

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 (KGO), has advised the Company to mobilize the third Rig in January 2026. For Saudi Arabia branch, as at 30 September 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 nine months ended 30 September 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 condensed interim 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 condensed interim financial statements have been presented in Rial Omani (“RO”) which is the functional and presentation currency. The condensed interim 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 interim 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.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, specifically interest rate swaps, to hedge its exposure to variability in cash flows arising from borrowings. Derivatives are initially recognised at fair value on the date the contract is entered into and are subsequently re-measured at fair value at each reporting date. They are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Hedge accounting

For hedge accounting purposes, the Company designates interest rate swaps as cash flow hedges of USD-denominated term loans. At the inception of each hedge relationship, the Company formally documents the hedging instrument, the hedged item, the risk management objective, and the strategy for undertaking the hedge. A hedging relationship qualifies for hedge accounting if:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes; and
- the hedge ratio reflects the actual quantities of the hedged item and instrument used for risk management purposes.

Cash flow hedges

The effective portion of changes in fair value of the swaps is recognised in other comprehensive income (OCI) and accumulated in equity under the hedge reserve. Any ineffective portion is recognised immediately in profit or loss. Amounts accumulated in the hedge reserve are reclassified to finance costs in the same period during which the hedged interest payments affect profit or loss.

2 Basis of preparation (continued)

Derivative financial instruments and hedge accounting (continued)

Cash flow hedges (continued)

If hedge accounting is discontinued, the amount accumulated in OCI remains in equity until the forecast transaction is realised. If the forecast transaction is no longer expected to occur, the amount is immediately reclassified to profit or loss.

Treasury shares

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

3 Property and equipment

During the nine months ended 30 September 2025, the Company acquired assets with a cost of RO 6,344,956 (31 December 2024: RO 34,989,374), this acquisition is mainly for Drilling and Workover.

Assets with a net book value of RO 84,518 were disposed during the nine month ended 30 September 2025 (30 September 2024: RO 367,971) resulting in a net loss on disposal of RO 72,909 (30 September 2024: RO 324,433).

4a Trade receivables

	30 September 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Trade receivables from non - related parties	30,165	29,009
Trade receivable from a related party (note 19)	4,822	2,348
	<u>34,987</u>	<u>31,357</u>
Less: allowance for expected credit losses	(184)	(184)
	<u>34,803</u>	<u>31,173</u>
Contract assets – accrued revenue	10,237	8,962
At end of the period/year	<u>45,040</u>	<u>40,135</u>

4a Trade receivables (continued)

The ageing of trade receivables at the reporting date was:

	Gross 2025 RO'000	Expected credit loss 2025 RO'000	Gross 2024 RO'000	Expected credit loss 2024 RO'000
Not due	28,885	-	25,845	4
Due within 1-90 days	5,137	-	5,001	3
Due within 91-180 days	457	1	267	3
Due within 181-270 days	391	91	152	108
Due within 271-360 days	117	92	92	66
	<u>34,987</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:

	30 September 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 11).

The Company has a concentration of credit risk with respect to trade receivables and, at the reporting date, 87% (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.

4b Advances, prepayments and other receivables

	30 September 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Prepayments	913	481
Advance to liquidity provider (note 8)	825	-
VAT receivable	815	1,022
Advance to suppliers	257	185
Other receivable	371	1,128
At end of period/year	<u>3,181</u>	<u>2,816</u>

5 Inventories

	30 September 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Stores, spares and consumables	29,469	29,075
Provision for obsolete and defective inventories	(1,019)	(659)
At end of the period/year	<u>28,450</u>	<u>28,416</u>

Movement in the provision for inventories is as follows:

	30 September 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
At beginning of the period/year	659	503
Add: charge for the period/year	360	156
At end of the period/year	<u>1,019</u>	<u>659</u>

6 Cash and cash equivalents

	30 September 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Cash on hand	5	5
Cash at bank	<u>6,925</u>	<u>5,468</u>
	<u>6,930</u>	<u>5,473</u>

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

7 Share capital

	30 September 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>

7 Share capital (continued)

Approved / paid dividend

In the Annual General Meeting (AGM) held in March 2025, the shareholders approved to pay a dividend of 22.47 baisa per share amounting to RO 17,306,394 for the financial year ended 31 December 2024 which was paid in March 2025 (2024: 21.2 baisa per share amounting to RO 16,328,240 for the financial year ended 31 December 2023 which was paid in April 2024).

8 Treasury shares

During the period, the Company engaged a third party licensed liquidity provider on Muscat Securities Exchange (MSX) to facilitate the selling and buying of its own shares. Under the agreement, the gains and losses on trading of shares by the liquidity provider will accrue to the Company. At 30 September 2025, the liquidity provider held 1.1 million shares on behalf of the Company at par value. Additionally, the Company has provided an advance to the liquidity provider amounting to RO 0.825 million (note 4b).

The premium recognized on trading in its shares is recorded as "Reserve on trading of treasury shares". Such reserve which amounted to RO 194,509 is classified under equity.

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

	30 September 2025	31 December 2024
	RO'000	RO'000
Movement in treasury shares at par value	110	-
Movement in reserve on trading of treasury shares	195	-
	305	-

9 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 1,397 thousand (2024: RO 1,502 thousand) to the legal reserve. This reserve is not available for distribution.

10 Cash flow hedge reserve

During the period, the Company entered into and designated interest rate swaps as cash flow hedges of its USD-denominated term loans. These hedges cover the full notional amount and entire tenor of the underlying loans and were assessed to be fully effective. The Company manages its cashflow interest rate risk by using floating-to-fixed IRS. At the reporting date, the fair value of the swaps was recognised as a derivative liability of RO 369 thousand, with RO 314 thousand (net of tax) recorded in the cash flow hedge reserve within equity.

10 Cash flow hedge reserve (continued)

Movement in reserve during the period is as follows:

	30 September 2025 RO'000	31 December 2024 RO'000
At beginning of the period/year	-	-
Fair values movement in hedges	314	-
At end of the period/year	314	-

11 Term loans

	Maturity	30 September 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Term loan A [note 11 (a)]	December 2027	-	5,627
Term loan B [note 11 (b)]	December 2029	-	16,423
Term loan C	February 2030	20,611	24,047
Term loan D	December 2030	23,625	27,000
Term loan E	December 2031	21,401	17,721
Term loan F [note 11 (c)]	December 2032	20,675	-
Term loan G [note 11 (d)]	December 2033	4,723	-
		<u>91,035</u>	<u>90,818</u>
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	16,031	19,467
Long term loan D	December 2030	19,125	22,500
Long term loan E	December 2031	18,755	15,189
Long term loan F	December 2032	17,916	-
Long term loan G	December 2033	4,114	-
		<u>75,941</u>	<u>74,017</u>
Current portion			
Long term loan A	December 2027	-	1,279
Long term loan B	December 2029	-	3,910
Long term loan C	February 2030	4,580	4,580
Long term loan D	December 2030	4,500	4,500
Long term loan E	December 2031	2,646	2,532
Long term loan F	December 2032	2,759	-
Long term loan G	December 2033	609	-
		<u>15,094</u>	<u>16,801</u>

The condensed interim financial statements were approved by the board of directors on 28-October-2025

11 Term loans (continued)

(a) Term loan A

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

(b) Term loan B

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

(c) Term loan F

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

(d) Term loan G

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

Short term loan

The Company obtained a short-term facility during the period amounting to RO 17 million to support working capital and liquidity requirements. The facility will be repaid in the ordinary course of business during the financial year ending 31 December 2025.

Security terms for all the above loans

- Clean loan with no mortgage / charge on the assets financed.
- Assignment of respective Company's revenues for the assets financed by the bank (note 4a).
- Negative lien over the assets financed through management undertaking to the bank.

The Company has complied with all the financial covenants of its borrowing facilities which relate to 'Debt to Equity', Total Debt to Net Worth ratios as at 30 September 2025 and 31 December 2024.

12. Capex advances

	30 September 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
At beginning of the period/year	982	4,587
Addition during the period/year	18,335	13,298
Capitalized during the period/year	(4,735)	(16,903)
At end of the period/year	<u>14,582</u>	<u>982</u>

13a Trade payables

	30 September 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Trade payables to non - related parties	8,798	8,872
Trade payables to related parties (note 19)	316	319
Payables to related parties not invoice (note 19)	453	370
Payables to non - related parties not invoice-non assets	7,249	6,601
Payables to non - related parties not invoice-assets	2,162	297
	<u>18,978</u>	<u>16,459</u>

13b Other payables

	30 September 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Accrued expenses	3,408	7,731
Leave encashment payable	3,782	3,900
Performance bonus payable	1,258	1,533
Accrued interest on term loans	972	573
Social security payable	531	559
Retention payable	67	91
Payable to customers	91	66
	<u>10,109</u>	<u>14,453</u>

14 Revenue

	Unaudited			
	Three months ended 30		Nine months ended 30	
	September		September	
	2025	2024	2025	2024
	RO'000	RO'000	RO'000	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	28,490	29,078	86,107	92,940
<i>Revenue recognized point in time:</i>				
Contract revenue - product	1,549	1,569	5,556	4,519
	30,039	30,647	91,663	97,459
Other revenue				
Leased operating assets	5,848	5,700	17,167	16,809
Total revenue	35,887	36,347	108,830	114,268

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.

	30 September 2025 (Unaudited) RO'000	30 September 2024 (Unaudited) RO'000
Less than one year	16,665	16,490
One to two years	14,988	14,958
Two to three years	12,110	12,665
Three to four years	4,462	10,204
Four to five years	3,204	2,430
More than five years	4,919	5,751
Total	56,348	62,499

15 Cost of sales

	Unaudited			
	Three months ended 30		Nine months ended 30	
	September		September	
	2025	2024	2025	2024
	RO'000	RO'000	RO'000	RO'000
Employee related cost	11,179	11,595	34,823	36,227
Depreciation and amortization	5,366	5,610	15,954	16,895
Materials and spares consumed	5,067	5,089	14,807	15,190
Transportation	2,341	2,086	7,032	7,367
Camp catering cost	919	967	2,774	2,823
Equipment rentals	401	353	1,646	1,070
Repairs and maintenance	416	642	1,251	1,783
Reimbursable cost	224	330	759	1,147
Vehicle rentals	241	105	678	324
Insurance	209	197	614	673
Vehicle running	167	131	466	417
Communication	114	115	306	370
Inspection	93	94	259	319
Water and electricity	66	121	159	248
Mobilization / demobilization expenses	49	57	61	371
Business travel	18	95	50	160
Legal and professional charges	7	1	12	5
Miscellaneous	74	1	207	87
	<u>26,951</u>	<u>27,589</u>	<u>81,858</u>	<u>85,476</u>

16 General and administrative expenses

	Unaudited			
	Three months ended 30		Nine months ended 30	
	September		September	
	2025	2024	2025	2024
	RO'000	RO'000	RO'000	RO'000
Employee related costs	1,248	1,424	4,070	4,318
Repairs and maintenance	165	279	512	525
Depreciation and amortization	173	105	416	316
Legal and professional charges	20	96	169	204
Advertisement and sales promotion	38	-	159	120
Directors - other remuneration (note 19)	38	38	138	113
Subscription and membership	15	25	100	81
Insurance	26	41	86	60
Business travel	30	75	64	104
Vehicle rentals	8	7	26	16
Communication	10	20	23	37
Food expenses	15	5	23	13
Rent	-	18	22	30
Directors - sitting fees (note 19)	7	7	16	21
Vehicle running	6	3	14	11
Miscellaneous	51	61	216	384
	<u>1,850</u>	<u>2,204</u>	<u>6,054</u>	<u>6,353</u>

17 Finance costs and finance income

An analysis of finance cost is set out below:

	Unaudited	
	Three months ended	Nine months ended 30
	30 September	September

The condensed interim financial statements were approved by the board of directors on 28-October-2025

Notes to the condensed interim financial statements
For the nine months ended 30 September 2025

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	2025 RO'000	2024 RO'000	2025 RO'000	2024 RO'000
Interest on long term loans	1,253	1,352	3,742	3,860
Interest on short term loans	208	78	441	287
Bank charges / exchange fluctuations	107	54	262	175
Interest on lease liabilities	49	50	155	195
	<u>1,617</u>	<u>1,534</u>	<u>4,600</u>	<u>4,517</u>
An analysis of finance income is set out below:				
Interest income on fixed deposits	-	-	-	9
Other finance income	54	66	200	168
	<u>54</u>	<u>66</u>	<u>200</u>	<u>177</u>

18 Income tax expense

Current and deferred tax for the period

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

The Company's effective tax rate is 15.1% (30 September 2024: 15.5%).

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

	<u>Unaudited</u>			
	<u>Three months ended 30</u>		<u>Nine months ended 30</u>	
	<u>September</u>		<u>September</u>	
	2025	2024	2025	2024
	RO'000	RO'000	RO'000	RO'000
Statement of profit or loss:				
Current tax:				
Current period	1,056	723	2,892	2,877
Prior period	(2)	45	10	84
Deferred tax				
Current period	(235)	-	(422)	(207)
Other comprehensive income:				
Deferred tax				
Current period	(55)	-	(55)	-
	<u>764</u>	<u>768</u>	<u>2,425</u>	<u>2,754</u>

The condensed interim financial statements were approved by the board of directors on 28-October-2025

18 Income tax expense (continued)

Current and deferred tax for the period (continued)

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

	<u>Unaudited</u>		<u>Unaudited</u>	
	<u>Three months ended 30</u>		<u>Nine months ended 30</u>	
	<u>September</u>		<u>September</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	<u>RO'000</u>	<u>RO'000</u>	<u>RO'000</u>	<u>RO'000</u>
Reconciliation				
Profit before tax	<u>5,457</u>	<u>5,118</u>	<u>16,445</u>	<u>17,774</u>
Income tax as per rates mentioned above	<u>819</u>	<u>768</u>	<u>2,467</u>	<u>2,666</u>
Non-deductible expenses	<u>2</u>	<u>-</u>	<u>3</u>	<u>4</u>
Prior year adjustment - current tax	<u>(2)</u>	<u>-</u>	<u>10</u>	<u>84</u>
Tax expense for the period	<u><u>819</u></u>	<u><u>768</u></u>	<u><u>2,480</u></u>	<u><u>2,754</u></u>

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

	As at	Recognised	Recognised in	As at
2025	1 January	in profit or	other	30
	RO'000	loss	comprehensiv	September
	RO'000	RO'000	e income	RO'000
			RO'000	
Deferred tax liabilities				
Property and equipment	<u>3,627</u>	<u>(259)</u>	<u>-</u>	<u>3,368</u>
Deferred expenses	<u>14</u>	<u>12</u>	<u>-</u>	<u>26</u>
	<u><u>3,641</u></u>	<u><u>(247)</u></u>	<u><u>-</u></u>	<u><u>3,394</u></u>
Deferred tax assets				
Provision for impairment	<u>28</u>	<u>-</u>	<u>-</u>	<u>28</u>
Deferred income	<u>258</u>	<u>118</u>	<u>-</u>	<u>376</u>
Provision for inventories	<u>99</u>	<u>54</u>	<u>-</u>	<u>153</u>
Provision on donation	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>
Derivatives	<u>-</u>	<u>-</u>	<u>55</u>	<u>55</u>
Right-of-use assets and lease liabilities	<u>16</u>	<u>4</u>	<u>-</u>	<u>20</u>
	<u><u>403</u></u>	<u><u>231</u></u>	<u><u>55</u></u>	<u><u>634</u></u>

The condensed interim financial statements were approved by the board of directors on 28-October-2025

18 Income tax expense (continued)

Current and deferred tax for the period (continued)

2024	As at 1 January RO'000	Recognised in profit or loss RO'000	Recognised in other comprehensive income RO'000	As at 30 September RO'000
Deferred tax liabilities				
Property and equipment	4,389	159	-	4,230
Deferred expenses	18	3	-	15
	<u>4,407</u>	<u>162</u>	<u>-</u>	<u>4,245</u>
Deferred tax assets				
Deferred payment obligation	25	-	-	25
Provision for impairment	278	14	-	292
Deferred income	75	51	-	126
Provision for inventory	6	-	-	6
Right-of-use assets and lease liabilities	42	(21)	-	21
	<u>426</u>	<u>44</u>	<u>-</u>	<u>470</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 30 September 2025.

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 Company's financial statements nine months ended 30 September 2025.

19 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:

19 Related party transactions and balances (continued)

	Unaudited			
	Three months ended 30		Nine months ended 30	
	September		September	
	2025	2024	2025	2024
	RO'000	RO'000	RO'000	RO'000
Sale of goods and services				
Revenue from OQ Exploration and Production SAOG - entity under common control - Drilling and workover and well services	<u>5,275</u>	<u>4,976</u>	<u>15,510</u>	<u>16,182</u>
Purchases of goods and services				
Fuel, lubricants and others from Oman Oil Marketing Company SAOG – entity under common control	<u>270</u>	<u>1,081</u>	<u>2,194</u>	<u>3,531</u>
OQ SAOC – charge back of software cost	<u>78</u>	<u>-</u>	<u>78</u>	<u>-</u>
	<u>348</u>	<u>1,081</u>	<u>2,272</u>	<u>3,531</u>
Directors remuneration and sitting fees				
Directors - sitting fees (note 16)	<u>7</u>	<u>7</u>	<u>16</u>	<u>21</u>
Directors - other remunerations (note 16)	<u>38</u>	<u>38</u>	<u>138</u>	<u>113</u>
	Three months ended 30		Nine months ended 30	
	September		September	
	2025	2024	2025	2024
	RO'000	RO'000	RO'000	RO'000
Key management compensation				
Short term employee benefits	<u>182</u>	<u>222</u>	<u>858</u>	<u>730</u>
Long term employee benefits	<u>-</u>	<u>1</u>	<u>6</u>	<u>7</u>
	<u>182</u>	<u>223</u>	<u>864</u>	<u>737</u>
Related party balances				
	30 September 2025		31 December 2024	
	(Unaudited)		(Audited)	
Receivable from the OQ Exploration and Production SAOG- entity under common control (note 4a) - Drilling and workover and well services	<u>4,822</u>		<u>2,348</u>	
Purchases of goods and services				
Payable to Oman Oil Marketing Company SAOG – entity under common control	<u>769</u>		<u>689</u>	

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19 Related party transactions and balances (continued)

Outstanding balances at the period-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables except for guarantees given to OQ Exploration and Production SAOG amounting to RO 432,465 (2024: RO 174,218). The expected credit losses on the related party receivable balances have been disclosed in note 4a.

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

20 Contingent liabilities

	30 September 2025 (Unaudited) RO'000	31 December 2024 (Audited) RO'000
Bank guarantees	31,219	24,590
Legal cases	441	2,901
Total	31,660	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 Company has reached a settlement agreement with the supplier and the court has yet to pronounce a decision. The Company has made adequate provisions for the claim; accordingly, the settlement does not give rise to any additional liability for the Company.

21 Commitments

As at 30 September 2025, the Company had contractual capital commitments of RO 48,541,690 (31 December 2024: RO 4,594,564) relating to property and equipment.

22 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.

22 Segment reporting (continued)

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:

	<u>For nine months ended 30 September 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>
	<u>RO'000</u>								
Revenue	89,735	5,153	94,888	13,942	-	13,942	103,677	5,153	108,830
Net profit for the period	13,440	202	13,642	323	-	323	13,763	202	13,965
	<u>As at 30 September 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>
	<u>RO'000</u>								
Total segment assets	239,744	23,344	263,088	30,439	157	30,596	270,183	23,501	293,684
Total segment liabilities	112,073	23,536	135,609	15,557	158	15,715	127,630	23,694	151,324
Capital expenditure	20,845	1,370	22,215	379	10	389	21,224	1,380	22,604
	<u>For the period ended 30 September 2024</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>
	<u>RO'000</u>								
Revenue	100,614	2,358	102,972	11,296	-	11,296	111,910	2,358	114,268
Net profit for the period	15,553	(211)	15,342	(322)	-	(322)	15,231	(211)	15,020
	<u>As at 31 December 2024</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>
	<u>RO'000</u>								
Total segment assets	226,425	25,908	252,333	27,825	3,184	31,009	254,250	29,092	283,342
Total segment liabilities	109,497	12,529	122,026	13,456	1,540	14,996	122,953	14,069	137,022
Capital expenditure	13,123	18,948	32,071	2,918	-	2,918	16,041	18,948	34,989

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

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23 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 30 September 2025 and year ended 31 December 2024.

24 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.

25 Corresponding figures

Certain corresponding figures for period ended 30 September 2025 have been reclassified in order to confirm to the presentation for the current period. Such reclassifications do not affect previously reported profit or shareholder's equity.

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