board of Directors expresses their 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 Capital Markets 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 Company**

| Statement of Financial Position, Current, Non-current                                                                                          | Thousands/Omani Rial/Audited |                          |
|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------------------------|
|                                                                                                                                                | Standalone<br>31/12/2023     | Standalone<br>31/12/2022 |
| <b>STATEMENT OF FINANCIAL POSITION</b>                                                                                                         |                              |                          |
| <b>CONSOLIDATED AND SEPARATE</b>                                                                                                               |                              |                          |
| <b>ASSETS</b>                                                                                                                                  |                              |                          |
| <b>NON-CURRENT ASSETS</b>                                                                                                                      |                              |                          |
| Goodwill                                                                                                                                       | 0                            | 0                        |
| Property, plant and equipment                                                                                                                  | 191,405                      | 196,106                  |
| Intangible assets other than goodwill                                                                                                          | 231                          | 191                      |
| Right-of-use assets                                                                                                                            | 5,502                        | 5,996                    |
| Deferred tax asset                                                                                                                             | 426                          | 662                      |
| Other non-current financial assets                                                                                                             | 4,640                        | 1,299                    |
| <b>Total non-current assets</b>                                                                                                                | <b>202,204</b>               | <b>204,254</b>           |
| <b>CURRENT ASSETS</b>                                                                                                                          |                              |                          |
| <b>Current inventories</b>                                                                                                                     | <b>23,786</b>                | <b>18,605</b>            |
| <b>Trade and other current receivables</b>                                                                                                     | <b>42,385</b>                | <b>36,869</b>            |
| <b>Cash and bank balances</b>                                                                                                                  | <b>8,071</b>                 | <b>22,569</b>            |
| Other current financial assets                                                                                                                 | 25                           | 140                      |
| <b>Total current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners</b> | <b>74,267</b>                | <b>78,183</b>            |
| <b>Total current assets</b>                                                                                                                    | <b>74,267</b>                | <b>78,183</b>            |
| <b>Total assets</b>                                                                                                                            | <b>276,471</b>               | <b>282,437</b>           |
| <b>EQUITY AND LIABILITIES</b>                                                                                                                  |                              |                          |
| <b>EQUITY</b>                                                                                                                                  |                              |                          |
| Share capital                                                                                                                                  | 77,020                       | 77,020                   |
| Statutory reserve                                                                                                                              | 10,718                       | 9,062                    |
| Retained earnings (Accumulated losses)                                                                                                         | 58,040                       | 58,539                   |
| <b>Total equity</b>                                                                                                                            | <b>145,778</b>               | <b>144,621</b>           |
| <b>LIABILITIES</b>                                                                                                                             |                              |                          |
| <b>NON-CURRENT LIABILITIES</b>                                                                                                                 |                              |                          |
| <b>NON-CURRENT PROVISIONS</b>                                                                                                                  |                              |                          |
| <b>Non-current provisions for employee benefits</b>                                                                                            | <b>2,218</b>                 | <b>1,955</b>             |
| <b>Total non-current provisions</b>                                                                                                            | <b>2,218</b>                 | <b>1,955</b>             |
| <b>Borrowings, non-current</b>                                                                                                                 | <b>72,060</b>                | <b>76,953</b>            |
| Non-current lease liabilities                                                                                                                  | 3,565                        | 4,288                    |
| Deferred tax liabilities                                                                                                                       | 4,407                        | 4,437                    |
| Contract liabilities, non-current / Deferred non-current revenue                                                                               | 1,094                        | 1,857                    |
| <b>Total non-current liabilities</b>                                                                                                           | <b>83,344</b>                | <b>89,490</b>            |
| <b>CURRENT LIABILITIES</b>                                                                                                                     |                              |                          |
| <b>CURRENT PROVISIONS</b>                                                                                                                      |                              |                          |
| <b>Trade and other current payables</b>                                                                                                        | <b>28,469</b>                | <b>23,417</b>            |
| <b>Borrowings, current</b>                                                                                                                     | <b>13,232</b>                | <b>18,841</b>            |
| Current lease liabilities                                                                                                                      | 2,212                        | 1,958                    |
| Current tax liabilities, current                                                                                                               | 2,674                        | 3,083                    |
| Contract liabilities, current/ Deferred current revenue                                                                                        | 762                          | 1,027                    |
| <b>Total current liabilities other than liabilities included in disposal groups classified as held for sale</b>                                | <b>47,349</b>                | <b>48,326</b>            |
| <b>Total current liabilities</b>                                                                                                               | <b>47,349</b>                | <b>48,326</b>            |
| <b>Total liabilities</b>                                                                                                                       | <b>130,693</b>               | <b>137,816</b>           |
| <b>Total equity and liabilities</b>                                                                                                            | <b>276,471</b>               | <b>282,437</b>           |

| Subclassifications of Assets, Liabilities and Equity, Current, Non-current | Thousands/Omani Rial/Audited |                          |
|----------------------------------------------------------------------------|------------------------------|--------------------------|
|                                                                            | Standalone<br>31/12/2023     | Standalone<br>31/12/2022 |
| <b>SUBCLASSIFICATIONS OF ASSETS, LIABILITIES AND EQUITIES</b>              |                              |                          |
| <b>CONSOLIDATED AND SEPARATE</b>                                           |                              |                          |
| <b>ASSETS</b>                                                              |                              |                          |
| <b>NON-CURRENT ASSETS</b>                                                  |                              |                          |
| <b>EXPLORATION AND EVALUATION ASSETS</b>                                   |                              |                          |
| <b>INVESTMENT PROPERTIES</b>                                               |                              |                          |
| <b>INVESTMENT PROPERTIES AT COST</b>                                       |                              |                          |
| <b>INVESTMENT PROPERTIES AT FAIR VALUE</b>                                 |                              |                          |
| <b>INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD</b>                       |                              |                          |
| <b>OTHER CURRENT NON-FINANCIAL ASSETS</b>                                  |                              |                          |
| <b>CURRENT ASSETS</b>                                                      |                              |                          |
| <b>INVENTORIES</b>                                                         |                              |                          |
| Spares and consumables                                                     | 24,289                       | 19,573                   |
| Allowance for slow moving and obsolete inventories                         | 503                          | 968                      |
| <b>Total current inventories</b>                                           | <b>23,786</b>                | <b>18,605</b>            |
| <b>TRADE AND OTHER CURRENT RECEIVABLES</b>                                 |                              |                          |
| Accounts receivables                                                       | 25,837                       | 19,975                   |
| Receivables due from related parties                                       | 5,129                        | 5,866                    |
| <b>PREPAYMENTS AND ACCRUED INCOME</b>                                      |                              |                          |
| Prepayments                                                                | 635                          | 415                      |
| Advances                                                                   | 457                          | 2,480                    |
| <b>Total prepayments and accrued income</b>                                | <b>1,092</b>                 | <b>2,895</b>             |
| Other receivables                                                          | 10,495                       | 8,441                    |
| Allowance for expected credit losses                                       | 168                          | 308                      |
| <b>Total trade and other current receivables</b>                           | <b>42,385</b>                | <b>36,869</b>            |
| <b>CASH AND CASH EQUIVALENTS</b>                                           |                              |                          |
| <b>CASH</b>                                                                |                              |                          |
| Cash on hand                                                               | 20                           | 39                       |
| Balances with banks                                                        | 8,051                        | 4,081                    |
| <b>Total cash</b>                                                          | <b>8,071</b>                 | <b>4,120</b>             |

ANNUAL FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON 11 Mar 2024

|                                                                     |               |               |
|---------------------------------------------------------------------|---------------|---------------|
| <b>CASH EQUIVALENTS</b>                                             |               |               |
| Total cash and cash equivalents                                     | 8,071         | 4,120         |
| Short-term deposits, not classified as cash equivalents             |               | 18,449        |
| <b>Total cash and bank balances</b>                                 | <b>8,071</b>  | <b>22,569</b> |
| <b>OTHER CURRENT NON-FINANCIAL ASSETS</b>                           |               |               |
| <b>EQUITY</b>                                                       |               |               |
| <b>RESERVES</b>                                                     |               |               |
| <b>LIABILITIES</b>                                                  |               |               |
| <b>NON-CURRENT LIABILITIES</b>                                      |               |               |
| <b>NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS</b>                 |               |               |
| Employee End of Term Benefits, non current                          | 2,218         | 1,955         |
| <b>Total Non-current provisions for employee benefits</b>           | <b>2,218</b>  | <b>1,955</b>  |
| <b>BORROWINGS, NON CURRENT</b>                                      |               |               |
| Borrowings from banks and other financial institutions, non current | 72,060        | 76,953        |
| <b>Total Borrowings, non current</b>                                | <b>72,060</b> | <b>76,953</b> |
| <b>CURRENT LIABILITIES</b>                                          |               |               |
| <b>BORROWINGS, CURRENT</b>                                          |               |               |
| Borrowings from banks and other financial institutions, current     | 13,232        | 18,841        |
| <b>Total Borrowings, current</b>                                    | <b>13,232</b> | <b>18,841</b> |
| <b>TRADE AND OTHER CURRENT PAYABLES</b>                             |               |               |
| Accounts payable                                                    | 16,401        | 15,428        |
| Payables to related parties                                         | 1,490         | 886           |
| <b>ACCRUALS AND DEFERRED INCOME</b>                                 |               |               |
| Other payables                                                      | 10,578        | 7,103         |
| <b>Total trade and other current payables</b>                       | <b>28,469</b> | <b>23,417</b> |
| <b>PROVISIONS FOR EMPLOYEE BENEFITS, CURRENT</b>                    |               |               |

| Income Statement, Function of expense                             | Thousands/Omani Rial/Audited        |                                     |
|-------------------------------------------------------------------|-------------------------------------|-------------------------------------|
|                                                                   | Standalone<br>01/01/2023-31/12/2023 | Standalone<br>01/01/2022-31/12/2022 |
| <b>PROFIT OR LOSS</b>                                             |                                     |                                     |
| <b>CONSOLIDATED AND SEPARATE</b>                                  |                                     |                                     |
| <b>PROFIT OR LOSS</b>                                             |                                     |                                     |
| Revenue                                                           | 144,346                             | 137,040                             |
| Cost of sales                                                     | 111,430                             | 103,632                             |
| Gross profit                                                      | 32,916                              | 33,408                              |
| Other income                                                      | 10                                  | 84                                  |
| General and administrative expense                                | 7,270                               | 6,874                               |
| Other expenses                                                    | 736                                 | 1,431                               |
| Profit (loss) from operating activities                           | 24,920                              | 25,187                              |
| Impairment gain and reversal of impairment loss (impairment loss) | (757)                               |                                     |
| Finance income                                                    | 142                                 | 566                                 |
| Finance costs                                                     | 6,323                               | 6,345                               |
| Profit (loss) before income tax                                   | 19,496                              | 19,408                              |
| Income tax expense, continuing operations                         | 2,935                               | 2,889                               |
| Profit (loss) from continuing operations                          | 16,561                              | 16,519                              |
| Profit (loss) for period                                          | 16,561                              | 16,519                              |
| <b>PROFIT (LOSS), ATTRIBUTABLE TO</b>                             |                                     |                                     |
| <b>BASIC AND DILUTED EARNINGS PER SHARE</b>                       |                                     |                                     |
| <b>BASIC EARNINGS PER SHARE</b>                                   |                                     |                                     |
| Basic earnings (loss) per share from continuing operations        | 22.000                              | 21.000                              |
| Total basic earnings (loss) per share                             | 22.000                              | 21.000                              |
| <b>DILUTED EARNINGS PER SHARE</b>                                 |                                     |                                     |
| Diluted earnings (loss) per share from continuing operations      | 22.000                              | 21.000                              |

| Statement of comprehensive income - Net of tax                                                               | Thousands/Omani Rial/Audited        |                                     |
|--------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
|                                                                                                              | Standalone<br>01/01/2023-31/12/2023 | Standalone<br>01/01/2022-31/12/2022 |
| <b>STATEMENT OF COMPREHENSIVE INCOME</b>                                                                     |                                     |                                     |
| <b>CONSOLIDATED AND SEPARATE</b>                                                                             |                                     |                                     |
| Net Profit / (Loss) for the Period                                                                           | 16,561                              | 16,519                              |
| <b>OTHER COMPREHENSIVE INCOME (LOSS) TO BE RECLASSIFIED TO STATEMENT OF INCOME IN SUBSEQUENT PERIODS</b>     |                                     |                                     |
| <b>OTHER COMPREHENSIVE INCOME (LOSS) NOT TO BE RECLASSIFIED TO STATEMENT OF INCOME IN SUBSEQUENT PERIODS</b> |                                     |                                     |
| Total comprehensive income for the Period                                                                    | 16,561                              | 16,519                              |
| <b>COMPREHENSIVE INCOME ATTRIBUTABLE TO</b>                                                                  |                                     |                                     |

| Analysis of Income and Expense, Function of Expense  | Thousands/Omani Rial/Audited        |                                     |
|------------------------------------------------------|-------------------------------------|-------------------------------------|
|                                                      | Standalone<br>01/01/2023-31/12/2023 | Standalone<br>01/01/2022-31/12/2022 |
| <b>ANALYSIS OF INCOME AND EXPENSE</b>                |                                     |                                     |
| <b>CONSOLIDATED AND SEPARATE</b>                     |                                     |                                     |
| <b>REVENUE</b>                                       |                                     |                                     |
| Sale of goods                                        | 7,259                               | 5,862                               |
| Revenue from rendering of services                   | 115,693                             | 109,823                             |
| <b>LEASE REVENUE</b>                                 |                                     |                                     |
| Operating lease rentals                              | 21,394                              | 21,355                              |
| Total lease revenue                                  | 21,394                              | 21,355                              |
| Total revenue                                        | 144,346                             | 137,040                             |
| <b>OTHER INCOME</b>                                  |                                     |                                     |
| Miscellaneous income                                 | 10                                  | 84                                  |
| Total other income                                   | 10                                  | 84                                  |
| <b>EXPENSES</b>                                      |                                     |                                     |
| <b>COST OF SALES</b>                                 |                                     |                                     |
| Cost of material consumed                            | 22,818                              | 19,806                              |
| Employee benefit expense                             | 47,286                              | 44,803                              |
| Fuel and electricity                                 | 259                                 | 214                                 |
| Depreciation, depletion and amortisation             | 21,661                              | 21,651                              |
| Other cost of goods sold                             | 19,406                              | 17,158                              |
| Total cost of sales                                  | 111,430                             | 103,632                             |
| <b>GENERAL AND ADMINISTRATIVE EXPENSES</b>           |                                     |                                     |
| Rent and utility expenses                            | 35                                  | 26                                  |
| Employee benefit expense                             | 5,117                               | 4,587                               |
| Director's remuneration and sitting fees             | 192                                 | 40                                  |
| Expected credit losses - trade and other receivables | (140)                               | 192                                 |
| Depreciation, depletion and amortisation             | 406                                 | 415                                 |
| Legal and professional expense                       | 571                                 | 260                                 |
| Vehicle expenses                                     | 22                                  | 19                                  |
| Printing and stationary                              | 3                                   | 10                                  |
| Advertisement and business promotion                 | 84                                  | 217                                 |
| Other expenses and fees                              | 980                                 | 1,108                               |
| Total General and administrative expenses            | 7,270                               | 6,874                               |
| <b>SELLING, DISTRIBUTION AND MARKETING EXPENSES</b>  |                                     |                                     |

| Statement of cash flows, indirect method                                                           | Thousands/Omani Rial/Audited        |                                     |
|----------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
|                                                                                                    | Standalone<br>01/01/2023-31/12/2023 | Standalone<br>01/01/2022-31/12/2022 |
| <b>STATEMENT OF CASH FLOWS</b>                                                                     |                                     |                                     |
| <b>CONSOLIDATED AND SEPARATE</b>                                                                   |                                     |                                     |
| <b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>                                              |                                     |                                     |
| Profit for the period before taxation                                                              | 19,496                              | 19,408                              |
| <b>ADJUSTMENTS TO RECONCILE PROFIT (LOSS)</b>                                                      |                                     |                                     |
| Adjustments for depreciation and amortisation expense                                              | 22,067                              | 22,066                              |
| Adjustments for impairment loss (reversal of impairment loss) recognised in profit or loss         | (757)                               |                                     |
| Adjustments for increase (decrease) in employee benefit liabilities                                | 477                                 | 325                                 |
| Adjustments for finance costs                                                                      | 6,323                               | 6,345                               |
| Adjustments for finance income                                                                     | 142                                 | 566                                 |
| Adjustments for gain (loss) on disposals, property, plant and equipment                            | (736)                               | (1,431)                             |
| Other adjustments to reconcile profit (loss)                                                       | (1,512)                             | (1,591)                             |
| <b>Total adjustments to reconcile profit (loss)</b>                                                | <b>27,192</b>                       | <b>28,010</b>                       |
| <b>Cash flows from (used in) operations before changes in working capital</b>                      | <b>46,688</b>                       | <b>47,418</b>                       |
| <b>WORKING CAPITAL CHANGES</b>                                                                     |                                     |                                     |
| Adjustments for decrease (increase) in inventories                                                 | (4,716)                             | (4,678)                             |
| Adjustment for decrease (increase) in trade and other receivables                                  | (6,582)                             | 876                                 |
| Adjustments for increase (decrease) in trade and other payables                                    | 5,030                               | (11,125)                            |
| Adjustments for decrease (increase) in other working capital items                                 | 1,803                               | 7,416                               |
| <b>Total adjustments to working capital changes</b>                                                | <b>(4,465)</b>                      | <b>(7,511)</b>                      |
| <b>Net cash flows from (used in) operations</b>                                                    | <b>42,223</b>                       | <b>39,907</b>                       |
| Income taxes paid (refund)                                                                         | (3,138)                             | (3,474)                             |
| Interest paid, classified as operating activities                                                  | (6,301)                             | (6,345)                             |
| Employees end of service benefits paid                                                             | (214)                               | (224)                               |
| <b>Net cash flows from (used in) operating activities</b>                                          | <b>32,570</b>                       | <b>29,864</b>                       |
| <b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>                                              |                                     |                                     |
| Proceeds from sales of property, plant and equipment                                               | 299                                 | 33                                  |
| Purchase of property, plant and equipment                                                          | 18,264                              | 11,460                              |
| Purchase of intangible assets                                                                      | 111                                 | 3                                   |
| Interest received                                                                                  | 142                                 | 566                                 |
| Other inflows (outflows) of cash, classified as investing activities                               | 17,852                              | (7,193)                             |
| <b>Net cash flows from (used in) investing activities</b>                                          | <b>(82)</b>                         | <b>(18,057)</b>                     |
| <b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>                                              |                                     |                                     |
| Proceeds from borrowings                                                                           | 85,157                              | 36,665                              |
| Repayments of borrowings                                                                           | 95,659                              | 43,845                              |
| Payments of lease liabilities                                                                      | 2,631                               | 2,658                               |
| Dividends paid to equity holders of parent                                                         | 15,404                              | 5,524                               |
| <b>Net cash flows from (used in) financing activities</b>                                          | <b>(28,537)</b>                     | <b>(15,362)</b>                     |
| <b>Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b> | <b>3,951</b>                        | <b>(3,555)</b>                      |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                        | <b>3,951</b>                        | <b>(3,555)</b>                      |
| <b>Cash and cash equivalents at beginning of period</b>                                            | <b>4,120</b>                        | <b>7,675</b>                        |
| <b>Cash and cash equivalents at end of period</b>                                                  | <b>8,071</b>                        | <b>4,120</b>                        |

| Statement of changes in equity                     | Thousands/Omani Rial/Audited |                                        |                       |                       |                       |                                        |                       |                       |
|----------------------------------------------------|------------------------------|----------------------------------------|-----------------------|-----------------------|-----------------------|----------------------------------------|-----------------------|-----------------------|
|                                                    | Share Capital                | Retained earnings (accumulated Losses) | Statutory reserve     | Standalone            | Share Capital         | Retained earnings (accumulated Losses) | Statutory reserve     | Standalone            |
|                                                    | Standalone                   | Standalone                             | Standalone            | 01/01/2023-31/12/2023 | Standalone            | Standalone                             | Standalone            | 01/01/2022-31/12/2022 |
|                                                    | 01/01/2023-31/12/2023        | 01/01/2023-31/12/2023                  | 01/01/2023-31/12/2023 |                       | 01/01/2022-31/12/2022 | 01/01/2022-31/12/2022                  | 01/01/2022-31/12/2022 |                       |
| STATEMENT OF CHANGES IN EQ UITY                    |                              |                                        |                       |                       |                       |                                        |                       |                       |
| STATEMENT OF CHANGES IN EQ UITY                    |                              |                                        |                       |                       |                       |                                        |                       |                       |
| Equity at beginning of period (before adjustments) | 77,020                       | 58,539                                 | 9,062                 | 144,621               | 77,020                | 49,196                                 | 7,410                 | 133,626               |
| Equity at beginning of period (after adjustments)  | 77,020                       | 58,539                                 | 9,062                 | 144,621               | 77,020                | 49,196                                 | 7,410                 | 133,626               |
| CHANGES IN EQ UITY                                 |                              |                                        |                       |                       |                       |                                        |                       |                       |
| COMPREHENSIVE INCOME                               |                              |                                        |                       |                       |                       |                                        |                       |                       |
| Net Profit / (Loss) for the Period                 |                              | 16,561                                 |                       | 16,561                |                       | 16,519                                 |                       | 16,519                |
| Total comprehensive income                         |                              | 16,561                                 |                       | 16,561                |                       | 16,519                                 |                       | 16,519                |
| Transfer to reserves                               |                              | (1,656)                                | 1,656                 | 0                     |                       | (1,652)                                | 1,652                 | 0                     |
| Dividends                                          |                              | 15,404                                 |                       | 15,404                |                       | 5,524                                  |                       | 5,524                 |
| Total increase (decrease) in equity                |                              | (499)                                  | 1,656                 | 1,157                 |                       | 9,343                                  | 1,652                 | 10,995                |
| Equity at end of period                            | 77,020                       | 58,040                                 | 10,718                | 145,778               | 77,020                | 58,539                                 | 9,062                 | 144,621               |

## **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 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 Exploration and Production LLC (the “Parent”), a limited liability 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. For Saudi Arabia branch, no business activities have taken place.

## **2 Application and adoption of new and revised International Financial Reporting Standards (IFRS)**

### **2.1 New standards or amendments for 2023 and forthcoming requirements**

A number of new standards, amendments to standards and interpretations are effective for the periods beginning on or after 1 January 2023. Those, which are relevant to the Company, are set out below.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12.
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimate – Amendments to IAS 8
- Pillar two model rules – Amendments to IAS 12

#### **Deferred tax related to assets and liabilities arising from a single transaction**

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary difference - e.g leases and decommissioning liabilities. The amendments apply for the annual reporting periods beginning on or after 1 January 2023.

#### **Deferred tax related to assets and liabilities arising from a single transaction(continued)**

For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will need to be recognised from the beginning of the earliest period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of the equity that date. For all other transactions, the amendments apply to the transactions that occur after the beginning of the earlier period presented.

The Company accounts for deferred tax liabilities and assets applying the “integrally linked”

ANNUAL FINANCIAL STATEMENT WERE APPROVED BY THE BOARD OF DIRECTORS ON 11 March 2024

## **2 Application and adoption of new and revised International Financial Reporting Standards (IFRS) (continued)**

approach resulting in a similar outcome to the amendments, except that the Company deferred tax asset or liability is recognised on net basis. At 31 December 2023, under the amendments, the Company will recognise a separate deferred tax liability of RO 4.40 million and deferred tax asset of RO 0.42 million. The management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

### **Material accounting policy information**

The Company has also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not results in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material, rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in material accounting policies (2022: significant accounting policies) in certain instances inline with the amendments.

The above standards and amendments do not have any material impact on the financial statements.

### **2.2 New standards and interpretations not yet adopted**

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 following new or amended standards are not expected to have a significant impact on the Company's financial statements.

- Amendments to IAS 1, Classification of liabilities as current or non current and non current liabilities with covenants. Effective date of this amendment is for annual periods beginning on or after 1 January 2024;
- Amendment to IAS 7 and IFRS 7, Supplier Finance Arrangements. Effective date of this amendment is for annual periods beginning on or after 1 January 2024; and
- Amendments to IFRS 16, Lease liability in a sale and leaseback. Effective date of this standard is annual periods beginning on or after 1 January 2024.
- Amendments to IAS 21, Lack of Exchangeability. Effective date of this standard is annual periods beginning on or after 1 January 2025.

### **Basis of preparation and statement of compliance**

The financial statements of the Company have been prepared on the historical cost basis in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the applicable requirements of the Commercial Companies Law of 2019 and requirements of Capital Market Authority (CMA).

ANNUAL FINANCIAL STATEMENT WERE APPROVED BY THE BOARD OF DIRECTORS ON 11 March 2024

## **2 Application and adoption of new and revised International Financial Reporting Standards (IFRS) (continued)**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses.

### **Functional and presentation currency**

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

## **3 Material 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:

### **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 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 are as follows:

|                                  | <b>Years</b> |
|----------------------------------|--------------|
| 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 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

### **3 Material accounting policies (continued)**

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.

#### **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.

#### **Intangibles (continued)**

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 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 are as follows:

|              | <b>Years</b> |
|--------------|--------------|
| ERP software | 7            |

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

#### **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 calculations generally cover a 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.

#### **Financial assets**

##### **Recognition and initial measurement**

In the normal course of business, purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

### **3 Material accounting policies (continued)**

#### **Financial assets (continued)**

##### **Recognition and initial measurement (continued)**

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

Subsequent measurement of debt instruments 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.

**Amortized cost:** 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. Any gain or loss arising on derecognition is recognized directly in 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.

**FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest on the principal amount outstanding, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

**FVTPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

#### **Classification**

The Company on initial recognition classifies its non-derivative financial instruments in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through profit or loss (FVTPL)); and
- those to be measured at amortised cost.

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

### **3 Material accounting policies (continued)**

#### **Financial assets (continued)**

##### Classification (continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (OCI).

##### 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.

##### Derecognition

The Company derecognizes a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

### **3 Material accounting policies (continued)**

#### **Financial assets (continued)**

##### **Impairment**

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Under IFRS 9, loss allowance are measured on either of the following bases:

- 12 month ECL: these are ECLs that result from possible default events within 12 months after the reporting date; and
- Lifetime ECL: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured as 12- month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Finance assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

##### **General approach**

The Company applies three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognized based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognized based on the PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset. The Company applies general approach to all financial assets except trade receivable without significant financing component.

##### **Simplified approach**

The Company applies simplified approach to measuring credit losses, which mandates recognition of lifetime expected loss allowance for trade receivables without significant financing component. Under simplified approach, there is no need to monitor for significant increases in credit risk and the Company will be required to measure lifetime expected credit losses at all times.

##### **Significant increase in credit risk**

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

### **3 Material accounting policies (continued)**

#### **Financial assets (continued)**

Significant increase in credit risk (continued)

The Company assumes that the credit risk on a financial asset has increased significantly based on the certain delinquency period (days past due) or if exposure has moved from investment grade to non-investment grade on credit rating scale of independent credit rating agency in case of low credit risk instrument.

To determine whether a financial instrument has low credit risk, the Company uses internal credit ratings which are mapped to the external credit rating agencies such as Moody's etc. The Company considers that the rating within the investment grade, (the Company considers this to be Ba3 or higher per Moody's), are considered a low risk and have less likelihood of default. Where the external rating of a financial instrument is not available, the Company reviews the ability of the counterparty by reviewing their financial statements and other publicly available information.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held) or based on the certain delinquency period (days past due).

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Credit- impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default resulting in a dispute / litigation;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Such credit impaired assets will be shown as part of presentation of allowance for ECL in the statement of financial position.

### **3 Material accounting policies (continued)**

#### **Financial assets (continued)**

##### **Credit- impaired financial assets (continued)**

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

##### **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.

#### **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and current accounts with commercial banks in Oman, Saudi and Kuwait.

#### **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.

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

#### **Financial liabilities**

##### **Classification**

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss account.

A financial liability is classified as at fair value through profit or loss account if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss. The Company's financial liabilities comprise term loans, short term loans and trade and other payable that are subsequently measured at amortized cost using the effective interest method, if applicable.

### **3 Material accounting policies (continued)**

#### **Financial liabilities (continued)**

##### Classification (continued)

The effective interest method is the method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Where 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 a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss account.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

##### Derecognition

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

##### Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, the Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Company applied the policies on accounting for modifications to the additional changes.

### **3 Material accounting policies (continued)**

#### **Employees' end of service benefits**

The Company's obligation for contributions to defined contribution pension plans are recognized as an expense when due. The company's obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The Company make payment to the Omani Government Social Security scheme under Royal Decree 72/91 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 2003 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. The liability for end of service benefits recognized based on actuarial valuation.

Employee entitlements to annual leave and leave passage 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.

Remeasurements in the net defined benefit liability comprising actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI.

#### **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. 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.

#### **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.

### **3 Material accounting policies (continued)**

#### **Leases**

##### **The Company as a lessee**

The Company assesses whether a contract is or contains a lease, at inception of the contract. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a corresponding lease liability at lease commencement date with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, 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.

##### **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.

Lease payments are allocated between principal and finance cost. The finance cost is charged to 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.

##### **Right-of-use asset**

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

### **3 Material accounting policies (continued)**

#### **Leases (continued)**

##### **The Company as a lessee (continued)**

###### **Right of-use assets (continued)**

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 useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Operating expense's in the statement of profit or loss.

###### **Short term leases and leases of low value assets**

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low value assets and short-term leases. The Company recognizes lease payments associated with these leases as an expense on straight line basis on short term basis.

##### **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.

### 3 Material accounting policies (continued)

#### Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control over a good or a service to a customer.

#### Cost of obtaining and fulfilment

The Company capitalizes incremental costs to obtain 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 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.

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.

| Type of product / service                             | Nature and timing of satisfaction of performance obligations                                                                                                                 | Revenue recognition policies                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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. | <p>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 surveys of work performed.</p> <p>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.</p> <p>No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due.</p> |

### 3 Material accounting policies (continued)

#### Revenue from contracts with customers (continued)

| Type of product / service | Nature and timing of satisfaction of performance obligations                                                                                                                                         | Revenue recognition policies                                                                                                                                                                                                  |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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.<br><br>No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due. |

#### Mobilization cost

In case of existing assets mobilization costs, if any, will be amortized over the period of the contract. 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.

##### 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.

### **3 Material accounting policies (continued)**

#### **Income tax (continued)**

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 the 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
- 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**

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.

#### **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 retranslated to the functional currency at the exchange rate at reporting date. 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 profit or loss.

### **3 Material accounting policies (continued)**

#### **Director's remuneration**

Directors' remunerations are computed in accordance with the Commercial Companies Law, as per the requirements of Capital Market 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.

### **4. 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**

##### **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.

#### **4. Significant accounting judgements, estimates and assumptions (continued)**

##### **Assumptions and estimation uncertainties (continued)**

###### **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.

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

**5 Property and equipment**

|                                                    | <b>Rigs and well<br/>services<br/>equipment</b> | <b>Furniture<br/>and<br/>fixtures</b> | <b>Office and<br/>computer<br/>equipment</b> | <b>Motor<br/>vehicles</b> | <b>Building</b> | <b>Capital work in<br/>progress<br/>(note 6)</b> | <b>Total</b>   |
|----------------------------------------------------|-------------------------------------------------|---------------------------------------|----------------------------------------------|---------------------------|-----------------|--------------------------------------------------|----------------|
|                                                    | <b>RO'000</b>                                   | <b>RO'000</b>                         | <b>RO'000</b>                                | <b>RO'000</b>             | <b>RO'000</b>   | <b>RO'000</b>                                    | <b>RO'000</b>  |
| <b>Cost</b>                                        |                                                 |                                       |                                              |                           |                 |                                                  |                |
| At 1 January 2022                                  | 338,849                                         | 1,035                                 | 1,913                                        | 2,605                     | 3,778           | 17,887                                           | 366,067        |
| Additions during the year                          | 4,825                                           | 6                                     | 131                                          | 194                       | -               | 7,096                                            | 12,252         |
| Transfer from capital<br>work-in-progress (note 6) | 21,297                                          | 105                                   | 17                                           | -                         | 15              | (21,434)                                         | -              |
| Asset disposal / written off                       | (4,330)                                         | (1)                                   | (909)                                        | (343)                     | -               | -                                                | (5,583)        |
| Accrual for assets written off                     | (589)                                           | -                                     | -                                            | -                         | -               | -                                                | (589)          |
| At 31 December 2022                                | 360,052                                         | 1,145                                 | 1,152                                        | 2,456                     | 3,793           | 3,549                                            | 372,147        |
| <b>At 1 January 2023</b>                           | <b>360,052</b>                                  | <b>1,145</b>                          | <b>1,152</b>                                 | <b>2,456</b>              | <b>3,793</b>    | <b>3,549</b>                                     | <b>372,147</b> |
| Additions during the year                          | 3,941                                           | 16                                    | 155                                          | -                         | 1               | 10,783                                           | 14,896         |
| Transfer from capital<br>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                                | 370,813                                         | 1,161                                 | 1,369                                        | 2,351                     | 3,794           | 3,023                                            | 382,511        |

**5 Property and equipment (continued)**

|                                                    | Rigs and well<br>services<br>equipment<br>RO'000 | Furniture<br>and fixtures<br>RO'000 | Office and<br>computer<br>equipment<br>RO'000 | Motor<br>vehicles<br>RO'000 | Building<br>RO'000 | Capital work in<br>progress (note<br>6)<br>RO'000 | Total<br>RO'000 |
|----------------------------------------------------|--------------------------------------------------|-------------------------------------|-----------------------------------------------|-----------------------------|--------------------|---------------------------------------------------|-----------------|
| <b>Accumulated depreciation and<br/>impairment</b> |                                                  |                                     |                                               |                             |                    |                                                   |                 |
| At 1 January 2022                                  | 156,276                                          | 873                                 | 1,626                                         | 2,085                       | 605                | -                                                 | 161,465         |
| Depreciation charge for the year                   | 18,823                                           | 52                                  | 143                                           | 114                         | 152                | -                                                 | 19,284          |
| Asset disposal / written off                       | (3,468)                                          | (1)                                 | (909)                                         | (328)                       | -                  | -                                                 | (4,706)         |
| Accrual for assets written off                     | (2)                                              | -                                   | -                                             | -                           | -                  | -                                                 | (2)             |
| 31 December 2022                                   | 171,629                                          | 924                                 | 860                                           | 1,871                       | 757                | -                                                 | 176,041         |
| <b>1 January 2023</b>                              | <b>171,629</b>                                   | <b>924</b>                          | <b>860</b>                                    | <b>1,871</b>                | <b>757</b>         | <b>-</b>                                          | <b>176,041</b>  |
| Depreciation charge for the year                   | 18,879                                           | 82                                  | 123                                           | 83                          | 152                | -                                                 | 19,319          |
| Impairment reversal<br>during the year             | (757)                                            | -                                   | -                                             | -                           | -                  | -                                                 | (757)           |
| Asset disposal / written off                       | (2,890)                                          | -                                   | (9)                                           | (106)                       | -                  | -                                                 | (3,005)         |
| Accrual for assets written off                     | (492)                                            | -                                   | -                                             | -                           | -                  | -                                                 | (492)           |
| <b>At 31 December 2023</b>                         | <b>186,369</b>                                   | <b>1,006</b>                        | <b>974</b>                                    | <b>1,848</b>                | <b>909</b>         | <b>-</b>                                          | <b>191,106</b>  |
| <b>Carrying amount</b>                             |                                                  |                                     |                                               |                             |                    |                                                   |                 |
| <b>At 31 December 2023</b>                         | <b>184,444</b>                                   | <b>155</b>                          | <b>395</b>                                    | <b>503</b>                  | <b>2,885</b>       | <b>3,023</b>                                      | <b>191,405</b>  |
| At 31 December 2022                                | 188,423                                          | 221                                 | 292                                           | 585                         | 3,036              | 3,549                                             | 196,106         |

## 5 Property and equipment (continued)

Details of depreciation and amortization is as below:

|                                               | 2023<br>RO'000 | 2022<br>RO'000 |
|-----------------------------------------------|----------------|----------------|
| Depreciation on property and equipment        | 19,319         | 19,284         |
| Amortisation of intangible assets (note 7)    | 73             | 62             |
| Depreciation on right-of-use assets (note 8a) | 2,675          | 2,720          |
| Depreciation and amortization                 | <u>22,067</u>  | <u>22,066</u>  |

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

|                                               |               |               |
|-----------------------------------------------|---------------|---------------|
| Cost of sales (note 19)                       | 21,661        | 21,651        |
| General and administrative expenses (note 20) | 406           | 415           |
|                                               | <u>22,067</u> | <u>22,066</u> |

- During the year, the Company recognised finance cost of RO 39.7 thousand (2022: RO 14.6 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 commercial banks mentioned in note 14.
- The Company has leased out rigs and well service equipment under operating leases.

### Impairment assessment:

During the year 2023, the management has carried out an impairment test on all the core and non core cash-generating units (CGUs). The core cash generating units (CGU) consist of core service lines such as drilling rigs, workover rigs, cement, fracturing, coil tubing and well testing. The contract from client for services of fracturing, coil tubing and well testing are secured as composite services and termed as Integrated Fracturing Services (IFS). The non-core cash generating units (CGU) consist of slick line and NCP.

Management is of the view that fracturing, coil tubing and well testing are not an independent cash generating units as the contract for these assets have been secured as a composite contract and accordingly, these assets are group together and tested as a single CGU for impairment assessment.

Other than above assets, each asset is generating separate revenue with no interdependency on the other assets, therefore management is of the view that each asset is a separate cash generating unit and accordingly, each core and non -core asset is tested for impairment at individual level.

### Key Assumptions used in value in use calculations for the current year

The recoverable amount of core CGU was based on its 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 take into account anticipated efficiency improvements over the forecasted period.

## 5 Property and equipment (continued)

### Impairment assessment: (continued)

#### Key Assumptions used in value in use calculations for the current year (continued)

The recoverable amount of non-core CGU was based on its fair value less cost of disposal. The fair value of assets was determined by external independent registered valuation expert, having appropriate recognised professional qualifications and recent experience in the location and category of assets being valued. The fair value of an asset was determined considering the market conditions, type, age/remaining expected lifetime of equipment, second hand sales, replacement costs, income and earning capability, Net Present Value (NPV) of cash flows from applicable contracts and Return on Investment (ROI).

#### Fair value hierarchy

The fair value measurement of non-core assets has been categorised as a Level 3 based on the inputs to the valuation techniques used. During the year ended 31 December 2023, there were no transfers between Level 1, Level 2 and Level 3 category (2022: Nil).

During the year ended 31 December 2023, there were no transfers between Level 1, Level 2 and Level 3 category (2022: Nil).

Major parameters used for impairment testing are as follows:

- Future cash inflows and outflows for a period of ten 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 9.16%
- 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.

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

|                                 | 2023<br>RO'000 | 2022<br>RO'000 |
|---------------------------------|----------------|----------------|
| <b>Provision for impairment</b> |                |                |
| Opening at 01 January           | 1,465          | 1,465          |
| Reversal of impaired loss       | (757)          | -              |
| Closing at 31 December          | <u>708</u>     | <u>1,465</u>   |

Unfavourable changes in the key assumptions could cause the carrying amount to exceed the recoverable amount. Management is confident that actual results will meet the projections and that the assumptions and impairment test are reasonable.

**6 Capital work-in-progress**

|                                                     | 2023<br>RO'000 | 2022<br>RO'000 |
|-----------------------------------------------------|----------------|----------------|
| Rigs and other service line assets not commissioned | 1,055          | 2,527          |
| Building under construction                         | 1,968          | 1,022          |
|                                                     | <u>3,023</u>   | <u>3,549</u>   |
| Balance as at year end                              | <u>3,023</u>   | <u>3,549</u>   |

The movement in capital work in progress is as follows:

|                                             |              |              |
|---------------------------------------------|--------------|--------------|
| At 1 January                                | 3,549        | 17,887       |
| Addition during the year                    | 10,783       | 7,096        |
| Transfer to property and equipment (note 5) | (11,309)     | (21,434)     |
|                                             | <u>3,023</u> | <u>3,549</u> |
| Balance as at year end                      | <u>3,023</u> | <u>3,549</u> |

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

**7 Intangible assets**

|                                    | 2023<br>RO'000 | 2022<br>RO'000 |
|------------------------------------|----------------|----------------|
| <b>Cost</b>                        |                |                |
| At beginning of the year           | 635            | 2,414          |
| Additions during the year          | 113            | 3              |
| Write offs                         | -              | (1,782)        |
| At end of the year                 | <u>748</u>     | <u>635</u>     |
| <b>Amortization</b>                |                |                |
| At beginning of the year           | 444            | 2,164          |
| Charge for the year (note 5)       | 73             | 62             |
| Write offs                         | -              | (1,782)        |
| At end of the year                 | <u>517</u>     | <u>444</u>     |
| Carrying amount at end of the year | <u>231</u>     | <u>191</u>     |

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

**8a. Right-of-use assets**

|                                      | Building<br>RO'000 | Land<br>RO'000 | Equipment<br>RO'000 | Vehicles<br>RO'000 | Total<br>RO'000 |
|--------------------------------------|--------------------|----------------|---------------------|--------------------|-----------------|
| At 1 January 2022                    | 215                | 43             | 231                 | 4,446              | 4,935           |
| Additions                            | 197                | 58             | 206                 | 3,407              | 3,868           |
| Terminations and related adjustments | (71)               | (21)           | (218)               | (204)              | (514)           |
| Impact of lease modification         | 15                 | 108            | -                   | 304                | 427             |
| Less: depreciation                   | (220)              | (65)           | (113)               | (2,322)            | (2,720)         |
| <b>At 1 January 2023</b>             | <b>136</b>         | <b>123</b>     | <b>106</b>          | <b>5,631</b>       | <b>5,996</b>    |
| 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)         |
| <b>At 31 December 2023</b>           | <b>330</b>         | <b>156</b>     | <b>2</b>            | <b>5,014</b>       | <b>5,502</b>    |

**8b. Lease liabilities**

|                                    | 2023<br>RO'000 | 2022<br>RO'000 |
|------------------------------------|----------------|----------------|
| Lease liabilities                  | 5,777          | 6,246          |
| Current portion                    | 2,212          | 1,958          |
| Non-current portion                | 3,565          | 4,288          |
| Balance as at year end             | 5,777          | 6,246          |
| At 1 January                       | 6,246          | 5,139          |
| Additions (note 8a)                | 2,926          | 3,868          |
| Terminations and other adjustments | (769)          | (530)          |
| Impact of lease modification       | 5              | 427            |
| Add: interest cost (note 21)       | 324            | 350            |
| Less: payments during the year end | (2,955)        | (3,008)        |
| Balance as at year end             | 5,777          | 6,246          |

Maturity analysis of lease liabilities is disclosed in note 27.

The Company leases several assets including buildings, land, equipment and vehicles. The average lease term is 5 to 10 years (31 December 2022: 5 to 10 years). During the period, certain contracts were modified. This resulted in the re-measurement of lease liabilities increased by RO 5 thousand (31 December 2022: increased by RO 427 thousand).

**8b. Lease liabilities (continued)**

The corresponding adjustment was made to right-of-use assets. Incremental borrowing rate used is 5.5% p.a (2022: 5.5% p.a).

| Amounts recognized in profit or loss        | 2023<br>RO'000 | 2022<br>RO'000 |
|---------------------------------------------|----------------|----------------|
| Depreciation expense on right-of-use assets | 2,723          | 2,720          |
| Interest expense on lease liabilities       | 324            | 350            |
| Expense relating to short-term leases       | 19             | 16             |
|                                             | <b>3,066</b>   | <b>3,086</b>   |

**9a Trade and other receivables**

|                                                 |               |               |
|-------------------------------------------------|---------------|---------------|
| Trade receivables from non - related parties    | 25,837        | 19,975        |
| Trade receivable from a related party (note 23) | 5,129         | 5,866         |
| Less: allowance for expected credit losses      | (168)         | (308)         |
|                                                 | <b>30,798</b> | <b>25,533</b> |
| Accrued revenue                                 | 8,650         | 7,108         |
| Other receivables                               | 1,838         | 1,327         |
| Deposits                                        | 7             | 6             |
| Balance as at period / year end                 | <b>41,293</b> | <b>33,974</b> |

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

|                         | Gross<br>2023<br>RO'000 | Impairment<br>2023<br>RO'000 | Gross<br>2022<br>RO'000 | Impairment<br>2022<br>RO'000 |
|-------------------------|-------------------------|------------------------------|-------------------------|------------------------------|
| Not due                 | 25,683                  | 13                           | 21,815                  | 25                           |
| Due within 1-90 days    | 4,196                   | 1                            | 3,511                   | 15                           |
| Due within 91-180 days  | 304                     | 4                            | 112                     | 6                            |
| Due within 181-270 days | 426                     | 40                           | 6                       | 1                            |
| Due within 271-360 days | 100                     | 10                           | 37                      | -                            |
| More than one year      | 257                     | 100                          | 360                     | 261                          |
|                         | <b>30,966</b>           | <b>168</b>                   | <b>25,841</b>           | <b>308</b>                   |

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

**9a Trade and other receivables (continued)**

Movement in the allowance for impaired debt is as follows:

|                                               | 2023<br>RO'000 | 2022<br>RO'000 |
|-----------------------------------------------|----------------|----------------|
| Balance as at 1 January                       | 308            | 116            |
| Add : charge for the year                     | -              | 192            |
| Less : reversal of the provision for the year | (140)          | -              |
|                                               | <hr/>          | <hr/>          |
| Balance as at year end                        | <b>168</b>     | 308            |
|                                               | <hr/>          | <hr/>          |

At the period end, total trade receivables as mentioned above are assigned in favor of commercial 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 87% (31 December 2022: 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 and prepayments**

|                        | 2023<br>RO'000 | 2022<br>RO'000 |
|------------------------|----------------|----------------|
| Advance to suppliers   | 457            | 2,457          |
| Advance to employees   | -              | 23             |
| Prepayments            | 635            | 415            |
|                        | <hr/>          | <hr/>          |
| Balance as at year end | <b>1,092</b>   | 2,895          |
|                        | <hr/>          | <hr/>          |

**10 Inventories**

|                                                    |               |        |
|----------------------------------------------------|---------------|--------|
| Stores, spares and consumables                     | 24,289        | 19,573 |
| Provision for obsolete and slow-moving inventories | (503)         | (968)  |
|                                                    | <hr/>         | <hr/>  |
| Balance as at year end                             | <b>23,786</b> | 18,605 |
|                                                    | <hr/>         | <hr/>  |

Movement in the provision for inventories is as follows:

|                                              |            |       |
|----------------------------------------------|------------|-------|
| Balance as at 1 January                      | 968        | 732   |
| Add: charge for the year                     | 160        | 236   |
| Less: reversal of the provision for the year | (625)      | -     |
|                                              | <hr/>      | <hr/> |
| Balance as at year end                       | <b>503</b> | 968   |
|                                              | <hr/>      | <hr/> |

**11(a) Cash and cash equivalents**

|                                 | 2023<br>RO'000 | 2022<br>RO'000 |
|---------------------------------|----------------|----------------|
| Cash on hand                    | 20             | 39             |
| Cash at bank                    | 8,051          | 4,081          |
| Total cash and cash equivalents | <u>8,071</u>   | <u>4,120</u>   |

**11(b) Bank Term Deposit**

|                            |          |               |
|----------------------------|----------|---------------|
| Bank term deposit          | -        | 17,853        |
| Accrued income on deposits | -        | 596           |
|                            | <u>-</u> | <u>18,449</u> |

During the period, the company had encashed the term deposit. Bank term deposit as of 31 December 2022 consisted of fixed deposits denominated in Rial Omani and carried annual effective interest rate of 3.80% to 4.50% per annum.

**12 Share capital**

|                                                                                             | 2023<br>RO'000 | 2022<br>RO'000 |
|---------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Share capital</b>                                                                        |                |                |
| Authorized share capital<br>2,000,000,000 (2022: 200,000,000) shares of Baisa 100 each      | 200,000        | 200,000        |
| Issued and paid up share capital<br>770,200,000 (2022: 77,020,000) 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 2023, the shareholders approved to pay a dividend of 20 baisa per share amounting to RO 15,404,000 representing 93% of profit after tax relating to financial year 2022 (2022: 7.17 baisa per share amounting to RO 5,523,900 relating to the financial year 2021 representing 30% of profit after tax).

**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.

**14a Term loans**

|                             | <b>Maturity</b> | <b>2023<br/>RO'000</b> | <b>2022<br/>RO'000</b> |
|-----------------------------|-----------------|------------------------|------------------------|
| <b>Total</b>                |                 |                        |                        |
| Term loan I [note 14 (a)]   | Repaid          | -                      | 21,630                 |
| Term loan II [note 14 (b)]  | December 2027   | <b>6,395</b>           | 7,500                  |
| Term loan III [note 14 (c)] | Repaid          | -                      | 32,021                 |
| Term loan IV [note 14 (d)]  | December 2029   | <b>18,770</b>          | 19,974                 |
| Term loan V [note 14 (e)]   | Repaid          | -                      | 14,669                 |
| Term loan VI [note 14 (f)]  | February 2030   | <b>28,627</b>          | -                      |
| Term loan VII [note 14 (g)] | December 2030   | <b>31,500</b>          | -                      |
|                             |                 | <b>85,292</b>          | <b>95,794</b>          |
| <b>Non-current portion</b>  |                 |                        |                        |
| Long term loan I            | Repaid          | -                      | 15,862                 |
| Long term loan II           | December 2027   | <b>5,372</b>           | 6,395                  |
| Long term loan III          | Repaid          | -                      | 27,095                 |
| Long Term loan IV           | December 2029   | <b>15,641</b>          | 16,850                 |
| Long Term loan V            | Repaid          | -                      | 10,751                 |
| Long Term loan VI           | February 2030   | <b>24,047</b>          | -                      |
| Long Term loan VII          | December 2030   | <b>27,000</b>          | -                      |
|                             |                 | <b>72,060</b>          | <b>76,953</b>          |
| <b>Current portion</b>      |                 |                        |                        |
| Long term loan I            | Repaid          | -                      | 5,768                  |
| Long term loan II           | December 2027   | <b>1,023</b>           | 1,105                  |
| Long term loan III          | Repaid          | -                      | 4,926                  |
| Long Term loan IV           | December 2029   | <b>3,129</b>           | 3,124                  |
| Long Term loan V            | Repaid          | -                      | 3,918                  |
| Long Term loan VI           | February 2030   | <b>4,580</b>           | -                      |
| Long Term loan VII          | December 2030   | <b>4,500</b>           | -                      |
|                             |                 | <b>13,232</b>          | <b>18,841</b>          |

**(a) Term loan I**

The term loan was fully repaid in December 2023.

**(b) Term loan II**

The term loan is denominated in Omani Rials. The maturity period and interest rates have been revised. The loan is repayable in 27 quarterly installments of RO 255,822 each up to 2025. The remaining balance is repayable in 8 quarterly installments of RO 543,622 with finally maturity set on 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.

**14a Term loans (continued)**

**(c) Term loan III**

The term loan was fully repaid in February 2023

**(d) Term loan IV**

In 2021, the company obtained a term loan denominated in USD to fund new projects, including the acquisition of two rigs and other company assets. The full drawdown was completed by September 2023. However, the loan was converted 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

**(e) Term loan V**

The term loan was fully repaid in December 2023

**(f) Term loan VI**

New term loan acquired during February 2023. 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.

**(g) Term loan VII**

During the year, the Company has availed loan from an Islamic Bank. The loan is repayable in 28 quarterly installments. The last instalment is repayable in December 2030. The rate on the Islamic loan is fixed for the first year and thereafter, 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 for the tenor of the loan.

**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. (2022: no breach).
- All the USD loans have been swapped with OMR loans during the year.

**15. Deferred income and deferred expenses**

**15a Deferred income**

An analysis of deferred income is set out below:

|                        | 2023   | 2022   |
|------------------------|--------|--------|
|                        | RO'000 | RO'000 |
| Deferred income        | 1,856  | 2,884  |
| Current portion        | 762    | 1,027  |
| Non-current portion    | 1,094  | 1,857  |
| Balance as at year end | 1,856  | 2,884  |

**15. Deferred income and deferred expenses (continued)**

**15a Deferred income (continued)**

|                                         | 2023         | 2022         |
|-----------------------------------------|--------------|--------------|
|                                         | RO'000       | RO'000       |
| Balance as at 1 January                 | 2,884        | 3,161        |
| Add: income received during the year    | -            | 1,950        |
| Less: income recognized during the year | (1,028)      | (2,227)      |
|                                         | <u>1,856</u> | <u>2,884</u> |
| Balance as at year end                  | <u>1,856</u> | <u>2,884</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:

|                                      | 2023       | 2022       |
|--------------------------------------|------------|------------|
|                                      | RO'000     | RO'000     |
| Deferred expenses                    | 119        | 259        |
|                                      | <u>119</u> | <u>259</u> |
| Current portion                      | 25         | 140        |
| Non-current portion                  | 94         | 119        |
|                                      | <u>119</u> | <u>259</u> |
| Balance as at year end               | <u>119</u> | <u>259</u> |
| 1 January                            | 259        | 378        |
| Add: cost incurred during the year   | -          | 184        |
| Less: cost accounted during the year | (140)      | (303)      |
|                                      | <u>119</u> | <u>259</u> |
| Balance as at year end               | <u>119</u> | <u>259</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.

**15c. Capex advance**

The capex advances amounted to OMR 4,546 thousand (31 December 2022: OMR 1,180 thousand) includes an amount of OMR 960 thousand (31 December 2022: Nil) paid towards advances for capex suppliers for the Rigs to be commissioned in Kuwait.

**16 Employees' end of service benefits**

|                                    | 2023         | 2022         |
|------------------------------------|--------------|--------------|
|                                    | RO'000       | RO'000       |
| At 1 January                       | 1,955        | 1,854        |
| Add: cost incurred during the year | 477          | 325          |
| Less: payments during the year     | (214)        | (224)        |
|                                    | <u>2,218</u> | <u>1,955</u> |
| Balance as at year end             | <u>2,218</u> | <u>1,955</u> |

**17a Trade payables**

|                                    | 2023<br>RO'000 | 2022<br>RO'000 |
|------------------------------------|----------------|----------------|
| Trade payables                     | 4,972          | 8,672          |
| Payables for other services        | 10,644         | 6,411          |
| Payables for acquisition of assets | 785            | 345            |
|                                    | <u>16,401</u>  | <u>15,428</u>  |

**17b Other payables**

|                                  | 2023<br>RO'000 | 2022<br>RO'000 |
|----------------------------------|----------------|----------------|
| Accrued expenses                 | 3,105          | 2,392          |
| Leave encashment payable         | 4,880          | 2,659          |
| Performance bonus payable        | 1,478          | 1,406          |
| Due to a related party (note 23) | 1,490          | 886            |
| Accrued interest                 | 100            | 121            |
| Employee payable                 | 117            | -              |
| Social security payable          | 530            | 500            |
| Advances from customers          | 118            | 25             |
| Payable to customers             | 228            | -              |
| Retention payable                | 22             | -              |
|                                  | <u>12,068</u>  | <u>7,989</u>   |

**18 Revenue**

|                                                                      | 2023<br>RO'000 | 2022<br>RO'000 |
|----------------------------------------------------------------------|----------------|----------------|
| <b>Revenue from contracts with customers</b>                         |                |                |
| <b>Disaggregation of revenue:</b>                                    |                |                |
| Revenue recognized over time:                                        |                |                |
| Service revenue - Drilling, work over, well services and maintenance | 115,693        | 109,823        |
| Revenue recognized point in time:                                    |                |                |
| Contract revenue - product                                           | 7,259          | 5,862          |
|                                                                      | <u>122,952</u> | <u>115,685</u> |
| <b>Other revenue</b>                                                 |                |                |
| Leased operating assets                                              | 21,394         | 21,355         |
| Total revenue                                                        | <u>144,346</u> | <u>137,040</u> |

All revenues are generated in the domestic Oman market.

**19 Cost of sales**

|                                        | 2023           | 2022           |
|----------------------------------------|----------------|----------------|
|                                        | RO'000         | RO'000         |
| Employee related cost (note 20b)       | 47,286         | 44,803         |
| Depreciation and amortization (note 5) | 21,661         | 21,651         |
| Materials and spares consumed          | 22,818         | 19,806         |
| Transportation                         | 6,809          | 6,390          |
| Camp and catering cost                 | 3,589          | 3,187          |
| Equipment rentals                      | 1,341          | 1,371          |
| Repairs and maintenance                | 2,391          | 1,816          |
| Inspection                             | 1,345          | 1,035          |
| Reimbursable cost                      | 997            | 674            |
| Insurance                              | 752            | 770            |
| Vehicle running                        | 428            | 434            |
| Mobilization / demobilization expenses | 145            | 502            |
| Communication                          | 505            | 398            |
| Water and electricity                  | 259            | 214            |
| Business travel                        | 137            | 137            |
| Vehicle rentals                        | 624            | 226            |
| Legal and professional charges         | 190            | 110            |
| Miscellaneous                          | 153            | 108            |
|                                        | <b>111,430</b> | <b>103,632</b> |

**20a General and administrative expenses**

|                                          | 2023         | 2022         |
|------------------------------------------|--------------|--------------|
|                                          | RO'000       | RO'000       |
| Employee related costs (note 20b)        | 5,117        | 4,587        |
| Depreciation and amortization (note 5)   | 406          | 415          |
| Consumables and materials consumed       | 32           | 28           |
| Repairs and maintenance                  | 380          | 704          |
| Legal and professional                   | 571          | 260          |
| Directors - other remuneration (note 23) | 150          | -            |
| Rent                                     | 2            | 50           |
| Communication                            | 32           | 19           |
| Water and electricity                    | 35           | 26           |
| Advertisement and sales promotion        | 84           | 217          |
| Insurance                                | 32           | 15           |
| Printing and stationary                  | 3            | 10           |
| Vehicle running                          | 10           | 10           |
| Directors - sitting fees (note 23)       | 42           | 40           |
| Business travel                          | 137          | 25           |
| Vehicle rentals                          | 12           | 9            |
| Food expenses                            | 18           | -            |
| Subscription and membership              | 59           | 6            |
| Miscellaneous                            | 288          | 261          |
|                                          | <b>7,410</b> | <b>6,682</b> |

## 20b Employee related costs

|                                          | 2023<br>RO'000 | 2022<br>RO'000 |
|------------------------------------------|----------------|----------------|
| The employee cost consist the following: |                |                |
| Wages and salaries                       | 37,436         | 36,419         |
| Performance bonus                        | 1,374          | 1,250          |
| End of service benefits (note 16)        | 477            | 325            |
| Others                                   | 12,835         | 11,396         |
|                                          | <u>52,122</u>  | <u>49,390</u>  |

## 21 Finance costs and finance income

|                                                      | 2023<br>RO'000 | 2022<br>RO'000 |
|------------------------------------------------------|----------------|----------------|
| An analysis of finance cost is set out below:        |                |                |
| Interest on long term loans                          | 5,468          | 5,690          |
| Unwinding of interest on deferred payment obligation | -              | (79)           |
| Bank charges / exchange fluctuations                 | 531            | 384            |
| Interest on lease liabilities (note 8b)              | 324            | 350            |
|                                                      | <u>6,323</u>   | <u>6,345</u>   |

An analysis of finance income is set out below:

|                                   | 2023<br>RO'000 | 2022<br>RO'000 |
|-----------------------------------|----------------|----------------|
| Interest income on fixed deposits | 119            | 566            |
| Other finance income              | 23             | -              |
|                                   | <u>142</u>     | <u>566</u>     |

## 22 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 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.

#### 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
- 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.

## 22 Taxation (continued)

### 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 year

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 2022: 14.9%).

Recognized in the statement of profit or loss:

|                              | 2023<br>RO'000 | 2022<br>RO'000 |
|------------------------------|----------------|----------------|
| Statement of profit or loss: |                |                |
| Current tax:                 |                |                |
| Current period               | 2,758          | 3,100          |
| Prior period                 | (29)           | 223            |
| Deferred tax:                |                |                |
| Current period               | 169            | (188)          |
| Prior period                 | 37             | (246)          |
|                              | <u>2,935</u>   | <u>2,889</u>   |

**22 Taxation (continued)**

|                                         | 2023                | 2022                |
|-----------------------------------------|---------------------|---------------------|
|                                         | RO'000              | RO'000              |
| <b>Reconciliation</b>                   |                     |                     |
| Profit before tax                       | <u>19,496</u>       | <u>19,408</u>       |
| Income tax as per rates mentioned above | <u>2,924</u>        | <u>2,911</u>        |
| Non-deductible expenses                 | 3                   | 1                   |
| Prior year adjustment- deferred tax     | 37                  | (246)               |
| Prior year adjustment- current tax      | (29)                | 223                 |
| Tax expense for the year                | <u><u>2,935</u></u> | <u><u>2,889</u></u> |
| <b>Current tax payable</b>              |                     |                     |
| Current tax payable                     | <u><u>2,674</u></u> | <u><u>3,083</u></u> |

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

| 2023                                      | As at<br>1 January<br>RO'000 | (Charge) /<br>reversal to<br>profit or loss<br>RO'000 | As at<br>31 December<br>RO'000 |
|-------------------------------------------|------------------------------|-------------------------------------------------------|--------------------------------|
| <b>Deferred tax liabilities</b>           |                              |                                                       |                                |
| Property and equipment                    | (4,398)                      | 9                                                     | (4,389)                        |
| Deferred expenses                         | (39)                         | 21                                                    | (18)                           |
|                                           | <u>(4,437)</u>               | <u>30</u>                                             | <u>(4,407)</u>                 |
| <b>Deferred tax assets</b>                |                              |                                                       |                                |
| Provision for impairment                  | 46                           | (21)                                                  | 25                             |
| Deferred income                           | 433                          | (155)                                                 | 278                            |
| Provision for inventories                 | 145                          | (70)                                                  | 75                             |
| Provision on donation                     | -                            | -                                                     | 6                              |
| Right-of-use assets and lease liabilities | 38                           | 4                                                     | 42                             |
|                                           | <u>662</u>                   | <u>(242)</u>                                          | <u>426</u>                     |

**22 Taxation (continued)**  
**Reconciliation (continued)**

| 2022                                      | As at<br>1 January<br>RO'000 | (Charge) /<br>reversal to profit<br>or loss<br>RO'000 | As at<br>31 December<br>RO'000 |
|-------------------------------------------|------------------------------|-------------------------------------------------------|--------------------------------|
| Deferred tax liabilities                  |                              |                                                       |                                |
| Property and equipment                    | (4,830)                      | 432                                                   | (4,398)                        |
| Deferred expenses                         | (57)                         | 18                                                    | (39)                           |
|                                           | <u>(4,887)</u>               | <u>450</u>                                            | <u>(4,437)</u>                 |
| Deferred tax assets                       |                              |                                                       |                                |
| Deferred payment obligation               | 156                          | (156)                                                 | -                              |
| Provision for impairment                  | 17                           | 29                                                    | 46                             |
| Deferred income                           | 474                          | (41)                                                  | 433                            |
| Provision for inventory                   | -                            | 145                                                   | 145                            |
| Right-of-use assets and lease liabilities | 31                           | 7                                                     | 38                             |
|                                           | <u>678</u>                   | <u>(16)</u>                                           | <u>662</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 31 December 2023.

**23 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:

|                                                                                               | 2023<br>RO'000 | 2022<br>RO'000 |
|-----------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Sale of goods and services</b>                                                             |                |                |
| Revenue from the Parent Company - Drilling and workover and well services                     | <u>22,297</u>  | <u>21,390</u>  |
| <b>Purchases of goods and services</b>                                                        |                |                |
| Fuel, lubricants and others from Oman Oil Marketing Company SAOG- entity under common control | <u>5,442</u>   | <u>2,511</u>   |
| Directors - sitting fees                                                                      | <u>42</u>      | <u>40</u>      |
| Directors - other remunerations                                                               | <u>150</u>     | <u>-</u>       |

**23 Related party transactions and balances (continued)**

|                                                                                        | 2023<br>RO'000 | 2022<br>RO'000 |
|----------------------------------------------------------------------------------------|----------------|----------------|
| <b>Key management compensation</b>                                                     |                |                |
| Basic salaries and allowances                                                          | 851            | 652            |
| End of service benefits                                                                | 11             | 8              |
|                                                                                        | <u>862</u>     | <u>660</u>     |
|                                                                                        | 2023<br>RO'000 | 2022<br>RO'000 |
| <b>Related party balances</b>                                                          |                |                |
| Receivable from the Parent Company (note 9a)                                           | 5,129          | 5,866          |
| Payable to Oman Oil Marketing Company SAOG –<br>entity under common control (note 17b) | <u>1,490</u>   | <u>886</u>     |

These balances are interest free and repayable on demand.

**24 Contingent liabilities**

|                 | 2023<br>RO'000 | 2022<br>RO'000 |
|-----------------|----------------|----------------|
| Bank guarantees | 25,239         | 21,499         |
| Legal cases     | 2,901          | 3,371          |
| Other claim     | 381            | -              |
| <b>Total</b>    | <u>28,521</u>  | <u>24,870</u>  |

The major portion of legal cases is relating to an amount of RO 2,456,416 (31 December 2022: 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 evidences provided and therefore invoked force majeure and is currently being reviewed by the counterparty.

**25 Commitments**

As at 31 December 2023, the Company had contractual capital commitments of RO 13,761,213 (31 December 2022: RO 6,263,203).

**26 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.

## 26 Segment reporting (continued)

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

|                                                               | Drilling and Work Over |                | Well Services and Others |                | Total          |                |
|---------------------------------------------------------------|------------------------|----------------|--------------------------|----------------|----------------|----------------|
|                                                               | 2023<br>RO'000         | 2022<br>RO'000 | 2023<br>RO'000           | 2022<br>RO'000 | 2023<br>RO'000 | 2022<br>RO'000 |
| Revenue                                                       | 126,811                | 122,632        | 17,535                   | 14,408         | 144,346        | 137,040        |
| Cost of sales                                                 | (95,582)               | (89,726)       | (15,848)                 | (13,906)       | (111,430)      | (103,632)      |
| Gross profit                                                  | 31,229                 | 32,906         | 1,687                    | 502            | 32,916         | 33,408         |
| General and administrative expenses                           | (5,835)                | (5,858)        | (1,575)                  | (824)          | (7,410)        | (6,682)        |
| Other expenses                                                | (792)                  | (1,053)        | 56                       | (378)          | (736)          | (1,431)        |
| Other income                                                  | 10                     | -              | -                        | 84             | 10             | 84             |
| Impairment reversal on non-financial assets                   | 36                     | -              | 721                      | -              | 757            | -              |
| Expected credit loss reversal / (charge) on trade receivables | 101                    | -              | 39                       | (192)          | 140            | (192)          |
| Operating profit                                              | 24,749                 | 25,995         | 928                      | (808)          | 25,677         | 25,187         |
| Finance costs                                                 | (5,941)                | (5,772)        | (382)                    | (573)          | (6,323)        | (6,345)        |
| Finance income                                                | 104                    | 255            | 38                       | 311            | 142            | 566            |
| Profit/(loss) before tax                                      | 18,912                 | 20,478         | 584                      | (1,070)        | 19,496         | 19,408         |
| Taxation                                                      | (2,762)                | (2,985)        | (173)                    | 96             | (2,935)        | (2,889)        |
| Profit/(loss) for the year                                    | 16,150                 | 17,493         | 411                      | (974)          | 16,561         | 16,519         |

|                           | Drilling and Work Over |                | Well Services and Others |                | Total          |                |
|---------------------------|------------------------|----------------|--------------------------|----------------|----------------|----------------|
|                           | 2023<br>RO'000         | 2022<br>RO'000 | 2023<br>RO'000           | 2022<br>RO'000 | 2023<br>RO'000 | 2022<br>RO'000 |
| Total segment assets      | 245,181                | 246,172        | 31,284                   | 36,265         | 276,465        | 282,437        |
| Total segment liabilities | 115,600                | 132,401        | 14,751                   | 5,415          | 130,351        | 137,816        |
| Capital Expenditure       | 171,818                | 169,012        | 22,595                   | 29,970         | 194,413        | 198,982        |

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

## **27 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 December 2023, 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.

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.

## 27 Financial risk management (continued)

### Credit risk (continued)

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.

As at the reporting date the Company has provided for RO 168 thousand (2022: RO 308 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.

|                             | 2023<br>RO'000 | 2022<br>RO'000 |
|-----------------------------|----------------|----------------|
| <b>Financial assets</b>     |                |                |
| Trade and other receivables | 41,293         | 33,974         |
| Bank term deposits          | -              | 18,449         |
| Cash at bank                | 8,051          | 4,081          |
| <b>Total</b>                | <b>49,344</b>  | <b>56,504</b>  |

The details the risk profile of trade receivables based on the Company's provision matrix is provided in note no. 9a.

As at December 2023, 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.

|                          |      | 2023<br>RO'000 | 2022<br>RO'000 |
|--------------------------|------|----------------|----------------|
| <b>Bank balance</b>      |      |                |                |
| FAB                      | AA3  | 19             | 15             |
| NBO                      | BA2  | 5,084          | 3,277          |
| Bank Muscat              | BA2  | 7              | 5              |
| Ahli bank                | BAA3 | 57             | 2              |
| HSBC bank                | AA3  | 23             | (98)           |
| Oman Arab Bank           | BA1  | 1,693          | 776            |
| Alinma Bank Saudi        | A-   | 10             | 10             |
| Bank Dhofar              | BA2  | 279            | 94             |
| Sohar International Bank | BA3  | 651            | -              |
| National Bank of Kuwait  | A+   | 225            | -              |
| Meethaq Islamic Bank     | BA1  | 3              | -              |
| Total (Note 11a)         |      | <b>8,051</b>   | <b>4,081</b>   |

As per management, due from related parties is fully recoverable.

## 27 Financial risk management (continued)

### Credit risk (continued)

#### 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 financial liabilities, at reporting date are given below:

#### Non-derivative financial liabilities

|                   | Carrying<br>amount<br>RO'000 | Contractual cash flow |                                  |                             |                           |                                   |
|-------------------|------------------------------|-----------------------|----------------------------------|-----------------------------|---------------------------|-----------------------------------|
|                   |                              | Total<br>RO'000       | 6<br>months<br>or less<br>RO'000 | 6 to 12<br>months<br>RO'000 | 1 to 5<br>years<br>RO'000 | More<br>than 5<br>years<br>RO'000 |
| <b>2023</b>       |                              |                       |                                  |                             |                           |                                   |
| 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                            | -                           | -                         | -                                 |
|                   | <b>108,960</b>               | <b>126,032</b>        | <b>28,423</b>                    | <b>10,687</b>               | <b>81,039</b>             | <b>5,883</b>                      |

|                   | Carrying<br>amount<br>RO'000 | Contractual cash flow |                               |                             |                        |                                   |
|-------------------|------------------------------|-----------------------|-------------------------------|-----------------------------|------------------------|-----------------------------------|
|                   |                              | Total<br>RO'000       | 6 months<br>or less<br>RO'000 | 6 to 12<br>months<br>RO'000 | 1 to 5 years<br>RO'000 | More<br>than 5<br>years<br>RO'000 |
| <b>2022</b>       |                              |                       |                               |                             |                        |                                   |
| Term loans        | 95,794                       | 110,694               | 12,005                        | 12,006                      | 82,085                 | 4,598                             |
| Lease liabilities | 6,246                        | 6,495                 | 1,256                         | 1,065                       | 4,137                  | 37                                |
| Trade payables    | 15,928                       | 15,928                | 15,928                        | -                           | -                      | -                                 |
| Other payables    | 886                          | 886                   | 886                           | -                           | -                      | -                                 |
|                   | <b>118,854</b>               | <b>134,003</b>        | <b>30,075</b>                 | <b>13,071</b>               | <b>86,222</b>          | <b>4,635</b>                      |

#### 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.

## 27 Financial risk management (continued)

### 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.

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 31 December would have Zero impact in equity shown below:

|                       | 2023              |                   | 2022              |                   |
|-----------------------|-------------------|-------------------|-------------------|-------------------|
|                       | 20 bp<br>Increase | 20 bp<br>Decrease | 20 bp<br>Increase | 20 bp<br>Decrease |
| Interest rate expense | (20)              | 20                | (130)             | 130               |

## 28 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.

## 29 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.

## 30 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:

|                                              | 2023           | 2022    |
|----------------------------------------------|----------------|---------|
| Profit attributable to shareholders (RO'000) | <b>16,561</b>  | 16,519  |
| Weighted average number of shares            |                |         |
| for basic and diluted EPS (Thousand)         | <b>770,200</b> | 770,200 |
| Basic and diluted earnings per share (Baiza) | <b>0.022</b>   | 0.021   |

**31 Changes in cash flows from financing activities**

|                                      | Term loan<br>RO'000 | Short term loan<br>RO'000 | Lease liabilities<br>RO'000 | Total<br>RO'000 |
|--------------------------------------|---------------------|---------------------------|-----------------------------|-----------------|
| <b>2023</b>                          |                     |                           |                             |                 |
| 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 year           | (95,655)            | (4)                       | -                           | (95,659)        |
| Payment of lease liabilities         | -                   | -                         | (2,631)                     | (2,631)         |
| At 31 December                       | 85,292              | -                         | 5,777                       | 91,069          |
| Other Changes                        |                     |                           |                             |                 |
| Interest expense                     | 5,431               | 38                        | 324                         | 5,793           |
| Interest paid                        | (5,331)             | (38)                      | (324)                       | (5,693)         |
|                                      | Term loan<br>RO'000 | Short term loan<br>RO'000 | Lease liabilities<br>RO'000 | Total<br>RO'000 |
| <b>2022</b>                          |                     |                           |                             |                 |
| At 1 January                         | 102,974             | -                         | 5,139                       | 108,113         |
| Disbursement/availed during the year | 25,020              | 11,645                    | -                           | 36,665          |
| Non-cash adjustments                 | -                   | -                         | 3,765                       | 3,765           |
| Repayments during the period         | (32,200)            | (11,645)                  | -                           | (43,845)        |
| Payment of lease liabilities         | -                   | -                         | (2,658)                     | (2,658)         |
| At 31 December                       | 95,694              | -                         | 6,246                       | 102,040         |
| Other Changes                        |                     |                           |                             |                 |
| Interest expense                     | 5,690               | 36                        | 350                         | 6,076           |
| Interest paid                        | (5,959)             | (36)                      | (350)                       | (6,345)         |

| Filing Information                                                                                                | 01/01/2023-31/12/2023      |
|-------------------------------------------------------------------------------------------------------------------|----------------------------|
| 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                                                                                        | Annual                     |
| Whether reporting entity is preparing financial statements for the first financial period since its establishment | No                         |
| Reporting period start date                                                                                       | 01/01/2023                 |
| Reporting period end date                                                                                         | 31/12/2023                 |
| Description of reporting currency                                                                                 | Omani Rial                 |
| Level of rounding off for monetary values                                                                         | Thousands                  |
| Description of nature of financial statements                                                                     | Audited                    |
| Preparation format                                                                                                | Standalone                 |