

Chairman’s Report

Dear Shareholders,

On behalf of the Board of Directors of Abraj Energy Services SAOG, I am pleased to present the condensed interim financial statements for the three-month period ended 30th March 2025.

The Company specializes in providing services for 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:

Operational performance:

Overall, steady HSE performance companywide with key metrics within threshold, i.e. Lost Time Injury Frequency (LTIF) and Total Recordable Cases (TRCF) at 0.19 and 0.39 respectively.

We received several awards and recognitions from our clients the Zero Harm and Road Traffic Safety Awards from Occidental. Despite these accomplishments, we acknowledge the importance of vigilance; one Lost Time Injury (LTI) was reported at Rig 111 in February, along with one recordable incident at R205 in January. These are being thoroughly reviewed to ensure lessons learned are swiftly implemented. ISO 14001 re-certification audit completed successfully in Q1 2025.

Abraj achieved to maintain its operational excellence in its operations in Kuwait (WJO), deploying two rigs which entered into operation in February and July 2024. This expansion has increased Abraj's fleet to 27 drilling rigs, achieving 86% utilization for drilling rigs and 100% utilization for workover rigs. With a 29% market share in drilling rigs, Abraj has solidified its position as the leader and national champion of Oman's oilfield services sector. Additionally, the Company was able to achieve and overall 98% operational efficiency across all well services units resulting in high client satisfaction.

Key Financials of your company:

Revenue has decreased during the three months ended 31st March 2025, compared to the same period in 2024, by 6.2% from OMR 39.2 M to OMR 36.8 M, primarily attributed to stacked rigs. Efforts are ongoing to re-deploy these rigs back to operation.

Total expenses during the three-month period ended 31st March 2025 decreased by 4.2% compared to the same period in 2024, from OMR 33.3 M to OMR 31.9 M. This reduction is consistent with the drop in revenue.

Profit after tax for the period ended 31st March 2025 decreased by 17.6%, from OMR 5.9 M in the same period of 2024 to OMR 4.9M.

Corporate Social Responsibility “CSR”:

In Q1 2025, Abraj executed two key CSR initiatives: the annual allocation of 20% of its CSR budget to the Oman Charitable Organization, and its support for national awareness efforts through sponsorship of the GCC Traffic Week campaign. These contributions reflect Abraj’s continued commitment to community well-being and national development priorities.

Acknowledgements:

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

Ayad Al Balushi

Chairman of the Board

Statement of Financial Position, Current, Non-current	Thousands/Omani Rial/Unaudited		
	Standalone 31/03/2025	Standalone 31/03/2024	Standalone 31/12/2024
STATEMENT OF FINANCIAL POSITION			
CONSOLIDATED AND SEPARATE			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	196,524	191,255	201,173
Intangible assets other than goodwill	152	210	173
Right-of-use assets	3,688	4,785	4,081
Deferred tax asset	412	429	403
Other non-current financial assets	2,551	9,390	1,050
Total non-current assets	203,327	206,069	206,880
CURRENT ASSETS			
Current inventories	28,765	26,096	28,416
Trade and other current receivables	43,606	44,338	42,951
Cash and bank balances	5,593	5,601	5,473
Other current financial assets	25	74	25
Total current assets other than non-current assets or disposal groups classified as held for sale or as held for distribution to owners	77,989	76,109	76,865
Total current assets	77,989	76,109	76,865
Total assets	281,316	282,178	283,745
EQUITY AND LIABILITIES			
EQUITY			
Share capital	77,020	77,020	77,020
Statutory reserve	12,896	11,313	12,405
Retained earnings (Accumulated losses)	44,001	47,066	56,895
Total equity	133,917	135,399	146,320
LIABILITIES			
NON-CURRENT LIABILITIES			
NON-CURRENT PROVISIONS			
Non-current provisions for employee benefits	2,392	2,370	2,398
Total non-current provisions	2,392	2,370	2,398
Borrowings, non-current			
Non-current lease liabilities	2,905	2,506	3,178
Deferred tax liabilities	3,551	4,275	3,641
Contract liabilities, non-current / Deferred non-current revenue	976	944	1,058
Total non-current liabilities	85,047	78,847	84,292
CURRENT LIABILITIES			
CURRENT PROVISIONS			
Trade and other current payables	25,766	47,370	30,912
Borrowings, current			
Current lease liabilities	901	2,557	1,012
Current tax liabilities, current	4,714	3,864	3,748
Contract liabilities, current/ Deferred current revenue	674	909	660
Total current liabilities other than liabilities included in disposal groups classified as held for sale	62,352	67,932	53,133
Total current liabilities	62,352	67,932	53,133
Total liabilities	147,399	146,779	137,425
Total equity and liabilities	281,316	282,178	283,745
Number of outstanding shares	770200000	770200000	770200000

Subclassifications of Assets, Liabilities and Equity, Current, Non-current	Thousands/Omani Rial/Unaudited		
	Standalone 31/03/2025	Standalone 31/03/2024	Standalone 31/12/2024
SUBCLASSIFICATIONS OF ASSETS, LIABILITIES AND EQUITIES			
CONSOLIDATED AND SEPARATE			
ASSETS			
NON-CURRENT ASSETS			
EXPLORATION AND EVALUATION ASSETS			
INVESTMENT PROPERTIES			
INVESTMENT PROPERTIES AT COST			
INVESTMENT PROPERTIES AT FAIR VALUE			
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD			
OTHER CURRENT NON-FINANCIAL ASSETS			
CURRENT ASSETS			
INVENTORIES			
Spares and consumables	29,544	26,619	29,075
Allowance for slow moving and obsolete inventories	779	523	659
Total current inventories	28,765	26,096	28,416
TRADE AND OTHER CURRENT RECEIVABLES			
Accounts receivables	23,705	36,865	29,009
Receivables due from related parties	4,872	5,201	2,348
PREPAYMENTS AND ACCRUED INCOME			
Prepayments	326	426	481
Advances	237	404	185
Total prepayments and accrued income	563	830	666
Other receivables	14,650	1,610	11,112
Allowance for expected credit losses	184	168	184
Total trade and other current receivables	43,606	44,338	42,951
CASH AND CASH EQUIVALENTS			
CASH			
Cash on hand	15	12	5
Balances with banks	5,578	5,589	5,468
Total cash	5,593	5,601	5,473

INTERIM CONDENSED FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON
28 Apr 2025

CASH EQUIVALENTS			
Total cash and cash equivalents	5,593	5,601	5,473
Total cash and bank balances	5,593	5,601	5,473
OTHER CURRENT NON-FINANCIAL ASSETS			
EQUITY			
RESERVES			
LIABILITIES			
NON-CURRENT LIABILITIES			
NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS			
Employee End of Term Benefits, non current	2,392	2,370	2,398
Total Non-current provisions for employee benefits	2,392	2,370	2,398
BORROWINGS, NON CURRENT			
Borrowings from banks and other financial institutions, non current	75,223	68,752	74,017
Total Borrowings, non current	75,223	68,752	74,017
CURRENT LIABILITIES			
BORROWINGS, CURRENT			
Borrowings from banks and other financial institutions, current	13,297	13,232	16,801
Other short term borrowings	17,000		
Total Borrowings, current	30,297	13,232	16,801
TRADE AND OTHER CURRENT PAYABLES			
Accounts payable	13,971	33,606	15,770
Payables to related parties	755		689
ACCRUALS AND DEFERRED INCOME			
Other payables	11,040	13,764	14,453
Total trade and other current payables	25,766	47,370	30,912
PROVISIONS FOR EMPLOYEE BENEFITS, CURRENT			

INTERIM CONDENSED FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON
28 Apr 2025

Income Statement, Function of expense	Thousands/Omani Rial/Unaudited	
	Standalone 01/01/2025-31/03/2025	Standalone 01/01/2024-31/03/2024
PROFIT OR LOSS		
CONSOLIDATED AND SEPARATE		
PROFIT OR LOSS		
Revenue	36,796	39,239
Cost of sales	27,520	29,054
Gross profit	9,276	10,185
General and administrative expense	2,088	1,817
Other expenses	77	27
Profit (loss) from operating activities	7,111	8,341
Finance income	79	73
Finance costs	1,420	1,410
Profit (loss) before income tax	5,770	7,004
Income tax expense, continuing operations	867	1,055
Profit (loss) from continuing operations	4,903	5,949
Profit (loss) for period	4,903	5,949
PROFIT (LOSS), ATTRIBUTABLE TO		
BASIC AND DILUTED EARNINGS PER SHARE		
BASIC EARNINGS PER SHARE		
Basic earnings (loss) per share from continuing operations	0.006	0.008
Total basic earnings (loss) per share	0.006	0.008
DILUTED EARNINGS PER SHARE		

Statement of comprehensive income - Net of tax	Thousands/Omani Rial/Unaudited	
	Standalone 01/01/2025-31/03/2025	Standalone 01/01/2024-31/03/2024
STATEMENT OF COMPREHENSIVE INCOME		
CONSOLIDATED AND SEPARATE		
Net Profit / (Loss) for the Period	4,903	5,949
OTHER COMPREHENSIVE INCOME (LOSS) TO BE RECLASSIFIED TO STATEMENT OF INCOME IN SUBSEQUENT PERIODS		
OTHER COMPREHENSIVE INCOME (LOSS) NOT TO BE RECLASSIFIED TO STATEMENT OF INCOME IN SUBSEQUENT PERIODS		
Total comprehensive income for the Period	4,903	5,949
COMPREHENSIVE INCOME ATTRIBUTABLE TO		

Analysis of Income and Expense, Function of Expense	Thousands/Omani Rial/Unaudited	
	Standalone 01/01/2025-31/03/2025	Standalone 01/01/2024-31/03/2024
ANALYSIS OF INCOME AND EXPENSE		
CONSOLIDATED AND SEPARATE		
REVENUE		
Sale of goods	1,739	1,707
Revenue from rendering of services	29,440	31,857
LEASE REVENUE		
Operating lease rentals	5,617	5,675
Total lease revenue	5,617	5,675
Total revenue	36,796	39,239
OTHER INCOME		
EXPENSES		
COST OF SALES		
Cost of material consumed	4,654	4,971
Employee benefit expense	11,830	12,536
Fuel and electricity	49	66
Depreciation, depletion and amortisation	5,321	5,756
Other cost of goods sold	5,666	5,725
Total cost of sales	27,520	29,054
GENERAL AND ADMINISTRATIVE EXPENSES		
Rent and utility expenses	11	9
Employee benefit expense	1,413	1,382
Director's remuneration and sitting fees	41	40
Depreciation, depletion and amortisation	78	106
Legal and professional expense	119	73
Vehicle expenses	15	10
Advertisement and business promotion	22	51
Other expenses and fees	389	146
Total General and administrative expenses	2,088	1,817
SELLING, DISTRIBUTION AND MARKETING EXPENSES		

INTERIM CONDENSED FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON
28 Apr 2025

Statement of cash flows, indirect method	Thousands/Omani Rial/Unaudited	
	Standalone 01/01/2025-31/03/2025	Standalone 01/01/2024-31/03/2024
STATEMENT OF CASH FLOWS		
CONSOLIDATED AND SEPARATE		
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit for the period before taxation	5,770	7,004
ADJUSTMENTS TO RECONCILE PROFIT (LOSS)		
Adjustments for depreciation and amortisation expense	5,399	5,862
Adjustments for increase (decrease) in employee benefit liabilities	165	192
Adjustments for finance costs	1,420	1,410
Adjustments for finance income	79	73
Adjustments for gain (loss) on disposals, property, plant and equipment	(78)	(27)
Other adjustments to reconcile profit (loss)	(74)	(303)
Total adjustments to reconcile profit (loss)	6,909	7,115
Cash flows from (used in) operations before changes in working capital	12,679	14,119
WORKING CAPITAL CHANGES		
Adjustments for decrease (increase) in inventories	(469)	(2,330)
Adjustment for decrease (increase) in trade and other receivables	(902)	(2,450)
Adjustments for increase (decrease) in trade and other payables	(3,300)	1,490
Adjustments for decrease (increase) in other working capital items	247	497
Total adjustments to working capital changes	(4,424)	(2,793)
Net cash flows from (used in) operations	8,255	11,326
Interest paid, classified as operating activities	(1,512)	(1,432)
Employees end of service benefits paid	(171)	(40)
Other inflows (outflows) of cash	130	375
Net cash flows from (used in) operating activities	6,702	10,229
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Proceeds from sales of property, plant and equipment	5	28
Purchase of property, plant and equipment	3,767	8,681
Interest received	79	73
Other inflows (outflows) of cash, classified as investing activities		(97)
Net cash flows from (used in) investing activities	(3,683)	(8,677)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from borrowings	39,050	
Repayments of borrowings	24,348	3,308
Payments of lease liabilities	295	714
Dividends paid to equity holders of parent	17,306	
Net cash flows from (used in) financing activities	(2,899)	(4,022)
Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes	120	(2,470)
Net increase (decrease) in cash and cash equivalents	120	(2,470)
Cash and cash equivalents at beginning of period	5,473	8,071
Cash and cash equivalents at end of period	5,593	5,601

Statement of changes in equity	Thousands/Omani Rial/Unaudited							
	Share Capital	Retained earnings (accumulated Losses)	Statutory reserve	Standalone	Share Capital	Retained earnings (accumulated Losses)	Statutory reserve	Standalone
	Standalone	Standalone	Standalone	01/01/2025-31/03/2025	Standalone	Standalone	Standalone	01/01/2024-31/03/2024
	01/01/2025-31/03/2025	01/01/2025-31/03/2025	01/01/2025-31/03/2025		01/01/2024-31/03/2024	01/01/2024-31/03/2024	01/01/2024-31/03/2024	
STATEMENT OF CHANGES IN EQUITY								
STATEMENT OF CHANGES IN EQUITY								
Equity at beginning of period (before adjustments)	77,020	56,895	12,405	146,320	77,020	58,040	10,718	145,778
Equity at beginning of period (after adjustments)	77,020	56,895	12,405	146,320	77,020	58,040	10,718	145,778
CHANGES IN EQUITY								
COMPREHENSIVE INCOME								
Net Profit / (Loss) for the Period		4,903		4,903		5,949		5,949
Total comprehensive income		4,903		4,903		5,949		5,949
Transfer to reserves		(491)	491	0		(595)	595	0
Dividends		17,306		17,306		16,328		16,328
Total increase (decrease) in equity		(12,894)	491	(12,403)		(10,974)	595	(10,379)
Equity at end of period	77,020	44,001	12,896	133,917	77,020	47,066	11,313	135,399

1 Legal status and principal activities

Abraj Energy Services SAOG (the “Company”) is a public joint stock company registered in the Sultanate of Oman. The Company was incorporated on 24 May 2006 and commenced its commercial operations on 4 March 2007. The Company was a closed joint stock company till 31 December 2022. During year 2022, the Company initiated the transformation from closed to a public joint stock Company. The Company became a public joint stock company on 14 March 2023. The Company is now a subsidiary of OQ SAOC (the “Parent”) following the transfer of all the shares from OQ Exploration and Production SAOG during 2024, OQ SAOC is a closed joint stock company incorporated in Sultanate of Oman. The ultimate controlling party is Oman Investment Authority (the “Ultimate Parent”), the investment arm of the Government of Sultanate of Oman.

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

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

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

2 Basis of preparation

2.1 Statement of compliance and basis of measurement

The condensed interim financial statements for the three months ended 31 March 2025 have been prepared in accordance with IAS 34 interim Financial Reporting. The Company has prepared the condensed interim financial statements on the basis that it will continue to operate as a going concern.

The interim condensed financial statements do not include all information and disclosures required in the annual financial statements, and should be read in conjunction with the company’s annual financial statements as at 31 December 2024.

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.

2 Basis of preparation (continued)

2.2 Application of new and revised International Financial Reporting Standards

The accounting policies adopted in the preparation of the condensed financial statements are consistent with those followed in the preparation of the company's annual financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

One amendment applies for the first time in 2025, but does not have an impact on the condensed interim financial statements of the company.

Lack of exchangeability – Amendments to IAS 21

The amendments to IAS 21 the effect of change in foreign exchange rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. When applying the amendments, an entity cannot restate comparative information.

2.3 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 Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

New accounting standards or amendments	New accounting standards or amendments
(Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures)	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, Presentation and Disclosure in Financial Statements- IFRS 18 replaces IAS 1, which sets out presentation and base disclosure requirements for financial statements.	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures	Available for optional adoption / effective date deferred indefinitely

There are no other standards, amendments and interpretations that are not yet effective that are expected to have a material impact in the current or future reporting periods or on foreseeable future transactions.

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

4. Significant accounting judgements, estimates and assumptions

The preparation of condensed interim financial statements, in conformity with IFRSs, requires management to make judgements, 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.

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

5 Property and equipment

	Rigs and well services equipment RO'000	Furniture and fixtures RO'000	Office and computer equipment RO'000	Motor vehicles RO'000	Building RO'000	Capital work in progress (note 6) RO'000	Total RO'000
Cost							
At 1 January 2024	370,813	1,161	1,369	2,351	3,794	3,023	382,511
Additions during the year	3,010	19	130	113	-	31,717	34,989
Transfer from capital work-in-progress (note 6)	24,750	46	29	-	4,992	(29,817)	-
Asset disposal / written off	(7,393)	-	(133)	(117)	-	-	(7,643)
At 31 December 2024	<u>391,180</u>	<u>1,226</u>	<u>1,395</u>	<u>2,347</u>	<u>8,786</u>	<u>4,923</u>	<u>409,857</u>
At 1 January 2025	391,180	1,226	1,395	2,347	8,786	4,923	409,857
Additions during the period	626	4	78	-	-	1,552	2,260
Transfer from capital work-in-progress (note 6)	1,393	-	-	-	-	(1,393)	-
Asset disposal / written off	(7,875)	(6)	(41)	(44)	-	-	(7,966)
At 31 March 2025	<u><u>385,324</u></u>	<u><u>1,224</u></u>	<u><u>1,432</u></u>	<u><u>2,303</u></u>	<u><u>8,786</u></u>	<u><u>5,082</u></u>	<u><u>404,151</u></u>

5 Property and equipment (continued)

	Rigs and well services equipment RO'000	Furniture and fixtures RO'000	Office and computer equipment RO'000	Motor vehicles RO'000	Building RO'000	Capital work in progress (note 6) RO'000	Total RO'000
Accumulated depreciation and impairment							
At 1 January 2024	186,369	1,006	974	1,848	909	-	191,106
Depreciation charge for the year	19,870	79	125	88	153	-	20,315
Impairment reversal during the year	2,706	-	-	-	-	-	2,706
Asset disposal / written off	(5,194)	-	(132)	(117)	-	-	(5,443)
31 December 2024	<u>203,751</u>	<u>1,085</u>	<u>967</u>	<u>1,819</u>	<u>1,062</u>	<u>-</u>	<u>208,684</u>
1 January 2025	203,751	1,085	967	1,819	1,062	-	208,684
Depreciation charge for the period	4,960	14	35	25	38	-	5,072
Asset disposal / written off	(6,039)	(5)	(41)	(44)	-	-	(6,129)
At 31 March 2025	<u>202,672</u>	<u>1,094</u>	<u>961</u>	<u>1,800</u>	<u>1,100</u>	<u>-</u>	<u>207,627</u>
Carrying amount							
At 31 March 2025	<u>182,652</u>	<u>130</u>	<u>471</u>	<u>503</u>	<u>7,686</u>	<u>5,082</u>	<u>196,524</u>
	<u>187,429</u>	<u>141</u>	<u>428</u>	<u>528</u>	<u>7,724</u>	<u>4,923</u>	<u>201,173</u>
At 31 December 2024							

5 Property and equipment (continued)

Details of depreciation and amortization is as below:

	31 March 2025 (Unaudited) RO'000	31 March 2024 (Unaudited) RO'000
Depreciation on property and equipment	5,072	5,124
Amortisation of intangible assets (note 7)	21	21
Depreciation on right-of-use assets (note 8a)	306	717
Depreciation and amortization	<u>5,399</u>	<u>5,862</u>

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

Cost of sales (note 19)	5,321	5,756
General and administrative expenses (note 20)	78	106
	<u>5,399</u>	<u>5,862</u>

- During the period, the Company recognised finance cost of RO 11 thousand (31 December 2024: RO 156.2 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.

6 Capital work-in-progress

The movement in capital work in progress is as follows:

	31 March 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Rigs and other service line assets not commissioned	5,082	4,923
Building under construction	-	-
At end of the period/year	<u>5,082</u>	<u>4,923</u>

The movement in capital work in progress is as follows:

At beginning of the period/year	4,923	3,023
Addition during the period/year (note 5)	1,552	31,717
Transfer to property and equipment (note 5)	<u>(1,393)</u>	<u>(29,817)</u>
At end of the period/year	<u>5,082</u>	<u>4,923</u>

During the period, the transfer to property and equipment mainly represents commissioning of new assets relating to the Head office, drilling and workover business.

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THREE MONTHS PERIOD ENDED 31-03-2025
WERE APPROVED BY THE BOARD OF DIRECTORS ON 28-04-2025

7 Intangible assets

	31 March 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Cost		
At the beginning of the period/year	773	748
Disposals	(2)	25
At end of the period/year	771	773
Amortization		
At the beginning of the period/year	600	517
Charge for the period/year (note 5)	21	-
Disposals	(2)	83
At end of the period/year	619	600
Carrying amount at end of the period/year	152	173

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

8a. Right-of-use assets

	Building RO'000	Land RO'000	Equipment RO'000	Vehicles RO'000	Total RO'000
At 1 January 2024	330	156	2	5,014	5,502
Additions	-	-	105	3,327	3,432
Terminations	-	-	(2)	(2,331)	(2,333)
Impact of lease modification	-	-	-	(8)	(8)
Less: depreciation	(230)	(60)	(105)	(2,117)	(2,512)
At 1 January 2025	100	96	-	3,885	4,081
Terminations	-	-	-	(87)	(87)
Additions	-	-	-	-	-
Less: depreciation	(7)	(15)	-	(284)	(306)
At 31 March 2025	93	81	-	3,514	3,688

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THREE MONTHS PERIOD ENDED 31-03-2025
WERE APPROVED BY THE BOARD OF DIRECTORS ON 28-04-2025

8b. Lease liabilities

	31 March 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Lease liabilities	<u>3,806</u>	<u>4,190</u>
Current portion	901	1,012
Non-current portion	<u>2,905</u>	<u>3,178</u>
Balance as at year end	<u>3,806</u>	<u>4,190</u>
At beginning of the period/year	4,190	5,777
Additions (note 8a)	-	3,432
Terminations	(89)	(2,523)
Impact of lease modification	-	(8)
Add: interest cost (note 21)	55	258
Less: payments during the period/year	<u>(350)</u>	<u>(2,746)</u>
At end of the period/year	<u>3,806</u>	<u>4,190</u>

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 and there are extension option for certain contracts (31 December 2024: 5 to 10 years). During the current period, no contracts were modified (31 December 2024: certain contracts were modified which resulted in a decrease of lease liability by RO 8 thousand)

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

Amounts recognized in profit or loss:

	31 March 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Depreciation expense on right-of-use assets	306	2,512
Interest expense on lease liabilities	55	258
Gain on the lease termination	<u>(2)</u>	<u>(190)</u>
	<u>359</u>	<u>2,580</u>

9a Trade receivables

	31 March 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Trade receivables from non - related parties	23,705	29,009
Trade receivable from a related party (note 23)	4,872	2,348
	<u>28,577</u>	<u>31,357</u>
Less: allowance for expected credit losses	(184)	(184)
	<u>28,393</u>	<u>31,173</u>
Contract assets – accrued revenue	12,644	8,962
At end of the period/year	<u>41,037</u>	<u>40,135</u>

The ageing of trade receivables at the reporting date was:

	Gross 2025 RO'000	Impairment loss allowance 2025 RO'000	Gross 2024 RO'000	Impairment loss allowance 2024 RO'000
Not due	24,541	4	25,845	4
Due within 1-90 days	3,392	3	5,001	3
Due within 91-180 days	469	2	267	3
Due within 181-270 days	68	68	152	108
Due within 271-360 days	107	107	92	66
More than one year	-	-	-	-
	<u>28,577</u>	<u>184</u>	<u>31,357</u>	<u>184</u>

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

	31 March 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
At beginning of the period/year	184	168
Add: charge for the period/year	-	16
At end of the period/year	<u>184</u>	<u>184</u>

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 receivables and, at the reporting date 86% (31 December 2024: 88%) of trade receivables are due from four customers. These are reputable customers with a good track record of payments and the Company monitors the receivable position on a regular basis.

9b Advances, prepayments and other receivables

	31 March 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Other receivable	2,006	2,150
Advance to suppliers	237	185
Prepayments	326	481
At end of the period/year	<u>2,569</u>	<u>2,816</u>

10 Inventories

	31 March 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Stores, spares and consumables	29,544	29,075
Provision for obsolete and defective inventories	(779)	(659)
At end of the period/year	<u>28,765</u>	<u>28,416</u>

Movement in the provision for inventories is as follows:

	31 March 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
At beginning of the period/year	659	503
Add: charge for the period/year	120	156
At end of the period/year	<u>779</u>	<u>659</u>

11 Cash and cash equivalents

	31 March 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Cash on hand	15	5
Cash at bank	5,578	5,468
Total cash and cash equivalents	<u>5,593</u>	<u>5,473</u>

12 Share capital

	31 March 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Share capital		
Authorized share capital 2,000,000,000 (2024: 2,000,000,000) shares of Baisa 100 each	<u>200,000</u>	<u>200,000</u>
Issued and paid up share capital 770,200,000 (2024: 770,200,000) shares of Baisa 100 each	<u>77,020</u>	<u>77,020</u>

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THREE MONTHS PERIOD ENDED 31-03-2025
WERE APPROVED BY THE BOARD OF DIRECTORS ON 28-04-2025

12 Share capital (continued)

Approved / paid dividend

In the Annual General Meeting (AGM) held in March 2025, the shareholders approved to pay a dividend of 22.4 baisa per share amounting to RO 17,306,394 for the financial year ended 31 December 2024 which was paid in March 2025 (2024: 21.2 baisa per share amounting to RO 16,328,240 for the financial year ended 31 December 2023 which was paid in April 2024).

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. During the period, the company transferred amount of RO 491 thousand (2024: RO 595 thousand) to the legal reserve. This reserve is not available for distribution.

14a Term loans

	Maturity	31 March 2025 (Unaudited)	31 December 2024 (Audited)
		RO'000	RO'000
Total			
Term loan A [note 14 (a)]	December 2027	-	5,627
Term loan B [note 14 (b)]	December 2029	-	16,423
Term loan C [note 14 (c)]	February 2030	22,902	24,047
Term loan D [note 14 (d)]	December 2030	25,875	27,000
Term loan E [note 14 (e)]	December 2031	17,721	17,721
Term loan F [note 14 (f)]	December 2032	22,022	-
		88,520	90,818
Non-current portion			
Long term loan A	December 2027	-	4,348
Long Term loan B	December 2029	-	12,513
Long Term loan C	February 2030	18,321	19,467
Long Term loan D	December 2030	21,375	22,500
Long Term loan E	December 2031	15,822	15,189
Long Term loan F	December 2032	19,705	-
		75,223	74,017
Current portion			
Long term loan A	December 2027	-	1,279
Long Term loan B	December 2029	-	3,910
Long Term loan C	February 2030	4,581	4,580
Long Term loan D	December 2030	4,500	4,500
Long Term loan E	December 2031	1,899	2,532
Long Term loan F	December 2032	2,317	-
		13,297	16,801

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THREE MONTHS PERIOD ENDED 31-03-2025
WERE APPROVED BY THE BOARD OF DIRECTORS ON 28-04-2025

14a Term loans (continued)

(a) Term loan A

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

(b) Term loan B

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

(c) Term loan C

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

(d) Term loan D

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

(e) Term loan E

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

(f) Term loan F

Term loan A and B were combined and fully converted to USD in March 2025. Interest on the loan is payable quarterly, based on over night SOFR plus a fixed margin. The term finance is repayable in 16 equal half yearly installments. The last instalment is repayable in December 2032.

14a Term loans (continued)

(g) Short term loan

The Company availed a short-term loan facility during the quarter amounting to RO 17 million to support short-term cash flow requirements mainly for the payment of dividends for the year ended 31 December 2024. The short-term loan will be repaid in an ordinary course of business within the financial year ending 31 December 2025

Security terms for all the above loans

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

15. Deferred income and deferred expenses

15a Deferred income

An analysis of deferred income is set out below:

	31 March 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Deferred income	<u>1,650</u>	<u>1,718</u>
Current portion	674	660
Non-current portion	<u>976</u>	<u>1,058</u>
Balance at end of the period/year	<u>1,650</u>	<u>1,718</u>
At beginning of the period/year	1,718	1,856
Add: deferred income received during the period/year	130	1,086
Less: deferred income recognized during the period/year	<u>(198)</u>	<u>(1,224)</u>
At end of the period/year	<u>1,650</u>	<u>1,718</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:

	31 March 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Deferred current portion	25	25
Deferred non-current portion	62	68
	<u>87</u>	<u>93</u>
At beginning of the period/year	93	119
Add: cost incurred during the period/year	-	98
Less: cost accounted during the period/year	(6)	(124)
At end of the period/year	<u>87</u>	<u>93</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 advances

The Capex advances amounted to OMR 2,489 thousand (31 December 2024: OMR 982 thousand).

16 Employees' end of service benefits

	31 March 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
At beginning of the period/year	2,398	2,218
Add: cost incurred during the period/year (note 20b)	165	481
Less: payments during the period/year	(171)	(34)
At end of the period/year	<u>2,392</u>	<u>2,398</u>

17a Trade payables

	31 March 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Trade payables to non - related parties	6,688	8,872
Trade payables to related parties	318	319
Payables to related parties not invoice	437	370
Payables to non - related parties not invoice-non assets	6172	6,601
Payables to non - related parties not invoice-assets	1,111	297
	<u>14,726</u>	<u>16,459</u>

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THREE MONTHS PERIOD ENDED 31-03-2025
WERE APPROVED BY THE BOARD OF DIRECTORS ON 28-04-2025

17b Other payables

	31 March 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Accrued expenses	5,505	7,731
Leave encashment payable	3,898	3,900
Performance bonus payable	477	1,533
Accrued interest	481	573
Social security payable	559	559
Retention payable	79	91
Payable to customers	41	66
	<u>11,040</u>	<u>14,453</u>

18 Revenue

	31 March 2025 (Unaudited) RO'000	31 March 2024 (Unaudited) RO'000
Revenue from contracts with customers		
<i>Disaggregation of revenue:</i>		
<i>Revenue recognized over time:</i>		
Service revenue - Drilling, work over, well services and maintenance	29,440	31,857
<i>Revenue recognized point in time:</i>		
Contract revenue - product	<u>1,739</u>	<u>1,707</u>
	<u>31,179</u>	<u>33,564</u>
Other revenue:		
Leased operating assets	<u>5,617</u>	<u>5,675</u>
Total revenue	<u>36,796</u>	<u>39,239</u>

All revenues are generated in the Oman and Kuwait market. The revenue disaggregated by primary geographical market and major products is disclosed in note 26.

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

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

	31 March 2025 (Unaudited) RO'000	31 March 2024 (Unaudited) RO'000
Less than one year	5,020	5,380
One to two years	4,223	4,915
Two to three years	3,318	4,175
Three to four years	798	3,437
Four to five years	390	742
More than five years	552	1,881
Total	<u>14,301</u>	<u>20,530</u>

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THREE MONTHS PERIOD ENDED 31-03-2025
WERE APPROVED BY THE BOARD OF DIRECTORS ON 28-04-2025

19 Cost of sales

	31 March 2025 (Unaudited) RO'000	31 March 2024 (Unaudited) RO'000
Employee related cost (note 20b)	11,830	12,536
Depreciation and amortization (note 5)	5,321	5,756
Materials and spares consumed	4,654	4,971
Transportation	2,608	2,573
Camp and catering cost	931	903
Equipment rentals	652	339
Repairs and maintenance	461	592
Reimbursable cost	216	391
Vehicle rentals	216	108
Insurance	200	195
Vehicle running	149	155
Inspection	76	104
Communication	69	122
Water and electricity	49	66
Business travel	15	47
Legal and professional charges	1	4
Mobilization and demobilization expenses	-	131
Miscellaneous	72	61
	<u>27,520</u>	<u>29,054</u>

20a General and administrative expenses

	31 March 2025 (Unaudited) RO'000	31 March 2024 (Unaudited) RO'000
Employee related costs (note 20b)	1,413	1,382
Repairs and maintenance	160	89
Legal and professional	119	73
Subscription and membership	83	33
Depreciation and amortization (note 5)	78	106
Directors - other remuneration (note 23)	38	38
Insurance	30	-
Advertisement and sales promotion	22	51
Business travel	16	9
Rent	11	4
Vehicle rentals	11	5
Communication	6	9
Food expenses	5	2
Vehicle running	4	5
Directors - sitting fees (note 23)	3	2
Materials and spares consumed	1	-
Printing and stationary	1	4
Water and electricity	-	5
Other Expenses	87	-
	<u>2,088</u>	<u>1,817</u>

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THREE MONTHS PERIOD ENDED 31-03-2025
WERE APPROVED BY THE BOARD OF DIRECTORS ON 28-04-2025

20b Employee related costs

	31 March 2025 (Unaudited) RO'000	31 March 2024 (Unaudited) RO'000
The employee cost consist the following:		
Wages and salaries	9,712	9,608
Performance bonus	357	410
End of service benefits (note 16)	165	192
Others	3,009	3,708
	<u>13,243</u>	<u>13,918</u>

21 Finance costs and finance income

	31 March 2025 (Unaudited) RO'000	31 March 2024 (Unaudited) RO'000
An analysis of finance cost is set out below:		
Interest on long term loans	1,282	1,213
Bank charges / exchange fluctuations	83	119
Interest on lease liabilities (note 8b)	55	78
	<u>1,420</u>	<u>1,410</u>
An analysis of finance income is set out below:		
Interest income on fixed deposits	-	25
Other finance income	79	48
	<u>79</u>	<u>73</u>

22 Income tax expense

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% (31 March 2024: 15.1%).

Recognized in the statement of profit or loss:

	31 March 2025 (Unaudited) RO'000	31 March 2024 (Unaudited) RO'000
Statement of profit or loss:		
<i>Current tax:</i>		
Current period	966	1,190
Prior period	-	-
	<u>996</u>	<u>1,190</u>
<i>Deferred tax:</i>		
Current period	(100)	(135)
Prior period	1	-
	<u>867</u>	<u>1,055</u>

22 Income tax expense (continued)

Current and deferred tax for the year (continued)

Reconciliation

Profit before tax	5,770	7,004
Income tax as per rates mentioned above	866	1,051
Non-deductible expenses	1	4
Tax expense for the year	867	1,055
Current tax payable		
Current tax payable	4,714	3,748

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

	As at 1 January RO'000	(Charge) / reversal to profit or loss RO'000	As at 31 March RO'000
2025			
Deferred tax liabilities			
Property and equipment	3,627	(89)	3,538
Deferred expenses	14	(1)	13
	<u>3,641</u>	<u>(90)</u>	<u>3,551</u>
Deferred tax assets			
Provision for impairment	28	-	28
Deferred income	258	(10)	248
Provision for inventories	99	18	117
Provision on donation	2	-	2
Right-of-use assets and lease liabilities	16	1	17
	<u>403</u>	<u>9</u>	<u>412</u>
2024			
Deferred tax liabilities			
Property and equipment	4,398	(9)	4,389
Deferred expenses	39	(21)	18
	<u>4,437</u>	<u>(30)</u>	<u>4,407</u>
Deferred tax assets			
Deferred payment obligation	46	(21)	25
Provision for impairment	433	(155)	278
Deferred income	145	(70)	75
Provision for inventory	-	-	6
Right-of-use assets and lease liabilities	38	4	42
	<u>662</u>	<u>(242)</u>	<u>426</u>

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

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

22 Income tax expense (continued)

Current and deferred tax for the year (continued)

Oman has issued Royal Decree No. 70/2024 (the Law), promulgating the law for Top-Up Tax on Constituent Entities of Multinational Groups. This move is in alignment with the rules issued by the Organisation for Economic Co-operation and Development (OECD) and is part of Pillar Two, to avoid Base Erosion and Profit Shifting (BEPS). The objective of the Law is to ensure that Constituent Entities are taxed at a minimum effective tax rate of 15% through a series of measures that are in line with the international tax principles. The Law is effective for financial years beginning on or after 1 January 2025. However, there is no impact on the three months ended 31 March 2025.

23 Related party transactions and balances

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

	31 March 2025 (Unaudited) RO'000	31 March 2024 (Unaudited) RO'000
Sale of goods and services		
Revenue from the OQ Exploration and Production SAOG (entity under common control)- Drilling and workover and well services	<u>5,205</u>	<u>5,801</u>
Purchases of goods and services		
Fuel, lubricants and others from Oman Oil Marketing Company SAOG— entity under common control	<u>1,036</u>	<u>1,206</u>
Directors remuneration and sitting fees		
Directors - other remunerations	38	38
Directors - sitting fees	<u>3</u>	<u>2</u>
	<u>41</u>	<u>40</u>
Key management compensation		
Short term employee benefits	370	186
Post term employee benefits	<u>6</u>	<u>5</u>
	<u>376</u>	<u>191</u>
Related party balances		
Receivable from the OQ Exploration and Production SAOG- entity under common control (note 9a) - Drilling and workover and well services	<u>4,872</u>	<u>5,201</u>
Purchases of goods and services		
Payable to Oman Oil Marketing Company SAOG – entity under common control (note 17a)	<u>755</u>	<u>960</u>

These balances are interest free and repayable on demand.

23 Related party transactions and balances (continued)

In accordance with IAS 24 "Related Party Disclosures", the Company has chosen to avail partial exemption under IAS 24 available to government entities, including the Oman Investment Authority (OIA) and other entities controlled, jointly controlled, or significantly influenced by the Government of Oman. All individually significant transactions and balances are disclosed in the notes above. However, the Company has opted to provide qualitative disclosures for transactions that are individually insignificant but collectively significant. These transactions and balances include the procurement of utilities such as electricity, internet, and telecommunications, as well as employee-related transactions such as contributions made to PASI.

24 Contingent liabilities

	31 March 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Bank guarantees	25,921	24,590
Legal cases	885	2,901
Total	26,806	27,491

The major portion of legal cases is relating to an amount of RO 444,731 (31 December 2024: 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.

25 Commitments

As at 31 March 2025, the Company had contractual capital commitments of RO 2,530,560 (31 December 2024: RO 4,594,564) relating to property and equipment.

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. All revenues are generated in the Oman and Kuwait market.

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

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

26 Segment reporting (continued)

	<u>For the year ended 31 March 2025</u>								
	<u>Drilling & Workover</u>			<u>Well Services & Other's</u>			<u>Total</u>		
	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>
	RO'000								
Revenue	30,433	1,615	32,048	4,748	-	4,748	35,181	1,615	36,796
Direct costs (excluding depreciation and amortization)	(17,539)	(824)	(18,363)	(3,836)	-	(3,836)	(21,375)	(824)	(22,199)
Depreciation and amortization	(4,393)	(323)	(4,716)	(605)	-	(605)	(4,998)	(323)	(5,321)
Gross Profit	8,501	468	8,969	307	-	307	8,808	468	9,276
Administrative costs (excluding depreciation and amortization)	(1,640)	(114)	(1,754)	(256)	-	(256)	(1,896)	(114)	(2,010)
Depreciation and amortization	(59)	(7)	(66)	(12)	-	(12)	(71)	(7)	(78)
Other expenses	(33)	-	(33)	(44)	-	(44)	(77)	-	(77)
Other income	-	-	-	-	-	-	-	-	-
ECL reversal	-	-	-	-	-	-	-	-	-
Operating Profit	6,769	347	7,116	(5)	-	(5)	6,764	347	7,111
Finance costs	(1,017)	(293)	(1,310)	(110)	-	(110)	(1,127)	(293)	(1,420)
Finance income	67	-	67	12	-	12	79	-	79
Profit before tax	5,819	54	5,873	(103)	-	(103)	5,716	54	5,770
Income tax expense	(874)	(8)	(882)	15	-	15	(859)	(8)	(867)
Net profit for the period	4,945	46	4,991	(88)	-	(88)	4,857	46	4,903

	<u>As at 31 March 2025</u>								
	<u>Drilling & Workover</u>			<u>Well Services & Other's</u>			<u>Total</u>		
	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>
	RO'000								
Total segment assets	230,564	21,240	251,804	29,370	142	29,512	259,934	21,382	281,316
Total segment liabilities	110,320	21,614	131,934	15,320	145	15,465	125,640	21,759	147,399
Capital expenditure	235	132	367	139	-	139	374	132	506

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THREE MONTHS PERIOD ENDED 31-03-2025
WERE APPROVED BY THE BOARD OF DIRECTORS ON 28-04-2025

26 Segment reporting (continued)

	For the year ended 31 March 2024								
	Drilling & Workover			Well Services & Other's			Total		
	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>
	----- RO'000 -----								
Revenue	34,952	99	35,051	4,188	-	4,188	39,140	99	39,239
Direct costs (excluding depreciation and amortization)	20,017	(129)	(20,146)	(3,152)	-	(3,152)	(23,169)	(129)	(23,298)
Depreciation and amortization	(5,159)	(6)	(5,165)	(591)	-	(591)	(5,750)	(6)	(5,756)
Gross Profit	9,776	(36)	9,740	445	-	445	10,185	(36)	10,185
Administrative costs (excluding depreciation and amortization)	(1,449)	(64)	(1,513)	(198)	-	(198)	(1,647)	(64)	(1,711)
Depreciation and amortization	(92)	(7)	(99)	(7)	-	(7)	(99)	(7)	(106)
Other expenses	(34)	-	(34)	7	-	7	(27)	-	(27)
Other income	-	-	-	-	-	-	-	-	-
Impairment reversal on non-financial assets	-	-	-	-	-	-	-	-	-
ECL reversal	-	-	-	-	-	-	-	-	-
Operating Profit	8,201	(107)	8,094	247	-	247	8,448	(107)	8,341
Finance costs	(1,282)	(39)	(1,321)	(89)	-	(89)	(1,371)	(39)	(1,410)
Finance income	63	-	63	10	-	10	73	-	73
Profit before tax	6,982	(146)	6,836	168	-	168	7,150	(146)	7,004
Income tax expense	(1,029)	22	(1,007)	(48)	-	(48)	(1,077)	22	(1,055)
Net profit for the period	5,953	(124)	5,829	120	-	120	6,073	(124)	5,949

	As at 31 December 2024								
	Drilling & Workover			Well Services & Other's			Total		
	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>	<u>Oman</u>	<u>Kuwait</u>	<u>Total</u>
	----- RO'000 -----								
Total segment assets	226,225	25,871	252,096	28,470	3,179	31,649	254,695	29,050	283,745
Total segment liabilities	109,305	12,493	121,798	14,007	1,620	15,627	123,312	14,113	137,425
Capital expenditure	13,123	18,948	32,071	2,918	-	2,918	16,041	18,948	34,989

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

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THREE MONTHS PERIOD ENDED 31-03-2025
WERE APPROVED BY THE BOARD OF DIRECTORS ON 28-04-2025

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 31 March 2025, Management believes risk arising out of Bank balances are minimal as these are with banks with good financial standing.

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

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

The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

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

27 Financial risk management (continued)

Credit risk

As at the reporting date the Company has provided for RO 184 thousand (31 December 2024: RO 184 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.

	31 March 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Financial assets		
Trade and other receivables	43,043	42,285
Cash at bank	5,578	5,468
Total	48,621	47,753

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

As at 31 March 2025, 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.

Bank balance

FAB	AA3	17	17
NBO	BA2	1,807	2,456
Bank Muscat	BA2	7	3
Ahli bank	BAA3	0	-
HSBC bank	AA3	0	-
Oman Arab Bank	BA1	118	305
Alinma Bank Saudi	A-	10	10
Bank Dhofar	BA2	59	59
Sohar International Bank	BA3	1,375	132
National Bank of Kuwait	A+	1,311	933
Meethaq Islamic Bank	BA1	118	121
Alizz Islamic Bank	AAA	756	1,432
Total (Note 11)		5,578	5,468

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

Liquidity risk

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

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

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THREE MONTHS PERIOD ENDED 31-03-2025
WERE APPROVED BY THE BOARD OF DIRECTORS ON 28-04-2025

27 Financial risk management (continued)

Liquidity risk (continued)

Non-derivative financial liabilities

	Contractual cash flow					
	Carrying amount RO'000	Total RO'000	6 months or less RO'000	6 to 12 months RO'000	1 to 5 years RO'000	More than 5 years RO'000
31 March 2025						
(Unaudited)						
Term loans	88,520	105,213	8,374	10,061	77,647	9,131
Lease liabilities	3,806	3,857	485	428	2,289	655
Trade payables	14,726	14,726	14,726	-	-	-
Other payables	6,542	6,542	6,542	-	-	-
	<u>113,594</u>	<u>130,338</u>	<u>30,127</u>	<u>10,489</u>	<u>79,936</u>	<u>9,786</u>
31 December 2024						
(Audited)						
Term loans	90,818	107,557	11,607	10,369	82,947	2,634
Lease liabilities	4,190	4,336	604	448	2,519	765
Trade payables	16,459	16,459	16,459	-	-	-
Other payables	9,928	9,928	9,928	-	-	-
	<u>121,395</u>	<u>138,280</u>	<u>38,598</u>	<u>10,817</u>	<u>85,466</u>	<u>3,399</u>

Market risk

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

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

Foreign currency risk

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

Interest rate risk

The Company is exposed to interest rate risk since a substantial portion of its borrowings are on floating interest rates. However, the risk is generally limited to the Central Bank of Oman's Weighted Average Interest Rate on Deposits (CBO WAIRD), as most facilities carry a fixed spread for the loan tenure.

27 Financial risk management (continued)

Interest rate risk (continued)

During Q1 2025, the Company converted Term Loan A [note 14(a)] and Term Loan B [note 14(b)]—previously denominated in Omani Rial—into a USD-denominated loan classified under Term Loan F [note 14(f)]. This restructuring was undertaken as part of the Company's funding strategy to diversify currency exposure and benefit from favorable USD borrowing rates.

As part of this transaction, the Company has also entered into an Interest Rate Swap (IRS) agreement to hedge the interest rate exposure arising from the floating-rate nature of the USD loan. This derivative instrument effectively converts the floating rate on the loan into a fixed rate, thereby reducing the Company's exposure to interest rate volatility.

	31 March 2025 (Unaudited)		31 December 2024 (Audited)	
	20 bp Increase	20 bp Decrease	20 bp Increase	20 bp Decrease
Interest rate expense	(131)	131	(174)	174

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. No changes were made in the objectives, policies or processes during the period ended 31 March 2025 and year ended 31 December 2024.

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:

	31 March 2025 (Unaudited)	31 March 2024 (Unaudited)
Profit attributable to shareholders (RO'000)	<u>4,903</u>	<u>5,949</u>
Weighted average number of shares for basic and diluted EPS (Thousand)	<u>770,200</u>	<u>770,200</u>
Basic and diluted earnings per share (Baiza)	<u>6.4</u>	<u>7.7</u>

31 Changes in cash flows from financing activities

	Term loan RO'000	Short term loan RO'000	Lease liabilities RO'000	Total RO'000
2025				
At 1 January	90,818	-	4,190	95,008
Disbursement/availed during the year	22,050	17,000	-	39,050
Non-cash adjustments	-	-	(89)	(89)
Repayments during the year	(24,348)	-	-	(24,348)
Payment of lease liabilities	-	-	(295)	(295)
At 31 March	<u>88,520</u>	<u>17,000</u>	<u>3,806</u>	<u>109,326</u>

Other Changes

Interest expense	1,253	-	55	1,308
Interest paid	1,082	-	(55)	1,027

	Term loan RO'000	Short term loan RO'000	Lease liabilities RO'000	Total RO'000
2024				
At 1 January	85,292	-	6,246	91,538
Disbursement/availed during the year	17,721	17,000	-	34,721
Non-cash adjustments	-	-	432	432
Repayments during the period	(12,195)	(17,000)	-	(29,195)
Payment of lease liabilities	-	-	(2,488)	(2,488)
At 31 December	<u>90,818</u>	<u>-</u>	<u>4,190</u>	<u>95,008</u>

Other Changes

Interest expense	5,122	268	258	5,648
Interest paid	(4,968)	(268)	(258)	(5,494)

	Term loan RO'000	Short term loan RO'000	Lease liabilities RO'000	Total RO'000
2024				
At 1 January	85,292	-	6,246	91,538
Disbursement/availed during the year				
Non-cash adjustments				
Repayments during the period	(3,308)	-	-	(3,308)
Payment of lease liabilities	-	-	(1,183)	(1,183)
At 31 March	<u>81,984</u>	<u>-</u>	<u>5,063</u>	<u>87,047</u>

Other Changes

Interest expense	1,213	-	78	1,291
Interest paid	(1,199)	-	(78)	(1,277)

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THREE MONTHS PERIOD ENDED 31-03-2025
WERE APPROVED BY THE BOARD OF DIRECTORS ON 28-04-2025

Filing Information	01/01/2025-31/03/2025
GENERAL INFORMATION ABOUT FINANCIAL STATEMENTS	
Type of company	SAOG
Commercial Registration (CR) number	1844555
Name of reporting entity	Abraj Energy Services SAOG
Listing status	Listed
Ticker code (Symbol)	ABRJ
Licensing Status	Not Licensed with FSA
Licensed for	Not Applicable
Type of Fund	Not Applicable
Sector	Services Sector
Sub-sector	Oil and Gas
Category of filer	Services Companies
Reporting period frequency	Quarter 1
Whether reporting entity is preparing financial statements for the first financial period since its establishment	No
Reporting period start date	01/01/2025
Reporting period end date	31/03/2025
Description of reporting currency	Omani Rial
Level of rounding off for monetary values	Thousands
Description of nature of financial statements	Unaudited
Preparation format	Standalone

INTERIM CONDENSED FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON
28 Apr 2025