

**National Petroleum Services Company K.S.C.P.
and Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 JUNE 2019 (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 subsidiaries (collectively, the "Group") as at 30 June 2019, the related interim condensed consolidated statement of profit or loss and the interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended, and the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this 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 regulation, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the six-month period ended 30 June 2019 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

24 July 2019
Kuwait

National Petroleum Services Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 30 June 2019

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2019	2018	2019	2018
		KD	KD	KD	KD
Sales and services revenue		9,588,007	8,308,324	17,192,167	15,330,537
Cost of sales and services		(5,639,764)	(4,929,044)	(10,468,058)	(9,358,388)
GROSS PROFIT		3,948,243	3,379,280	6,724,109	5,972,149
Interest income		54,000	60,511	139,313	151,424
Net investment income	7	23,616	28,628	63,293	62,631
Other income		3,616	(2,997)	4,387	484
Write off of property, plant and equipment		-	(132,597)	-	(132,597)
Administrative expenses	8	(436,638)	(312,849)	(808,375)	(642,679)
PROFIT FOR THE PERIOD BEFORE TAX AND DIRECTORS' REMUNERATION		3,592,837	3,019,976	6,122,727	5,411,412
Kuwait Foundation for the Advancement of Sciences (KFAS)		(32,335)	(27,356)	(55,105)	(48,879)
National Labour Support Tax (NLST)		(92,419)	(82,070)	(158,789)	(141,856)
Zakat		(36,967)	(32,828)	(63,516)	(56,742)
Directors' remuneration		(45,000)	(37,500)	(90,000)	(75,000)
PROFIT FOR THE PERIOD		3,386,116	2,840,222	5,755,317	5,088,935
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3,386,116	2,840,222	5,755,317	5,088,935
Attributable to:					
Equity holders of the Parent Company		3,388,432	2,843,886	5,758,032	5,092,452
Non-controlling interests		(2,316)	(3,664)	(2,715)	(3,517)
		3,386,116	2,840,222	5,755,317	5,088,935
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	9	34.93 fils	29.31 fils	59.36 fils	52.48 fils

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

National Petroleum Services Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2019

	Equity attributable to equity holders of the Parent Company											
	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Statutory reserve KD	Voluntary reserve KD	Foreign currency translation reserve KD	Fair value reserve KD	Retained earnings KD	Sub total KD	Non-controlling interests KD	Total equity KD
At 1 January 2019	10,000,000	3,310,705	(654,461)	33,825	5,858,895	5,858,895	8,418	-	11,757,883	36,174,160	40,154	36,214,314
Profit (loss) and total comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	5,758,032	5,758,032	(2,715)	5,755,317
Cash dividends (Note 10)	-	-	-	-	-	-	-	-	(6,790,000)	(6,790,000)	-	(6,790,000)
At 30 June 2019	10,000,000	3,310,705	(654,461)	33,825	5,858,895	5,858,895	8,418	-	10,725,915	35,142,192	37,439	35,179,631
At 1 January 2018	10,000,000	3,310,705	(585,062)	33,825	4,604,793	4,604,793	8,418	9,952	8,282,670	30,270,094	41,681	30,311,775
Transition adjustment on adoption of IFRS 9 at 1 January 2018	-	-	-	-	-	-	-	(9,952)	9,952	-	-	-
Balance as at 1 January 2018 (<i>restated</i>)	10,000,000	3,310,705	(585,062)	33,825	4,604,793	4,604,793	8,418	-	8,292,622	30,270,094	41,681	30,311,775
Profit (loss) and total comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	5,092,452	5,092,452	(3,517)	5,088,935
Purchase of treasury shares	-	-	(69,399)	-	-	-	-	-	-	(69,399)	-	(69,399)
Cash dividends (Note 10)	-	-	-	-	-	-	-	-	(5,819,996)	(5,819,996)	-	(5,819,996)
At 30 June 2018	10,000,000	3,310,705	(654,461)	33,825	4,604,793	4,604,793	8,418	-	7,565,078	29,473,151	38,164	29,511,315

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

National Petroleum Services Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 30 June 2019

	Notes	Six months ended 30 June	
		2019 KD	2018 KD
OPERATING ACTIVITIES			
Profit for the period		5,755,317	5,088,935
<i>Adjustments to reconcile profit for the period to net cash flows:</i>			
Depreciation and amortisation		1,000,577	977,604
Depreciation on right of use assets		130,187	-
Write off of property, plant and equipment		-	132,597
Gain on sale of property, plant and equipment		-	(5,234)
Dividend income	7	(62,907)	(73,232)
Realised gain on sale of financial assets at fair value through profit or loss	7	-	(1,911)
Unrealized gain on financial assets at fair value through profit or loss	7	(386)	(7,354)
Investment expenses	7	-	19,866
Interest income		(139,313)	(151,424)
Net foreign exchange differences		3,805	-
Provision for employees' end of service benefits		228,837	243,243
		<u>6,916,117</u>	<u>6,223,090</u>
<i>Working capital adjustments:</i>			
Inventories		119,105	(56,811)
Trade receivables		(3,422,640)	2,705,803
Prepayments and other receivables		(326,497)	(81,525)
Accounts payable and accruals		(766,381)	(252,638)
Cash generated from operations		<u>2,519,704</u>	<u>8,537,919</u>
Employees' end of service benefits paid		(39,779)	(60,353)
Net cash flows from operating activities		<u>2,479,925</u>	<u>8,477,566</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(193,754)	(2,239,612)
Proceeds from sale of property, plant and equipment		-	6,152
Proceeds from redemption of financial assets at fair value through profit or loss		174,575	34,005
Dividend income received	7	62,907	73,232
Investment expenses paid		-	(19,866)
Interest income received		139,313	90,924
Movement in term deposits		2,620,000	(3,400,000)
Net cash flows generated from (used in) investing activities		<u>2,803,041</u>	<u>(5,455,165)</u>
FINANCING ACTIVITIES			
Dividends paid		(6,730,276)	(5,752,291)
Purchase of treasury shares		-	(69,399)
Net cash flows used in financing activities		<u>(6,730,276)</u>	<u>(5,821,690)</u>
NET DECREASE IN BANK BALANCES AND CASH		<u>(1,447,310)</u>	<u>(2,799,289)</u>
Bank balances and cash at 1 January		5,781,168	6,126,624
BANK BALANCES AND CASH AT 30 June		<u>4,333,858</u>	<u>3,327,335</u>
NON-CASH ITEMS			
Adjustment to prepayments and other receivables on adoption of IFRS 16		(615,407)	-
Adjustment to account payables and accruals on adoption of IFRS 16		615,407	-
TOTAL NON-CASH ITEMS		<u>-</u>	<u>-</u>

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

As at and for the period ended 30 June 2019

1 CORPORATE INFORMATION

The Group comprises of National Petroleum Services Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”). The Parent Company was established as a Kuwaiti shareholding company on 3 January 1993 and its shares are publicly traded on Boursa Kuwait. The Parent Company is a subsidiary of Qurain Petrochemical Industries Company K.S.C.P. (the “Ultimate Parent Company”).

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 engaged in the provision of upstream and downstream oil field services. The principal activities of the Group are described in Note 12.

The interim condensed consolidated financial information for the period ended 30 June 2019 were authorized for issue in accordance with a resolution of the Board of Directors of the Parent Company on 24 July 2019.

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 2019 has been prepared in accordance with IAS 34 “Interim Financial Reporting”.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2018.

2.2 New standards and interpretations and amendments adopted by the Group

The accounting policies used 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 2018, except for the changes of the accounting policies as mentioned in Note 2.3 below on account of adoption of IFRS 16 ‘Leases’.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial information of the Group.

2.3 Impact of changes in accounting policies due to adoption of new standards

IFRS 16 *Leases*

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (‘short-term leases’), and lease contracts for which the underlying asset is of low value (‘low-value assets’).

National Petroleum Services Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)

As at and for the period ended 30 June 2019

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

2.3 Impact of changes in accounting policies due to adoption of new standards (continued)

IFRS 16 Leases (continued)

The effect of adoption IFRS 16 as at 1 January 2019 on the interim condensed consolidated statement of financial position is as follows:

	<i>KD</i>
ASSETS	
Prepayments and other receivables	<u>615,407</u>
LIABILITIES	
Account payable and accruals	<u>615,407</u>

The Group has discounted its future lease obligations using its incremental borrowing rate which is determined at 6% at the reporting date.

	<i>Six months ended 30 June 2019 KD</i>
Depreciation on right of use assets	130,187
Finance cost on lease liabilities (other expenses included in administrative expenses)	<u>18,462</u>
Total amounts recognised in interim condensed consolidated statement of profit or loss	<u><u>148,649</u></u>

As a result of adoption of IFRS 16, rent related expenses are lower, and depreciation and other expenses are higher to the extent of KD 149 thousand.

a) Nature of the effect of adoption of IFRS 16

The Group has lease contracts for buildings, vehicles and other equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in comprehensive income on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and other receivables and Accounts payable and accruals, respectively. Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 was applied to these leases from 1 January 2019.

As at and for the period ended 30 June 2019

**2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES
(continued)**

2.3 Impact of changes in accounting policies due to adoption of new standards (continued)

IFRS 16 Leases (continued)

a) Nature of the effect of adoption of IFRS 16 (continued)

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Group discloses right-of-use assets in 'prepayment and other receivables' and lease liabilities in 'accounts payable and accruals' in the interim condensed consolidated financial information.

b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

National Petroleum Services Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)

As at and for the period ended 30 June 2019

3 PREPAYMENTS AND OTHER RECEIVABLES

	<i>30 June</i> <i>2019</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i> <i>KD</i>	<i>30 June</i> <i>2018</i> <i>KD</i>
Advance payments to suppliers	1,141,872	181,178	280,282
Staff receivables	429,849	453,258	427,620
Unbilled revenue	1,984,603	2,671,426	1,183,634
Deposits and other receivables	379,260	303,225	265,159
Right-of-use asset	485,220	-	-
	<u>4,420,804</u>	<u>3,609,087</u>	<u>2,156,695</u>

4 TERM DEPOSITS

Term deposits amounting to KD 8,780,000 (31 December 2018: KD 11,400,000 and 30 June 2018: KD 7,400,000) are denominated in Kuwaiti Dinars and are placed with local banks.

Term deposits have a maturity of more than 3 months and less than 12 months from the placement date and yield interest at an average rate of 2.9% (31 December 2018: 2.9% and 30 June 2018: 2.9%).

5 TREASURY SHARES AND TREASURY SHARES RESERVE

	<i>30 June</i> <i>2019</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i>	<i>30 June</i> <i>2018</i>
Number of treasury shares	3,000,000	3,000,000	3,000,000
Percentage of issued shares	3.00%	3.00%	3.00%
Market value (KD)	3,060,000	2,760,000	2,250,000
Cost (KD)	654,461	654,461	654,461

The balance in the treasury shares reserve of KD 33,825 (31 December 2018: KD 33,825 and 30 June 2018: KD 33,825) is not available for distribution. Reserves equivalent to the cost of the treasury shares held are not available for distribution during the holding period of such shares.

6 ACCOUNTS PAYABLE AND ACCRUALS

	<i>30 June</i> <i>2019</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i> <i>KD</i>	<i>30 June</i> <i>2018</i> <i>KD</i>
Trade payables	1,045,564	789,074	684,035
Dividends payable	119,977	60,253	134,061
Staff accruals and other accrued expenses	3,277,382	3,897,956	4,398,631
Advances received from subcontractors	511,056	511,056	511,056
Lease liabilities	488,916	-	-
KFAS, NLST and Zakat payable	384,703	566,704	248,252
Directors' remuneration	90,000	180,000	75,000
	<u>5,917,598</u>	<u>6,005,043</u>	<u>6,051,035</u>

National Petroleum Services Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2019

7 NET INVESTMENT INCOME

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Dividend income	24,893	36,666	62,907	73,232
Realised gain on sale of financial assets at fair value through profit or loss	-	-	-	1,911
Unrealized (loss) gain on financial assets at fair value through profit or loss	(1,277)	11,536	386	7,354
Investment expenses	-	(19,574)	-	(19,866)
	<u>23,616</u>	<u>28,628</u>	<u>63,293</u>	<u>62,631</u>

8 ADMINISTRATIVE EXPENSES

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Staff costs *	123,393	182,965	244,130	353,099
Professional fees	18,494	5,361	32,462	35,724
Depreciation and amortisation	5,980	14,980	12,093	24,896
Depreciation on right of use assets*	65,093	-	130,187	-
Other expenses*	223,678	109,543	389,503	228,960
	<u>436,638</u>	<u>312,849</u>	<u>808,375</u>	<u>642,679</u>

* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 31 March 2019 and have been reclassified to conform to current period's presentation. Such reclassifications have no effect on previously reported profit or total equity of the Group.

9 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Profit for the period attributable to the equity holders of the Parent Company (KD)	<u>3,388,432</u>	<u>2,843,886</u>	<u>5,758,032</u>	<u>5,092,452</u>
Weighted number of outstanding shares during the period:				
Weighted number of shares issued	100,000,000	100,000,000	100,000,000	100,000,000
Less: weighted average number of treasury shares	<u>(3,000,000)</u>	<u>(2,965,367)</u>	<u>(3,000,000)</u>	<u>(2,965,367)</u>
Weighted average number of shares outstanding during the period	<u>97,000,000</u>	<u>97,034,633</u>	<u>97,000,000</u>	<u>97,034,633</u>
Basic and diluted earnings per share	<u>34.93 fils</u>	<u>29.31 fils</u>	<u>59.36 fils</u>	<u>52.48 fils</u>

As at and for the period ended 30 June 2019

10 DISTRIBUTIONS MADE AND PROPOSED

The Parent Company's Board of Directors in their meeting held on 7 February 2019 proposed cash dividends of 70 fils per share (aggregating to KD 6,790,000) for the year ended 31 December 2018. The 2018 proposed dividend was approved at the AGM on 28 March 2019.

The Parent Company's Board of Directors in their meeting held on 29 January 2018 proposed cash dividends of 60 fils per share (aggregating to KD 5,819,996) for the year ended 31 December 2017. The 2017 proposed dividend was approved in the AGM on 14 March 2018.

11 CONTINGENCIES AND COMMITMENTS

As at 30 June 2019, the Group had contingent liabilities in respect of letter of guarantees arising in the ordinary course of the business, amounting to KD 14,292,726 (31 December 2018: KD 8,128,894 and 30 June 2018: KD 5,695,020). Management does not anticipate any liabilities to arise, which might have a material effect on the Group's interim condensed consolidated financial information.

At 30 June 2019, the Group had capital commitments relating to the purchase of property, plant and equipment amounting to KD 1,511,054 (31 December 2018: KD 76,073 and 30 June 2018: KD 292,674). Commitments have maturity of less than 12 months from the reporting date. Delivery is expected within twelve months from the reporting date.

National Petroleum Services Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2019

12 SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on the products and services and has two reportable operating segments i.e. oil field services and non-oil field services. 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 gross profit or loss.

Oil field services

Oil field services comprise of cementing and stimulation formulations for different applications and operating environments for oil rigs. It mainly includes well cementing services, and well intervention services.

Non-oil field services

Non-oil field services comprise of a number of diversified activities with health, safety and environmental services, engineering and consultancy services.

The following table presents revenue and profit information for the Group's operating segments for the six months period ended 30 June 2019 and 2018 respectively:

	Six months ended 30 June 2019		Six months ended 30 June 2018		Total KD
	Oil field services KD	Non-oil field services KD	Oil field services KD	Non-oil field services KD	
Segment revenue	13,026,199	4,165,968	11,291,894	4,038,643	15,330,537
Segment cost	(7,176,453)	(3,291,605)	(6,051,021)	(3,307,367)	(9,358,388)
Segment results	5,849,746	874,363	5,240,873	731,276	5,972,149
Unallocated income			206,993		214,539
Unallocated costs			(1,175,785)		(1,097,753)
Profit for the period			5,755,317		5,088,935

The Group has no inter-segment revenues and costs requiring adjustments and eliminations.

National Petroleum Services Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2019

13 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 their fair values.

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 measured at fair value by level of the fair value hierarchy:

	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total KD</i>
<i>At 30 June 2019</i>			
Financial assets at fair value through profit or loss	<u>29,096</u>	<u>2,022,750</u>	<u>2,051,846</u>
<i>At 31 December 2018 (Audited)</i>			
Financial assets at fair value through profit or loss	<u>30,114</u>	<u>2,195,921</u>	<u>2,226,035</u>
<i>At 30 June 2018</i>			
Financial assets at fair value through profit or loss	<u>32,421</u>	<u>2,190,699</u>	<u>2,223,120</u>

There were no transfers between Level 1 and Level 2 fair value measurements during the period/ year, and no transfers into or out of Level 3 fair value measurements during the period/ year.

The impact on the interim condensed consolidated statement of financial position, the interim condensed consolidated statement of changes in equity or the interim condensed consolidated statement of comprehensive income would be immaterial if the relevant risk variables used to fair value the unquoted securities were altered by 5%.

The movement in Level 3 fair value hierarchy during the period is given below:

	<i>At 1 January 2019 KD</i>	<i>Net (sales), (redemption) and purchases KD</i>	<i>Gain recorded in profit or loss KD</i>	<i>At 30 June 2019 KD</i>
<i>30 June 2019</i>				
<i>Assets measured at fair value</i>				
Financial assets at fair value through profit or loss	<u>2,195,921</u>	<u>(174,575)</u>	<u>1,404</u>	<u>2,022,750</u>
<i>31 December 2018 (Audited)</i>				
<i>Assets measured at fair value</i>				
Financial assets at fair value through profit or loss	<u>2,212,880</u>	<u>(16,204)</u>	<u>(755)</u>	<u>2,195,921</u>

National Petroleum Services Company K.S.C.P. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)

As at and for the period ended 30 June 2019

13 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

<i>30 June 2018</i>	<i>At 1 January 2018 KD</i>	<i>Net (sales), reclassification and purchases KD</i>	<i>Gain recorded in profit or loss KD</i>	<i>At 30 June 2018 KD</i>
<i>Assets measured at fair value</i>				
Financial assets at fair value through profit or loss	2,212,880	(32,094)	9,913	2,190,699