

**NATIONAL PETROLEUM SERVICES COMPANY - K.S.C.P.
AND ITS SUBSIDIARIES
STATE OF KUWAIT
INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2023
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONDENSED
CONSOLIDATED FINANCIAL INFORMATION**

NATIONAL PETROLEUM SERVICES COMPANY K.S.C.P. AND ITS SUBSIDIARIES
STATE OF KUWAIT

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CONTENTS

Report on review of interim condensed consolidated financial information	
Interim condensed consolidated statement of financial position (unaudited)	<u>Page</u> 3
Interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited)	4
Interim condensed consolidated statement of changes in equity (unaudited)	5
Interim condensed consolidated statement of cash flows (unaudited)	6
Notes to interim condensed consolidated financial information (unaudited)	7 – 15

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors
National Petroleum Services Company K.S.C.P. and its Subsidiaries
State of Kuwait

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 ("the Group") as at September 30, 2023, and the interim condensed consolidated statements of profit or loss and other comprehensive income for the three and nine month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the nine 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". 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 Condensed Consolidated 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 Matter

The interim condensed consolidated financial information for the three months and nine months period ended September 30, 2022 and the consolidated financial statements for the year ended December 31, 2022, have been reviewed / audited by another auditor who expressed conclusion / unqualified opinion on November 10, 2022 and March 16, 2023, 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. 1 of 2016 and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended during the nine month period ended September 30, 2023, that might have had a material effect on the business or financial position of the Parent Company.

Also, based on our review, we have not become aware of any material violations of Law No. 7 of 2010 concerning the Establishment of the Capital Markets Authority and Regulating Securities Activities, and its Executive Regulations, as amended during the period ended September 30, 2023, that might have had a material effect on the Parent Company's financial position or results of its operations.

State of Kuwait
November 12, 2023




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

NATIONAL PETROLEUM SERVICES COMPANY K.S.C.P. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF SEPTEMBER 30, 2023
(All amounts are in Kuwaiti Dinar)

	Notes	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
ASSETS				
Non-current assets:				
Property, plant and equipment		13,874,829	12,322,241	11,366,372
Right-of-use assets		243,687	366,769	445,591
Total non-current assets		14,118,516	12,689,010	11,811,963
Current assets:				
Inventories		4,461,004	5,479,455	5,619,401
Trade receivables and contract assets	3	10,022,460	13,366,220	16,150,300
Prepayments and other debit balances	4	2,736,941	2,822,896	3,651,312
Financial assets at fair value through profit or loss		618,407	613,041	309,655
Term deposits	5	21,500,000	16,000,000	11,000,000
Bank balances and cash		2,095,276	2,180,992	2,557,262
Total current assets		41,434,088	40,462,604	39,287,930
Total assets		55,552,604	53,151,614	51,099,893
EQUITY AND LIABILITIES				
Equity:				
Share capital		10,000,000	10,000,000	10,000,000
Share premium		3,310,705	3,310,705	3,310,705
Treasury shares	6	(654,461)	(654,461)	(654,461)
Treasury shares reserve		33,825	33,825	33,825
Statutory reserve		5,858,895	5,858,895	5,858,895
Voluntary reserve		5,858,895	5,858,895	5,858,895
Foreign currency translation reserve		(15,415)	(15,695)	(13,464)
Retained earnings		19,434,836	17,871,126	16,441,255
Equity attributable to shareholders of the Parent Company		43,827,280	42,263,290	40,835,650
Non-controlling interests		10	10	14
Total equity		43,827,290	42,263,300	40,835,664
Non-current liabilities:				
Provision for employees' end of service benefits	7	3,198,299	3,452,533	3,410,784
Lease liabilities		51,732	164,422	205,086
Total non-current liabilities		3,250,031	3,616,955	3,615,870
Current liabilities:				
Account payables and accrued expenses	8	8,272,674	7,057,298	6,395,859
Lease liabilities		202,609	214,061	252,500
Total current liabilities		8,475,283	7,271,359	6,648,359
Total liabilities		11,725,314	10,888,314	10,264,229
Total equity and liabilities		55,552,604	53,151,614	51,099,893

The accompanying notes from (1) to (17) form an integral part of the interim condensed consolidated financial information.


Sheikh Sabah Mohammad Abdulaziz Al Sabah
Chairman


Mr. Muhaiman A. Albebbhani
Vice Chairman & CEO

NATIONAL PETROLEUM SERVICES COMPANY K.S.C.P. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023
(All amounts are in Kuwaiti Dinar)

	Notes	Three months ended September 30		Nine months ended September 30	
		2023	2022	2023	2022
Sales and services revenue	9	10,275,281	10,177,005	29,668,857	26,717,445
Cost of sales and services rendered		(7,239,392)	(7,163,955)	(21,682,308)	(19,539,363)
Gross profit		3,035,889	3,013,050	7,986,549	7,178,082
Interest income		216,916	67,734	649,103	182,894
Investment income (loss)	10	19,392	19,824	49,802	(434,070)
Other income		142,832	176,552	148,032	393,778
Provision for expected credit loss no longer required	3 – a	-	-	75,657	-
General and administrative expenses	11	(687,957)	(687,472)	(2,072,768)	(1,558,927)
Profit for the period before tax and Board of Directors' remuneration		2,727,072	2,589,688	6,836,375	5,761,757
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(27,271)	(25,974)	(68,364)	(57,618)
National Labor Support Tax (NLST)		(61,041)	(78,975)	(180,344)	(159,524)
Zakat		(23,690)	(28,004)	(71,411)	(63,973)
Board of Directors' remuneration		(40,906)	(39,334)	(102,546)	(86,408)
Profit for the period		2,574,164	2,417,401	6,413,710	5,394,234
Profit for the period attributable to the Parent Company's Shareholders		2,574,164	2,417,401	6,413,710	5,394,234
(Other comprehensive loss) other comprehensive income for the period: <u>Item that may be reclassified subsequently to the interim condensed consolidated statement profit or loss:</u>					
Foreign currency translation adjustments		(511)	(1,317)	280	(5,392)
Total comprehensive income for the period		2,573,653	2,416,084	6,413,990	5,388,842
Total comprehensive income attributable to the Parent Company's shareholders		2,573,653	2,416,084	6,413,990	5,388,842
Basic and diluted earnings per share attributable to the Parent Company's Shareholders (Fils)	12	26.54	24.92	66.12	55.61

The accompanying notes from (1) to (17) form an integral part of the 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)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023

(All amounts are in Kuwaiti Dinar)

	Equity attributable to Shareholders of the Parent Company								Non- controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Foreign currency translation reserve	Retained earnings	Subtotal	
As at January 1, 2023	10,000,000	3,310,705	(654,461)	33,825	5,858,895	5,858,895	(15,695)	17,871,126	42,263,290	42,263,300
Total comprehensive income for the period	-	-	-	-	-	-	280	6,413,710	6,413,990	6,413,990
Cash dividends (Note 13)	-	-	-	-	-	-	-	(4,850,000)	(4,850,000)	(4,850,000)
As at September 30, 2023	10,000,000	3,310,705	(654,461)	33,825	5,858,895	5,858,895	(15,415)	19,434,836	43,827,280	43,827,290
As at January 1, 2022	10,000,000	3,310,705	(654,461)	33,825	5,858,895	5,858,895	(8,072)	14,442,021	38,841,808	38,841,822
Total (comprehensive loss) for the period	-	-	-	-	-	-	(5,392)	5,394,234	5,388,842	5,388,842
Cash dividends (Note 13)	-	-	-	-	-	-	-	(3,395,000)	(3,395,000)	(3,395,000)
As at September 30, 2022	10,000,000	3,310,705	(654,461)	33,825	5,858,895	5,858,895	(13,464)	16,441,255	40,835,650	40,835,664

The accompanying notes from (1) to (17) form an integral part of the interim condensed consolidated financial information.

NATIONAL PETROLEUM SERVICES COMPANY K.S.C.P. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2023
(All amounts are in Kuwaiti Dinar)

		Nine months ended September 30	
	Notes	2023	2022
Cash flows from operating activities:			
Profit for the period before tax and after Board of Directors' remuneration		6,733,829	5,675,349
Adjustments to reconcile profit before tax and after Board of Directors' remuneration:			
Depreciation expense		1,861,762	1,588,916
Amortization of right-of-use assets		239,270	224,509
Gain on sale of property, plant and equipment		(63,783)	(80,409)
Retirement of property, plant and equipment		59,548	-
Provision for slow moving inventories		(72,615)	-
Provision for expected credit loss no longer required	3 – a	(75,657)	-
Dividends income	10	(44,436)	(49,154)
Change in fair value of financial assets at fair value through profit or loss	10	(5,366)	483,224
Net foreign exchange differences		12,048	34,754
Interest income		(649,103)	(182,894)
Interest expense on lease liabilities	11	17,263	25,912
Provision for employees' end of service benefits	7	489,717	670,152
		<u>8,502,477</u>	<u>8,390,359</u>
Change in working capital:			
Inventories		1,091,066	(1,380,707)
Trade receivables and contract assets		3,419,417	(3,438,660)
Prepayments and other debit balances		284,959	469,857
Account payables and accrued expenses		1,178,075	944,525
Cash flows generated from operations		<u>14,475,994</u>	<u>4,985,374</u>
Payment for employees' end of service benefits	7	(743,951)	(283,248)
Taxes paid		(355,582)	(197,161)
Net cash flows generated from operating activities		<u>13,376,461</u>	<u>4,504,965</u>
Cash flows from investing activities:			
Purchase of property, plant and equipment		(3,473,898)	(3,561,339)
Proceeds from sale of property, plant and equipment		63,783	97,960
Proceeds from sale / redemption of financial assets at fair value through profit or loss	17	-	613,400
Dividend income received	10	44,436	49,154
Interest income received		450,099	298,455
Net movement in term deposits		(5,500,000)	2,000,000
Net cash flows used in investing activities		<u>(8,415,580)</u>	<u>(502,370)</u>
Cash flows from financing activities:			
Dividends paid		(4,789,284)	(3,387,924)
Payment of lease liabilities		(257,593)	(247,831)
Net cash flows used in financing activities		<u>(5,046,877)</u>	<u>(3,635,755)</u>
Foreign currency translation adjustments		<u>280</u>	<u>(5,392)</u>
Net (decrease) increase in bank balances and cash		<u>(85,716)</u>	<u>361,448</u>
Bank balances and cash at the beginning of the period		<u>2,180,992</u>	<u>2,195,814</u>
Bank balances and cash at the end of the period		<u>2,095,276</u>	<u>2,557,262</u>
Non-cash items excluded for the interim condensed consolidated statement of cash flows:			
Additions to right of use assets		(116,188)	(430,446)
Additions to lease liabilities		116,188	430,446

The accompanying notes from (1) to (17) form an integral part of the interim condensed consolidated financial information.

1- Incorporation and activities

National Petroleum Services Company - K.S.C.P. (the "Parent Company") is a Kuwaiti Public Shareholding Company incorporated on January 3, 1993, and its shares are publicly traded in Boursa Kuwait. The Parent Company is registered in the Commercial Register under No. 49911 dated March 28, 1993.

The main objectives of the Parent Company are as follows:

- Performing all support services for wells drilling, repairing and preparation for production as well as wells maintenance-related services.
- Establishing industrial firms for the purpose of manufacturing and producing the equipment and materials necessary for achieving such objectives after obtaining the approval of the competent authorities.
- Importing and owning machines, tools and materials necessary for achieving its objectives.
- Owning lands and real estate necessary for establishing its facilities and equipment.
- Importing and exporting chemicals necessary for the execution of the works stated above.
- Concluding agreements and obtaining privileges which it deems necessary for achieving its objectives.
- Possessing the required patents and trademarks.
- Obtaining and granting agencies in respect of the Parent Company's business operations.
- Conducting studies, queries and researches relevant to the Parent Company's main objectives.

The Parent Company may carry out all of the above-mentioned activities inside the State of Kuwait or abroad. The Parent Company may also have an interest or participate in any way with entities practicing activities similar to its own or which may assist it in achieving its objectives inside the State of Kuwait or abroad, or may acquire or affiliated those entities.

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 interim condensed consolidated financial information was authorized for issue by the Parent Company's Board of Directors on November 12, 2023.

2- Basis of presentation

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of this interim condensed consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2022.

The Group has not early adopted any other standard, interpretation or amendments that has been issued but is not effective. Other amendments and interpretations which are effective for the first time in January 1, 2023, do not have material impact on the interim condensed consolidated financial information of the Group.

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation of interim condensed consolidated financial information have been included. Operating results for the period ended September 30, 2023, are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2023.

NATIONAL PETROLEUM SERVICES COMPANY K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2023
(All amounts are in Kuwaiti Dinar)

3- Trade receivables and contract assets

	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Trade receivables	6,635,001	7,424,130	9,466,535
Contract assets	3,506,449	6,362,219	6,889,771
Less: provision for expected credit losses (a)	(118,990)	(420,129)	(206,006)
	<u>10,022,460</u>	<u>13,366,220</u>	<u>16,150,300</u>

(a) Provision for expected credit losses:

Movement in provision for expected credit losses during the period / year is as follows:

	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Balance at the beginning of the period / year	420,129	206,006	206,006
Charged during the period / year	-	214,123	-
Provision no longer required	(75,657)	-	-
Utilized during the period / year	(225,482)	-	-
Balance at the end of the period / year	<u>118,990</u>	<u>420,129</u>	<u>206,006</u>

4- Prepayments and other debit balances

	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Advance payments to suppliers	1,126,439	1,106,248	2,010,479
Staff receivables	412,008	386,329	394,457
Deposits and other debit balances	1,198,494	1,330,319	1,246,376
	<u>2,736,941</u>	<u>2,822,896</u>	<u>3,651,312</u>

5- Term deposits

As at September 30, 2023, the Group has term deposits amounting to KD 21,500,000 (December 31, 2022: KD 16,000,000 and September 30, 2022: KD 11,000,000) and these deposits carry interest rate ranging from 4.125% to 5.5% per annum (December 31, 2022: 4.88% per annum and September 30, 2022: 2.29% per annum).

Term deposits have an original maturity period ranging from 3 to 12 months (December 31, 2022: from 3 to 12 months and September 30, 2022: from 3 to 12 months) and denominated in Kuwaiti Dinars and placed with local banks.

6- Treasury shares

	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Number of treasury shares	3,000,000	3,000,000	3,000,000
Percentage of issued shares	3%	3%	3%
Market value (KD)	2,217,000	2,367,000	2,250,000
Cost (KD)	(654,461)	(654,461)	(654,461)

Reserves equivalent to the cost of the treasury shares are held and not available for distribution during the holding period of such shares, by the Group as per Capital Market Authority guidelines.

NATIONAL PETROLEUM SERVICES COMPANY K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2023
(All amounts are in Kuwaiti Dinar)

7- Provision for employees' end of service benefits

	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Balance at the beginning of the period / year	3,452,533	3,023,880	3,023,880
Charged during the period / year	489,717	784,372	670,152
Paid during the period / year	(743,951)	(355,719)	(283,248)
Balance at the end of the period / year	3,198,299	3,452,533	3,410,784

8- Account payables and accrued expenses

	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Trade payables	3,603,146	1,416,652	1,471,315
Dividends payable (Note 16)	398,925	338,209	344,370
Accrued staff costs	969,163	443,892	367,899
Advances received from client	356,655	356,655	356,655
Taxes payable	311,026	346,489	325,456
Accrued Board of Directors' remuneration (Note 16)	102,546	109,307	86,408
Contract liabilities	501,971	1,844,334	1,333,535
Other accrued expenses and provisions	2,029,242	2,201,760	2,110,221
	8,272,674	7,057,298	6,395,859

9- Sales and services revenue

Below is the disaggregation of the Group's sales and services revenue:

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
<u>Type of goods or services</u>				
<u>Oil field contracts</u>				
Pumping services	8,331,365	7,982,890	23,699,151	20,941,744
<u>Non-oil field contracts</u>				
Health, safety, environment and man-power supply services	1,719,079	1,934,318	5,201,699	5,031,677
Other services	224,837	259,797	768,007	744,024
Total sales and services revenue	10,275,281	10,177,005	29,668,857	26,717,445
<u>Timing of revenue recognition</u>				
Goods and services transferred at a point in time	23,439	18,994	45,822	60,136
Goods and services transferred over time	10,251,842	10,158,011	29,623,035	26,657,309
Total sales and services revenue	10,275,281	10,177,005	29,668,857	26,717,445
<u>Geographical markets</u>				
State of Kuwait	10,261,637	10,177,005	29,597,166	26,717,445
Others	13,644	-	71,691	-
	10,275,281	10,177,005	29,668,857	26,717,445

NATIONAL PETROLEUM SERVICES COMPANY K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2023
(All amounts are in Kuwaiti Dinar)

10- Investment income (loss)

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Dividends income	15,492	15,666	44,436	49,154
Change in fair value of financial assets at fair value through profit or loss	3,900	4,158	5,366	(483,224)
	<u>19,392</u>	<u>19,824</u>	<u>49,802</u>	<u>(434,070)</u>

11- General and administrative expenses

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Staff costs	468,341	432,562	1,268,023	1,048,188
Depreciation expense	8,213	6,711	21,608	19,995
Amortization of right-of-use assets	10,245	14,064	40,415	39,623
Interest expense on lease liabilities	4,591	8,629	17,263	25,912
Professional fees	24,351	9,852	66,350	38,175
Marketing and business development expenses	30,262	9,984	156,737	31,650
Charity expense	24,800	22,154	63,641	46,469
Other expenses	117,154	183,516	438,731	308,915
	<u>687,957</u>	<u>687,472</u>	<u>2,072,768</u>	<u>1,558,927</u>

12- Basic and diluted earnings per share attributable to the Parent Company's Shareholders

There are no potential dilutive ordinary shares. The information necessary to calculate basic and diluted earnings per share based on the weighted average number of shares outstanding during the period is as follows:

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Profit for the period attributable to the Parent Company's Shareholders	<u>2,574,164</u>	<u>2,417,401</u>	<u>6,413,710</u>	<u>5,394,234</u>
<u>Number of shares outstanding:</u>				
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	<u>(3,000,000)</u>	<u>(3,000,000)</u>	<u>(3,000,000)</u>	<u>(3,000,000)</u>
Weighted average number of shares outstanding during the period	<u>97,000,000</u>	<u>97,000,000</u>	<u>97,000,000</u>	<u>97,000,000</u>
Basic and diluted earnings per share attributable to the Parent Company's Shareholders (fils)	<u>26.54</u>	<u>24.92</u>	<u>66.12</u>	<u>55.61</u>

13- Ordinary General Assembly of the Parent Company's Shareholders

The Ordinary General Assembly of the Parent Company's Shareholders held on May 1, 2023 approved the consolidated financial statements for the year ended December 31, 2022 and approved the recommendations of the Board of Directors to distribute cash dividends of 50 fils per share (totaling KD 4,850,000), and remuneration for the Parent Company's Board of Directors amounting to KD 109,307 for the year ended on December 31, 2022.

The Ordinary General Assembly of the Parent Company's Shareholders held on April 20, 2022 approved the consolidated financial statements for the year ended December 31, 2021 and approved the recommendations of the Board of Directors to distribute cash dividends of 35 fils per share (totaling KD 3,395,000), and remuneration for the Parent Company's Board of Directors amounting to KD 77,458 for the year ended on December 31, 2021.

14- Contingent liabilities and capital commitments

Contingent liabilities

As at September 30, 2023, the Group provided performance bonds for certain contracts amounting to KD 27,963,404 (December 31, 2022: KD 29,133,131 and September 30, 2022: KD 29,952,249).

Capital commitments

At September 30, 2023, the Group has capital commitments relating to the purchase of property, plant and equipment amounting to KD 513,859 (December 31, 2022: KD 971,234 and September 30, 2022: KD 1,285,617).

NATIONAL PETROLEUM SERVICES COMPANY K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2023
(All amounts are in Kuwaiti Dinar)

15- 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 the operating 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 drilling services.
- **Non-oil field services** : Non-oil field services comprise of a number of diversified activities including health, safety and environmental services, engineering and consultancy services.

The table below presents revenue and profit information for the Group's operating segments for the nine-month periods ended September 30, 2023 and 2022 as follows:

	Nine months ended September 30, 2023			Nine months ended September 30, 2022		
	Oil field services	Non-oil field services	Unallocated items	Oil field services	Non-oil field services	Unallocated items
Sales and services revenue	23,699,151	5,969,706	-	20,941,744	5,775,701	-
Cost of sales and services (1)	(14,116,111)	(5,527,188)	-	(12,495,221)	(5,290,335)	-
Depreciation expense	(1,669,357)	(170,797)	(21,608)	(1,329,611)	(239,310)	(19,995)
Amortization of right-of-use assets	(150,022)	(48,833)	(40,415)	(129,785)	(55,101)	(39,623)
General and administrative expenses (1)	-	-	(2,010,745)	-	-	(1,499,309)
Tax expenses	-	-	(320,119)	-	-	(281,115)
Board of Directors' remuneration	-	-	(102,546)	-	-	(86,408)
Unallocated income (2)	-	-	922,594	-	-	142,602
Profit (loss) for the period	7,763,661	222,888	(1,572,839)	6,987,127	190,955	(1,783,848)
			6,413,710			5,394,234

(1) These amounts exclude depreciation expense and amortization of right-of-use assets.

(2) Unallocated income includes interest income, investment income (loss), provision for expected credit losses no longer required and other income.

(All amounts are in Kuwaiti Dinar)

	September 30, 2023		December 31, 2022 (Audited)		September 30, 2022	
	Oil field services	Non-oil field services	Oil field services	Non-oil field services	Oil field services	Non-oil field services
		Total		Total		Total
Segment assets	53,983,292	950,905	51,155,709	1,382,864	49,378,616	1,411,622
Unallocated assets		54,934,197		52,538,573		50,790,238
		618,407		613,041		309,655
		55,552,604		53,151,614		51,099,893
Segment liabilities	11,497,235	228,079	10,801,466	86,848	10,165,154	99,075
		11,725,314		10,888,314		10,264,229

NATIONAL PETROLEUM SERVICES COMPANY K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2023
(All amounts are in Kuwaiti Dinar)

16- Related parties' disclosures

In the normal course of business, the Group has entered into various transactions with related parties, i.e., Shareholders, entities under common control and other related parties. Prices and terms of payment relating to these transactions are approved by Group's management. Significant related parties' transactions and balances are as follows:

	Entities under common control	Shareholders	Total		
			September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
<u>Balances included in the interim condensed consolidated statement of financial position:</u>					
Financial assets at fair value through profit or loss	403	-	403	437	-
Bank balances	16,990	-	16,990	18,299	-
Account payables and accrued expenses	16,361	-	16,361	95,937	-
Dividends payable (Note 8)	-	398,925	398,925	338,209	344,370
<u>Contingent liabilities</u>					
Letters of guarantee	2,052,036	-	2,052,036	2,152,036	-

		Nine months ended September 30	
	Entities under common control	2023	2022
<u>Transactions included in the interim condensed consolidated statement of profit or loss:</u>			
General and administrative expenses	1,309	1,309	-
Cost of sales and services rendered	20,614	20,614	-

Compensation to key management personnel:

	Transaction values for the Nine months ended September 30		Balance outstanding as at September 30	
	2023	2022	2023	2022
Salaries and other short term benefits	347,615	333,672	138,000	138,340
Employees' end of service benefits	27,167	43,838	235,346	214,261
Board of directors' remuneration (Note 8)	102,546	86,408	102,546	86,408
	<u>477,328</u>	<u>463,918</u>	<u>475,892</u>	<u>439,009</u>

17- Fair value measurement

All assets and liabilities, measured or disclosed at fair value, are classified in the interim condensed consolidated financial information through a fair value hierarchy based on the lowest significant inputs level in proportion 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.

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

September 30, 2023			
	Level 1	Level 3	Total
Financial assets at fair value through profit or loss	403	618,004	618,407
December 31, 2022 (audited)			
	Level 1	Level 3	Total
Financial assets at fair value through profit or loss	437	612,604	613,041
September 30, 2022			
	Level 1	Level 3	Total
Financial assets at fair value through profit or loss	-	309,655	309,655

The Parent Company's management believes that there is no significant change in fair value of financial assets at fair value through profit or loss during the nine months ended September 30, 2023.

There were no transfers between any levels of the fair value hierarchy during the period ended September 30, 2023.

The disaggregated movement in items categorized within level 3 is as follows:

	September 30, 2023	December 31, 2022 (Audited)	September 30, 2022
Balance at the beginning of the period / year	612,604	1,406,279	1,406,279
Net purchases, sales and redemption	-	(301,437)	(613,400)
Change in fair value	5,400	(492,238)	(483,224)
Balance at the end of the period / year	618,004	612,604	309,655