

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION**

**30 JUNE 2022 (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 subsidiaries (collectively, the "Group") as at 30 June 2022, the related interim condensed consolidated statement of profit or loss and other 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, have occurred during the six-month period ended 30 June 2022 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any violations of the provisions of Law No.7 of 2010, concerning the Capital Markets Authority and its related regulations during the six-month period ended 30 June 2022 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

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AL AIBAN, AL OSAIMI & PARTNERS

10 August 2022

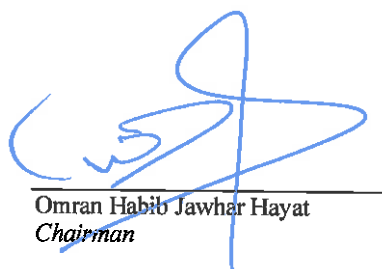
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# National Petroleum Services Company K.S.C.P. and Subsidiaries

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2022

	Notes	30 June 2022 KD	(Audited) 31 December 2021 KD	30 June 2021 KD
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		9,677,307	9,411,500	9,706,507
Right-of-use assets		524,413	239,654	256,910
		<b>10,201,720</b>	<b>9,651,154</b>	<b>9,963,417</b>
<b>Current assets</b>				
Inventories		5,019,291	4,238,694	4,605,407
Trade receivables and contract assets		14,180,404	12,711,640	10,479,682
Prepayments and other receivables	3	5,636,903	4,236,730	4,663,005
Financial assets at fair value through profit or loss		918,897	1,406,279	1,544,073
Term deposits	4	11,000,000	13,000,000	11,292,000
Bank balances and cash		1,780,327	2,195,814	1,843,932
		<b>38,535,822</b>	<b>37,789,157</b>	<b>34,428,099</b>
<b>TOTAL ASSETS</b>		<b>48,737,542</b>	<b>47,440,311</b>	<b>44,391,516</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		10,000,000	10,000,000	10,000,000
Share premium		3,310,705	3,310,705	3,310,705
Treasury shares	5	(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		(12,147)	(8,072)	6,503
Retained earnings		14,023,854	14,442,021	12,005,941
<b>Equity attributable to holders of the Parent Company</b>		<b>38,419,566</b>	<b>38,841,808</b>	<b>36,420,303</b>
Non-controlling interests		14	14	13
<b>Total equity</b>		<b>38,419,580</b>	<b>38,841,822</b>	<b>36,420,316</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Employees' end of service benefits		3,255,436	3,023,880	2,891,259
Lease liabilities		255,157	71,463	95,863
		<b>3,510,593</b>	<b>3,095,343</b>	<b>2,987,122</b>
<b>Current liabilities</b>				
Account payables and accruals	6	6,526,593	5,325,550	4,812,341
Lease liabilities		280,776	177,596	171,737
		<b>6,807,369</b>	<b>5,503,146</b>	<b>4,984,078</b>
<b>Total liabilities</b>		<b>10,317,962</b>	<b>8,598,489</b>	<b>7,971,200</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>48,737,542</b>	<b>47,440,311</b>	<b>44,391,516</b>

  
 Omran Habib Jawhar Hayat  
 Chairman

  
 Khaled Hamdan Al Saif  
 Vice Chairman & CEO

The attached notes 1 to 15 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 June 2022

	Notes	Three months ended 30 June		Six months ended 30 June	
		2022	2021	2022	2021
		KD	KD	KD	KD
Sales and services revenue	7	9,564,580	5,755,572	16,540,440	12,365,269
Cost of sales and services rendered		(6,872,189)	(4,340,856)	(12,375,408)	(9,422,962)
<b>GROSS PROFIT</b>		<b>2,692,391</b>	<b>1,414,716</b>	<b>4,165,032</b>	<b>2,942,307</b>
Interest income		44,620	63,431	115,160	164,705
Net investment (loss) income	8	(475,294)	9,098	(453,894)	9,098
Other income		186,267	28,567	217,226	278,761
General and administrative expenses	9	(361,674)	(395,822)	(871,455)	(834,613)
<b>PROFIT BEFORE TAX AND DIRECTORS' REMUNERATION</b>		<b>2,086,310</b>	<b>1,119,990</b>	<b>3,172,069</b>	<b>2,560,258</b>
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(20,786)	(11,200)	(31,644)	(25,603)
National Labour Support Tax (NLST)		(48,715)	(30,286)	(80,549)	(69,886)
Zakat		(23,235)	(12,114)	(35,969)	(27,954)
Directors' remuneration		(30,788)	(16,404)	(47,074)	(38,404)
<b>PROFIT FOR THE PERIOD</b>		<b>1,962,786</b>	<b>1,049,986</b>	<b>2,976,833</b>	<b>2,398,411</b>
<b>Other comprehensive loss</b>					
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>					
Exchange difference on translation of foreign operations		(4,075)	-	(4,075)	-
<b>Other comprehensive loss for the period</b>		<b>(4,075)</b>	<b>-</b>	<b>(4,075)</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,958,711</b>	<b>1,049,986</b>	<b>2,972,758</b>	<b>2,398,411</b>
<b>Profit attributable to Equity holders of the Parent Company</b>		<b>1,962,786</b>	<b>1,049,986</b>	<b>2,976,833</b>	<b>2,398,411</b>
<b>Total comprehensive income attributable to Equity holders of the Parent Company</b>		<b>1,958,711</b>	<b>1,049,986</b>	<b>2,972,758</b>	<b>2,398,411</b>
<b>BASIC AND DILUTED EARNINGS PER SHARE (EPS) ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY</b>	10	<b>20.23 fils</b>	10.82 fils	<b>30.69 fils</b>	24.73 fils

The attached notes 1 to 15 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 2022

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 2022 (Audited)	10,000,000	3,310,705	(654,461)	33,825	5,858,895	5,858,895	(8,072)	14,442,021	38,841,808	14	38,841,822
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(4,075)	2,976,833	2,972,758	-	2,972,758
Cash dividends (note 11)	-	-	-	-	-	-	-	(3,395,000)	(3,395,000)	-	(3,395,000)
<b>At 30 June 2022</b>	<b>10,000,000</b>	<b>3,310,705</b>	<b>(654,461)</b>	<b>33,825</b>	<b>5,858,895</b>	<b>5,858,895</b>	<b>(12,147)</b>	<b>14,023,854</b>	<b>38,419,566</b>	<b>14</b>	<b>38,419,580</b>
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 income for the period	-	-	-	-	-	-	-	2,398,411	2,398,411	-	2,398,411
Cash dividends (note 11)	-	-	-	-	-	-	-	(6,208,000)	(6,208,000)	-	(6,208,000)
<b>At 30 June 2021</b>	<b>10,000,000</b>	<b>3,310,705</b>	<b>(654,461)</b>	<b>33,825</b>	<b>5,858,895</b>	<b>5,858,895</b>	<b>6,503</b>	<b>12,005,941</b>	<b>36,420,303</b>	<b>13</b>	<b>36,420,316</b>

The attached notes 1 to 15 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 2022

	Notes	Six months ended 30 June	
		2022 KD	2021 KD
<b>OPERATING ACTIVITIES</b>			
Profit before tax and after directors' remuneration		3,124,995	2,521,854
<i>Adjustments to reconcile profit before tax and after directors' remuneration to net cash flows:</i>			
Depreciation expense		1,063,192	1,041,206
Depreciation of right-of-use assets		145,687	162,128
Gain on sale of property, plant and equipment		(33,890)	(239,698)
Dividend income	8	(33,488)	(9,098)
Interest income		(115,160)	(164,705)
Net foreign exchange differences		56,613	(23,746)
Interest expense on lease liabilities	9	17,283	11,906
Unrealised loss on financial assets at fair value through profit or loss	8	487,382	-
Provision for employees' end of service benefits		467,067	235,183
Gain on derecognition of right-of-use assets and lease liabilities		-	(312)
		<u>5,179,681</u>	<u>3,534,718</u>
<i>Working capital changes:</i>			
Inventories		(780,597)	417,413
Trade receivables and contract assets		(1,468,764)	3,817,626
Prepayments and other receivables		(1,536,570)	(1,820,777)
Accounts payable and accruals		1,143,740	112,497
		<u>2,537,490</u>	<u>6,061,477</u>
Employees' end of service benefits paid		(235,511)	(260,464)
Taxes paid		(188,263)	(252,067)
		<u>2,113,716</u>	<u>5,548,946</u>
<b>Net cash flows from operating activities</b>			
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,335,389)	(533,200)
Proceeds from sale of property, plant and equipment		40,280	239,745
Purchase of financial assets at FVTPL		-	(608,000)
Dividend income received		33,488	9,098
Interest income received		251,557	232,938
Net movement in term deposits		2,000,000	1,208,000
		<u>989,936</u>	<u>548,581</u>
<b>Net cash flows from investing activities</b>			
<b>FINANCING ACTIVITIES</b>			
Dividends paid		(3,354,209)	(6,116,132)
Payment of lease liabilities		(160,855)	(177,900)
		<u>(3,515,064)</u>	<u>(6,294,032)</u>
<b>Net cash flows used in financing activities</b>			
<b>NET DECREASE IN BANK BALANCES AND CASH</b>			
Foreign currency translation adjustment		(411,412)	(196,505)
		(4,075)	-
Bank balances and cash at 1 January		2,195,814	2,040,437
		<u>1,780,327</u>	<u>1,843,932</u>
<b>BANK BALANCES AND CASH AT 30 JUNE</b>			
<b>Non-cash items excluded from the interim condensed consolidated statement of cash flows:</b>			
Additions to right-of-use assets		(430,446)	(9,718)
Additions to lease liabilities		430,446	9,718
Derecognition of right-of-use assets		-	6,587
Derecognition of lease liabilities		-	(6,899)

The attached notes 1 to 15 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 June 2022

### 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 six months ended 30 June 2022 was authorised for issue in accordance with a resolution of the Parent Company's Board of Directors on 10 August 2022.

The consolidated financial statements of the Group for the year ended 31 December 2021 were approved by the Parent Company's shareholders at the annual general assembly meeting ("AGM") held on 20 April 2022. 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 of the Group has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of these 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 2021.

The Group has not early adopted any other standard, interpretation or amendment that has been issued or not yet effective. Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2022 did not have any material impact on the accounting policies, financial position or performance of the Group.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

In addition, results for the six months period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

### 3 PREPAYMENTS AND OTHER RECEIVABLES

	<i>(Audited)</i>		
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2022</i>	<i>2021</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Advance payments to suppliers	3,562,055	1,934,015	1,868,513
Staff receivables	379,838	346,231	334,597
Deposits and other receivables	1,695,010	1,956,484	2,459,895
	<u>5,636,903</u>	<u>4,236,730</u>	<u>4,663,005</u>

### 4 TERM DEPOSITS

Term deposits amounting to KD 11,000,000 (31 December 2021: KD 13,000,000 and 30 June 2021: KD 11,292,000) 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 2.43% (31 December 2021: 2.1% and 30 June 2021: 1.75%).

# 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 2022

### 5 TREASURY SHARES

	<b>30 June</b>	<i>(Audited)</i> <b>31 December</b>	<b>30 June</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
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	2,190,000	2,460,000	2,712,000
Cost	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 ACCOUNT PAYABLES AND ACCRUALS

	<b>30 June</b>	<i>(Audited)</i> <b>31 December</b>	<b>30 June</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Account payables	1,818,207	1,491,642	911,217
Dividends payable	378,085	337,294	275,312
Accrued staff costs	291,906	550,554	438,850
Advances received from client	356,655	356,655	356,655
Taxes payable	201,401	241,502	183,424
Accrued directors' remuneration	47,092	77,478	38,424
Other accrued expenses and provisions	3,433,247	2,270,425	2,608,459
	<b>6,526,593</b>	<b>5,325,550</b>	<b>4,812,341</b>

### 7 SALES AND SERVICES REVENUE

#### Disaggregated revenue information

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

Type of goods or services	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>	<b>KD</b>
<i>Oil field contracts</i>				
Pumping services	7,740,544	3,984,972	12,958,854	8,766,421
<i>Non-oil field contracts</i>				
Health, safety, environment and man-power supply services	1,520,810	1,597,045	3,097,359	3,129,097
Other services	303,226	173,555	484,227	469,751
<b>Total sales and services revenue</b>	<b>9,564,580</b>	<b>5,755,572</b>	<b>16,540,440</b>	<b>12,365,269</b>
<b>Timing of revenue recognition</b>				
Goods and services transferred at a point in time	20,761	146,758	41,142	247,288
Goods and services transferred over time	9,543,819	5,608,814	16,499,298	12,117,981
<b>Total sales and services revenue</b>	<b>9,564,580</b>	<b>5,755,572</b>	<b>16,540,440</b>	<b>12,365,269</b>
<b>Geographical markets</b>				
State of Kuwait	9,564,580	5,741,111	16,540,440	12,335,792
Others	-	14,461	-	29,477
	<b>9,564,580</b>	<b>5,755,572</b>	<b>16,540,440</b>	<b>12,365,269</b>



# 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 2022

### 8 NET INVESTMENT (LOSS) INCOME

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Dividend income	12,088	9,098	33,488	9,098
Unrealised loss on financial assets at fair value through profit or loss	(487,382)	-	(487,382)	-
	<u>(475,294)</u>	<u>9,098</u>	<u>(453,894)</u>	<u>9,098</u>

### 9 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Staff costs	262,945	225,493	615,626	490,143
Depreciation expense	6,688	13,349	13,284	20,038
Depreciation on right-of-use assets	14,064	15,636	25,559	30,509
Interest expense on lease liabilities	9,376	5,702	17,283	11,906
Marketing and business development expenses	8,243	5,255	21,666	12,062
Charity expense	13,055	10,066	24,315	24,073
Other expenses	47,303	120,321	153,722	245,882
	<u>361,674</u>	<u>395,822</u>	<u>871,455</u>	<u>834,613</u>

### 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>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2022</i>	<i>2021</i>		
Profit for the period attributable to the equity holders of the Parent Company (KD)	<u>1,962,786</u>	<u>1,049,986</u>	<u>2,976,833</u>	<u>2,398,411</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>
<b>Basic and diluted EPS (fils)</b>	<u>20.23</u>	<u>10.82</u>	<u>30.69</u>	<u>24.73</u>

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 June 2022

### 11 DISTRIBUTIONS MADE AND PROPOSED

Proposed dividends on ordinary shares are not recognised as a liability as at 31 December since they have been approved at the annual general meeting subsequent to the reporting date.

- ▶ The Parent Company's Board of Directors in their meeting held on 29 March 2022 proposed cash dividends of 35 fils per share (aggregating to KD 3,395,000) for the year ended 31 December 2021. The 2021 proposed dividends were approved at the AGM on 20 April 2022 and paid subsequently.
- ▶ 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 and paid subsequently.

### 12 CONTINGENCIES AND COMMITMENTS

#### 12.1 Contingent liabilities

As at 30 June 2022, the Group provided guarantees for the performance of certain contracts amounting to KD 28,190,262 (31 December 2021: KD 27,917,822 and 30 June 2021: KD 28,265,028). 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 June 2022, the Group had commitments not recognised as liabilities relating to the purchase of property, plant and equipment amounting to KD 1,455,316 (31 December 2021: KD 1,826,234 and 30 June 2021: KD 732,768).

## 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 2022

#### 13 SEGMENT INFORMATION

For management purposes, the Group is organised 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-month periods ended 30 June 2022 and 2021 respectively:

	Six months ended 30 June 2022			Six months ended 30 June 2021		
	Oil field Services KD	Non-oil field services KD	Unallocated items KD	Oil field services KD	Non-oil field services KD	Unallocated items KD
Segment revenue	12,958,854	3,581,586	-	8,766,421	3,598,848	-
<b>Income/(expenses)</b>						
Cost of sales <sup>1</sup>	(7,955,130)	(3,250,242)		(5,621,971)	(2,648,204)	-
Depreciation expense	(867,676)	(182,232)	(13,284)	(783,351)	(237,817)	(20,038)
Depreciation of right-of-use assets	(84,095)	(36,033)	(25,559)	(84,996)	(46,623)	(30,509)
General and administrative expenses <sup>1</sup>	-	-	(832,612)	-	-	(784,066)
Tax expenses	-	-	(148,162)	-	-	(123,443)
Directors' remuneration	-	-	(47,074)	-	-	(38,404)
Unallocated income <sup>2</sup>	-	-	(121,508)	-	-	452,564
<b>Profit (loss) for the period</b>	<b>4,051,953</b>	<b>113,079</b>	<b>(1,188,199)</b>	<b>2,276,103</b>	<b>666,204</b>	<b>(543,896)</b>
			<b>2,976,833</b>			<b>2,398,411</b>
			<b>16,540,440</b>			<b>12,365,269</b>
			<b>(11,205,372)</b>			<b>(8,270,175)</b>
			<b>(1,063,192)</b>			<b>(1,041,206)</b>
			<b>(145,687)</b>			<b>(162,128)</b>
			<b>(832,612)</b>			<b>(784,066)</b>
			<b>(148,162)</b>			<b>(123,443)</b>
			<b>(47,074)</b>			<b>(38,404)</b>
			<b>(121,508)</b>			<b>452,564</b>

<sup>1</sup> These amounts exclude depreciation expense and depreciation of right-of-use assets.

<sup>2</sup> Unallocated income includes interest income, net investments income and other income.

**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 2022

**13 SEGMENT INFORMATION (continued)**

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2022, 31 December 2021 and 30 June 2021, respectively:

	<i>(Audited)</i>					
	<b>30 June 2022</b>		<b>31 December 2021</b>		<b>30 June 2021</b>	
	<b>Oil field services KD</b>	<b>Non-oil field Services KD</b>	<b>Oil field services KD</b>	<b>Non-oil field services KD</b>	<b>Oil field services KD</b>	<b>Non-oil field services KD</b>
Segment assets	46,177,402	1,641,243	44,429,145	1,604,887	41,204,552	1,642,891
Unallocated assets		<u>918,897</u>			<u>1,406,279</u>	
		<u>48,737,542</u>			<u>47,440,311</u>	
Segment liabilities	<u>10,199,933</u>	<u>118,029</u>	<u>8,555,220</u>	<u>43,269</u>	<u>7,929,994</u>	<u>41,206</u>
					<u>42,847,443</u>	
					<u>1,544,073</u>	
					<u>44,391,516</u>	
					<u>7,971,200</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 2022

### 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 interim condensed consolidated statement of profit or loss and other comprehensive income are as follows:

	<i>Entities under common control</i>	<i>30 June 2022</i>	<i>(Audited) 31 December 2021</i>	<i>30 June 2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Cost of sales and services rendered	-	-	38,708	20,678

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

	<i>Entities under common control</i>	<i>30 June 2022</i>	<i>(Audited) 31 December 2021</i>	<i>30 June 2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Accounts payable and accruals	-	-	-	6,668

#### 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 Six months ended 30 June</i>		<i>Balance outstanding as at 30 June</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Key management compensation</b>				
Salaries and other short-term benefits	196,508	163,573	76,295	60,482
Employees' end of service benefits	7,423	7,352	170,423	150,823
	<u>203,931</u>	<u>170,925</u>	<u>246,718</u>	<u>211,305</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.

# 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 2022

### 15 FAIR VALUE MEASUREMENT

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.

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
<b>30 June 2022</b>			
Financial assets at fair value through profit or loss	-	918,897	918,897
<b>31 December 2021 (Audited)</b>			
Financial assets at fair value through profit or loss	-	1,406,279	1,406,279
<b>30 June 2021</b>			
Financial assets at fair value through profit or loss	-	1,544,073	1,544,073

There were no transfers between any levels of the fair value hierarchy during the six months ended 30 June 2022.

#### 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 June 2022 KD	(Audited) 31 December 2021 KD	30 June 2021 KD
As at 1 January	1,406,279	936,073	936,073
Purchases / sales (net)	-	608,000	608,000
Remeasurement recognised in profit or loss	(487,382)	(137,794)	-
	<b>918,897</b>	<b>1,406,279</b>	<b>1,544,073</b>

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 2021.

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.