

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 SEPTEMBER 2015 (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 its subsidiaries (collectively the "Group") as at 30 September 2015 and the related interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income for the three months and nine months 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 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

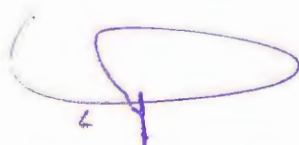
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

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 30 September 2014 were audited/reviewed by another auditor who expressed an unmodified opinion/conclusion on those statements/information on 18 February 2015 and 28 October 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 nine months period ended 30 September 2015 that might have had a material effect on the business of the Parent Company or on its financial position.



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AL AIBAN, AL OSAIMI & PARTNERS



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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

Period ended 30 September 2015

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2015	2014	2015	2014
		KD	KD	KD	KD
Sales and services revenue		5,134,222	3,756,092	14,978,165	11,838,834
Cost of sales and services		(3,621,372)	(2,674,221)	(9,933,044)	(7,864,303)
GROSS PROFIT		1,512,850	1,081,871	5,045,121	3,974,531
Other income (expenses)		9,731	(8,799)	5,439	(4,426)
Impairment of property, plant and equipment	3	-	-	(665,857)	-
Net investments income	4	135,287	86,364	1,631,861	117,272
Administrative expenses		(350,255)	(381,654)	(1,050,241)	(1,062,108)
PROFIT FOR THE PERIOD BEFORE PROVISION FOR CONTRIBUTION TO KFAS, NLST, ZAKAT AND DIRECTORS' REMUNERATION		1,307,613	777,782	4,966,323	3,025,269
Provision for Kuwait Foundation for the Advancement of Sciences (KFAS)		(11,556)	(7,837)	(44,484)	(28,055)
Provision for National Labour Support Tax (NLST)		(32,098)	(23,078)	(123,566)	(82,152)
Provision for Zakat		(13,535)	(9,231)	(52,252)	(32,861)
Provision for Directors' remuneration		(16,000)	(16,002)	(48,000)	(48,006)
PROFIT FOR THE PERIOD		1,234,424	721,634	4,698,021	2,834,195
Attributable to :					
Equity holders of the Parent Company		1,189,873	721,634	4,653,470	2,834,195
Non-controlling interests		44,551	-	44,551	-
		1,234,424	721,634	4,698,021	2,834,195
BASIC AND DILUTED EARNINGS PER SHARE	5	21.27 fils	12.90 fils	83.20 fils	50.67 fils

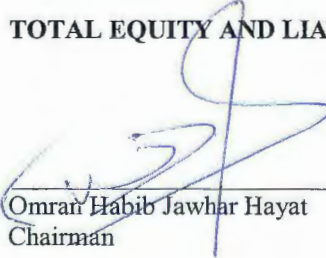
The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2015

	<i>(Unaudited)</i> 30 September 2015 KD	<i>(Audited)</i> 31 December 2014 KD	<i>(Unaudited)</i> 30 September 2014 KD
ASSETS			
Non-current assets			
Property, plant and equipment	8,613,740	8,000,810	8,790,593
Financial assets available for sale	44,004	49,701	71,821
	<u>8,657,744</u>	<u>8,050,511</u>	<u>8,862,414</u>
Current assets			
Inventories	2,538,068	2,211,409	2,158,141
Accounts receivable	6,404,938	5,439,881	4,588,843
Prepayments and other receivables	1,401,248	982,540	1,808,827
Financial assets at fair value through profit or loss	148,601	1,675,094	1,695,362
Bank balances and cash	6,176,191	4,196,919	3,251,917
	<u>16,669,046</u>	<u>14,505,843</u>	<u>13,503,090</u>
TOTAL ASSETS	<u><u>25,326,790</u></u>	<u><u>22,556,354</u></u>	<u><u>22,365,504</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	5,760,951	5,760,951	5,760,951
Share premium	3,310,705	3,310,705	3,310,705
Treasury shares	6 (585,062)	(585,062)	(585,062)
Treasury shares reserve	33,825	33,825	33,825
Statutory reserve	2,120,691	2,120,691	1,757,769
Voluntary reserve	2,120,691	2,120,691	1,757,769
Foreign currency translation reserve	(408)	-	-
Cumulative changes in fair value	15,070	20,767	39,216
Retained earnings	6,590,870	4,454,228	4,621,788
	<u>19,367,333</u>	<u>17,236,796</u>	<u>16,696,961</u>
Equity attributable to equity holders of the Parent Company	<u>19,367,333</u>	<u>17,236,796</u>	<u>16,696,961</u>
Non-controlling interests	92,575	-	-
Total equity	<u>19,459,908</u>	<u>17,236,796</u>	<u>16,696,961</u>
Non-current liability			
Employees' end of service benefits	1,372,540	1,131,646	1,001,737
	<u>1,372,540</u>	<u>1,131,646</u>	<u>1,001,737</u>
Current liability			
Accounts payables and accruals	4,494,342	4,187,912	4,666,806
Total liabilities	<u>5,866,882</u>	<u>5,319,558</u>	<u>5,668,543</u>
TOTAL EQUITY AND LIABILITIES	<u><u>25,326,790</u></u>	<u><u>22,556,354</u></u>	<u><u>22,365,504</u></u>


Omran Habib Jawhar Hayat
Chairman

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

Period ended 30 September 2015

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	2015	2014	2015	2014
	KD	KD	KD	KD
Profit for the period	1,234,424	721,634	4,698,021	2,834,195
Other comprehensive (loss) income				
<i>Other comprehensive loss to be reclassified to interim condensed consolidated income statement in subsequent periods:</i>				
Change in fair value of financial assets available for sale	(4,297)	6,399	(5,697)	(11,490)
Foreign currency translation adjustment	(408)	-	(408)	-
Other comprehensive (loss) income for the period	(4,705)	6,399	(6,105)	(11,490)
Total comprehensive income for the period	1,229,719	728,033	4,691,916	2,822,705
Attributable to:				
Equity holders of the Parent Company	1,185,168	728,033	4,647,365	2,822,705
Non-controlling interests	44,551	-	44,551	-
	1,229,719	728,033	4,691,916	2,822,705

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Period ended 30 September 2015

	<i>Equity attributable to equity holders of the Parent Company</i>											
	<i>Share capital KD</i>	<i>Share premium KD</i>	<i>Treasury shares KD</i>	<i>Treasury shares reserve KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Cumulative changes in fair value KD</i>	<i>Retained earnings KD</i>	<i>Sub total KD</i>	<i>Non-controlling interests KD</i>	<i>Total KD</i>
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	-	17,236,796
Profit for the period	-	-	-	-	-	-	-	-	4,653,470	4,653,470	44,551	4,698,021
Other comprehensive loss	-	-	-	-	-	-	(408)	(5,697)	-	(6,105)	-	(6,105)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(408)	(5,697)	4,653,470	4,647,365	44,551	4,691,916
Dividend paid (Note 7)	-	-	-	-	-	-	-	-	(2,516,828)	(2,516,828)	-	(2,516,828)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	48,024	48,024
At 30 September 2015	5,760,951	3,310,705	(585,062)	33,825	2,120,691	2,120,691	(408)	15,070	6,590,870	19,367,333	92,575	19,459,908
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	-	15,831,789
Profit for the period	-	-	-	-	-	-	-	-	2,834,195	2,834,195	-	2,834,195
Other comprehensive loss	-	-	-	-	-	-	-	(11,490)	-	(11,490)	-	(11,490)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	-	(11,490)	2,834,195	2,822,705	-	2,822,705
Dividend paid (Note 7)	-	-	-	-	-	-	-	-	(1,957,533)	(1,957,533)	-	(1,957,533)
At 30 September 2014	5,760,951	3,310,705	(585,062)	33,825	1,757,769	1,757,769	-	39,216	4,621,788	16,696,961	-	16,696,961

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

National Petroleum Services Company K.S.C.P. and its Subsidiaries
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 (UNAUDITED)
 Period ended 30 September 2015

	<i>Nine months ended</i>	
	<i>30 September</i>	
	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES		
Profit for the period	4,698,021	2,834,195
Non-cash adjustments to reconcile profit for the period to net cash flows:		
Depreciation	1,275,242	1,212,924
Impairment of property, plant and equipment	665,857	-
(Gain)/loss on sale of property, plant and equipment	(15,388)	2,287
Net investments gain	(1,631,861)	(117,272)
Provision for employees' end of service benefits	279,377	168,879
	<u>5,271,248</u>	<u>4,101,013</u>
Working capital adjustments:		
Inventories	(326,659)	(512,840)
Accounts receivable	(965,057)	(898,705)
Prepayments and other receivables	(418,708)	(707,884)
Accounts payables and accruals	277,132	908,719
	<u>3,837,956</u>	<u>2,890,303</u>
Cash generated from operations	3,837,956	2,890,303
Employees' end of service benefits paid	(38,483)	(27,746)
	<u>3,799,473</u>	<u>2,862,557</u>
Net cash flows from operating activities		
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,593,787)	(1,342,893)
Proceeds from sale of property, plant and equipment	55,146	28,243
Proceeds from sale of financial assets available for sale	-	354,524
Proceeds from sale of financial assets at fair value through profit or loss	3,150,000	-
Dividend income received	8,708	87,327
Interest income received	-	762
Net movement in financial assets at fair value through profit or loss	(354)	(423)
	<u>619,713</u>	<u>(872,460)</u>
Net cash flows from (used in) investing activities		
FINANCING ACTIVITIES		
Dividends paid	(2,487,530)	(1,934,673)
Net movement in non-controlling interests	48,024	-
	<u>(2,439,506)</u>	<u>(1,934,673)</u>
Net cash flows used in financing activities		
Foreign currency translation adjustment	(408)	-
INCREASE IN BANK BALANCES AND CASH	1,979,272	55,424
Bank balances and cash at 1 January	4,196,919	3,196,493
BANK BALANCES AND CASH AT 30 SEPTEMBER	<u>6,176,191</u>	<u>3,251,917</u>

The attached notes 1 to 10 form part of this interim condensed consolidated financial information.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2015

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 period ended 30 September 2015 were authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 5 November 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 nine months period ended 30 September 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 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

The Board of Directors approved a provision for impairment of oil recovery plant and equipments (plant and machinery) at its net book value of KD 665,857 during the period ended 30 September 2015.

4 NET INVESTMENTS INCOME

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Dividend income	-	28,440	8,708	87,327
Realised gain on sale of financial assets at fair value through profit or loss	149,901	-	1,649,901	-
Realised gain on sale of financial assets available for sale	-	39,524	-	39,524
Impairment loss on financial assets available for sale	-	-	-	(16,890)
Unrealized (loss)/gain on financial assets at fair value through profit or loss	(14,614)	18,400	(26,748)	7,311
	135,287	86,364	1,631,861	117,272

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 September 2015

5 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>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
Profit for the period attributable to the equity holders of the Parent Company (KD)	1,189,873	721,634	4,653,470	2,834,195
Number of outstanding shares during the period:				
Number of shares issued	57,609,510	57,609,510	57,609,510	57,609,510
Less: weighted average number of treasury shares	(1,680,000)	(1,680,000)	(1,680,000)	(1,680,000)
Weighted average number of shares outstanding during the period	55,929,510	55,929,510	55,929,510	55,929,510
Basic and diluted earnings per share	21.27 fils	12.90 fils	83.20 fils	50.67 fils

6 TREASURY SHARES

	<i>30 September</i>	<i>(Audited)</i>	
		<i>31 December</i>	<i>30 September</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)	957,600	1,008,000	957,600
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 30 September 2014: KD 33,825) is not available for distribution. Reserves equivalent to the cost of the treasury shares held are not available for distribution throughout the holding period of treasury shares.

7 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).

8 CONTINGENT LIABILITIES

As at 30 September 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 3,030,753 (31 December 2014: KD 4,829,655 and 30 September 2014: KD 3,891,917).

At 30 September 2015

9 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 30 September 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	11,270,256	3,707,909	1,631,861	16,610,026
Segment results	3,757,674	627,029	1,631,861	6,016,564
Unallocated cost				(1,318,543)
Profit for the period				4,698,021
<i>Period ended 30 September 2014</i>	<i>Oil field services KD</i>	<i>Non-oil field services KD</i>	<i>Investments KD</i>	<i>Total KD</i>
Segment revenue	9,805,914	2,032,920	117,272	11,956,106
Segment results	4,466,145	(496,040)	117,272	4,087,377
Unallocated cost				(1,253,182)
Profit for the period				2,834,195

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

	<i>Oil field services KD</i>	<i>Non-oil field services KD</i>	<i>Investments KD</i>	<i>Total KD</i>
<i>At 30 September 2015</i>				
Segment assets	22,533,292	2,600,893	192,605	25,326,790
Segment liabilities	5,713,940	152,942	-	5,866,882
<i>At 30 September 2014</i>				
Segment assets	19,390,436	1,207,885	1,767,183	22,365,504
Segment liabilities	5,668,543	-	-	5,668,543

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(UNAUDITED)

At 30 September 2015

10 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 30 September 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	40,397	-	3,607	44,004
Financial assets at fair value through profit or loss	32,400	-	116,201	148,601
	<u>72,797</u>	<u>-</u>	<u>119,808</u>	<u>192,605</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 30 September 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	17,601	54,220	-	71,821
Financial assets at fair value through profit or loss	-	1,695,362	-	1,695,362
	<u>17,601</u>	<u>1,749,582</u>	<u>-</u>	<u>1,767,183</u>

During the financial period ended 30 September 2015, there were no transfers between different levels of fair value measurement.