ACTION ENERGY COMPANY K.S.C (PUBLIC) AND ITS SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

30 JUNE 2026

Shape the future
with confidence

Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
Burj Alshaya, 16th & 17th Floor
Al Soor Street, Mirqab
Safat 13001, State of Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
https://www.ey.com

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF ACTION ENERGY COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Action Energy Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") as at 30 June 2026, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended and the interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of the interim condensed consolidated financial information in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on the interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, during the six-month period ended 30 June 2026, that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No. 7 of 2010 concerning establishment of Capital Markets Authority ("CMA") and organisation of security activity and its executive regulations, as amended, during the six-month period ended 30 June 2026 that might have had a material effect on the business of the Parent Company or on its financial position.

BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

6 August 2026
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2026

	Notes	*Three months ended 30 June*		*Six months ended 30 June*	
		2026	*2025*	***2026***	*2025*
		KD	*KD*	***KD***	*KD*
Revenue from contracts with customers	3	**9,017,602**	8,093,465	**18,067,655**	13,428,548
Rental income		**15,000**	18,000	**25,000**	36,000
Revenue		**9,032,602**	8,111,465	**18,092,655**	13,464,548
Cost of revenue		**(5,227,695)**	(4,670,482)	**(10,512,635)**	(7,701,891)
GROSS PROFIT		**3,804,907**	3,440,983	**7,580,020**	5,762,657
General and administrative expenses		**(619,467)**	(523,822)	**(1,221,299)**	(843,045)
Operating profit		**3,185,440**	2,917,161	**6,358,721**	4,919,612
Finance costs on term loans and borrowings		**(953,150)**	(961,683)	**(1,917,466)**	(1,649,302)
Interest and amortisation charge on convertible preference shares		**-**	(587,117)	**-**	(1,034,516)
Amortisation of intangible asset		**(13,750)**	-	**(27,500)**	-
Net fair value loss on financial assets at fair value through profit or loss		**(29,400)**	-	**(41,436)**	-
Net fair value loss on commodity trading positions		**(23,975)**	-	**(23,975)**	-
Interest expense on lease liabilities		**(1,972)**	-	**(4,225)**	-
Other income		**113,746**	(4,365)	**279,286**	41,197
PROFIT BEFORE TAX		**2,276,939**	1,363,996	**4,623,405**	2,276,991
Contribution to Kuwait Foundation for Advancement of Sciences (“KFAS”)		**(20,178)**	(12,844)	**(41,480)**	(20,504)
Zakat		**(23,453)**	(15,950)	**(48,062)**	(24,461)
National Labour Support Tax (“NLST”)		**(56,923)**	-	**(115,585)**	-
Directors’ remuneration		**(30,000)**	-	**(30,000)**	-
PROFIT FOR THE PERIOD		**2,146,385**	1,335,202	**4,388,278**	2,232,026
Other comprehensive income for the period		**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**2,146,385**	1,335,202	**4,388,278**	2,232,026
Attributable to:					
Equity holders of the Parent Company		**2,124,245**	1,336,389	**4,375,224**	2,233,213
Non-controlling interests		**22,140**	(1,187)	**13,054**	(1,187)
		2,146,385	1,335,202	**4,388,278**	2,232,026
BASIC AND DILUTED EARNINGS PER SHARE (EPS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	4	**3.75 Fils**	3.56 Fils	**7.72 Fils**	5.96 Fils

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Action Energy Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2026

	Notes	*30 June 2026 KD*	*(Audited) 31 December 2025 KD*	*30 June 2025 KD*
ASSETS				
Non-current assets				
Property, plant and equipment	5	**142,681,624**	124,952,802	126,495,052
Intangible asset		**481,250**	508,750	550,000
Investment properties		**978,000**	978,000	1,147,334
Right-of-use assets		**124,517**	166,025	-
		144,265,391	126,605,577	128,192,386
Current assets				
Inventories		**1,429,468**	1,165,962	1,046,346
Trade receivables, prepayments and other receivables		**12,698,270**	10,509,792	10,661,170
Amounts due from a related party	11	**-**	279,180	-
Commodity trading positions	6	**206,867**	-	-
Financial assets at fair value through profit or loss	6	**7,392,238**	-	-
Cash and short-term deposits	7	**15,198,773**	27,750,753	8,390,349
		36,925,616	39,705,687	20,097,865
TOTAL ASSETS		**181,191,007**	166,311,264	148,290,251
EQUITY AND LIABILITIES				
Equity				
Share capital	8	**56,650,000**	56,650,000	20,000,000
Share premium		**19,830,000**	19,830,000	-
Statutory reserve		**1,623,632**	1,623,632	1,029,872
Retained earnings		**8,351,842**	5,676,118	21,029,934
Equity attributable to the equity holders of the Parent Company		**86,455,474**	83,779,750	42,059,806
Non-controlling interests		**250,841**	237,787	218,813
Total equity		**86,706,315**	84,017,537	42,278,619
Non-current liabilities				
Term loans	9	**46,312,733**	35,585,670	67,701,719
Islamic financing facilities	10	**37,569,404**	36,177,699	-
Lease liabilities		**44,406**	87,609	-
Contract liabilities		**778,132**	1,007,052	1,235,972
Employees' end of service benefits		**1,265,467**	1,069,646	885,077
		85,970,142	73,927,676	69,822,768
Current liabilities				
Term loans	9	**3,012,098**	2,566,179	10,200,465
Islamic financing facilities	10	**648,469**	516,953	-
Convertible preference shares classified as financial liabilities		**-**	-	19,293,480
Lease liabilities		**85,237**	82,929	-
Trade and other payables		**4,310,906**	4,742,150	6,237,079
Contract liabilities		**457,840**	457,840	457,840
		8,514,550	8,366,051	36,188,864
Total liabilities		**94,484,692**	82,293,727	106,011,632
TOTAL EQUITY AND LIABILITIES		**181,191,007**	166,311,264	148,290,251

Sheikh Mubarak Abdullah Al-Sabah
Chairman

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2026

	Attributable to equity holders of the Parent Company						
	Share capital KD	***Share premium KD***	***Statutory reserve KD***	***Retained earnings KD***	***Sub total KD***	***Non-controlling interests KD***	***Total equity KD***
As at 1 January 2026 *(Audited)*	**56,650,000**	**19,830,000**	**1,623,632**	**5,676,118**	**83,779,750**	**237,787**	**84,017,537**
Profit for the period	-	-	-	4,375,224	4,375,224	13,054	4,388,278
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	4,375,224	4,375,224	13,054	4,388,278
Dividends (Note 8)	-	-	-	(1,699,500)	(1,699,500)	-	(1,699,500)
At 30 June 2026	**56,650,000**	**19,830,000**	**1,623,632**	**8,351,842**	**86,455,474**	**250,841**	**86,706,315**
As at 1 January 2025 *(Audited)*	20,000,000	-	1,029,872	18,796,721	39,826,593	-	39,826,593
Profit for the period	-	-	-	2,233,213	2,233,213	(1,187)	2,232,026
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,233,213	2,233,213	(1,187)	2,232,026
Non-controlling interests arising on acquisition of a subsidiary (Note 1.2)	-	-	-	-	-	220,000	220,000
At 30 June 2025	20,000,000	-	1,029,872	21,029,934	42,059,806	218,813	42,278,619

The attached notes 1 to 14 form part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2026

	Notes	*Six months ended 30 June* **2026** ***KD***	*2025* *KD*
OPERATING ACTIVITIES			
Profit before tax		**4,623,405**	2,276,991
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	5	**2,420,454**	2,009,052
Service charges – consumption of prepaid drilling rights		**25,100**	54,510
Provision for employees end of service benefits		**216,312**	170,049
Interest income		**(268,423)**	(33,053)
Finance costs on term loans and borrowings		**1,917,466**	1,649,302
Interest and amortisation charge on convertible preference shares		**-**	1,034,516
Net fair value loss on financial assets at fair value through profit or loss		**41,436**	-
Net fair value loss on commodity trading positions		**23,975**	-
Amortisation of intangible asset		**27,500**	-
Depreciation of right-of-use assets		**41,508**	-
Interest expense on lease liabilities		**4,225**	-
Operating profit before working capital changes		**9,072,958**	7,161,367
Working capital adjustments:			
Trade receivables, prepayments and other receivables		**(2,225,550)**	(2,485,780)
Inventories		**(263,506)**	(237,125)
Trade and other payables		**(736,916)**	(1,361,604)
Contract liabilities		**(228,920)**	661,813
Cash flows from operations		**5,618,066**	3,738,671
Employees' end of service benefits paid		**(20,491)**	(2,137)
Taxes paid		**(120,320)**	(57,811)
Director's remuneration paid		**(30,000)**	-
Net cash flows from operating activities		**5,447,255**	3,678,723
INVESTING ACTIVITIES			
Purchase of items of property plant and equipment	5	**(20,149,276)**	(13,513,914)
Interest income received		**280,395**	156,536
Movement in escrow accounts		**302,566**	(360,904)
Acquisition of a subsidiary, net of cash acquired	1.2	**-**	(330,000)
Purchase of financial assets at fair value through profit or loss		**(7,433,674)**	-
Purchase of commodity trading positions		**(230,842)**	-
Net cash flows used in investing activities		**(27,230,831)**	(14,048,282)
FINANCING ACTIVITIES			
Net movement in related party balances		**279,180**	(34,078)
Proceeds from term loans		**18,650,000**	12,053,000
Repayment of term loans		**(7,477,018)**	(2,401,618)
Proceeds of Islamic financing facilities		**2,600,000**	-
Repayment of Islamic financing facilities		**(1,076,779)**	-
Finance costs paid		**(1,710,095)**	(1,832,559)
Dividends paid to equity holders of the Parent Company	8	**(1,686,006)**	-
Payment of lease liabilities		**(45,120)**	-
Net cash flows from financing activities		**9,534,162**	7,784,745
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(12,249,414)**	(2,584,814)
Cash and cash equivalents at 1 January		**19,278,345**	5,719,490
CASH AND CASH EQUIVALENTS AT 30 JUNE	7	**7,028,931**	3,134,676

1.1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Action Energy Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2026 was authorised for issue in accordance with a resolution of the board of directors on 6 August 2026.

The consolidated financial statements of the Group for the year ended 31 December 2025 were approved by the Parent Company's shareholders at the annual general assembly meeting ("AGM") held on 7 May 2026. Dividends declared and approved by the Group are disclosed in Note 8.

The Parent Company is a Kuwaiti shareholding company incorporated and domiciled in Kuwait. The head office of the Parent Company is located in Free Zone, Block 1, Plot No. 4D, First Floor, P.O. Box 3866, Safat 13039, Kuwait.

The Group operates in the oilfield services sector. The Parent Company is principally engaged in oil well drilling, services related to the extraction of oil and natural gas, and maintenance of oil and petrochemical facilities.

During the year ended 31 December 2025, the Parent Company completed an initial public offering through a private placement to qualified investors. The Parent Company's shares were listed in the Premier Market of Boursa Kuwait on 17 December 2025. The shareholders of the Parent Company in the extraordinary general meeting ("EGM") held on 18 March 2026 approved the change in legal name to Action Energy Company K.S.C.P.

The Parent Company is a subsidiary of Action Real Estate Company K.S.C. (Closed) (the "Holding Company"), which is ultimately controlled by Action Group Holdings Company K.S.C. (Closed) (the "Ultimate Holding Company").

1.2 GROUP INFORMATION

The interim condensed consolidated financial information of the Group includes the following subsidiaries:

Name of the entity	*Country of incorporation*	*% effective holding*		*Principal activities*
		30 June 2026	*31 December 2025*	
National Construction Real Estate Company W.L.L.	Kuwait	**100%**	100%	Facilities management and real estate trading
Sun Drilling Kuwait Oil Wells Drilling Co. W.L.L. *	Kuwait	**100%**	100%	Oil well drilling.
Target NDT Company W.L.L.**	Kuwait	**60%**	60%	Inspection and maintenance services for oilfield sector

* The Parent Company incorporated Sun Drilling Kuwait Oil Wells Drilling Company W.L.L during 2024. The Parent Company holds 100% through direct and through shares registered in the name of nominees on its behalf. The subsidiary had not commenced commercial operations as at the reporting date.

** On 2 April 2025, the Group had acquired 60% of the equity interests in Target NDT Company W.L.L. (the 'acquiree') through nominees who confirmed in writing that Group is the beneficial owner. The acquiree had no assets, liabilities, workforce, or operational processes at the acquisition date. Its sole attribute was a pre-qualification status with Kuwait Oil Company (KOC), which enables participation in KOC tenders. The transaction did not meet the definition of a business under IFRS 3 Business Combinations, and accordingly, has been accounted for as an asset acquisition in accordance with IAS 38 *Intangible Assets*. The consideration paid had been recognised as the cost of an intangible asset representing the KOC pre-qualification status. No goodwill has been recognised and no assets or liabilities, other than this intangible asset, had been acquired.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The Group has prepared the interim condensed consolidated financial information on the basis that it will continue to operate as a going concern.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2025.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of new standards effective as of 1 January 2026. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7*, Amendments to the Classification and Measurement of Financial Instruments (the Amendments)*. The Amendments include:

- Clarifications of the requirements for recognition and derecognition of financial assets and financial liabilities. In particular, a financial liability is derecognised on the 'settlement date' and an accounting policy choice is introduced (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments.
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The amendments had no impact on the Group's interim condensed consolidated financial information.

Annual Improvements to IFRS accounting Standards – Volume 11

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

The amendments had no impact on the Group's interim condensed consolidated financial information.

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Three months ended 30 June		*Six months ended 30 June*	
	2026	*2025*	***2026***	*2025*
	KD	*KD*	***KD***	*KD*
Type of services:				
Drilling services	**7,015,074**	6,293,883	**13,992,216**	10,064,478
Rigs leasing and mobilisation	**1,595,442**	1,511,314	**3,226,390**	2,836,086
Other operating revenue*	**407,086**	288,268	**849,049**	527,984
Total revenue from contracts with customers	**9,017,602**	8,093,465	**18,067,655**	13,428,548
Geographical market:				
State of Kuwait	**9,017,602**	8,093,465	**18,067,655**	13,428,548
Timing of revenue recognition				
Services transferred over time	**9,017,602**	8,093,465	**18,067,655**	13,428,548

* Other operating revenue mainly represents ancillary services provided to customers in connection with drilling operations (such as catering services, incentive income, and construction of heavy oil wells cellar). These amounts are not significant in relation to the Group's core drilling and rig leasing activities.

4 BASIC AND DILUTED EPS

Basic earning per share ('EPS') is calculated by dividing the profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of shares outstanding during the period. Diluted EPS is calculated by adjusting the profit attributable to ordinary equity holders of the Parent Company and the weighted average number of shares for the effects of dilutive potential ordinary shares, if any,

	Three months ended 30 June		*Six months ended 30 June*	
	2026	*2025**	***2026***	*2025**
Profit for the period attributable to ordinary equity holders of the Parent Company (KD)	**2,124,245**	1,336,389	**4,375,224**	2,233,213
Weighted average number of ordinary shares outstanding during the period	**566,500,000**	375,000,000	**566,500,000**	375,000,000
Basic and diluted EPS (Fils)	**3.75**	3.56	**7.72**	5.96

* The weighted average number of ordinary shares for the comparative period has been adjusted retrospectively to reflect the bonus issue during the year ended 31 December 2025, in accordance with IAS 33. '*Earnings per share'* for the prior period have been restated accordingly.

There have been no significant transactions involving ordinary shares or potential ordinary shares between the reporting date and the authorisation date of this interim condensed consolidated financial information.

5 PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 June 2026, the Group recognised additions to property, plant and equipment amounting to KD 20,149,276 (30 June 2025: KD 13,513,914). These comprised:

- Direct capital expenditures of KD 221,515 (30 June 2025: KD 5,901);
- Additions to capital work-in-progress of KD 19,927,761 (30 June 2025: KD 13,508,013); and
- Transfers from capital work-in-progress to different heads of property, plant and equipment of KD 354,311 (30 June 2025: KD 37,788,057);

There were no disposals of property, plant and equipment during the six months ended 30 June 2026 (30 June 2025: Nil).

Capital work-in-progress

Capital work-in-progress mainly relate to drilling rigs and related equipment under construction during the current interim period. Accordingly, the carrying amount at 30 June 2026 was KD 20,459,987 (31 December 2025: KD 886,537 and 30 June 2025: KD Nil).

Capitalised costs

During the six months ended 30 June 2026, the following costs were capitalised within capital work in progress:

- Borrowing costs of KD 194,034 (31 December 2025: KD 676,053; 30 June 2025: KD 676,053). The capitalisation rate applied was the commercial borrowing rate applicable to the qualifying assets.
- Staff costs relating to field personnel directly attributable to construction activities of KD 298,981 (31 December 2025: KD 558,236; 30 June 2025: KD 418,586).
- Administrative costs directly attributable to construction activities of KD 113,513 (31 December 2025: KD 275,536; 30 June 2025: KD 275,536).

Capital commitments

At 30 June 2026, the Group had KD 23,196,078 (31 December 2025: KD 1,276,490; 30 June 2025: KD Nil) outstanding capital commitments in respect of the construction of drilling rigs, electric submersible pumps ("ESP"), slickline and related equipment. These commitments primarily related to contracts entered with third-party contractors for the construction and delivery of drilling rigs and associated equipment. The commitments are financed through a combination of existing cash resources and available term loans and Islamic financing facilities.

Assets pledged as security

Drilling rigs are pledged as a security for the Group's borrowings (Notes 9 and 10)

Depreciation expense by function

Depreciation expense recognised in the interim condensed consolidated statement of profit or loss and other comprehensive income is allocated as follows:

	Three months ended 30 June		*Six months ended 30 June*	
	2026	*2025*	***2026***	*2025*
	KD	*KD*	***KD***	*KD*
Cost of revenue	**1,207,349**	1,119,354	**2,407,413**	2,004,937
General and administrative expenses	**10,526**	2,058	**13,041**	4,115
	1,217,875	1,121,412	**2,420,454**	2,009,052

6 INVESTMENT PORTFOLIO AND COMMODITY TRADING POSITIONS

During the period, the Group deployed part of its surplus liquidity into investment funds and a discretionary managed investment portfolio.

At the reporting date, the Group's investments consisted of the following:

	30 June 2026 KD	*(Audited) 31 December 2025 KD*	*30 June 2025 KD*
Financial assets at fair value through profit and loss			
Structured debt instruments	**5,228,764**	-	-
Structured deposits	**1,503,905**	-	-
Units in fixed income mutual funds	**659,569**	-	-
	7,392,238	-	-
Commodity trading positions			
Investment in commodities	**206,867**	-	-
	7,599,105	-	-

Financial assets at fair value through profit or loss
Structured debt instruments, structured deposits and units in fixed income mutual funds meet the definition of financial assets under IAS 32.

The contractual cash flows do not represent solely payments of principal and interest as returns are linked to the performance of underlying reference assets. Accordingly, these instruments do not meet the SPPI criteria under IFRS 9 and are classified as financial assets at fair value through profit or loss. As the entire instrument is measured at fair value through profit or loss, no separation of embedded derivatives is required.

Fair value is determined using observable market inputs, including quoted prices of underlying reference assets, interest rate curves, credit spreads and net asset values published by fund managers at the reporting date. Accordingly, these instruments are classified within Level 2 of the fair value hierarchy.

Commodity trading positions
Commodity trading positions comprise gold and silver held through the discretionary managed investment portfolio for trading purposes.

Physical precious metals do not meet the definition of a financial instrument under IAS 32 and fall outside the scope of IFRS 9. Consistent with the broker-trader exception in IAS 2, the positions are measured at fair value less costs to sell, with changes in fair value recognised in profit or loss.

Fair value is determined using quoted spot prices for gold and silver at the reporting date and is classified within Level 1 of the fair value hierarchy.

7 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	30 June 2026 KD	*(Audited) 31 December 2025 KD*	*30 June 2025 KD*
Cash at bank and in hand	**5,513,289**	18,100,753	1,340,349
Term deposits	**9,660,889**	9,650,000	7,050,000
Cash held in managed portfolios [1]	**24,595**	-	-
Cash and short-term deposits	**15,198,773**	27,750,753	8,390,349
Less: Term deposits having original maturity of more than three months	**(7,150,000)**	(7,150,000)	(4,450,000)
Less: balances held in escrow accounts [2]	**(1,019,842)**	(1,322,408)	(805,673)
Cash and cash equivalents	**7,028,931**	19,278,345	3,134,676

[1] Cash held in managed portfolios represent cash placed with the portfolio manager for investment purposes.

[2] The Group maintains escrow accounts in relation to its borrowing arrangements. The funds held in these accounts are restricted and may only be utilised for future payments related to borrowings. As at 30 June 2026, the balance held in escrow account amounted to KD 1,019,842 (31 December 2025: KD 1,322,408; 30 June 2025: KD 805,673).

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of more than three months to less than twelve months, depending on the immediate cash requirements of the Group, and earn interest at the prevailing market rates.

8 SHARE CAPITAL AND DISTRIBUTIONS

8.1 Share capital

	30 June 2026		*(Audited) 31 December 2025*		*30 June 2025*	
	No. of shares	***Amount in KD***	*No. of shares*	*Amount in KD*	*No. of shares*	*Amount in KD*
Authorised share capital (100 fils each)	**1,000,000,000**	**100,000,000**	1,000,000,000	100,000,000	550,000,000	55,000,000
Issued and paid-up share capital (100 fils each)	**566,500,000**	**56,650,000**	566,500,000	56,650,000	200,000,000	20,000,000

8.2 Distributions made and proposed

On 7 May 2026, the shareholders at the Ordinary General Assembly Meeting approved the distribution of a cash dividend of 3 fils per share for the year ended 31 December 2025, amounting to KD 1,699,500 (2024: Nil). The Group settled KD 1,686,006 of the approved dividend during the period, which is reflected within financing activities in the interim condensed consolidated statement of cash flows. The remaining unpaid balance of KD 13,494 is presented within "trade and other payables" in the interim condensed consolidated statement of financial position and, as it did not result in a cash outflow during the period, is excluded from the interim condensed consolidated statement of cash flows.

Subsequent to the reporting date, on 06 August 2026, the Board of Directors approved the distribution of an interim cash dividend of 3 fils per share, aggregating to KD 1,699,500 (six months ended 30 June 2025: Nil).

9 TERM LOANS

	30 June 2026 KD	(Audited) 31 December 2025 KD	30 June 2025 KD
Non-current	**46,312,733**	35,585,670	67,701,719
Current	**3,012,098**	2,566,179	10,200,465
	49,324,831	38,151,849	77,902,184

Term loans represent commercial facilities denominated in Kuwaiti Dinars obtained from a local financial institution. The facilities bear interest at floating rates linked to prevailing market interest rates.

Changes in liabilities arising from financing activities
The term loans are secured by a registered mortgage over the Group's drilling rigs (Note 5)

The Group has complied with all financial covenants attached to these facilities, and there were no breaches of covenants as at 30 June 2026 (31 December 2025 and 30 June 2025: Nil).

	Six months ended 30 June 2026		
	1 January 2026 KD	***Net cash flows KD***	***30 June 2026 KD***
Term loans	**38,151,849**	**11,172,982**	**49,324,831**

	Year ended 31 December 2025 (Audited)		
	1 January 2025 KD	*Net cash flows KD*	*31 December 2025 KD*
Term loans	68,250,802	(30,098,953)	38,151,849

	Six months ended 30 June 2025		
	1 January 2025 KD	*Net cash flows KD*	*30 June 2025 KD*
Term loans	68,250,802	9,651,382	77,902,184

10 ISLAMIC FINANCING FACILITIES

	30 June 2026 KD	*31 December 2025 KD*	*30 June 2025 KD*
Tawarruq facilities			
Gross amount	**42,974,166**	44,965,365	-
Less: deferred finance costs payable	**(7,356,293)**	(8,270,713)	-
	35,617,873	36,694,652	-
Murabaha facilities			
Gross amount	**3,014,831**	-	-
Less: deferred finance costs payable	**(414,831)**	-	-
	2,600,000	-	-
	38,217,873	36,694,652	-

	30 June 2026 KD	*31 December 2025 KD*	*30 June 2025 KD*
Tawarruq facilities			
Current	**648,469**	516,953	-
Non-current	**34,969,404**	36,177,699	-
	35,617,873	36,694,652	-
Murabaha facilities			
Current	**-**	-	-
Non-current	**2,600,000**	-	-
	2,600,000	-	-
	38,217,873	36,694,652	-

Islamic finance represents credit facilities granted by a local financial institution and carrying an annual profit at commercial rate. Islamic finance is secured by mortgage over the Group's drilling rigs (Note 5), corporate guarantee of the Holding Company and Ultimate Holding Company.

11 RELATED PARTY DISCLOSURES

These represent transactions with major shareholders, directors, executive officers and key management personnel of the Group, close members of their families and companies of which they are principal owners or over which they are able to exercise control or significant influence entered into by the Group in the ordinary course of business. Pricing policies and terms of these transactions are approved by the Parent Company's management.

The following table provides the total amount of transactions that have been entered into with related parties during the six months ended 30 June 2026 and 2025, as well as balances with related parties as at 30 June 2026, 31 December 2025 and 30 June 2025:

	Three months ended 30 June		*Six months ended 30 June*	
Consolidated statement of profit or loss and other comprehensive income	***2026***	*2025*	***2026***	*2025*
	KD	*KD*	***KD***	*KD*
Entities under common control				
Cost of revenue	**74,623**	68,086	**149,325**	106,554
Payment for lease charges	**22,560**	22,560	**45,120**	45,120

Consolidated statement of financial position	***30 June 2026***	*(Audited) 31 December 2025*	*30 June 2025*
	KD	*KD*	*KD*
Entities under common control			
Advances to suppliers	**53,605**	78,336	65,717
Holding Company			
Amounts due from a related party	**-**	279,180	-

Terms and conditions of transactions with related parties

Transactions with related parties are made on terms approved by the Group's management. Outstanding balances at the year-end are unsecured, interest free and have no fixed repayment schedule. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 30 June 2026, the Group has not recognised any provision for expected credit losses relating to amounts owed by related parties (31 December 2025 and 30 June 2025: Nil).

Other related party disclosures

- Certain related parties have also provided guarantees in connection with the Group's borrowings (Notes 10).
- As at the reporting date, the Group held no bank accounts (31 December 2025: KD Nil; 30 June 2025: KD 43,874) registered in the name of an entity owned and controlled by the Holding Company. As of 31 December 2025, the beneficial ownership of these accounts had been transferred back to the related party.

Compensation of key management personnel

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions and outstanding balances related to key management personnel were as follows:

	Transaction values for three months ended 30 June		*Transaction values for six months ended 30 June*	
	2026	*2025*	***2026***	*2025*
	KD	*KD*	***KD***	*KD*
Salary and short-term benefits	**153,223**	104,469	**283,468**	206,739
Post-employment benefits	**9,746**	4,657	**16,432**	9,392
	162,969	109,126	**299,900**	216,131

11 RELATED PARTY DISCLOSURES (continued)

Compensation of key management personnel (continued)

	Balance outstanding as at		
	30 June 2026 KD	*31 December 2025 KD*	*30 June 2025 KD*
Salary and short-term benefits	**76,944**	60,446	51,880
Post-employment benefits	**153,681**	122,588	96,984
	230,625	183,034	148,864

12 SEGMENT INFORMATION

The Group’s operations comprise a single integrated business segment encompassing drilling services, rig leasing, and mobilisation activities, all which are inter-related and managed together as a single line of business. The Group operates predominantly within a single geographical area, the State of Kuwait. Accordingly, no further segmental information is presented.

As at 30 June 2026, all non-current assets of the Group were located in the State of Kuwait. Revenue from two customers accounted for approximately 99% of the Group’s total revenue during the period (30 June 2025: 99%).

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

At 30 June 2026, the Group had contingent liabilities in respect of bank guarantees issued in the ordinary course of business amounting to KD 44,444,834 (31 December 2025: KD 38,422,561; 30 June 2025: KD 25,992,966).

13.2 Commitments

At 30 June 2026, the Group had commitments for future capital expenditure in respect of the drilling rigs, electric submersible pumps (“ESP”), slickline and related equipment amounting to KD 23,196,078 (31 December 2025: KD 6,643,767; 30 June 2025: KD Nil).

14 IMPACT OF GEOPOLITICAL ESCALATION RISK AND RELATED UNCERTAINTY

The Group operates in a regional and global economic environment that has been significantly affected during the period by heightened geopolitical tensions in the Middle East. Developments in the region have led to increased uncertainty in financial markets, disruption to energy supply chains, elevated volatility in oil prices, higher shipping and insurance costs and disruption to transit through the Strait of Hormuz.

During the period, Kuwait Petroleum Corporation ("KPC") declared force majeure on shipments of crude oil and refined products, reflecting disruption to shipping routes through the Strait of Hormuz. Kuwait's oil exports were affected during the period and full recovery is expected to take time even after conditions normalise.

The Group's principal operations comprise the provision of drilling and oilfield services to a major customer under long-term contractual arrangements. During the period, the Group's drilling operations continued without material suspension, delay or cancellation, and revenues from oilfield services activities were consistent with contracted levels. Consistent with the long-term upstream investment programmes announced by the national oil sector, the Group's subsidiary Sun Drilling Kuwait Company (W.L.L.) was awarded new drilling and workover rig contracts during February and March 2026, which the Group considers supportive of activity levels in its core operating segment.

Management has assessed the potential impact of the geopolitical situation on the Group, taking into consideration the nature of its activities in the oilfield services sector, the terms of its long-term customer contracts, the profile of its trade receivables and contract balances, the carrying value of its drilling rigs and related property, plant and equipment, its financing arrangements and the Group's ability to continue as a going concern. As at the reporting date, the Group had not experienced any material disruption to its core operations and no material adverse impact was identified. No indicators of impairment were noted in respect of the drilling rigs and related property, plant and equipment, and no revisions were required to the expected credit loss assumptions applied to trade receivables and contract assets.

14 IMPACT OF GEOPOLITICAL ESCALATION RISK AND RELATED UNCERTAINTY (continued)

Subsequent to the reporting date and up to the date of authorisation of this interim condensed consolidated financial information, regional conditions have remained volatile. Notwithstanding these events, the Group's drilling operations continued to operate normally and the Group did not experience any material disruption.

The geopolitical situation remains dynamic and management will continue to monitor developments and reflect any material impact in future financial reporting, as appropriate. Management has considered these developments in its assessment of the Group's ability to continue as a going concern and concluded that the going concern basis of preparation remains appropriate.