

**National Petroleum Services Company
K.S.C.P.
and its Subsidiary**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

31 MARCH 2015 (UNAUDITED)



Building a better
working world.

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF NATIONAL PETROLEUM SERVICES COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Petroleum Services Company K.S.C.P. (the "Parent Company") and its subsidiary (collectively the "Group") as at 31 March 2015 and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three months period then ended. The management of the Parent Company 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.

Other matters

The consolidated financial statements of the Group for the year ended 31 December 2014 and the interim condensed consolidated financial information for the period ended 31 March 2014 were audited/reviewed by another auditor who expressed an unmodified opinion/conclusion on those statements/information on 18 February 2015 and 29 April 2014 respectively.

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. 25 of 2012, as amended and its executive regulation, or of the Parent Company's Memorandum of Incorporation or of the Articles of Association during the three months period ended 31 March 2015 that might have had a material effect on the business of the Parent Company or on its financial position.

WALEED A. AL OSAIMI
LICENCE NO. 68 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

QAIS M. AL NISF
LICENCE NO. 38 A
BDO AL NISF & PARTNERS

30 April 2015
Kuwait

National Petroleum Services Company K.S.C.P. and its Subsidiary
 INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
 Period ended 31 March 2015

	<i>Notes</i>	<i>Three months ended</i>	
		<i>31 March</i>	
		<i>2015</i>	<i>2014</i>
		<i>KD</i>	<i>KD</i>
Sales and services revenue		4,341,894	3,931,039
Cost of sales and services		(3,202,829)	(2,503,085)
GROSS PROFIT		1,139,065	1,427,954
Other income (expenses)		3,529	(2,342)
Net investments income (loss)	3	1,483,034	(10,458)
Administrative expenses		(414,885)	(523,263)
PROFIT FOR THE PERIOD BEFORE PROVISION FOR CONTRIBUTION TO KFAS, NLST, ZAKAT AND DIRECTORS' REMUNERATION		2,210,743	1,091,891
Provision for Kuwait Foundation for the Advancement of Sciences (KFAS)		(19,164)	(9,835)
Provision for National Labour Support Tax (NLST)		(54,168)	(28,471)
Provision for Zakat		(21,667)	(11,388)
Provision for Directors' remuneration		(16,002)	(16,002)
PROFIT FOR THE PERIOD		2,099,742	1,026,195
BASIC AND DILUTED EARNINGS PER SHARE	4	37.54 fils	18.35 fils

The attached notes 1 to 9 form part of this interim condensed consolidated financial information.

National Petroleum Services Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

Period ended 31 March 2015

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>
Profit for the period	2,099,742	1,026,195
Other comprehensive loss		
<i>Other comprehensive income/(loss) to be reclassified to interim condensed consolidated income statement in subsequent periods:</i>		
Change in fair value of financial assets available for sale	2,908	(7,568)
Other comprehensive income/(loss) for the period	2,908	(7,568)
Total comprehensive income for the period	2,102,650	1,018,627

National Petroleum Services Company K.S.C.P. and its Subsidiary
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 (UNAUDITED)
 As at 31 March 2015

<i>Note</i>	<i>(Unaudited)</i> 31 March 2015 KD	<i>(Audited)</i> 31 December 2014 KD	<i>(Unaudited)</i> 31 March 2014 KD
ASSETS			
Non-current assets			
	9,028,172	8,000,810	8,777,350
	52,609	49,701	390,743
	<u>9,080,781</u>	<u>8,050,511</u>	<u>9,168,093</u>
Current assets			
	2,349,681	2,211,409	1,682,360
	6,275,890	5,439,881	4,740,280
	2,465,580	982,540	1,280,047
	149,823	1,675,094	1,687,605
	6,088,980	4,196,919	3,383,056
	<u>17,329,954</u>	<u>14,505,843</u>	<u>12,773,348</u>
TOTAL ASSETS	<u>26,410,735</u>	<u>22,556,354</u>	<u>21,941,441</u>
EQUITY AND LIABILITIES			
Equity			
	5,760,951	5,760,951	5,760,951
	3,310,705	3,310,705	3,310,705
	5	(585,062)	(585,062)
	33,825	33,825	33,825
	2,120,691	2,120,691	1,757,769
	2,120,691	2,120,691	1,757,769
	23,675	20,767	43,138
	4,037,142	4,454,228	4,771,321
Total equity	<u>16,822,618</u>	<u>17,236,796</u>	<u>16,850,416</u>
Non-current liability			
	1,277,603	1,131,646	899,846
Current liability			
	8,310,514	4,187,912	4,191,179
Total liabilities	<u>9,588,117</u>	<u>5,319,558</u>	<u>5,091,025</u>
TOTAL EQUITY AND LIABILITIES	<u>26,410,735</u>	<u>22,556,354</u>	<u>21,941,441</u>


 Omran Habib Jawhar Hayat
 Chairman



National Petroleum Services Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Period ended 31 March 2015

	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Statutory reserve KD	Voluntary reserve KD	Cumulative changes in fair value KD	Retained earnings KD	Total KD
At 1 January 2015	5,760,951	3,310,705	(585,062)	33,825	2,120,691	2,120,691	20,767	4,454,228	17,236,796
Profit for the period	-	-	-	-	-	-	-	2,099,742	2,099,742
Other comprehensive income	-	-	-	-	-	-	2,908	-	2,908
Total comprehensive income for the period	-	-	-	-	-	-	2,908	2,099,742	2,102,650
Dividend paid (Note 6)	-	-	-	-	-	-	-	(2,516,828)	(2,516,828)
At 31 March 2015	5,760,951	3,310,705	(585,062)	33,825	2,120,691	2,120,691	23,675	4,037,142	16,822,618
At 1 January 2014	5,760,951	3,310,705	(585,062)	33,825	1,757,769	1,757,769	50,706	3,745,126	15,831,789
Profit for the period	-	-	-	-	-	-	-	1,026,195	1,026,195
Other comprehensive loss	-	-	-	-	-	-	(7,568)	-	(7,568)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(7,568)	1,026,195	1,018,627
At 31 March 2014	5,760,951	3,310,705	(585,062)	33,825	1,757,769	1,757,769	43,138	4,771,321	16,850,416

The attached notes 1 to 9 form part of this interim condensed consolidated financial information.

National Petroleum Services Company K.S.C.P. and its Subsidiary
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 (UNAUDITED)
 Period ended 31 March 2015

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES		
Profit for the period	2,099,742	1,026,195
Non-cash adjustments to reconcile profit for the period to net cash flows:		
Depreciation	400,691	377,010
(Gain) loss on sale of property, plant and equipment	(2,238)	7
Net investments (gain) loss	(1,483,034)	10,458
Provision for employees' end of service benefits	147,419	44,058
	<u>1,162,580</u>	<u>1,457,728</u>
Working capital adjustments:		
Inventories	(138,272)	(37,059)
Accounts receivable	(836,009)	(1,050,142)
Prepayments and other receivables	(1,483,040)	(179,104)
Accounts payables and accruals	1,605,774	456,714
	<u>311,033</u>	<u>648,137</u>
Cash generated from operations	311,033	648,137
Employees' end of service benefits paid	(1,462)	(4,816)
	<u>309,571</u>	<u>643,321</u>
Net cash flows from operating activities	<u>309,571</u>	<u>643,321</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,466,737)	(463,213)
Proceeds from sale of property, plant and equipment	40,922	-
Proceeds from sale of financial assets at fair value through profit or loss	3,000,000	-
Dividend income received	8,208	6,430
Net movement in financial assets at fair value through profit or loss	97	25
	<u>1,582,490</u>	<u>(456,758)</u>
Net cash flows from (used in) investing activities	<u>1,582,490</u>	<u>(456,758)</u>
INCREASE IN BANK BALANCES AND CASH	1,892,061	186,563
Bank balances and cash at 1 January	4,196,919	3,196,493
BANK BALANCES AND CASH AT 31 MARCH	<u>6,088,980</u>	<u>3,383,056</u>

The attached notes 1 to 9 form part of this interim condensed consolidated financial information.

National Petroleum Services Company K.S.C.P. and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 31 March 2015

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of National Petroleum Services Company K.S.C.P. (the "Parent Company") and its subsidiary (collectively the "Group") for the period ended 31 March 2015 were authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 30 April 2015.

The Parent Company was established as a Kuwaiti shareholding Company on 3 January 1993 and was listed on the Kuwait Stock Exchange Market on October 18, 2003.

The registered office of the Parent Company is at Industrial Shuaiba - Plot 3 - P.O. Box 9801 Al-Ahmadi, Postal Code 61008, State of Kuwait.

The Parent Company is principally engaged in carrying out cement, coil tubing, pumping, stimulation and other miscellaneous associated services relating to drilling operations.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

The interim condensed consolidated financial information are presented in Kuwaiti Dinars ("KD") which is also the financial currency of the Group.

The interim condensed consolidated financial information does not contain all information and disclosures required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2014. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Further, operating results for the three months period ended 31 March 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

Significant accounting policies

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2014 except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting period starting from 1 January 2015 and did not result in any material impact on the accounting policies, financial position or performance of the Group.

3 NET INVESTMENTS INCOME/(LOSS)

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>
Dividend income	8,208	6,430
Realised gain on sale of financial assets at fair value through profit or loss	1,500,000	-
Impairment loss on financial assets available for sale	-	(16,890)
Unrealized (loss) gain on financial assets at fair value through profit or loss	(25,174)	2
	<u>1,483,034</u>	<u>(10,458)</u>

National Petroleum Services Company K.S.C.P. and its Subsidiary
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
 (UNAUDITED)
 At 31 March 2015

4 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share attributable to the equity holders of the Parent Company is calculated by dividing the profit for the period attributable to the equity holders of the Parent Company by the weighted average number of shares outstanding during the period as follows:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2015</i>	<i>2014</i>
Profit for the period attributable to the equity holders of the Parent Company (KD)	2,099,742	1,026,195
Number of outstanding shares during the period:		
Number of shares issued	57,609,510	57,609,510
Less: weighted average number of treasury shares	(1,680,000)	(1,680,000)
Weighted average number of shares outstanding during the period	55,929,510	55,929,510
Basic and diluted earnings per share	37.54 fils	18.35 fils

5 TREASURY SHARES

	<i>(Audited)</i>		
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2015</i>	<i>2014</i>	<i>2014</i>
Number of treasury shares	1,680,000	1,680,000	1,680,000
Percentage of issued shares	2.92%	2.92%	2.92%
Market value (KD)	1,008,000	1,008,000	1,008,000
Cost (KD)	585,062	585,062	585,062

The balance in the treasury shares reserve of KD 33,825 (31 December 2014: KD 33,825 and 31 March 2014: KD 33,825) is not available for distribution. Reserves equivalent to the cost of the treasury shares held are not available for distribution through out the holding period of treasury shares.

6 DIVIDEND

The shareholders at the Annual General Meeting held on 31 March 2015 approved the distribution of cash dividend of 45 fils per share on the outstanding issued share capital as at 31 December 2014 amounting to KD 2,516,828 (31 December 2013: KD 1,957,533) and it is included in payables as at 31 March 2015.

7 CONTINGENT LIABILITIES

As at 31 March 2015, the Group had contingent liabilities in respect of bank guarantees arising in the ordinary course of the business from which it is anticipated that no material liabilities will arise, amounting to KD 3,844,363 (31 December 2014: KD 4,829,655 and 31 March 2014: KD 367,150).

National Petroleum Services Company K.S.C.P. and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)

At 31 March 2015

8 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the products and services and has three reportable operating segments i.e. oil field services, non-oil services and investments. Management treats the operations of these segments separately for the purposes of decision making, resource allocation and performance assessment. The segment performance is evaluated based on operating profit or loss.

The following table presents revenue and segment results information in respect of the Group's business segments:

<i>Period ended 31 March 2015</i>	<i>Oil field services KD</i>	<i>Non-oil field services KD</i>	<i>Investments KD</i>	<i>Total KD</i>
Segment revenue	2,714,772	1,630,651	1,483,034	5,828,457
Segment results	347,880	355,179	1,483,034	2,686,093
Unallocated cost				(586,351)
Profit for the period				2,099,742
<i>Period ended 31 March 2014</i>	<i>Oilfield services KD</i>	<i>Non-oil field services KD</i>	<i>Investments KD</i>	<i>Total KD</i>
Segment revenue	3,415,823	512,874	(10,458)	3,918,239
Segment results	1,755,627	(330,015)	(10,458)	1,415,154
Unallocated cost				(388,959)
Profit for the period				1,026,195

The following table presents segment assets information in respect of the Group's business segments:

	<i>Oilfield services KD</i>	<i>Non-oil field services KD</i>	<i>Investments KD</i>	<i>Total KD</i>
<i>At 31 March 2015</i>				
Segment assets	23,746,790	2,461,513	202,432	26,410,735
Segment liabilities	9,334,922	253,195	-	9,588,117
<i>At 31 March 2014</i>				
Segment assets	18,398,265	1,464,828	2,078,348	21,941,441
Segment liabilities	4,923,148	167,877	-	5,091,025

National Petroleum Services Company K.S.C.P. and its Subsidiary
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
 (UNAUDITED)
 At 31 March 2015

9 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial instruments are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months), the carrying amounts approximate to their fair value.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

At 31 March 2015

	<i>Level 1 KD</i>	<i>Level 2 KD</i>	<i>Level 3 KD</i>	<i>Total KD</i>
Financial assets available for sale	38,498	14,111	-	52,609
Financial assets at fair value through profit or loss	-	149,823	-	149,823
	<u>38,498</u>	<u>163,934</u>	<u>-</u>	<u>202,432</u>

At 31 December 2014

	<i>Level 1 KD</i>	<i>Level 2 KD</i>	<i>Level 3 KD</i>	<i>Total KD</i>
Financial assets available for sale	35,980	13,721	-	49,701
Financial assets at fair value through profit or loss	-	1,675,094	-	1,675,094
	<u>35,980</u>	<u>1,688,815</u>	<u>-</u>	<u>1,724,795</u>

At 31 March 2014

	<i>Level 1 KD</i>	<i>Level 2 KD</i>	<i>Level 3 KD</i>	<i>Total KD</i>
Financial assets available for sale	55,812	334,931	-	390,743
Financial assets at fair value through profit or loss	-	1,687,605	-	1,687,605
	<u>55,812</u>	<u>2,022,536</u>	<u>-</u>	<u>2,078,348</u>

During the financial period ended 31 March 2015, there were no transfers between different levels of fair value measurement.