

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

30 SEPTEMBER 2019 (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 2019, the related interim condensed consolidated statement of profit or loss and the interim condensed consolidated statement of comprehensive income for the three-month and 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-month period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *“Review of Interim Financial Information Performed by the Independent Auditor of the Entity”*. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulation, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, during the nine-month period ended 30 September 2019 that might have had a material effect on the business of the Parent Company or on its financial position.



BADER A. AL-ABDULJADER
LICENCE NO. 207-A
EY
AL AIBAN, AL OSAIMI & PARTNERS

6 November 2019
Kuwait

National Petroleum Services Company K.S.C.P. and Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)
As at 30 September 2019

	Notes	30 September 2019 KD	31 December 2018 KD	30 September 2018 KD
ASSETS				
Non-current assets				
Property, plant and equipment		11,477,116	12,164,611	12,573,819
Current assets				
Inventories		4,595,309	3,384,236	2,991,600
Trade receivables		12,187,829	5,894,014	8,459,892
Prepayments and other receivables	3	4,458,436	3,609,087	2,763,175
Financial assets at fair value through profit or loss		1,398,097	2,226,035	2,220,944
Term deposits	4	9,780,000	11,400,000	7,400,000
Bank balances and cash		3,351,783	5,781,168	4,859,345
		35,771,454	32,294,540	28,694,956
TOTAL ASSETS		47,248,570	44,459,151	41,268,775
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	5	(654,461)	(654,461)	(654,461)
Treasury shares reserve	5	33,825	33,825	33,825
Statutory reserve		5,858,895	5,858,895	4,604,793
Voluntary reserve		5,858,895	5,858,895	4,604,793
Foreign currency translation reserve		8,418	8,418	8,418
Retained earnings		13,642,310	11,757,883	10,650,251
		38,058,587	36,174,160	32,558,324
Equity attributable to equity holders of the Parent Company		15	40,154	40,823
Non-controlling interests		38,058,602	36,214,314	32,599,147
Total equity		38,058,602	36,214,314	32,599,147
Liabilities				
Non-current liabilities				
Employees' end of service benefits		2,517,152	2,239,794	2,166,130
Current liabilities				
Accounts payable and accruals	6	6,672,816	6,005,043	6,503,498
Total liabilities		9,189,968	8,244,837	8,669,628
TOTAL EQUITY AND LIABILITIES		47,248,570	44,459,151	41,268,775

Omran Habib Jawhar Hayat
Chairman



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

National Petroleum Services Company K.S.C.P. and Subsidiaries
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)**
For the period ended 30 September 2019

Notes	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2019 KD</i>	<i>2018 KD</i>	<i>2019 KD</i>	<i>2018 KD</i>
Sales and services revenue	8,642,834	8,848,967	25,835,001	24,179,504
Cost of sales and services	(5,186,948)	(5,410,804)	(15,655,006)	(14,769,192)
GROSS PROFIT	3,455,886	3,438,163	10,179,995	9,410,312
Interest income	54,000	45,750	193,313	197,174
Net investment income	11,445	34,512	74,738	97,143
Other income	18,841	94,528	23,228	95,012
Write off of property, plant and equipment	-	-	-	(132,597)
Administrative expenses	(411,229)	(340,628)	(1,219,604)	(983,307)
PROFIT FOR THE PERIOD BEFORE TAX AND DIRECTORS' REMUNERATION	3,128,943	3,272,325	9,251,670	8,683,737
Kuwait Foundation for the Advancement of Sciences (KFAS)	(46,000)	(29,278)	(101,105)	(78,157)
National Labour Support Tax (NLST)	(81,835)	(84,082)	(240,624)	(225,938)
Zakat	(32,734)	(33,633)	(96,250)	(90,375)
Directors' remuneration	(45,000)	(37,500)	(135,000)	(112,500)
PROFIT FOR THE PERIOD	2,923,374	3,087,832	8,678,691	8,176,767
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,923,374	3,087,832	8,678,691	8,176,767
Attributable to:				
Equity holders of the Parent Company	2,923,378	3,085,173	8,681,410	8,177,625
Non-controlling interests	(4)	2,659	(2,719)	(858)
	2,923,374	3,087,832	8,678,691	8,176,767
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	9	30.14 fils	31.80 fils	89.50 fils

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2019

Equity attributable to equity holders of the Parent Company									
	Share capital KD	Share premium KD	Treasury shares KD	Treasury shares reserve KD	Statutory reserve KD	Voluntary reserve KD	Fair value reserve KD	Retained earnings KD	Sub total KD
									Non-controlling interests KD
As at 1 January 2019	10,000,000	3,310,705	(654,461)	33,825	5,858,895	5,858,895	8,418	-	11,757,883
Profit (loss) and total comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	8,681,410
Cash dividends (Note 10)	-	-	-	-	-	-	-	(6,790,000)	(6,790,000)
Acquisition of non-controlling interests in a subsidiary *	-	-	-	-	-	-	-	(6,983)	(6,983)
At 30 September 2019	10,000,000	3,310,705	(654,461)	33,825	5,858,895	5,858,895	8,418	-	13,642,310
									38,058,587
As at 1 January 2018 as previously reported	10,000,000	3,310,705	(585,062)	33,825	4,604,793	4,604,793	8,418	9,952	8,282,670
Transition adjustment on adoption of IFRS 9 at 1 January 2018	-	-	-	-	-	-	-	(9,952)	9,952
									-
Balance as at 1 January 2018 (restated)	10,000,000	3,310,705	(585,062)	33,825	4,604,793	4,604,793	8,418	-	8,292,622
Profit (loss) and total comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	8,177,625
Purchase of treasury shares	-	-	(69,399)	-	-	-	-	(5,819,996)	(69,399)
Cash dividends (Note 10)	-	-	-	-	-	-	-	-	(5,819,996)
At 30 September 2018	10,000,000	3,310,705	(654,461)	33,825	4,604,793	4,604,793	8,418	-	10,650,251
									32,558,324
									40,823
									32,599,147

* During the period ended 30 September 2019, the Group acquired an additional equity interest of 20% in Napesco India L.L.P ("subsidiary").

National Petroleum Services Company K.S.C.P. and Subsidiaries
 INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 (UNAUDITED)
 For the period ended 30 September 2019

	<i>Notes</i>	<i>Nine months ended 30 September</i>	
		<i>2019 KD</i>	<i>2018 KD</i>
OPERATING ACTIVITIES			
Profit for the period		8,678,691	8,176,767
<i>Adjustments to reconcile profit for the period to net cash flows:</i>			
Depreciation and amortisation		1,510,601	1,477,315
Depreciation on right-of-use assets	8	195,281	-
Write off of property, plant and equipment		-	132,597
Gain on sale of property, plant and equipment		(18,272)	(13,434)
Dividend income	7	(86,281)	(109,920)
Realised gain on sale of financial assets at fair value through profit or loss	7	-	(1,911)
Unrealised loss (gain) on financial assets at fair value through profit or loss	7	11,543	(5,178)
Investment expenses	7	-	19,866
Interest income		(193,313)	(197,174)
Net foreign exchange differences		3,955	-
Provision for employees' end of service benefits		373,310	353,417
		10,475,515	9,832,345
<i>Working capital adjustments:</i>			
Inventories		(1,211,073)	(280,428)
Trade receivables		(6,293,815)	1,219,970
Prepayments and other receivables		(429,223)	(642,255)
Accounts payable and accruals		38,537	250,316
		2,579,941	10,379,948
Cash generated from operations		(95,952)	(71,296)
Employees' end of service benefits paid			
		2,483,989	10,308,652
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(828,333)	(2,533,258)
Proceeds from sale of property, plant and equipment		23,499	14,525
Proceeds from redemption of financial assets at fair value through profit or loss		816,395	34,005
Dividend income received		86,281	109,920
Investment expenses paid		-	(19,866)
Interest income received		193,313	90,924
Movement in term deposits		1,620,000	(3,400,000)
Acquisition of non-controlling interests in a subsidiary		(44,403)	-
		1,866,752	(5,703,750)
FINANCING ACTIVITIES			
Dividends paid		(6,780,126)	(5,802,782)
Purchase of treasury shares		-	(69,399)
		(6,780,126)	(5,872,181)
NET DECREASE IN BANK BALANCES AND CASH			
Bank balances and cash at 1 January		(2,429,385)	(1,267,279)
		5,781,168	6,126,624
BANK BALANCES AND CASH AT 30 SEPTEMBER			
		3,351,783	4,859,345
NON-CASH ITEMS			
Adjustment to prepayments and other receivables on adoption of IFRS 16		(615,407)	-
Adjustment to account payables and accruals on adoption of IFRS 16		615,407	-
		-	-
TOTAL NON-CASH ITEMS			
		-	-

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

1 CORPORATE INFORMATION

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

The registered office of the Parent Company is at Industrial Shuaiba - Plot 3 - P.O. Box 9801 Al-Ahmadi, Postal Code 61008, State of Kuwait.

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

The interim condensed consolidated financial information for the nine months ended 30 September 2019 was authorized for issue in accordance with a resolution of the Board of Directors of the Parent Company on 6 November 2019.

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the nine months ended 30 September 2019 has been prepared in accordance with IAS 34 “Interim Financial Reporting”.

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

2.2 New standards and interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 16 Leases that requires restatement of previous financial statements. As required by IAS 34, the nature and effect of these changes are disclosed below.

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

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

IFRS 16 Leases

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

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

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

IFRS 16 Leases (continued)

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

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

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

a) Nature of the effect of adoption of IFRS 16

The Group has lease contracts for buildings, vehicles and other equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability.

In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in comprehensive income on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and other receivables and Accounts payable and accruals, respectively. Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Leases previously classified as finance leases

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

Leases previously accounted for as operating leases

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

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 2019

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

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

IFRS 16 Leases (continued)

b) Summary of new accounting policies

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

Right-of-use assets

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

Lease liabilities

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

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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

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

3 PREPAYMENTS AND OTHER RECEIVABLES

	(Audited)		
	<i>30 September 2019</i>	<i>31 December 2018</i>	<i>30 September 2018</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Advance payments to suppliers	625,995	181,178	160,521
Staff receivables	399,087	453,258	446,186
Unbilled revenue	2,792,601	2,671,426	1,876,168
Deposits and other receivables	220,627	303,225	280,300
Right-of-use asset	420,126	-	-
	<hr/> <u>4,458,436</u>	<hr/> <u>3,609,087</u>	<hr/> <u>2,763,175</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 September 2019

4 TERM DEPOSITS

Term deposits amounting to KD 9,780,000 (31 December 2018: KD 11,400,000 and 30 September 2018: KD 7,400,000) are denominated in Kuwaiti Dinars and are placed with local banks.

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

5 TREASURY SHARES AND TREASURY SHARES RESERVE

	<i>(Audited)</i>	30 September 2019	31 December 2018	30 September 2018
Number of treasury shares	3,000,000	3,000,000	3,000,000	3,000,000
Percentage of issued shares	3.00%	3.00%	3.00%	3.00%
Market value (KD)	3,090,000	2,760,000	2,460,000	2,460,000
Cost (KD)	654,461	654,461	654,461	654,461

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

6 ACCOUNTS PAYABLE AND ACCRUALS

	<i>(Audited)</i>	30 September 2019	31 December 2018	30 September 2018
		<i>KD</i>	<i>KD</i>	<i>KD</i>
Trade payables	1,833,242	789,074	818,732	
Dividends payable	70,127	60,253	83,570	
Staff accruals and other accrued expenses	3,422,726	3,897,956	4,583,544	
Advances received from subcontractors	356,655	511,056	511,056	
Lease liabilities	426,013	-	-	
KFAS, NLST and Zakat payable	429,053	566,704	394,096	
Directors' remuneration payable	135,000	180,000	112,500	
	6,672,816	6,005,043	6,503,498	

7 NET INVESTMENT INCOME

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Dividend income	23,374	36,688	86,281	109,920
Realised gain on sale of financial assets at fair value through profit or loss	-	-	-	1,911
Unrealised (loss) gain on financial assets at fair value through profit or loss	(11,929)	(2,176)	(11,543)	5,178
Investment expenses	-	-	-	(19,866)
	11,445	34,512	74,738	97,143

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 2019

8 ADMINISTRATIVE EXPENSES

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
	KD	KD	KD	KD
Staff costs	151,061	193,609	395,191	546,708
Professional fees	7,209	13,845	39,671	49,569
Depreciation and amortisation	6,478	468	18,571	25,364
Depreciation on right-of-use assets	65,094	-	195,281	-
Other expenses	181,387	132,706	570,890	361,666
	411,229	340,628	1,219,604	983,307

During the period ended 30 June 2019, certain expense amounts related to 31 March 2019 were reclassified to conform to 30 June 2019 period's presentation. Such reclassifications did not have any effect on previously reported profit or total equity of the Group.

9 EARNINGS PER SHARE (EPS)

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

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
Profit for the period attributable to the equity holders of the Parent Company (KD)	2,923,378	3,085,173	8,681,410	8,177,625
Weighted number of outstanding shares during the period:	100,000,000	100,000,000	100,000,000	100,000,000
Weighted number of shares issued				
Less: weighted average number of treasury shares	(3,000,000)	(2,977,038)	(3,000,000)	(2,977,038)
Weighted average number of shares outstanding during the period	97,000,000	97,022,962	97,000,000	97,022,962
Basic and diluted earnings per share	30.14 fils	31.80 fils	89.50 fils	84.29 fils

10 DISTRIBUTIONS MADE AND PROPOSED

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

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

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 2019

11 CONTINGENCIES AND COMMITMENTS

As at 30 September 2019, the Group had contingent liabilities in respect of letter of guarantees arising in the ordinary course of the business, amounting to KD 16,764,459 (31 December 2018: KD 8,128,894 and 30 September 2018: KD 8,209,226). Management does not anticipate any liabilities to arise, which might have a material effect on the Group's interim condensed consolidated financial information.

At 30 September 2019, the Group had capital commitments relating to the purchase of property, plant and equipment amounting to KD 1,180,421 (31 December 2018: KD 76,073 and 30 September 2018: KD 131,637). Commitments have maturity of less than 12 months from the reporting date. Delivery is expected within twelve months from the reporting date.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

12 SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on the products and services and has two reportable operating segments i.e. oil field services and non-oil field services. Management treats the operations of these segments separately for the purposes of decision making, resource allocation and performance assessment. The segment performance is evaluated based on gross profit or loss.

Oil field services

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

Non-oil field services

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

The following table presents revenue and profit information for the Group's operating segments for the nine-month period ended 30 September 2019 and 2018 respectively:

	Nine months ended 30 September 2019			Nine months ended 30 September 2018		
	Oil field services KD	Non-oil field services KD	Total KD	Oil field services KD	Non-oil field services KD	Total KD
Segment revenue	19,651,685	6,183,316	25,835,001	17,833,178	6,346,326	24,179,504
Segment cost	(10,744,064)	(4,910,942)	(15,655,006)	(9,585,713)	(5,183,479)	(14,769,192)
Segment results	8,907,621	1,272,374	10,179,995	8,247,465	1,162,847	9,410,312
Unallocated income			291,279			256,732
Unallocated costs			(1,792,583)			(1,490,277)
Profit for the period			8,678,691			8,176,767

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

12 SEGMENT INFORMATION (continued)

The following table presents assets and liabilities information for the Group's operating segments as at 30 September 2019, 31 December 2018 and 30 September 2018, respectively:

	<i>(Audited)</i>			<i>(Audited)</i>		
	30 September 2019		31 December 2018		30 September 2018	
	<i>Oil field Services KD</i>	<i>Non-oil field services KD</i>	<i>Oil field Services KD</i>	<i>Non-oil field services KD</i>	<i>Oil field Services KD</i>	<i>Non-oil field services KD</i>
Segment assets	44,529,177	1,321,296	45,850,473	1,398,097	40,730,392	1,502,724
Unallocated assets					2,226,035	
					44,459,151	
						41,268,775
Segment liabilities	9,162,556	27,412	9,189,968	8,217,425	27,412	8,244,837
						8,604,117
						65,511
						8,669,628

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 2019

13 FAIR VALUE OF FINANCIAL INSTRUMENTS

Management assessed that the fair value of financial assets and financial liabilities approximate their carrying amounts as most of these instruments are of short-term maturities or are repriced immediately based on market movements in interest rates.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

The following table shows an analysis of financial instruments measured at fair value by level of the fair value hierarchy:

	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total KD</i>
<i>At 30 September 2019</i>			
Financial assets at fair value through profit or loss	26,243	1,371,854	1,398,097
<i>At 31 December 2018 (Audited)</i>			
Financial assets at fair value through profit or loss	30,114	2,195,921	2,226,035
<i>At 30 September 2018</i>			
Financial assets at fair value through profit or loss	31,321	2,189,623	2,220,944

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

The impact on profit or loss would be immaterial if the relevant risk variables used to fair value the unquoted securities were altered by 5%.

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

	<i>At 1 January 2019 KD</i>	<i>Net (sales), (redemption) and purchases KD</i>	<i>Loss recorded in profit or loss KD</i>	<i>At 30 September 2019 KD</i>
<i>30 September 2019</i>				
<i>Assets measured at fair value</i>				
Financial assets at fair value through profit or loss	2,195,921	(816,395)	(7,672)	1,371,854
<i>31 December 2018 (Audited)</i>				
	<i>At 1 January 2018 KD</i>	<i>Net (sales) and purchases KD</i>	<i>Loss recorded in profit or loss KD</i>	<i>At 31 December 2018 KD</i>
<i>Assets measured at fair value</i>				
Financial assets at fair value through profit or loss	2,212,880	(16,204)	(755)	2,195,921

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 2019

13 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

30 September 2018	At 1 January 2018	Net (sales), reclassification and purchases	Gain recorded in profit or loss	At 30 September 2018
	KD	KD	KD	KD
<i>Assets measured at fair value</i>				
Financial assets at fair value through profit or loss	2,212,880	(32,094)	8,837	2,189,623