

**NATIONAL PETROLEUM SERVICES COMPANY - K.S.C.P.
AND ITS SUBSIDIARIES
STATE OF KUWAIT
INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2024
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

CONTENTS

Report on review of interim condensed consolidated financial information	
	<u>Pages</u>
Interim condensed consolidated statement of financial position (unaudited)	3
Interim condensed consolidated statement of profit or loss (unaudited)	4
Interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited)	5
Interim condensed consolidated statement of changes in equity (unaudited)	6
Interim condensed consolidated statement of cash flows (unaudited)	7
Notes to interim condensed consolidated financial information (unaudited)	8 – 18

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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 September 30, 2024, and the interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income for the three and nine month periods then ended, and statements of changes in equity and cash flows for the nine 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 Standards 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 nine months period ended September 30, 2024, that might have had a material effect on the Parent Company's financial position or results of its operations.

-2-

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 September 30, 2024, that might have had a material effect on the Parent Company's financial position or results of its operations.

State of Kuwait
November 13, 2024



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 SEPTEMBER 30, 2024
(All amounts are in Kuwaiti Dinar)

	Notes	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
ASSETS				
Non-current assets:				
Property, plant and equipment		13,620,688	13,958,715	13,874,829
Investment in associates	3	17,136,436	16,615,128	-
Investment in joint venture	4	3,077,482	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		98,167	277,018	243,687
Total non-current assets		35,086,092	33,642,651	14,118,516
Current assets:				
Inventories		5,108,686	4,531,445	4,461,004
Trade receivables and contract assets	6	11,388,594	12,655,113	10,022,460
Prepayments and other debit balances	7	3,284,491	2,248,937	2,736,941
Financial assets at fair value through profit or loss ("FVPL")		583	613,823	618,407
Due from a related party	20	-	260,572	-
Term deposits	8	15,069,238	14,069,746	21,500,000
Cash and cash equivalents	9	3,534,732	2,660,961	2,095,276
Total current assets		38,386,324	37,040,597	41,434,088
Total assets		73,472,416	70,683,248	55,552,604
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		768	-	-
Foreign currency translation reserve		(14,286)	(15,259)	(15,415)
Retained earnings		25,709,506	22,639,857	19,434,836
Equity attributable to shareholders of the Parent Company		44,755,937	41,684,547	43,827,280
Non-controlling interests		14,957,497	14,281,592	10
Total equity		59,713,434	55,966,139	43,827,290
Non-current liabilities:				
Provision for employees' end of service benefits	11	3,095,276	2,779,532	3,198,299
Lease liabilities		7,591	53,867	51,732
Total non-current liabilities		3,102,867	2,833,399	3,250,031
Current liabilities:				
Account payables and accruals	12	10,560,382	11,650,349	8,272,674
Lease liabilities		95,733	233,361	202,609
Total current liabilities		10,656,115	11,883,710	8,475,283
Total liabilities		13,758,982	14,717,109	11,725,314
Total equity and liabilities		73,472,416	70,683,248	55,552,604

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 Naser 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 SEPTEMBER 30, 2024
(All amounts are in Kuwaiti Dinar)

	Notes	Three months ended September 30		Nine months ended September 30	
		2024	2023	2024	2023
Sales and services revenue	13	10,482,664	10,275,281	30,111,281	29,668,857
Cost of sales and services rendered		(6,894,936)	(7,239,392)	(21,021,080)	(21,682,308)
Gross profit		3,587,728	3,035,889	9,090,201	7,986,549
Interest income		121,760	216,916	396,243	649,103
Investment income	14	18,436	19,392	44,581	49,802
Other income		17,660	142,832	241,036	148,032
Group's share of results from associates	3	737,293	-	1,922,362	-
Group's share of results from joint venture	4	512,161	-	1,475,991	-
Provision for expected credit loss (charged) no longer required	6 – a	(35,468)	-	(165,333)	75,657
General and administrative expenses	15	(798,718)	(687,957)	(2,390,323)	(2,072,768)
Profit for the period before taxes and Board of Directors' remuneration		4,160,852	2,727,072	10,614,758	6,836,375
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(45,158)	(27,271)	(105,668)	(68,364)
National Labor Support Tax (NLST)		(96,880)	(61,041)	(219,474)	(180,344)
Zakat		(47,477)	(23,690)	(111,938)	(71,411)
Board of Directors' remuneration		(55,752)	(40,906)	(120,443)	(102,546)
Profit for the period		3,915,585	2,574,164	10,057,235	6,413,710
Attributable to:					
Shareholders of the Parent Company		3,340,662	2,574,164	8,489,680	6,413,710
Non-controlling interests		574,923	-	1,567,555	-
		3,915,585	2,574,164	10,057,235	6,413,710
Basic and diluted earnings per share attributable to the Parent Company's Shareholders (fils)	16	36.98	26.54	93.97	66.12

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 SEPTEMBER 30, 2024
(All amounts are in Kuwaiti Dinar)

	Notes	Three months ended September 30		Nine months ended September 30	
		2024	2023	2024	2023
Profit for the period		3,915,585	2,574,164	10,057,235	6,413,710
Other comprehensive (loss) income:					
<u>Items that may be reclassified</u> <u>subsequently to the interim condensed</u> <u>consolidated statement profit or loss:</u>					
Foreign currency translation adjustments		714	(511)	973	280
Group's share of other comprehensive loss of associates	3	(723)	-	(519)	-
<u>Items that will not be reclassified</u> <u>subsequently to the interim condensed</u> <u>consolidated statement profit or loss:</u>					
Group's share of other comprehensive (loss) income of associates	3	(1,626)	-	1,970	-
Change in fair value of financial assets at FVOCI		-	-	707	-
Total other comprehensive (loss) income for the period		(1,635)	(511)	3,131	280
Total comprehensive income for the period		3,913,950	2,573,653	10,060,366	6,413,990
Attributable to:					
Shareholders of the Parent Company		3,340,133	2,573,653	8,491,795	6,413,990
Non-controlling interests		573,817	-	1,568,571	-
		3,913,950	2,573,653	10,060,366	6,413,990

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 SEPTEMBER 30, 2024
(All amounts are in Kuwaiti Dinar)

	Equity attributable to Shareholders of the Parent Company											Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Cumulative changes in fair value	Effect of changes in other comprehensive income of associates	Foreign currency translation reserve	Retained earnings	Subtotal		
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	-	-	-	-	-	-	-	-	-	8,489,680	8,489,680	1,567,555	10,057,235
Other comprehensive income for the period	-	-	-	-	-	-	374	768	973	-	2,115	1,016	3,131
Total comprehensive income for the period	-	-	-	-	-	-	374	768	973	8,489,680	8,491,795	1,568,571	10,060,366
Transfer to retained earnings on sale of financial assets at FVOCI	-	-	-	-	-	-	(374)	-	-	374	-	-	-
Cash dividends (Note 17)	-	-	-	-	-	-	-	-	-	(5,420,405)	(5,420,405)	-	(5,420,405)
Cash dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(706,166)	(706,166)
Effect of change in ownership interest of subsidiary	-	-	-	-	-	-	-	-	-	-	-	(186,500)	(186,500)
As at September 30, 2024	10,000,000	3,310,705	(6,002,371)	33,825	5,858,895	5,858,895	-	768	(14,286)	25,709,506	44,755,937	14,957,497	59,713,434
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	-	-	-	-	-	-	-	-	-	6,413,710	6,413,710	-	6,413,710
Other comprehensive income for the period	-	-	-	-	-	-	-	-	280	-	280	-	280
Total comprehensive income for the period	-	-	-	-	-	-	-	-	280	6,413,710	6,413,990	-	6,413,990
Cash dividends (Note 17)	-	-	-	-	-	-	-	-	-	(4,850,000)	(4,850,000)	-	(4,850,000)
As at September 30, 2023	10,000,000	3,310,705	(654,461)	33,825	5,858,895	5,858,895	-	-	(15,415)	19,434,836	43,827,280	10	43,827,290

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 SEPTEMBER 30, 2024
(All amounts are in Kuwaiti Dinar)

		Nine months ended September 30	
	Notes	2024	2023
Cash flows from operating activities:			
Profit for the period before taxes and after Board of Directors' remuneration		10,494,315	6,733,829
<u>Adjustments to reconcile profit before taxes and after Board of Directors' remuneration:</u>			
Depreciation expense		2,095,911	1,861,762
Amortization of right-of-use assets		178,851	239,270
Group's share of results from associates	3	(1,922,362)	-
Group's share of results from joint venture	4	(1,475,991)	-
Gain on sale of property, plant and equipment		(115,081)	(63,783)
Retirement of property, plant and equipment		-	59,548
Provision for slow moving inventories charged (no longer required)		1,683	(72,615)
Provision for expected credit loss charged (no longer required)	6 – a	165,333	(75,657)
Dividends income	14	(41,821)	(44,436)
Realized gain on sale of financial assets at FVPL	14	(2,500)	-
Change in fair value of financial assets at FVPL	14	(260)	(5,366)
Interest income		(396,243)	(649,103)
Net foreign exchange differences		13,384	12,048
Interest expense on lease liabilities	15	8,555	17,263
Provision for employees' end of service benefits	11	562,629	489,717
		<u>9,566,403</u>	<u>8,502,477</u>
Change in working capital:			
Inventories		(578,924)	1,091,066
Trade receivables and contract assets		1,101,186	3,419,417
Prepayments and other debit balances		(1,056,118)	284,959
Due from a related party		278,151	-
Account payables and accruals		2,298,423	1,178,075
Cash flows generated from operations		<u>11,609,121</u>	<u>14,475,994</u>
Provision for employees' end of service benefits paid	11	(246,885)	(743,951)
Taxes paid		(422,749)	(355,582)
Net cash flows generated from operating activities		<u>10,939,487</u>	<u>13,376,461</u>
Cash flows from investing activities:			
Purchase of property, plant and equipment		(1,758,138)	(3,473,898)
Paid for acquisition of a subsidiary	20 – b	(3,529,920)	-
Proceeds from sale of property, plant and equipment		115,335	63,783
Proceeds from recovery of financial assets at FVPL		616,000	-
Proceeds from sale of financial assets at FVOCI		20,108	-
Dividend income received	14	41,821	44,436
Dividend income received from associates	3	1,402,505	-
Interest income received		416,807	450,099
Net movement in term deposits		(999,492)	(5,500,000)
Paid for change in ownership interest of subsidiary		(186,500)	-
Net cash flows used in investing activities		<u>(3,861,474)</u>	<u>(8,415,580)</u>
Cash flows from financing activities:			
Cash dividends paid		(5,350,308)	(4,789,284)
Cash dividends paid to non-controlling interests		(662,448)	-
Payment of lease liabilities		(192,459)	(257,593)
Net cash flows used in financing activities		<u>(6,205,215)</u>	<u>(5,046,877)</u>
Foreign currency translation adjustments		<u>973</u>	<u>280</u>
Net increase (decrease) in cash and cash equivalents		873,771	(85,716)
Cash and cash equivalents at the beginning of the period		2,660,961	2,180,992
Cash and cash equivalents at the end of the period	9	<u>3,534,732</u>	<u>2,095,276</u>
Non-cash items excluded from 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.

NATIONAL PETROLEUM SERVICES COMPANY K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2024

(All amounts are in Kuwaiti Dinar)

1- Incorporation and activities

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

The main objectives of the Parent Company are as follows:

- Performing all support services for wells drilling, repairing and preparation for production as well as wells maintenance-related services.
- Establishing industrial firms for the purpose of manufacturing and producing the equipment and materials necessary for achieving such objectives after obtaining the approval of the competent authorities.
- Importing and owning machines, tools and materials necessary for achieving its objectives.
- Owning lands and real estate necessary for establishing its facilities and equipment.
- Importing and exporting chemicals necessary for the execution of the works stated above.
- Concluding agreements and obtaining privileges which it deems necessary for 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 affiliated those entities.

The Parent Company is located at Shuaiba Industrial Area, Al-Ahmadi, Plot 3 and its registered postal address is P.O. Box 9801, 61008, Kuwait.

The interim condensed consolidated financial information was authorized for issue by the Parent Company's Board of Directors on November 13, 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 September 30, 2024, are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2024. Certain prior period / year amounts have been regrouped in order to conform to the current period presentation. Such regroupings do not affect previously reported assets, liabilities, equity and profit for the prior period / year.

NATIONAL PETROLEUM SERVICES COMPANY K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2024

(All amounts are in Kuwaiti Dinar)

3- Investment in associates

Movement during the period / year is as follows:

	September 30, 2024	December 31, 2023 (Audited)	September 30, 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	1,922,362	-	-
Dividend income received from associates	(1,402,505)	-	-
Group's share of other comprehensive income of associates	1,451	-	-
Balance at the end of the period / year	17,136,436	16,615,128	-

4- Investment in joint venture

Movement during the period / year is as follows:

	September 30, 2024	December 31, 2023 (Audited)	September 30, 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	1,475,991	-	-
Balance at the end of the period / year	3,077,482	1,601,491	-

5- Financial assets at fair value through other comprehensive income

	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Quoted equity securities	-	19,401	-
Unquoted equity 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

	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Trade receivables	8,123,272	9,115,824	6,635,001
Contract assets	3,613,108	3,721,742	3,506,449
Less: provision for expected credit losses (a)	(347,786)	(182,453)	(118,990)
	11,388,594	12,655,113	10,022,460

NATIONAL PETROLEUM SERVICES COMPANY K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2024

(All amounts are in Kuwaiti Dinar)

(a) Provision for expected credit losses:

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

	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Balance at the beginning of the period / year	182,453	420,129	420,129
Charged during the period / year	165,333	-	-
Provision no longer required	-	(75,657)	(75,657)
Related to acquisition of a subsidiary	-	63,463	-
Utilized during the period / year	-	(225,482)	(225,482)
Balance at the end of the period / year	347,786	182,453	118,990

7- Prepayments and other debit balances

	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Advance payments to suppliers	1,563,069	1,068,310	1,126,439
Staff receivables	534,224	411,718	412,008
Deposits and other debit balances	1,187,198	768,909	1,198,494
	3,284,491	2,248,937	2,736,941

8- Term deposits

As at September 30, 2024, the Group has term deposits amounting to KD 15,069,238 (December 31, 2023: KD 14,069,746 and September 30, 2023: KD 21,500,000). These deposits carry interest rates ranging from 3.94% to 4.55% per annum (December 31, 2023: from 4.46% to 4.55% per annum and September 30, 2023: from 4.125% 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 and September 30, 2023: from 3 to 12 months) and are denominated in Kuwaiti Dinars and placed with local banks.

9- Cash and cash equivalents

	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Cash on hand	5,690	5,404	3,741
Cash at banks	2,857,042	2,655,557	2,091,535
Term deposit *	672,000	-	-
	3,534,732	2,660,961	2,095,276

* Term deposit carry interest rate of 3.88% per annum, and has an original maturity period of 62 days, and is denominated in Kuwaiti Dinars, and placed with a local bank.

10- Treasury shares

	September 30, 2024	December 31, 2023 (Audited)	September 30, 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)	8,297,864	7,756,909	2,217,000
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)
SEPTEMBER 30, 2024

(All amounts are in Kuwaiti Dinar)

11- Provision for employees' end of service benefits

	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Balance at the beginning of the period / year	2,779,532	3,452,533	3,452,533
Charged during the period / year	562,629	610,253	489,717
Paid during the period / year	(246,885)	(1,698,784)	(743,951)
Related to acquisition of a subsidiary	-	415,530	-
Balance at the end of the period / year	3,095,276	2,779,532	3,198,299

12- Account payables and accruals

	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Trade payables	3,475,665	2,024,869	3,603,146
Dividends payable (Note 20)	757,245	643,430	398,925
Accrued staff costs	1,337,538	1,681,370	969,163
Advances received	356,655	357,868	356,655
Taxes payable	429,904	415,573	311,026
Accrued Board of Directors' remuneration (Note 20)	120,443	136,851	102,546
Contract liabilities	944,298	485,288	501,971
Due to related parties (Note 20)	177,332	3,544,017	-
Accrued expenses and other provisions	2,961,302	2,361,083	2,029,242
	10,560,382	11,650,349	8,272,674

13- Sales and services revenue

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
<u>Type of goods or services</u>				
<u>Oil field contracts</u>				
Pumping services	8,300,390	8,331,365	23,791,709	23,699,151
<u>Non-oil field contracts</u>				
Health, safety, environment and man-power supply services	1,259,341	1,719,079	3,725,443	5,201,699
Other services	197,715	224,837	651,407	768,007
Sale of chemicals and other materials	725,218	-	1,942,722	-
Total sales and services revenue	10,482,664	10,275,281	30,111,281	29,668,857
<u>Timing of revenue recognition</u>				
Goods and services transferred at a point in time	810,456	23,439	2,122,947	45,822
Goods and services transferred over time	9,672,208	10,251,842	27,988,334	29,623,035
Total sales and services revenue	10,482,664	10,275,281	30,111,281	29,668,857
<u>Geographical markets</u>				
State of Kuwait	10,216,016	10,261,637	29,383,102	29,597,166
Others	266,648	13,644	728,179	71,691
	10,482,664	10,275,281	30,111,281	29,668,857

NATIONAL PETROLEUM SERVICES COMPANY K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

SEPTEMBER 30, 2024

(All amounts are in Kuwaiti Dinar)

14- Investment income

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Dividends income	18,179	15,492	41,821	44,436
Realized gain on sale of financial assets at FVPL	-	-	2,500	-
Change in fair value of financial assets at FVPL	257	3,900	260	5,366
	<u>18,436</u>	<u>19,392</u>	<u>44,581</u>	<u>49,802</u>

15- General and administrative expenses

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Staff costs	495,260	468,341	1,548,038	1,268,023
Depreciation expense	15,082	8,213	44,097	21,608
Amortization of right-of-use assets	7,095	10,245	34,126	40,415
Interest expense on lease liabilities	2,038	4,591	8,555	17,263
Professional fees	35,422	24,351	97,371	66,350
Marketing and business development expenses	20,977	30,262	47,729	156,737
Charity expense	47,286	24,800	113,584	63,641
Other expenses	175,558	117,154	496,823	438,731
	<u>798,718</u>	<u>687,957</u>	<u>2,390,323</u>	<u>2,072,768</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 September 30		Nine months ended September 30	
	2024	2023	2024	2023
Profit for the period attributable to the Parent Company's Shareholders	<u>3,340,662</u>	<u>2,574,164</u>	<u>8,489,680</u>	<u>6,413,710</u>
<u>Number of shares outstanding:</u>				
Number of shares issued at the beginning of the period	100,000,000	100,000,000	100,000,000	100,000,000
Less: Weighted average number of treasury shares	<u>(9,659,912)</u>	<u>(3,000,000)</u>	<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>	<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>36.98</u>	<u>26.54</u>	<u>93.97</u>	<u>66.12</u>

NATIONAL PETROLEUM SERVICES COMPANY K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2024

(All amounts are in Kuwaiti Dinar)

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

The Ordinary General Assembly of the Parent Company's Shareholders held on May 20, 2024 approved the consolidated financial statements for the year ended December 31, 2023 and approved the recommendations of the Board of Directors to distribute cash dividends of 60 fils per share (totaling KD 5,420,405), and remuneration for the Parent Company's Board of Directors amounting to KD 136,851 for the year ended December 31, 2023.

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

18- Contingent liabilities and capital commitments

Contingent liabilities

The Group provided guarantees for the performance of certain contracts as follows:

	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Letters of guarantee and letters of credit	36,052,221	32,464,543	27,963,404
Letters of guarantee and letters of credit – related to a subsidiary	4,413,131	4,429,590	-
	40,465,352	36,894,133	27,963,404

Capital commitments

At September 30, 2024, the Group has capital commitments relating to the purchase of property, plant and equipment amounting to KD 1,178,936 (December 31, 2023: KD 1,724,483 and September 30, 2023: KD 513,859).

NATIONAL PETROLEUM SERVICES COMPANY K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2024
(All amounts are in Kuwaiti Dinar)

19- Segment information

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

- **Oil field services** : Oil field services comprise of cementing and stimulation formulations for different applications and operating environments for oil rigs. It mainly includes well cementing services, and 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 table below presents revenue and profit information for the Group's operating segments for the nine-months period ended September 30, 2024 and 2023 as follows:

	Nine months ended September 30, 2024				Nien months ended September 30, 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	23,791,709	6,319,572	-	30,111,281	23,699,151	5,969,706	-	29,668,857
Cost of sales and services (1)	(13,267,002)	(5,557,539)	-	(18,824,541)	(14,116,111)	(5,527,188)	-	(19,643,299)
Depreciation expense	(1,803,982)	(247,832)	(44,097)	(2,095,911)	(1,669,357)	(170,797)	(21,608)	(1,861,762)
Amortization of right-of-use assets	(88,192)	(56,533)	(34,126)	(178,851)	(150,022)	(48,833)	(40,415)	(239,270)
General and administrative expenses (1)	-	-	(2,312,100)	(2,312,100)	-	-	(2,010,745)	(2,010,745)
Tax expenses	-	-	(437,080)	(437,080)	-	-	(320,119)	(320,119)
Board of Directors' remuneration	-	-	(120,443)	(120,443)	-	-	(102,546)	(102,546)
Net unallocated income (2)	-	-	3,914,880	3,914,880	-	-	922,594	922,594
Profit (loss) for the period	8,632,533	457,668	967,034	10,057,235	7,763,661	222,888	(1,572,839)	6,413,710

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

(2) Net unallocated income includes interest income, investment income, other income, Group's share of results from associates and joint venture and provision for expected credit loss (charged) no longer required.

NATIONAL PETROLEUM SERVICES COMPANY K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2024
(All amounts are in Kuwaiti Dinar)

The below table presents assets and liabilities information for the Group's operating segments as at September 30, 2024, December 31, 2023 and September 30, 2023, respectively as follows:

	September 30, 2024			December 31, 2023 (Audited)			September 30, 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	<u>44,094,274</u>	<u>8,010,324</u>	<u>52,104,598</u>	<u>49,760,990</u>	<u>919,096</u>	<u>50,680,086</u>	<u>53,983,292</u>	<u>950,905</u>	<u>54,934,197</u>
Unallocated assets			<u>21,367,818</u>			<u>20,003,162</u>			<u>618,407</u>
Total assets			<u>73,472,416</u>			<u>70,683,248</u>			<u>55,552,604</u>
Segment liabilities	<u>12,042,608</u>	<u>1,716,374</u>	<u>13,758,982</u>	<u>10,612,076</u>	<u>575,113</u>	<u>11,187,189</u>	<u>11,497,235</u>	<u>228,079</u>	<u>11,725,314</u>
Unallocated liabilities			<u>-</u>			<u>3,529,920</u>			<u>-</u>
Total liabilities			<u>13,758,982</u>			<u>14,717,109</u>			<u>11,725,314</u>

NATIONAL PETROLEUM SERVICES COMPANY K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2024

(All amounts are in Kuwaiti Dinar)

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, joint venture and 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:

Balances included in the interim condensed consolidated statement of financial position:

	Entities under common control	Shareholders	Joint venture	September 30, 2024	Total December 31, 2023 (Audited)	September 30, 2023
Financial assets at FVPL	583	-	-	583	319	403
Financial assets at FVOCI	-	-	-	-	19,401	-
Term deposits	8,151,939	-	-	8,151,939	3,002,346	-
Bank balances	769,951	-	-	769,951	1,370,494	16,990
Due from a related party (a)	-	-	-	-	278,151	-
Account payables and accruals	-	-	-	-	(129,370)	(16,361)
Due to related parties (Note 12)	(14,097)	-	(163,235)	(177,332)	(3,544,017)	-
Dividends payable (Note 12)	-	(757,245)	-	(757,245)	(643,430)	(398,925)

Contingent liabilities:

Letters of guarantee	7,966,377	-	-	7,966,377	6,457,426	2,052,036
----------------------	-----------	---	---	-----------	-----------	-----------

- (a) Amount due to related parties includes loan due from United Qmax Drilling Fluids Company – Joint venture, amounting to KD 461,572 (December 31, 2023: KD 836,572) carry an interest rate of Kibor plus 2% per annum, and is recoverable in quarterly instalments commencing from April 2021. Also, there is an amount due from the same related party amounting to KD 279,660 (December 31, 2023: KD 286,528) carries no interest and is receivable on demand. Further, an amount of KD 904,467 (December 31, 2023: KD 846,825) is due to the same related party which is netted off and presented as due to a related party amounting to KD 163,235 (December 31, 2023: Due from a related party amounting to KD 276,275).

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

	September 30, 2024	December 31, 2023 (Audited)	September 30, 2023
Non-current portion	-	17,579	-
Current portion	-	260,572	-
	-	278,151	-

- (b) During the period ended September 30, 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.

Transactions included in the interim condensed consolidated statement of profit or loss:

	Entities under common control	Joint venture	Nine months ended September 30	
			2024	2023
Interest income	230,104	30,364	260,468	-
General and administrative expenses	4,570	-	4,570	1,309
Cost of sales and services rendered	-	-	-	20,614

NATIONAL PETROLEUM SERVICES COMPANY K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2024

(All amounts are in Kuwaiti Dinar)

Compensation to key management personnel:

	Transaction values for the nine months ended September 30		Balances outstanding as at September 30	
	2024	2023	2024	2023
Salaries and other short term benefits	402,786	347,615	126,000	138,000
Employees' end of service benefits	13,116	27,167	28,528	235,346
Board of Directors' remuneration (Note 12)	120,443	102,546	120,443	102,546
	536,345	477,328	274,971	475,892

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:

September 30, 2024			
	Level 1	Level 3	Total
Financial assets at FVPL	583	-	583
Financial assets at FVOCI	-	1,153,319	1,153,319
	583	1,153,319	1,153,902
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
	19,720	1,766,823	1,786,543
September 30, 2023			
	Level 1	Level 3	Total
Financial assets at FVPL	403	618,004	618,407

The Parent Company's management believes that there is no significant change in fair value of financial assets at FVOCI measured within level 3 during the nine months ended September 30, 2024.

There were no transfers between any levels of the fair value hierarchy during the period ended September 30, 2024.

NATIONAL PETROLEUM SERVICES COMPANY K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2024

(All amounts are in Kuwaiti Dinar)

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

	Financial assets at FVPL	Financial assets at FVOCI	September 30, 2024	Total December 31, 2023 (Audited)	September 30, 2023
Balance at the 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	5,400
Balance at the end of the period / year	<u>-</u>	<u>1,153,319</u>	<u>1,153,319</u>	<u>1,766,823</u>	<u>618,004</u>