

**NATIONAL PETROLEUM SERVICES COMPANY - K.S.C.P.
AND ITS SUBSIDIARIES
STATE OF KUWAIT
INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2024
(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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To the Board of Directors of
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 March 31, 2024, and the interim condensed consolidated statements of profit or loss, profit of loss and other comprehensive income, changes in equity and cash flows for the three months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". 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 International Accounting Standard 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 and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the three months period ended March 31, 2024, that might have had a material effect on the business or financial position of the Parent Company.

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We further report that, during the course of our review, we have not become aware of any material violations of Law No. 7 of 2010 and its Executive Regulations, as amended, relating to the Capital Markets Authority and Regulating Securities Activities during the period ended March 31, 2024, that might have had a material effect on the Parent Company's financial position or results of its operations.

State of Kuwait
May 14, 2024

A blue ink signature of Nayef M. Al Bazie, consisting of several horizontal strokes followed by a stylized 'S' shape.

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 AT MARCH 31, 2024
(All amounts are in Kuwaiti Dinar)

	Notes	March 31, 2024	December 31, 2023 (Audited)	March 31, 2023
ASSETS				
Non-current assets:				
Property, plant and equipment		14,011,661	13,958,715	12,085,064
Investment in associates	3	17,243,977	16,615,128	-
Investment in joint venture	4	1,966,347	1,601,491	-
Financial assets at fair value through other comprehensive Income ("FVOCI")	5	1,153,319	1,172,720	-
Due from a related party	20	-	17,579	-
Right-of-use assets		202,633	277,018	397,383
Total non-current assets		34,577,937	33,642,651	12,482,447
Current assets:				
Inventories		5,409,530	4,531,445	5,233,672
Trade receivables and contract assets	6	13,592,072	12,655,113	13,265,670
Prepayments and other debit balances	7	2,634,750	2,248,937	3,229,754
Financial assets at fair value through profit or loss ("FVPL")		347	613,823	613,507
Due from a related party	20	354,599	260,572	-
Term deposits	8	12,112,451	14,069,746	17,500,000
Bank balances and cash	9	2,269,496	2,660,961	3,413,537
Total current assets		36,373,245	37,040,597	43,256,140
Total assets		70,951,182	70,683,248	55,738,587
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	10	(6,002,371)	(6,002,371)	(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
Effect of changes in other comprehensive income of associates		1,838	-	-
Foreign currency translation reserve		(15,242)	(15,259)	(15,205)
Retained earnings		25,022,197	22,639,857	20,086,557
Equity attributable to shareholders of the Parent Company		44,068,742	41,684,547	44,479,211
Non-controlling interests		14,752,917	14,281,592	10
Total equity		58,821,659	55,966,139	44,479,221
Non-current liabilities:				
Provision for employees' end of service benefits	11	2,762,616	2,779,532	3,169,235
Lease liabilities		29,920	53,867	127,417
Total non-current liabilities		2,792,536	2,833,399	3,296,652
Current liabilities:				
Account payables and accruals	12	9,146,578	11,650,349	7,682,171
Lease liabilities		190,409	233,361	280,543
Total current liabilities		9,336,987	11,883,710	7,962,714
Total liabilities		12,129,523	14,717,109	11,259,366
Total equity and liabilities		70,951,182	70,683,248	55,738,587

The accompanying notes from (1) to (21) form an integral part of the interim condensed consolidated financial information.

Sheikh Sabah Mohammad Abdulaziz Al Sabah
Chairman

Mr. Muhaiman Ali Sayed Al-Behbehani
Vice Chairman & CEO

NATIONAL PETROLEUM SERVICES COMPANY - K.S.C.P. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2024
(All amounts are in Kuwaiti Dinar)

	Notes	Three months ended March 31	
		2024	2023
Sales and services revenue	13	9,862,909	10,077,801
Cost of sales and services rendered		(7,243,638)	(7,210,879)
Gross profit		2,619,271	2,866,922
Interest income		141,462	193,858
Net investment income	14	26,161	14,097
Net other income (loss)		96,785	(10,338)
Group's share of results from associates	3	625,375	-
Group's share of results from joint venture	4	364,856	-
Provision for expected credit loss	6 – a	(106,353)	-
General and administrative expenses	15	(773,163)	(699,517)
Profit for the period before taxes and Board of Directors' remuneration		2,994,394	2,365,022
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(25,789)	(23,651)
National Labor Support Tax (NLST)		(57,835)	(64,617)
Zakat		(29,673)	(25,847)
Board of Directors' remuneration		(29,775)	(35,476)
Profit for the period		2,851,322	2,215,431
Attributable to:			
Shareholders of the Parent Company		2,381,966	2,215,431
Non-controlling interests		469,356	-
		2,851,322	2,215,431
Basic and diluted earnings per share attributable to the Parent Company's shareholders (fiIs)	16	26.37	22.84

The accompanying notes from (1) to (21) 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 PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2024
(All amounts are in Kuwaiti Dinar)

	Notes	Three months ended March 31	
		2024	2023
Profit for the period		<u>2,851,322</u>	<u>2,215,431</u>
Other comprehensive income:			
<u>Items that may be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</u>			
Foreign currency translation adjustments		17	490
Group's share of other comprehensive income of associates	3	204	-
<u>Items that will not be reclassified subsequently to the interim condensed consolidated statement of profit or loss:</u>			
Group's share of other comprehensive income of associates	3	3,270	-
Change in fair value of financial assets at FVOCI		707	-
Total other comprehensive income for the period		<u>4,198</u>	<u>490</u>
Total comprehensive income for the period		<u>2,855,520</u>	<u>2,215,921</u>
Attributable to:			
Shareholders of the Parent Company		2,384,195	2,215,921
Non-controlling interests		471,325	-
		<u>2,855,520</u>	<u>2,215,921</u>

The accompanying notes from (1) to (21) 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 MARCH 31, 2024
(All amounts are in Kuwaiti Dinar)

	Equity attributable to Shareholders of the Parent Company												
	Share Capital	Share premium	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Cumulative changes in fair values	Effect of changes in other comprehensive income of associates	Foreign currency translation reserve	Retained earnings	Subtotal	Non-controlling interests	Total equity
As at January 1, 2024	10,000,000	3,310,705	(6,002,371)	33,825	5,858,895	5,858,895	-	-	(15,259)	22,639,857	41,684,547	14,281,592	55,966,139
Profit for the period	-	-	-	-	-	-	-	-	-	2,381,966	2,381,966	469,356	2,851,322
Other comprehensive income for the period	-	-	-	-	-	-	374	1,838	17	-	2,229	1,969	4,198
Total comprehensive income for the period	-	-	-	-	-	-	374	1,838	17	2,381,966	2,384,195	471,325	2,855,520
Transfer to retained earnings on sale of financial assets at FVOCI	-	-	-	-	-	-	(374)	-	-	374	-	-	-
As at March 31, 2024	10,000,000	3,310,705	(6,002,371)	33,825	5,858,895	5,858,895	-	1,838	(15,242)	25,022,197	44,068,742	14,752,917	58,821,659
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	10	42,263,300
Profit for the period	-	-	-	-	-	-	-	-	-	2,215,431	2,215,431	-	2,215,431
Other comprehensive income for the period	-	-	-	-	-	-	-	-	490	-	490	-	490
Total comprehensive income for the period	-	-	-	-	-	-	-	-	490	2,215,431	2,215,921	-	2,215,921
As at March 31, 2023	10,000,000	3,310,705	(654,461)	33,825	5,858,895	5,858,895	-	-	(15,205)	20,086,557	44,479,211	10	44,479,221

The accompanying notes from (1) to (21) 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 MARCH 31, 2024
(All amounts are in Kuwaiti Dinar)

	Notes	Three months ended March 31	
		2024	2023
Cash flows from operating activities:			
Profit for the period before taxes and after Board of Directors' remuneration		2,964,619	2,329,546
Adjustments to reconcile profit before tax and after Board of Directors' remuneration:			
Depreciation expense		684,472	595,187
Amortization of right-of-use assets		74,385	85,574
Group's share of results from associates	3	(625,375)	-
Group's share of results from joint venture	4	(364,856)	-
Gain on sale of property, plant and equipment		(12,144)	-
Retirement of property, plant and equipment		-	59,548
Provision for slow moving inventories charged (no longer required)		27,765	(72,615)
Provision for expected credit loss	6 – a	106,353	-
Dividends income	14	(23,637)	(13,631)
Realized gain on sale of financial assets at FVPL	14	(2,528)	-
Change in fair value of financial assets at FVPL	14	4	(466)
Interest income		(141,462)	(193,858)
Net foreign exchange differences		2,816	(2,039)
Interest expense on lease liabilities	15	3,861	6,932
Provision for employees' end of service benefits	11	142,036	146,500
		<u>2,836,309</u>	<u>2,940,678</u>
Working capital changes:			
Inventories		(905,849)	318,398
Trade receivables and contract assets		(1,043,313)	100,550
Prepayments and other debit balances		(415,415)	(342,562)
Due from a related party		(76,448)	-
Account payables and accruals		917,387	515,834
Cash flows generated from operations		<u>1,312,671</u>	<u>3,532,898</u>
Provision for employees' end of service benefits paid	11	(158,952)	(429,798)
Net cash flows generated from operating activities		<u>1,153,719</u>	<u>3,103,100</u>
Cash flows from investing activities:			
Purchase of property, plant and equipment		(737,671)	(417,558)
Paid for purchase of a subsidiary	20 – b	(3,529,920)	-
Proceeds from sale of property, plant and equipment		12,399	-
Proceeds from recovery of financial assets at FVPL		616,000	-
Proceeds from sale of financial assets at FVOCI		20,108	-
Dividends income received	14	23,637	13,631
Interest income received		171,064	129,562
Net movement in term deposits		1,957,295	(1,500,000)
Net cash flows used in investing activities		<u>(1,467,088)</u>	<u>(1,774,365)</u>
Cash flows from financing activities:			
Dividends paid		(7,557)	(3,037)
Payment of lease liabilities		(70,760)	(93,643)
Net cash flows used in financing activities		<u>(78,317)</u>	<u>(96,680)</u>
Foreign currencies translations differences		<u>221</u>	<u>490</u>
Net (decrease) increase in bank balances and cash		<u>(391,465)</u>	<u>1,232,545</u>
Bank balances and cash at beginning of the period		<u>2,660,961</u>	<u>2,180,992</u>
Bank balances and cash at end of the period	9	<u>2,269,496</u>	<u>3,413,537</u>
Non-cash items excluded for the interim condensed consolidated statement of cash flows:			
Additions to right-of-use assets		-	(116,188)
Additions to lease liabilities		-	116,188

The accompanying notes from (1) to (21) 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 Kuwait Boursa. 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 the 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 affiliate 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, State of Kuwait.

The interim condensed consolidated financial information was authorized for issue by the Parent Company's Board of Directors on May 14, 2024.

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, 2023.

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, 2024, 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, 2023. 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 March 31, 2024 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2024.

NATIONAL PETROLEUM SERVICES COMPANY - K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2024
(All amounts are in Kuwaiti Dinar)

3- Investment in associates

Movement during the period / year is as follows:

	March 31, 2024	December 31, 2023 (Audited)	March 31, 2023
Balance at the beginning of the period / year	16,615,128	-	-
Related to acquisition of a subsidiary	-	16,615,128	-
Group's share of results from associates	625,375	-	-
Group's share of other comprehensive income of associates	3,474	-	-
Balance at the end of the period / year	17,243,977	16,615,128	-

4- Investment in joint venture

Movement during the period / year is as follows:

	March 31, 2024	December 31, 2023 (Audited)	March 31, 2023
Balance at the beginning of the period / year	1,601,491	-	-
Related to acquisition of a subsidiary	-	1,601,491	-
Group's share of results from joint venture	364,856	-	-
Balance at the end of the period / year	1,966,347	1,601,491	-

5- Financial assets at fair value through other comprehensive income

	March 31, 2024	December 31, 2023 (Audited)	March 31, 2023
Quoted securities	-	19,401	-
Unquoted securities	1,153,319	1,153,319	-
	1,153,319	1,172,720	-

Financial assets at FVOCI are measured at fair value as shown in Note (21).

6- Trade receivables and contract assets

	March 31, 2024	December 31, 2023 (Audited)	March 31, 2023
Trade receivables	9,587,591	9,115,824	8,429,054
Contract assets	4,293,287	3,721,742	5,042,622
Less: provision for expected credit losses (a)	(288,806)	(182,453)	(206,006)
	13,592,072	12,655,113	13,265,670

(a) Provision for expected credit losses:

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

	March 31, 2024	December 31, 2023 (Audited)	March 31, 2023
Balance at the beginning of the period / year	182,453	420,129	420,129
Charged during the period / year	106,353	-	-
Provision no longer required	-	(75,656)	-
Related to acquisition of a subsidiary	-	63,463	-
Utilized during the period / year	-	(225,483)	(214,123)
Balance at the end of the period / year	288,806	182,453	206,006

7- Prepayments and other debit balances

	March 31, 2024	December 31, 2023 (Audited)	March 31, 2023
Advance payments to suppliers	1,135,291	1,068,310	2,013,206
Staff receivables	449,862	411,718	374,000
Deposits and other debit balances	1,049,597	768,909	842,548
	2,634,750	2,248,937	3,229,754

8- Term deposits

As at March 31, 2024, the Group has term deposits amounting to KD 12,112,451 (December 31, 2023: KD 14,069,746, March 31, 2023: KD 17,500,000). These deposits carry interest rates ranging from 4.06% to 4.8% per annum (December 31, 2023: 4.46% to 4.55% per annum, March 31, 2023: 5% to 5.5% per annum).

Term deposits have an original maturity period ranging from 3 to 12 months (December 31, 2023: from 3 to 12 months, March 31, 2023: from 3 to 12 months), and it's denominated in Kuwaiti Dinars and placed with local banks.

9- Bank balances and cash

	March 31, 2024	December 31, 2023 (Audited)	March 31, 2023
Cash on hand	6,758	5,404	1,627
Cash at banks	2,262,738	2,655,557	3,411,910
	2,269,496	2,660,961	3,413,537

10- Treasury shares

	March 31, 2024	December 31, 2023 (Audited)	March 31, 2023
Number of treasury shares	9,659,912	9,659,912	3,000,000
Percentage of issued shares	9.66%	9.66%	3%
Market value (KD)	8,133,646	7,756,909	2,400,000
Cost (KD)	(6,002,371)	(6,002,371)	(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 Markets Authority guidelines.

NATIONAL PETROLEUM SERVICES COMPANY - K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2024
(All amounts are in Kuwaiti Dinar)

11- Provision for employees' end of service benefits

	March 31, 2024	December 31, 2023 (Audited)	March 31, 2023
Balance at the beginning of the period / year	2,779,532	3,452,533	3,452,533
Charged during the period / year	142,036	610,253	146,500
Paid during the period / year	(158,952)	(1,698,784)	(429,798)
Related to acquisition of a subsidiary	-	415,530	-
Balance at the end of the period / year	2,762,616	2,779,532	3,169,235

12- Account payables and accruals

	March 31, 2024	December 31, 2023 (Audited)	March 31, 2023
Trade payables	3,129,534	2,024,869	1,914,866
Dividends payable (Note 20)	635,873	643,430	335,172
Accrued staff costs	1,368,438	1,681,370	379,027
Advances received	356,655	357,868	356,655
Taxes payable	567,697	444,330	460,604
Accrued Board of Directors' remuneration (Note 20)	166,626	136,851	144,783
Contract liabilities	808,322	485,288	993,116
Due to related parties (Note 20)	14,097	3,544,017	-
Other accrued expenses and provisions	2,099,336	2,332,326	3,097,948
	9,146,578	11,650,349	7,682,171

13- Sales and services revenue

The disaggregation of the Group's sales and services revenue is as follows:

	Three months ended March 31	
	2024	2023
<u>Type of goods or services</u>		
<u>Oil field contracts</u>		
Pumping services	7,823,828	7,988,719
<u>Non-oil field contracts</u>		
Health, safety, environment, and manpower supply services	1,167,369	1,793,100
Other services	245,494	295,982
Sale of chemicals and other materials	626,218	-
Total sales and services revenue	9,862,909	10,077,801
<u>Timing of revenue recognition</u>		
Goods and services transferred at a point in time	636,935	19,282
Goods and services transferred over time	9,225,974	10,058,519
Total sales and services revenue	9,862,909	10,077,801
<u>Geographical markets</u>		
State of Kuwait	9,597,830	10,037,833
Others	265,079	39,968
	9,862,909	10,077,801

14- Net investment income

	Three months ended March 31	
	2024	2023
Dividends income	23,637	13,631
Realized gain on sale of financial assets at FVPL	2,528	-
Change in fair value of financial assets at FVPL	(4)	466
	<u>26,161</u>	<u>14,097</u>

15- General and administrative expenses

	Three months ended March 31	
	2024	2023
Staff costs	501,787	383,285
Depreciation expense	14,561	6,730
Amortization of right-of-use assets	17,149	19,925
Interest expense on lease liabilities	3,861	6,932
Professional fees	30,184	8,539
Marketing and business development expenses	17,549	86,642
Charity expense	28,870	23,357
Other expenses	159,202	164,107
	<u>773,163</u>	<u>699,517</u>

16- 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 March 31	
	2024	2023
Profit for the period attributable to the Parent Company's Shareholders	<u>2,381,966</u>	<u>2,215,431</u>
<u>Number of shares outstanding:</u>		
Number of shares issued at the beginning of the period	100,000,000	100,000,000
Less: Weighted average number of treasury shares	<u>(9,659,912)</u>	<u>(3,000,000)</u>
Weighted average number of shares outstanding at the end of the period	<u>90,340,088</u>	<u>97,000,000</u>
Basic and diluted earnings per share attributable to the Parent Company's Shareholders (fils)	<u>26.37</u>	<u>22.84</u>

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

The Parent Company's Board of Directors meeting held on March 27, 2024, recommended cash dividends of 60 fils per share and Board of Directors remuneration of KD 136,851 for the year ended December 31, 2023. These decisions are subject to the approval of the Annual Ordinary General Assembly of the Parent Company.

The Ordinary General Assembly of the shareholders of the Parent Company, 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 (a total of 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.

18- Contingent liabilities and capital commitments

Contingent liabilities

As at March 31, 2024, the Group provided guarantees for the performance of certain contracts amounting to KD 33,118,436 (December 31, 2023: KD 32,464,543, March 31, 2023: KD 27,781,864).

Capital commitments

As at March 31, 2024, the Group has capital commitments relating to the purchase of property, plant and equipment amounting to KD 63,558 (December 31, 2023: KD 1,724,483, March 31, 2023: KD 2,736,750).

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19- Segment information

For management purposes, the Group is organized into business units based on the products and services and has two 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 well 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 below table presents revenue and profit information for the Group's operating segments for the three months period ended March 31, 2024, and 2023 as follows:

	Three months ended March 31, 2024			Three months ended March 31, 2023				
	Oil field services	Non-oil field services	Unallocated items	Total	Oil field services	Non-oil field services	Unallocated items	Total
Sales and services revenue	7,823,828	2,039,081	-	9,862,909	7,988,719	2,089,082	-	10,077,801
Cost of sales and services (1)	(4,573,869)	(1,942,622)	-	(6,516,491)	(4,691,733)	(1,865,040)	-	(6,556,773)
Depreciation expense	(591,924)	(77,987)	(14,561)	(684,472)	(533,198)	(55,259)	(6,730)	(595,187)
Amortization of right-of-use assets	(41,080)	(16,156)	(17,149)	(74,385)	(49,102)	(16,547)	(19,925)	(85,574)
General and administrative expenses (1)	-	-	(741,453)	(741,453)	-	-	(672,862)	(672,862)
Tax expenses	-	-	(113,297)	(113,297)	-	-	(114,115)	(114,115)
Board of Directors' remuneration	-	-	(29,775)	(29,775)	-	-	(35,476)	(35,476)
Unallocated income (2)	-	-	1,148,286	1,148,286	-	-	197,617	197,617
Profit (loss) for the period	2,616,955	2,316	232,051	2,851,322	2,714,686	152,236	(651,491)	2,215,431

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

(2) Unallocated income includes interest income, net investment income, Group's share of results from associates and joint venture, provision for expected credit loss and net other income and loss.

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The below table presents assets and liabilities information for the Group's operating segments as at March 31, 2024, December 31, 2023 and March 31, 2023, respectively as follows:

	March 31, 2024			December 31, 2023 (Audited)			March 31, 2023		
	Oil field services	Non-oil field services	Total	Oil field services	Non-oil field services	Total	Oil field services	Non-oil field services	Total
Segment assets									
Unallocated assets	42,611,436	7,975,756	50,587,192	49,760,990	919,096	50,680,086	53,703,356	1,421,724	55,125,080
Total assets			<u>20,363,990</u>			<u>20,003,162</u>			<u>613,507</u>
			<u>70,951,182</u>			<u>70,683,248</u>			<u>55,738,587</u>
Segment liabilities									
Unallocated liabilities	10,615,783	1,513,740	12,129,523	10,612,076	575,113	11,187,189	11,021,564	237,802	11,259,366
Total liabilities			<u>-</u>			<u>3,529,920</u>			<u>-</u>
			<u>12,129,523</u>			<u>14,717,109</u>			<u>11,259,366</u>

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20- 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 certain other related parties. Prices and terms of payment relating to these transactions are approved by Group's management. Significant related party transactions and balances are as follows:

	Entities under common control	Shareholders	Joint venture	March 31, 2024	Total December 31, 2023 (Audited)	March 31, 2023
<u>Balances included in the interim condensed consolidated statement of financial position:</u>						
Financial assets at FVPL	347	-	-	347	319	403
Financial assets at FVOCI	-	-	-	-	19,401	-
Term deposits	7,045,050	-	-	7,045,050	3,002,346	-
Bank balances	784,089	-	-	784,089	1,370,494	17,857
Due from a related party (a)	-	-	354,599	354,599	278,151	-
Account payables and accruals	-	-	-	-	(129,370)	(15,285)
Due to related parties (Note 12)	(14,097)	-	-	(14,097)	(3,544,017)	-
Dividends payable (Note 12)	-	(635,873)	-	(635,873)	(643,430)	(335,172)
<u>Contingent liabilities</u>						
Letters of guarantee	6,360,181	-	-	6,360,181	6,457,426	2,154,786

- (a) The amount due from a related party (United Qmax Drilling Fluids Company – Joint venture) in respect of a loan, amounting to KD 761,572 carry an interest rate of Kibor plus 2% per annum and is recoverable in quarterly instalments commencing from April 2021. Also, the remaining amount due from the same related party amounting to KD 268,808 carries no interest and is receivable on demand. Further, an amount of KD 675,781 is due to the same related party which is netted off and is repayable on demand.
- (b) During the period ended March 31, 2024, the Group settled an amount of KD 3,529,920 due to a related party for the acquisition of a subsidiary, United Oil Projects Co. - K.S.C. (Closed) which had been purchased during the year ended December 31, 2023.

Due from a related party balance is presented as follows in consolidated statement of financial position:

	March 31, 2024	December 31, 2023 (Audited)	March 31, 2023
Non-current portion	-	17,579	-
Current portion	354,599	260,572	-
	<u>354,599</u>	<u>278,151</u>	<u>-</u>

	Entities under common control	Three months ended March 31	
		2024	2023
<u>Transactions included in the interim condensed consolidated statement of profit or loss:</u>			
Interest income	80,279	80,279	-
General and administrative expenses	411	411	442
Cost of sales and services	-	-	1,241

Compensation to key management personnel:

	Transactions values for the three months ended March 31		Balances outstanding as at March 31	
	2024	2023	2024	2023
Salaries and other short-term benefits	107,463	99,360	79,400	36,000
Employees end of service benefits	3,338	9,056	18,750	217,235
Board of Directors' remuneration (Note 12)	29,775	35,476	166,626	144,783
	<u>140,576</u>	<u>143,892</u>	<u>264,776</u>	<u>398,018</u>

21- **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:

	March 31, 2024		
	Level 1	Level 3	Total
Financial assets at FVPL	347	-	347
Financial assets at FVOCI	-	1,153,319	1,153,319
	<u>347</u>	<u>1,153,319</u>	<u>1,153,666</u>
December 31, 2023 (Audited)			
	Level 1	Level 3	Total
Financial assets at FVPL	319	613,504	613,823
Financial assets at FVOCI	19,401	1,153,319	1,172,720
	<u>19,720</u>	<u>1,766,823</u>	<u>1,786,543</u>
March 31, 2023			
	Level 1	Level 3	Total
Financial assets at FVPL	403	613,104	613,507

The Parent Company's management believes that there is no significant change in the fair value of the financial assets at FVPL during the three months ended March 31, 2024.

There were no transfers between any levels of the fair value hierarchy during the period ended March 31, 2024.

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The detailed movement for items measured within level 3 is as follows:

	Financial assets at FVPL	Financial assets at FVOCI	March 31, 2024	December 31, 2023 (Audited)	March 31, 2023
As at beginning of the period / year	613,504	1,153,319	1,766,823	612,604	612,604
Recoveries	(613,500)	-	(613,500)	-	-
Related to acquisition of a subsidiary	-	-	-	1,153,319	-
Change in fair value	(4)	-	(4)	900	500
As at end of the period / year	-	1,153,319	1,153,319	1,766,823	613,104