

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 SEPTEMBER 2021 (UNAUDITED)

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 subsidiaries (collectively, the “Group”) as at 30 September 2021, the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-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 nine-months 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 nine-months period ended 30 September 2021 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

11 November 2021
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2021

		(Audited)	
	Notes	30 September 2021 KD	31 December 2020 KD
		30 September 2021 KD	30 September 2020 KD
ASSETS			
Non-current assets			
Property, plant and equipment		9,329,045	10,214,560
Right-of-use assets		198,806	415,907
		<u>9,527,851</u>	<u>10,630,467</u>
Current assets			
Inventories		4,381,970	5,022,820
Trade receivables and contract assets		12,818,058	14,297,308
Prepayments and other receivables	3	4,637,141	2,910,461
Financial assets at fair value through profit or loss		1,409,073	936,073
Term deposits	4	12,292,000	12,500,000
Bank balances and cash		1,236,191	2,040,437
		<u>36,774,433</u>	<u>37,707,099</u>
TOTAL ASSETS		<u>46,302,284</u>	<u>48,337,566</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		10,000,000	10,000,000
Share premium		3,310,705	3,310,705
Treasury shares	5	(654,461)	(654,461)
Treasury shares reserve		33,825	33,825
Statutory reserve		5,858,895	5,858,895
Voluntary reserve		5,858,895	5,858,895
Foreign currency translation reserve		(1,427)	6,503
Retained earnings		12,885,660	15,815,530
		<u>37,292,092</u>	<u>40,229,892</u>
Non-controlling interests		13	13
Total equity		<u>37,292,105</u>	<u>40,229,905</u>
Liabilities			
Non-current liabilities			
Employees' end of service benefits		2,992,192	2,916,540
Lease liabilities		63,119	154,406
		<u>3,055,311</u>	<u>3,070,946</u>
Current liabilities			
Accounts payable and accruals	6	5,809,660	4,760,346
Lease liabilities		145,208	276,369
		<u>5,954,868</u>	<u>5,036,715</u>
Total liabilities		<u>9,010,179</u>	<u>8,107,661</u>
TOTAL EQUITY AND LIABILITIES		<u>46,302,284</u>	<u>48,337,566</u>


Omran Habib Jawhar Hayat
Chairman


Khaled Hamdan Al Saif
Vice Chairman & CEO

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

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

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

For the period ended 30 September 2021

	Notes	Three months ended		Nine months ended	
		30 September		30 September	
		2021	2020	2021	2020
		KD	KD	KD	KD
Sales and services revenue	7	7,404,016	7,336,617	19,769,285	20,443,420
Cost of sales and services rendered		(5,962,785)	(4,595,613)	(15,385,747)	(13,484,879)
GROSS PROFIT		1,441,231	2,741,004	4,383,538	6,958,541
Interest income		52,954	72,000	217,659	296,041
Net investment (loss) income	8	(130,271)	4,560	(121,173)	26,088
Other income		13,109	4,832	291,870	48,906
General and administrative expenses	9	(427,316)	(391,287)	(1,261,929)	(1,648,347)
PROFIT BEFORE TAX AND DIRECTORS' REMUNERATION		949,707	2,431,109	3,509,965	5,681,229
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(10,853)	(24,311)	(36,456)	(56,812)
National Labour Support Tax (NLST)		(30,610)	(63,444)	(100,496)	(150,593)
Zakat		(12,245)	(25,377)	(40,199)	(60,237)
Directors' remuneration		(16,280)	(36,000)	(54,684)	(85,000)
PROFIT FOR THE PERIOD		879,719	2,281,977	3,278,130	5,328,587
Other comprehensive income: <i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of foreign operations		(7,930)	-	(7,930)	(1,915)
Other comprehensive loss for the period		(7,930)	-	(7,930)	(1,915)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		871,789	2,281,977	3,270,200	5,326,672
Profit attributable to:					
Equity holders of the Parent Company		879,719	2,281,978	3,278,130	5,328,589
Non-controlling interests		-	(1)	-	(2)
		879,719	2,281,977	3,278,130	5,328,587
Total comprehensive income attributable to:					
Equity holders of the Parent Company		871,789	2,281,978	3,270,200	5,326,674
Non-controlling interests		-	(1)	-	(2)
		871,789	2,281,977	3,270,200	5,326,672
BASIC AND DILUTED EARNINGS PER SHARE (EPS) ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	10	9.07 fils	23.53 fils	33.80 fils	54.93 fils

The attached notes 1 to 16 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 September 2021

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	Retained earnings KD	Sub-total KD	Non-controlling interests KD	Total equity KD
As at 1 January 2021 (Audited)	10,000,000	3,310,705	(654,461)	33,825	5,858,895	5,858,895	6,503	15,815,530	40,229,892	13	40,229,905
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(7,930)	3,278,130	3,270,200	-	3,270,200
Cash dividends (Note 11)	-	-	-	-	-	-	-	(6,208,000)	(6,208,000)	-	(6,208,000)
At 30 September 2021	10,000,000	3,310,705	(654,461)	33,825	5,858,895	5,858,895	(1,427)	12,885,660	37,292,092	13	37,292,105
As at 1 January 2020 (Audited)	10,000,000	3,310,705	(654,461)	33,825	5,858,895	5,858,895	8,418	16,336,482	40,752,759	15	40,752,774
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(1,915)	5,328,589	5,326,674	(2)	5,326,672
Cash dividends (Note 11)	-	-	-	-	-	-	-	(6,790,000)	(6,790,000)	-	(6,790,000)
At 30 September 2020	10,000,000	3,310,705	(654,461)	33,825	5,858,895	5,858,895	6,503	14,875,071	39,289,433	13	39,289,446

The attached notes 1 to 16 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 September 2021

	Notes	Nine months ended 30 September	
		2021 KD	2020 KD
OPERATING ACTIVITIES			
Profit before tax and after directors' remuneration		3,455,281	5,596,229
<i>Adjustments to reconcile profit before tax and after directors' remuneration to net cash flows:</i>			
Depreciation expense		1,567,371	1,597,589
Depreciation of right-of-use assets		220,232	269,297
Grant income		-	(220,352)
Gain on sale of property, plant and equipment		(239,698)	(9,595)
Dividend income	8	(13,827)	(25,211)
Realised gain on sale of financial assets at fair value through profit or loss	8	-	(877)
Unrealised loss on financial assets at fair value through profit or loss	8	135,000	-
Interest income		(217,659)	(296,041)
Allowance for expected credit losses		-	106,006
Net foreign exchange differences		(32,461)	(27,857)
Interest expense on lease liabilities	9	17,059	34,801
Provision for employees' end of service benefits		374,247	342,476
Gain on derecognition of right-of-use assets and lease liabilities		(312)	-
		<u>5,265,233</u>	<u>7,366,465</u>
<i>Working capital changes:</i>			
Inventories		640,850	(1,552,805)
Trade receivables and contract assets		1,479,250	(4,262,869)
Prepayments and other receivables		(1,741,966)	(245,790)
Accounts payable and accruals		1,003,598	878,384
		<u>6,646,965</u>	<u>2,183,385</u>
Employees' end of service benefits paid		(298,595)	(71,829)
Taxes paid		(252,824)	(565,129)
Receipt of government grants		-	220,352
		<u>6,095,546</u>	<u>1,766,779</u>
Net cash flows from operating activities		6,095,546	1,766,779
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(681,903)	(1,030,130)
Proceeds from sale of property, plant and equipment		239,745	9,595
Purchase of financial assets at FVTPL		(608,000)	-
Proceeds from sale/redemption of financial assets at FVTPL		-	130,920
Dividend income received		13,827	25,211
Interest income received		232,945	230,966
Net movement in term deposits		208,000	5,412,000
		<u>(595,386)</u>	<u>4,778,562</u>
Net cash flows (used in) from investing activities		(595,386)	4,778,562
FINANCING ACTIVITIES			
Dividends paid		(6,054,150)	(6,637,072)
Payment of principal portion of lease liabilities		(242,326)	(299,965)
		<u>(6,296,476)</u>	<u>(6,937,037)</u>
Net cash flows used in financing activities		(6,296,476)	(6,937,037)
NET DECREASE IN BANK BALANCES AND CASH		(796,316)	(391,696)
Foreign currency translation adjustment		(7,930)	(1,915)
Bank balances and cash at 1 January		2,040,437	2,521,780
		<u>1,236,191</u>	<u>2,128,169</u>
BANK BALANCES AND CASH AT 30 SEPTEMBER		1,236,191	2,128,169

The attached notes 1 to 16 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) (CONTINUED)

For the period ended 30 September 2021

	<i>Nine months ended</i>	
	<i>30 September</i>	
<i>Notes</i>	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>
Non-cash items excluded from the interim condensed consolidated statement of cash flows:		
Additions to right-of-use assets	(9,718)	(431,119)
Additions to lease liabilities	9,718	431,119
Derecognition of right-of-use assets	6,587	-
Derecognition of lease liabilities	(6,899)	-

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

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 September 2021

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of National Petroleum Services Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the nine months ended 30 September 2021 was authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 11 November 2021.

The consolidated financial statements of the Group for the year ended 31 December 2020 were approved by the Parent Company's shareholders at the annual general assembly meeting ("AGM") held on 22 April 2021. Dividends approved by the Parent Company for the year then ended are provided in Note 11.

The Parent Company is a Kuwaiti Shareholding Company incorporated on 3 January 1993 and whose 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 Parent Company is located at Shuaiba Industrial Area, Al-Ahmadi, Plot 3 and its registered postal address is P.O. Box 9801, 61008, Kuwait.

The Parent Company is engaged in the provision of upstream and downstream oil field services.

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 nine months ended 30 September 2021 have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

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 is consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial information of the Group.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- ▶ A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- ▶ Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- ▶ Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

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 September 2021

3 PREPAYMENTS AND OTHER RECEIVABLES

	30 September	<i>(Audited)</i> 31 December	30 September
	2021	2020	2020
	KD	KD	KD
Advance payments to suppliers	2,258,458	1,913,828	1,056,729
Staff receivables	359,217	384,605	377,883
Deposits and other receivables	2,019,466	612,028	596,665
	4,637,141	2,910,461	2,031,277

4 TERM DEPOSITS

Term deposits amounting to KD 12,292,000 (31 December 2020: KD 12,500,000 and 30 September 2020: KD 10,500,000) 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 1.8% (31 December 2020: 2.3% and 30 September 2020: 2.8%).

5 TREASURY SHARES

	30 September	<i>(Audited)</i> 31 December	30 September
	2021	2020	2020
	KD	KD	KD
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)	2,343,000	3,147,000	3,300,000
Cost (KD)	654,461	654,461	654,461

Reserves equivalent to the cost of the treasury shares held are not available for distribution during the holding period of such shares as per CMA guidelines.

6 ACCOUNTS PAYABLE AND ACCRUALS

	30 September	<i>(Audited)</i> 31 December	30 September
	2021	2020	2020
	KD	KD	KD
Trade payables	2,291,202	782,288	1,446,328
Dividends payable	337,294	183,444	220,220
Accrued staff costs	474,702	1,040,273	1,020,112
Advances received from client	356,655	356,655	356,655
Taxes payable	236,375	312,048	264,604
Accrued directors' remuneration	54,684	100,000	85,000
Other accrued expenses and provisions	2,058,748	1,985,638	1,776,888
	5,809,660	4,760,346	5,169,807

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 September 2021

7 SALES AND SERVICES REVENUE

Disaggregated revenue information

Set out below is the disaggregation of the Group's sales and services revenue:

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2021</i> <i>KD</i>	<i>2020</i> <i>KD</i>	<i>2021</i> <i>KD</i>	<i>2020</i> <i>KD</i>
Type of goods or services				
<i>Oil field contracts</i>				
Pumping services	5,646,684	5,666,411	14,413,105	15,008,666
<i>Non-oil field contracts</i>				
Health, safety, environment and man-power supply services	1,539,646	1,397,536	4,668,743	4,495,484
Other services	217,686	272,670	687,437	939,270
Total sales and services revenue	7,404,016	7,336,617	19,769,285	20,443,420
Timing of revenue recognition				
Goods and services transferred at a point in time	320,705	473,202	567,993	1,030,828
Goods and services transferred over time	7,083,311	6,863,415	19,201,292	19,412,592
Total sales and services revenue	7,404,016	7,336,617	19,769,285	20,443,420
Geographical markets				
State of Kuwait	7,376,280	7,314,160	19,712,072	20,381,922
Others	27,736	22,457	57,213	61,498
	7,404,016	7,336,617	19,769,285	20,443,420

8 NET INVESTMENT (LOSS) INCOME

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2021</i> <i>KD</i>	<i>2020</i> <i>KD</i>	<i>2021</i> <i>KD</i>	<i>2020</i> <i>KD</i>
Dividend income	4,729	4,560	13,827	25,211
Realised gain on sale of financial assets at fair value through profit or loss	-	-	-	877
Unrealised (loss) on financial assets at fair value through profit or loss	(135,000)	-	(135,000)	-
	(130,271)	4,560	(121,173)	26,088

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 September 2021

9 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Staff costs	260,585	187,167	750,728	599,860
Depreciation expense	1,423	7,606	21,461	22,780
Depreciation on right-of-use assets	8,866	14,469	39,375	43,375
Interest expense on lease liabilities	5,153	12,931	17,059	34,801
Professional fees	6,000	10,500	22,688	74,272
Marketing and business development expenses	5,114	21,863	17,176	88,157
Charity expense	10,889	24,357	34,962	56,900
Donations*	-	-	-	285,000
Allowance for expected credit losses	-	(3,914)	-	106,006
Other expenses	129,286	116,308	358,480	337,196
	427,316	391,287	1,261,929	1,648,347

*The Parent Company donated KD 285,000 during the previous year to support the Government of the State of Kuwait towards their management of the COVID-19 pandemic.

10 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>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Profit for the period attributable to the equity holders of the Parent Company (KD)	879,719	2,281,978	3,278,130	5,328,589
Weighted average number of ordinary shares	100,000,000	100,000,000	100,000,000	100,000,000
Less: weighted average number of treasury shares	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Weighted average number of shares outstanding during the period	97,000,000	97,000,000	97,000,000	97,000,000
Basic and diluted EPS	9.07 fils	23.53 fils	33.80 fils	54.93 fils

There have been no transactions involving ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information which would require the restatement of EPS.

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 September 2021

11 DISTRIBUTIONS MADE AND PROPOSED

Proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31 December.

- ▶ The Parent Company's Board of Directors in their meeting held on 23 March 2021 proposed cash dividends of 64 fils per share (aggregating to KD 6,208,000) for the year ended 31 December 2020. The 2020 proposed dividends were approved at the AGM on 22 April 2021.
- ▶ The Parent Company's Board of Directors in their meeting held on 3 March 2020 proposed cash dividends of 70 fils per share (aggregating to KD 6,790,000) for the year ended 31 December 2019. The 2019 proposed dividends were approved at the AGM on 18 June 2020.

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingent liabilities

As at 30 September 2021, the Group provided guarantees for the performance of certain contracts amounting to KD 28,382,256 (31 December 2020: KD 27,072,629 and 30 September 2020: KD 26,986,386). Management does not anticipate any liabilities to arise, which might have a material effect on the Group's interim condensed consolidated financial information.

12.2 Commitments

At 30 September 2021, the Group had commitments not recognised as liabilities relating to the purchase of property, plant and equipment amounting to KD 757,505 (31 December 2020: KD 430,420 and 30 September 2020: KD 377,050).

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 September 2021

13 SEGMENT INFORMATION (continued)

The following table presents assets and liabilities information for the Group's operating segments as at 30 September 2021, 31 December 2020 and 30 September 2020, respectively:

	30 September 2021		31 December 2020		30 September 2020		Total KD
	Oil field services KD	Non-oil field Services KD	Oil field services KD	Non-oil field services KD	Oil field services KD	Non-oil field services KD	
Segment assets	43,421,530	1,471,681	46,535,409	866,084	46,067,357	866,084	46,933,441
Unallocated assets							953,273
							47,401,493
							936,073
							48,337,566
Segment liabilities	8,972,741	37,438	8,075,649	32,012	8,562,855	34,413	8,597,268

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As at and for the period ended 30 September 2021

14 RELATED PARTY DISCLOSURES

The Group's related parties include its associates and joint ventures, major shareholders, entities under common control, directors and executive officers of the Group, close members of their families and entities of which they are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Group's management.

Transactions with related parties included in the consolidated statement of profit or loss are as follows:

	<i>(Audited)</i>			
	<i>Entities under common control KD</i>	<i>30 September 2021 KD</i>	<i>31 December 2020 KD</i>	<i>30 September 2020 KD</i>
	Cost of sales and services rendered	31,411	31,411	15,308

Balances with related parties included in the consolidated statement of financial position are as follows:

	<i>(Audited)</i>			
	<i>Entities under common control KD</i>	<i>30 September 2021 KD</i>	<i>31 December 2020 KD</i>	<i>30 September 2020 KD</i>
	Accounts payable and accruals	3,563	3,563	3,330

Transactions with 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 related to key management personnel were as follows.

	<i>Transaction values for the nine months ended 30 September</i>		<i>Balance outstanding as at 30 September</i>	
	<i>2021 KD</i>	<i>2020 KD</i>	<i>2021 KD</i>	<i>2020 KD</i>
	Key management compensation			
Salaries and other short-term benefits	259,027	247,029	127,405	40,000
Employees' end of service benefits	11,674	9,989	155,145	138,127
	<u>270,701</u>	<u>257,018</u>	<u>282,550</u>	<u>178,127</u>

15 FAIR VALUE MEASUREMENT

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest input that is significant to the fair value measurement as a whole, as follows:

- ▶ Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

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15 FAIR VALUE MEASUREMENT (continued)

Set out below that are a summary of financial instruments and non-financial assets measured at fair value on a recurring basis, other than those with carrying amounts that are reasonable approximations of fair values:

	Fair value measurement using		
	Quoted prices in active markets (Level 1) KD	Significant unobservable inputs (Level 3) KD	Total KD
30 September 2021			
Financial assets at fair value through profit or loss	-	1,409,073	1,409,073
31 December 2020 (Audited)			
Financial assets at fair value through profit or loss	-	936,073	936,073
30 September 2020			
Financial assets at fair value through profit or loss	-	953,273	953,273

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the nine months ended 30 September 2021.

Reconciliation of Level 3 fair values

The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

	30 September 2021 KD	(Audited) 31 December 2020 KD	30 September 2020 KD
As at 1 January	936,073	1,055,658	1,055,658
Remeasurement recognised in profit or loss	(135,000)	6,962	3,471
Purchases / sales (net)	608,000	(126,547)	(105,856)
	1,409,073	936,073	953,273

The valuation techniques and inputs used in this 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 2020.

The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Group employs valuation techniques, depending on the instrument type and available market data. For example, in the absence of active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile and other factors. Favourable and unfavourable changes in the value of financial instruments are determined on the basis of changes in the value of the instruments as a result of varying the levels of the unobservable parameters, quantification of which is judgmental. The management assessed that the impact on profit or loss or other comprehensive income would be immaterial if the relevant risk variables used to fair value the financial instruments classified as Level 3 were altered by 5 percent.

For other financial assets and financial liabilities carried at amortised cost, the carrying value is not significantly different from their fair value as most of these assets and liabilities are of short-term maturity or are re-priced immediately based on market movement in profit rates.

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16 IMPACT OF COVID-19 OUTBREAK

The COVID-19 pandemic continues to spread across global geographies causing disruption to business and economic activities and bringing significant uncertainties to the global economic environment. Government authorities worldwide launched extensive responses designed to mitigate the severe consequences of the pandemic.

The effects of COVID-19 pandemic have been significant on the Group's annual consolidated financial statements for the year ended 31 December 2020. As compared to the year ended 31 December 2020, the Group has not yet experienced any further significant adverse effects on its operations during the nine months ended September 2021. Markets, however, remain volatile and asset carrying values remain sensitive to market fluctuations. The impact of the highly uncertain economic environment remains judgmental and the Group will accordingly continue to reassess its financial position and the related impact on a regular basis.