

**NATIONAL PETROLEUM SERVICES COMPANY - K.S.C. (CLOSED),  
AND ITS SUBSIDIARY  
STATE OF KUWAIT**

**INTERIM CONSOLIDATED FINANCIAL INFORMATION  
FOR THE THREE MONTHS ENDED MARCH 31, 2013  
(UNAUDITED)  
WITH  
REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION**

NATIONAL PETROLEUM SERVICES COMPANY - K.S.C. (CLOSED),  
AND ITS SUBSIDIARY  
STATE OF KUWAIT

INTERIM CONSOLIDATED FINANCIAL INFORMATION  
FOR THE THREE MONTHS ENDED MARCH 31, 2013  
(UNAUDITED)

CONTENTS

Report on review of interim consolidated financial information

	<u>Pages</u>
Interim condensed consolidated statement of financial position (unaudited)	2
Interim condensed consolidated statement of profit or loss (unaudited)	3
Interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited)	4
Interim condensed consolidated statement of changes in equity (unaudited)	5
Interim condensed consolidated statement of cash flows (unaudited)	6
Notes to interim consolidated financial information (unaudited)	7 – 11



Public Accountants

Kuwait Airways Building, 7<sup>th</sup> Floor  
Shuhada Street, P.O. Box 2115 Safat  
13022 – State of Kuwait  
T + 965 22410010  
T + 965 22961000  
F + 965 22412761  
www.albazie.com

Member of The International Group of Accounting Firms

P.O. Box 27387 Safat  
13134 – State of Kuwait  
Telephone: (965) 22423415  
Facsimile : (965) 22423417

**Report on review of interim consolidated financial information**

The Board of Directors  
National Petroleum Services Company - K.S.C. (Closed),  
State of Kuwait

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Petroleum Services Company - K.S.C. (Closed). (the Parent Company) and its subsidiary (together referred to as "the Group") as of March 31, 2013 and the related interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three months period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim 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 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 International Accounting Standard No. 34 "Interim Financial Reporting".

**Report on other legal and regulatory requirements**

Furthermore, based on our review the interim 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 of 2012, or of the Parent Company's Articles of Association during the period ended March 31, 2013 that might have had a material effect on the Group's financial position or results of its operations.

Ali Owaid Rukheyes  
Licence No. 72 - A  
Member of the International Group  
of Accounting Firms

Nayef M. Al-Bazie  
Licence No. 91-A  
RSM Albazie & Co.

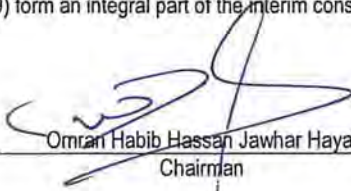
State of Kuwait  
April 29, 2013

**NATIONAL PETROLEUM SERVICES COMPANY - K.S.C.(CLOSED) AND ITS SUBSIDIARY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS OF MARCH 31, 2013**

(All amounts are in Kuwaiti Dinars)

	Note	March 31, 2013	December 31, 2012 (Audited)	March 31, 2012
<b>ASSETS</b>				
Non-current assets:				
Properties, plant and equipments		7,092,743	7,203,056	7,820,037
Investments available for sale		503,273	499,850	182,718
		<u>7,596,016</u>	<u>7,702,906</u>	<u>8,002,755</u>
Current assets:				
Inventory		1,197,719	1,384,767	1,386,718
Accounts receivable		3,475,776	2,406,670	3,298,477
Pre-payments and other debit balances		866,586	597,644	290,910
Investments at fair value through profit or loss		1,642,067	1,634,857	1,639,871
Cash and cash equivalents	3	4,797,220	4,165,550	3,353,602
		<u>11,979,368</u>	<u>10,189,488</u>	<u>9,969,578</u>
Total assets		<u>19,575,384</u>	<u>17,892,394</u>	<u>17,972,333</u>
<b>EQUITY AND LIABILITIES</b>				
Equity:				
Share capital		5,760,951	5,760,951	5,486,620
Share premium		3,310,705	3,310,705	3,310,705
Treasury shares	4	(593,267)	(868,811)	(868,811)
Treasury shares reserve		65,718	-	-
Statutory reserve		1,456,346	1,456,346	1,217,647
Voluntary reserve		1,456,346	1,456,346	1,217,647
Cumulative change in fair value		27,711	24,288	21,915
Retained earnings		4,079,342	3,177,104	3,406,975
Total equity		<u>15,563,852</u>	<u>14,316,929</u>	<u>13,792,698</u>
Non-current liabilities:				
Provision for end of service indemnity		762,784	725,666	576,689
Current liabilities:				
Term loans	5	-	-	1,144,571
Accounts payable and other credit balances		3,248,748	2,849,799	2,458,375
		<u>3,248,748</u>	<u>2,849,799</u>	<u>3,602,946</u>
Total equity and liabilities		<u>19,575,384</u>	<u>17,892,394</u>	<u>17,972,333</u>

The accompanying notes (1) to (9) form an integral part of the interim consolidated financial information

  
Omeran Habib Hassan Jawhar Hayat  
Chairman



**NATIONAL PETROLEUM SERVICES COMPANY - K.S.C.(CLOSED) AND ITS SUBSIDIARY**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2013**  
 (All amounts are in Kuwaiti Dinars)

	Note	Three months ended	
		March 31	
		2013	2012
Sales and service revenue		3,750,484	3,338,099
Cost of sales and services		(2,590,296)	(2,633,956)
Gross profit		1,160,188	704,143
Other income		76,240	23,264
Unrealized gain from changes in fair value of the investments at fair value through profit or loss		7,347	7,600
General and administrative expenses		(285,929)	(298,279)
Finance charges		-	(13,500)
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences, National Labor Support Tax, contribution to Zakat and Board of Directors' remuneration		957,846	423,228
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(8,621)	(4,232)
National Labor Support Tax (NLST)		(24,991)	(10,190)
Contribution to Zakat		(9,996)	(4,076)
Board of directors' remuneration		(12,000)	(12,000)
Net profit for the period		902,238	392,730
Earnings per share –fils	6	16.27	7.13

The accompanying notes (1) to (10) form an integral part of the interim consolidated financial information

NATIONAL PETROLEUM SERVICES COMPANY - K.S.C.(CLOSED) AND ITS SUBSIDIARY  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2013

(All amounts are in Kuwaiti Dinars)

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	Three months ended	
	March 31	
	2013	2012
Net profit for the period	902,238	392,730
Other comprehensive income:		
<u>Items that may be reclassified subsequently to profit or loss</u>		
Change in fair value of investments available for sale	3,423	6,071
Other comprehensive income for the period	3,423	6,071
Total comprehensive income for the period	905,661	398,801

The accompanying notes (1) to (10) form an integral part of the interim consolidated financial information

**NATIONAL PETROLEUM SERVICES COMPANY - K.S.C.(CLOSED) AND ITS SUBSIDIARY  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE THREE MONTHS ENDED MARCH 31, 2013**

(All amounts are in Kuwaiti Dinars)

	Share capital	Share premium	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Cumulative change in fair value	Retained earnings	Total
Balance at December 31, 2011	5,486,620	3,310,705	(868,811)	-	1,217,647	1,217,647	15,844	3,014,245	13,393,897
Total comprehensive income for the period	-	-	-	-	-	-	6,071	392,730	398,801
Balance at March 31, 2012	5,486,620	3,310,705	(868,811)	-	1,217,647	1,217,647	21,915	3,406,975	13,792,698
Balance at December 31, 2012	5,760,951	3,310,705	(868,811)	-	1,456,346	1,456,346	24,288	3,177,104	14,316,929
Purchase of treasury shares	-	-	(2,325)	-	-	-	-	-	(2,325)
Sale of treasury shares	-	-	277,869	65,718	-	-	-	-	343,587
Total comprehensive income for the period	-	-	-	-	-	-	3,423	902,238	905,661
Balance at March 31, 2013	5,760,951	3,310,705	(593,267)	65,718	1,456,346	1,456,346	27,711	4,079,342	15,563,852

The accompanying notes (1) to (10) form an integral part of the interim consolidated financial information

**NATIONAL PETROLEUM SERVICES COMPANY - K.S.C.(CLOSED) AND ITS SUBSIDIARY  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED).  
FOR THE THREE MONTHS ENDED MARCH 31, 2013**

(All amounts are in Kuwaiti Dinars)

	Three months ended March 31,	
	2013	2012
<b>Cash flows from operating activities:</b>		
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences, National Labor Support Tax, contribution to Zakat and Board of Directors remuneration	957,846	423,228
Adjustments:		
Depreciation	294,464	305,121
Gain on sale of properties, plant and equipments	(39,738)	-
Unrealized gain from changes in fair value of investments at fair value through profit or loss	(7,347)	(7,600)
Dividend income	(28,664)	(22,628)
Interest income	(149)	(801)
Finance charges	-	13,500
Provision for end of service indemnity	37,118	45,099
	<u>1,213,530</u>	<u>755,919</u>
Change in operating assets and liabilities:		
Inventory	187,048	(67,213)
Accounts receivable and other debit balances	(1,338,048)	(951,037)
Accounts payable and other credit balances	345,045	296,095
Cash generated from operating activities	407,575	33,764
End of service indemnity paid	-	(38,106)
Net cash generated from (used in) operating activities	<u>407,575</u>	<u>(4,342)</u>
<b>Cash flows from investing activities:</b>		
Paid for purchase of properties, plant and equipments	(185,722)	(107,501)
Proceeds from sale of properties, plant and equipments	39,742	-
Dividend income received	28,664	22,708
Interest income received	149	801
Net cash used in investing activities	<u>(117,167)</u>	<u>(83,992)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from sale of treasury shares	343,587	-
Paid for purchase of treasury shares	(2,325)	-
Net movement on term loans	-	(425,000)
Finance charges paid	-	(13,500)
Net cash generated from (used in) financing activities	<u>341,262</u>	<u>(438,500)</u>
Net increase (decrease) in cash and cash equivalent	631,670	(526,834)
Cash and cash equivalent at beginning of the period	4,165,550	3,880,436
Cash and cash equivalent at end of the period (Note 3)	<u>4,797,220</u>	<u>3,353,602</u>

The accompanying notes (1) to (10) form an integral part of the interim consolidated financial information



1. Parent Company's incorporation and objectives

National Petroleum Services Company - K.S.C. (Closed) was incorporated pursuant to the Articles of Association duly authenticated at the Ministry of Justice, Real Estate Registration and Authentication Department under Ref. No. 73 volume 1 dated January 3, 1993. The Parent Company was registered in the Commercial Register under Ref. No. 49911 dated May 1, 1995.

The Parent Company's shares were listed on the Kuwait Stock Exchange on October 18, 2003

The objectives, for which the Parent Company was incorporated for, are Carrying out cement, coil tubing, pumping, stimulation and other miscellaneous associated services relating to drilling operations.

'The Companies Law issued on 26 November 2012 by Decree Law no 25 of 2012 (the "Companies Law"), which was published in the Official Gazette on 29 November 2012, cancelled the Commercial Companies Law No 15 of 1960. The Companies Law was subsequently amended on 27 March 2013 by Decree Law no 97 of 2013 (the Decree).

According to article 2 and 3 of the Decree, Executive Regulations which shall be issued by the Minister of Industry and Commerce within six months from the date of issue of amendment in the official news letter will determine the basis and rules which the Parent Company shall adopt to regularise its affairs with the Companies Law as amended.'

The address of the Parent Company is: Shuaiba - Plot 3 – Flat 3 - P. O. Box 9801, Al-Ahmadi Postal Code 61008, State of Kuwait.

The interim consolidated financial information was authorized for issue by the Parent Company's Board of Directors on April 29, 2013.

2. Basis of preparation

The interim consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2012, except for the implementation of the following standards which are effective January 1, 2013:

IAS 1 Presentation of items of other comprehensive income

The amendments to IAS 1 require items of other comprehensive income to be grouped into two categories

- a) Items that will not be reclassified, subsequently to consolidated statement of profit or loss.
- b) Items that may be reclassified to consolidated statement of profit or loss when specific conditions are met.

IAS 16 Property, plant and equipment

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventories, otherwise if they meet definition of inventories as per IAS 2.

IFRS 7 Financial Instruments Disclosures

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement.

IFRS 10 Consolidated Financial Statements

The new Standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements. It introduces a single consolidation model that identifies control as the basis for consolidation for all types of entities, where control is based on whether an investor has power over the investee, exposure/rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the returns.

IFRS 12 Disclosure of Interests in other entities

The new Standard combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. It requires extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows.

IFRS 13 Fair Value Measurement

This IFRS

- a) defines fair value
- b) sets out in a single IFRS a framework for measuring fair value and
- c) Requires disclosures about fair value measurements.

IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRS or address how to present changes in fair value.

The interim consolidated financial information does not include all the information and notes required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation. Operating results for the period ended March 31, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2012.

3. Cash and cash equivalents

	March 31, 2013	December 31, 2012 (Audited)	March 31, 2012
Cash on hand and at banks	4,797,220	4,165,550	2,075,602
Short term bank deposits	-	-	1,278,000
	<u>4,797,220</u>	<u>4,165,550</u>	<u>3,353,602</u>

As of March 31, 2012, The effective interest rate on short term bank deposits was ranging from 0.75% to 1%, these deposits had a maturity ranging from 30 to 90 days.

**NATIONAL PETROLEUM SERVICES COMPANY - K.S.C.(CLOSED) AND ITS SUBSIDIARY**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2013**  
 (All amounts are in Kuwaiti Dinars)

4. Treasury shares

	<b>March 31, 2013</b>	December 31, 2012 (Audited)	March 31, 2012
Number of treasury shares	<b>1,705,000</b>	2,498,475	2,379,500
Percentage of issued shares (%)	<b>2.96%</b>	4.34%	4.34%
Market value (KD)	<b>818,400</b>	899,541	844,723
Cost (KD)	<b>593,267</b>	868,811	868,811

5. Term loans

As of March 31, 2012, the term loans carry an interest rate of 3.5% per annum over the Central Bank of Kuwait discount rate. loans are granted by a local bank and are secured by properties, plant and equipments.

6. Earnings per share

The information necessary to calculate the basic earnings per share based on the weighted average number of shares outstanding during the period is as follows:

	Three months ended March 31,	
	2013	2012
Net profit for the period	<b>902,238</b>	392,730
Number of issued share	<b>57,609,510</b>	57,609,510
Less: Weighted average number of treasury shares	<b>(2,153,634)</b>	(2,498,475)
Weighted average number of outstanding shares	<b>55,455,876</b>	55,111,035
Earnings per share – fils	<b>16.27</b>	7.13

7. Contingent liabilities

	<b>March 31, 2013</b>	December 31, 2012 (Audited)	March 31, 2012
Letters of credit	<b>1,092,185</b>	459,080	45,403
Letters of guarantee	<b>2,184,106</b>	2,802,321	2,734,702
	<b>3,276,291</b>	3,261,401	2,780,105

8. General Assembly

The Parent Company's Board of directors meeting held on March 10, 2013 suggested the distribution of cash dividends of 30 fils per share for the year ended December 31, 2012. This suggestion is subject to approval from shareholders' General Assembly Meeting.

The Shareholders' Annual General Assembly for the year ended December 31, 2012 has not been held until the date of preparation of the interim consolidated financial information. Accordingly, the consolidated financial statements for the year ended December 31, 2012 have not yet been approved. The interim consolidated financial information for the period ended March 31, 2013 do not include any adjustments, which might have been required, had the Shareholders' Annual General Assembly approved the consolidated financial statements for the year ended December 31, 2012.

The shareholders' general assembly held on April 5, 2012 approved the distribution of cash dividends of 25 fils per share and bonus shares of 5 shares for every 100 shares for the year ended December 31, 2011.

**NATIONAL PETROLEUM SERVICES COMPANY - K.S.C.(CLOSED) AND ITS SUBSIDIARY**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2013**  
 (All amounts are in Kuwaiti Dinars)

9. Segment information

For the purposes of segment reporting, the Group's management has allocated its products and services into the following business segments:

- Oil field services.
- Industrial products and services.

Details of the above segments, which constitute the segment information, are as follows:

	<b>March 31, 2013</b>		
	Oil field services	Industrial products and services	Total
Segment revenue	2,853,990	896,494	3,750,484
Segment expenses	(1,746,431)	(843,865)	(2,590,296)
Gross profit	1,107,559	52,629	1,160,188
Unallocated revenue	-	-	83,586
Unallocated expenses	-	-	(341,536)
Net profit for the period	-	-	902,238
Segment assets	18,664,552	910,832	19,575,384
Segment liabilities	4,011,532	-	4,011,532

	<b>March 31, 2012</b>		
	Oil field services	Industrial products and services	Total
Segment revenue	2,108,657	1,229,442	3,338,099
Segment expenses	(1,400,234)	(1,233,722)	(2,633,956)
Gross profit	708,423	(4,280)	704,143
Unallocated revenue	-	-	30,864
Unallocated expenses	-	-	(342,277)
Net profit for the period	-	-	392,730
Segment assets	16,770,760	1,201,573	17,972,333
Segment liabilities	4,179,635	-	4,179,635

10. Fair value of financial instruments

IFRS 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

**NATIONAL PETROLEUM SERVICES COMPANY - K.S.C.(CLOSED) AND ITS SUBSIDIARY**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**MARCH 31, 2013**  
 (All amounts are in Kuwaiti Dinars)

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The following table presents the Group's financial instruments that are measured at fair value at:

<b>March 31, 2013</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Investment available for sale	29,444	473,829	503,273
Investments at fair value through profit or loss	-	1,642,067	1,642,067
	<u>29,444</u>	<u>2,115,896</u>	<u>2,145,340</u>
<b>December 31, 2012 (Audited)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Investment available for sale	25,008	474,842	499,850
Investments at fair value through profit or loss	-	1,634,857	1,634,857
	<u>25,008</u>	<u>2,109,699</u>	<u>2,134,707</u>
<b>March 31, 2012</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Investment available for sale	38,170	144,548	182,718
Investments at fair value through profit or loss	-	1,639,871	1,639,871
	<u>38,170</u>	<u>1,784,419</u>	<u>1,822,589</u>

During the period ended March 31, 2013, there were no transfers between different levels of fair value measurement.