

**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, 2023
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONDENSED
CONSOLIDATED FINANCIAL INFORMATION**

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2023
(UNAUDITED)
WITH
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

CONTENTS

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

RSM Albazie & Co.

Arraya Tower 2, Floors 41 & 42
Abdulaziz Hamad Alsaqar St., Sharq
P.O. Box 2115, Safat 13022, State of Kuwait

T +965 22961000
F +965 22412761

www.rsm.global/kuwait

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 March 31, 2023, and the interim condensed consolidated statements of profit or 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.

Other Matter

The interim condensed consolidated financial information for the period ended March 31, 2022, and the consolidated financial statements for the year ended December 31, 2022, were reviewed / audited by another auditor who expressed unmodified conclusion / opinion thereon on May 15, 2022, and March 16, 2023, respectively.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016 and its Executive Regulations, as amended or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended during the three months period ended March 31, 2023, that might have had a material effect on the business or financial position of the Parent Company.

We further report that, during the course of our reviews, 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, 2023, that might have had a material effect on the Parent Company's financial position or results of its operations.

State of Kuwait
May 14, 2023


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

NATIONAL PETROLEUM SERVICES COMPANY - K.S.C.P. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2023
(All amounts are in Kuwaiti Dinar)

	Notes	March 31, 2023	December 31, 2022 (Audited)	March 31, 2022
ASSETS				
Non-current assets:				
Property, plant and equipment		12,085,064	12,322,241	9,531,106
Right-of-use assets		397,383	366,769	603,235
Total non-current assets		12,482,447	12,689,010	10,134,341
Current assets:				
Inventories		5,233,672	5,479,455	4,557,071
Trade receivables and contract assets	3	13,265,670	13,366,220	12,095,179
Prepayments and other debit balances	4	3,229,754	2,822,896	4,247,083
Financial assets at fair value through profit or loss		613,507	613,041	1,406,279
Term deposits	5	17,500,000	16,000,000	14,000,000
Bank balances and cash		3,413,537	2,180,992	2,209,038
Total current assets		43,256,140	40,462,604	38,514,650
Total assets		55,738,587	53,151,614	48,648,991
EQUITY AND LIABILITIES				
Equity:				
Share capital		10,000,000	10,000,000	10,000,000
Share premium		3,310,705	3,310,705	3,310,705
Treasury shares	6	(654,461)	(654,461)	(654,461)
Treasury shares reserve		33,825	33,825	33,825
Statutory reserve		5,858,895	5,858,895	5,858,895
Voluntary reserve		5,858,895	5,858,895	5,858,895
Foreign currency translation reserve		(15,205)	(15,695)	(8,072)
Retained earnings		20,086,557	17,871,126	15,456,068
Equity attributable to shareholders of the Parent Company		44,479,211	42,263,290	39,855,855
Non-controlling interests		10	10	14
Total equity		44,479,221	42,263,300	39,855,869
Non-current liabilities:				
Provision for employees' end of service benefits	7	3,169,235	3,452,533	3,140,497
Lease liabilities		127,417	164,422	307,778
Total non-current liabilities		3,296,652	3,616,955	3,448,275
Current liabilities:				
Account payables and accruals	8	7,682,171	7,057,298	5,039,092
Lease liabilities		280,543	214,061	305,755
Total current liabilities		7,962,714	7,271,359	5,344,847
Total liabilities		11,259,366	10,888,314	8,793,122
Total equity and liabilities		55,738,587	53,151,614	48,648,991

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

Sheikh Sabah Mohammad Abdulaziz Al Sabah
Chairman

Mr. Muhaiman Ali Sayed Al-Behbehani
Vice Chairman

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, 2023
(All amounts are in Kuwaiti Dinar)

	Notes	Three months ended March 31	
		2023	2022
Sales and services revenue	9	10,077,801	6,975,860
Cost of sales and services rendered		(7,210,879)	(5,503,219)
Gross profit		2,866,922	1,472,641
Interest income		193,858	70,540
Investment income	10	14,097	21,400
Net other (loss) income		(10,338)	30,959
General and administrative expenses	11	(699,517)	(509,781)
Profit for the period before taxes and Board of Directors' remuneration		2,365,022	1,085,759
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		(23,651)	(10,858)
National Labor Support Tax (NLST)		(64,617)	(31,834)
Zakat		(25,847)	(12,734)
Board of Directors' remuneration		(35,476)	(16,286)
Profit for the period		2,215,431	1,014,047
Profit for the period attributable to the Parent Company's shareholders		2,215,431	1,014,047
Other comprehensive income for the period:			
<u>Item that may be reclassified subsequently to the interim condensed consolidated statement profit or loss:</u>			
Foreign currency translation adjustments		490	-
Total comprehensive income for the period		2,215,921	1,014,047
Total comprehensive income attributable to the Parent Company's shareholders		2,215,921	1,014,047
Basic and diluted earnings per share attributable to the Parent Company's shareholders (fils)	12	22.84	10.45

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

NATIONAL PETROLEUM SERVICES COMPANY - K.S.C.P. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023
(All amounts are in Kuwaiti Dinar)

	Share Capital	Share premium	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Foreign currency translation reserve	Retained earnings	Subtotal	Non- controlling interests	Total equity
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
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
As at January 1, 2022	10,000,000	3,310,705	(654,461)	33,825	5,858,895	5,858,895	(8,072)	14,442,021	38,841,808	14	38,841,822
Total comprehensive income for the period	-	-	-	-	-	-	-	1,014,047	1,014,047	-	1,014,047
As at March 31, 2022	10,000,000	3,310,705	(654,461)	33,825	5,858,895	5,858,895	(8,072)	15,456,068	39,855,855	14	39,855,869

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

NATIONAL PETROLEUM SERVICES COMPANY - K.S.C.P. AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023
(All amounts are in Kuwaiti Dinar)

		Three months ended March 31	
	Notes	2023	2022
Cash flows from operating activities:			
Profit for the period before taxes and after Board of Directors' remuneration		2,329,546	1,069,473
<u>Adjustments to reconcile profit before tax and after Board of Directors' remuneration:</u>			
Depreciation expense		595,187	534,263
Amortization of right-of-use assets		85,574	66,865
Gain on sale of property, plant and equipment		-	(20,760)
Retirement of property, plant and equipment		59,548	-
Provision for slow moving inventories		(72,615)	-
Dividends income	10	(13,631)	(21,400)
Change in fair value of financial assets at fair value through profit or loss	10	(466)	-
Interest income		(193,858)	(70,540)
Net foreign exchange differences		(2,039)	13,050
Interest expense on lease liabilities	11	6,932	7,907
Provision for employees' end of service benefits	7	146,500	187,619
		<u>2,940,678</u>	<u>1,766,477</u>
Working capital changes:			
Inventories		318,398	(318,377)
Trade receivables and contract assets		100,550	616,461
Prepayments and other debit balances		(342,562)	(53,472)
Account payables and accruals		515,834	(348,398)
Cash flows generated from operations		<u>3,532,898</u>	<u>1,662,691</u>
Provision for employees' end of service benefits paid	7	(429,798)	(71,002)
Taxes paid		-	(2,300)
Net cash flows generated from operating activities		<u>3,103,100</u>	<u>1,589,389</u>
Cash flows from investing activities:			
Purchase of property, plant and equipment		(417,558)	(660,258)
Proceeds from sale of property, plant and equipment		-	27,149
Dividends income received	10	13,631	21,400
Interest income received		129,562	113,659
Net movement in term deposits		(1,500,000)	(1,000,000)
Net cash flows used in investing activities		<u>(1,774,365)</u>	<u>(1,498,050)</u>
Cash flows from financing activities:			
Dividends paid		(3,037)	(4,236)
Payment of lease liabilities		(93,643)	(73,879)
Net cash flows used in financing activities		<u>(96,680)</u>	<u>(78,115)</u>
Foreign currencies translations differences		<u>490</u>	<u>-</u>
Net increase in bank balances and cash		1,232,545	13,224
Bank balances and cash at beginning of the period		2,180,992	2,195,814
Bank balances and cash at end of the period		<u>3,413,537</u>	<u>2,209,038</u>
<u>Non-cash items excluded for the interim condensed consolidated statement of cash flows:</u>			
Additions to right-of-use assets		(116,188)	(430,446)
Additions to lease liabilities		116,188	430,446

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

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

MARCH 31, 2023

(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 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, 2023.

2- Basis of presentation

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

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

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

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

MARCH 31, 2023

(All amounts are in Kuwaiti Dinar)

3- Trade receivables and contract assets

	March 31, 2023	December 31, 2022 (Audited)	March 31, 2022
Trade receivables	8,429,054	7,424,130	9,825,638
Contract assets	5,042,622	6,362,219	2,475,547
Less: provision for expected credit losses (a)	(206,006)	(420,129)	(206,006)
	13,265,670	13,366,220	12,095,179

(a) Provision for expected credit losses:

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

	March 31, 2023	December 31, 2022 (Audited)	March 31, 2022
Balance at the beginning of the period / year	420,129	206,006	206,006
Charged during the period / year	-	214,123	-
Utilized during the period / year	(214,123)	-	-
Balance at the end of the period / year	206,006	420,129	206,006

4- Prepayments and other debit balances

	March 31, 2023	December 31, 2022 (Audited)	March 31, 2022
Advance payments to suppliers	2,013,206	1,106,248	2,308,859
Staff receivables	374,000	386,329	341,018
Deposits and other debit balances	842,548	1,330,319	1,597,206
	3,229,754	2,822,896	4,247,083

5- Term deposits

As at March 31, 2023, the Group has term deposits amounting to KD 17,500,000 (December 31, 2022: KD 16,000,000, March 31, 2022: KD 14,000,000). These deposits carry interest rate ranging from 5% to 5.5% per annum (December 31, 2022: 4.88% per annum, March 31, 2022: 2.2% per annum).

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

6- Treasury shares

	March 31, 2023	December 31, 2022 (Audited)	March 31, 2022
Number of treasury shares	3,000,000	3,000,000	3,000,000
Percentage of issued shares	3%	3%	3%
Market value (KD)	2,400,000	2,367,000	2,475,000
Cost (KD)	654,461	654,461	654,461

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

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

MARCH 31, 2023

(All amounts are in Kuwaiti Dinar)

7- Provision for employees' end of service benefits

	March 31, 2023	December 31, 2022 (Audited)	March 31, 2022
Balance at the beginning of the period / year	3,452,533	3,023,880	3,023,880
Charged during the period / year	146,500	784,372	187,619
Paid during the period / year	(429,798)	(355,719)	(71,002)
Balance at the end of the period / year	3,169,235	3,452,533	3,140,497

8- Account payables and accruals

	March 31, 2023	December 31, 2022 (Audited)	March 31, 2022
Trade payables	1,914,866	1,416,652	1,915,873
Dividends payable (Note 16)	335,172	338,209	333,058
Accrued staff costs	379,027	443,892	368,120
Advances received from client	356,655	356,655	356,655
Taxes payable	460,604	346,489	294,628
Accrued Board of Directors' remuneration (Note 16)	144,783	109,307	93,764
Contract liabilities	993,116	1,844,334	94,430
Other accrued expenses and provisions	3,097,948	2,201,760	1,582,564
	7,682,171	7,057,298	5,039,092

9- Sales and services revenue

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

	Three months ended March 31	
	2023	2022
<u>Type of goods or services</u>		
<u>Oil field contracts</u>		
Pumping services	7,988,719	5,218,310
<u>Non-oil field contracts</u>		
Health, safety, environment, and manpower supply services	1,793,100	1,576,549
Other services	295,982	181,001
Total sales and services revenue	10,077,801	6,975,860
<u>Timing of revenue recognition</u>		
Goods and services transferred at a point in time	19,282	20,381
Goods and services transferred over time	10,058,519	6,955,479
Total sales and services revenue	10,077,801	6,975,860
<u>Geographical markets</u>		
State of Kuwait	10,037,833	6,975,860
Others	39,968	-
	10,077,801	6,975,860

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

MARCH 31, 2023

(All amounts are in Kuwaiti Dinar)

10- Investment income

	Three months ended March 31	
	2023	2022
Dividends income	13,631	21,400
Change in fair value of financial assets at fair value through profit or loss	466	-
	<u>14,097</u>	<u>21,400</u>

11- General and administrative expenses

	Three months ended March 31	
	2023	2022
Staff costs	383,285	352,681
Depreciation expense	6,730	6,596
Amortization of right-of-use assets	19,925	11,495
Interest expense on lease liabilities	6,932	7,907
Professional fees	8,539	6,321
Marketing and business development expenses	86,642	13,423
Charity expense	23,357	11,260
Other expenses	164,107	100,098
	<u>699,517</u>	<u>509,781</u>

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

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

	Three months ended March 31	
	2023	2022
Profit for the period attributable to the Parent Company's Shareholders	<u>2,215,431</u>	<u>1,014,047</u>
<u>Number of shares outstanding:</u>		
Weighted average number of ordinary shares	100,000,000	100,000,000
Less: Weighted average number of treasury shares	<u>(3,000,000)</u>	<u>(3,000,000)</u>
Weighted average number of shares outstanding during the period	<u>97,000,000</u>	<u>97,000,000</u>
Basic and diluted earnings per share attributable to the Parent Company's Shareholders (fils)	<u>22.84</u>	<u>10.45</u>

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

The Parent Company's Board of Directors meeting held on March 16, 2023, recommended cash dividends of 50 fils per share (totaling KD 4,850,000) to the Parent Company's shareholders and Board of Directors remuneration of KD 109,307 for the year ended December 31, 2022.

Subsequent to the date of the interim condensed consolidated financial information, 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.

NATIONAL PETROLEUM SERVICES COMPANY - K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2023

(All amounts are in Kuwaiti Dinar)

14- Contingent liabilities and capital commitments

Contingent liabilities

As at March 31, 2023, the Group provided guarantees for the performance of certain contracts amounting to KD 27,781,864 (December 31, 2022: KD 29,133,131, March 31, 2022: KD 28,247,842).

Capital commitments

As at March 31, 2023, the Group has capital commitments relating to the purchase of property, plant and equipment amounting to KD 2,736,750 (December 31, 2022: KD 971,234, March 31, 2022: KD 2,032,859).

NATIONAL PETROLEUM SERVICES COMPANY - K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2023
(All amounts are in Kuwaiti Dinar)

15- Segment information

For management purposes, the Group is organised 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, 2023, and 2022 as follows:

	Three months ended 31 March 2023				Three months ended 31 March 2022			
	Oil field services	Non-oil field services	Unallocated items	Total	Oil field services	Non-oil field services	Unallocated items	Total
Sales and services revenue	7,988,719	2,089,082	-	10,077,801	5,218,310	1,757,550	-	6,975,860
Cost of sales and services (1)	(4,691,733)	(1,865,040)	-	(6,556,773)	(3,331,310)	(1,588,872)	-	(4,920,182)
Depreciation expense	(533,198)	(55,259)	(6,730)	(595,187)	(419,470)	(108,197)	(6,596)	(534,263)
Amortization of right-of-use assets	(49,102)	(16,547)	(19,925)	(85,574)	(38,405)	(16,965)	(11,495)	(66,865)
General and administrative expenses (1)	-	-	(672,862)	(672,862)	-	-	(491,690)	(491,690)
Tax expenses	-	-	(114,115)	(114,115)	-	-	(55,426)	(55,426)
Board of Directors' remuneration	-	-	(35,476)	(35,476)	-	-	(16,286)	(16,286)
Unallocated income (2)	-	-	197,617	197,617	-	-	122,899	122,899
Profit (loss) for the period	<u>2,714,686</u>	<u>152,236</u>	<u>(651,491)</u>	<u>2,215,431</u>	<u>1,429,125</u>	<u>43,516</u>	<u>(458,594)</u>	<u>1,014,047</u>

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

(2) Unallocated income includes interest income, investment income and net other income.

NATIONAL PETROLEUM SERVICES COMPANY - K.S.C.P. AND ITS SUBSIDIARIES
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2023
(All amounts are in Kuwaiti Dinar)

The below table presents assets and liabilities information for the Group's operating segments as at March 31, 2023, December 31, 2022 and March 31, 2022, respectively as follows:

	March 31, 2023			December 31, 2022 (Audited)			March 31, 2022		
	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>53,703,356</u>	<u>1,421,724</u>	<u>55,125,080</u>	<u>51,155,709</u>	<u>1,382,864</u>	<u>52,538,573</u>	<u>45,801,296</u>	<u>1,441,416</u>	<u>47,242,712</u>
Unallocated assets			<u>613,507</u>			<u>613,041</u>			<u>1,406,279</u>
			<u>55,738,587</u>			<u>53,151,614</u>			<u>48,648,991</u>
Segment Liabilities	<u>11,021,564</u>	<u>237,802</u>	<u>11,259,366</u>	<u>10,801,466</u>	<u>86,848</u>	<u>10,888,314</u>	<u>8,714,454</u>	<u>78,668</u>	<u>8,793,122</u>

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

MARCH 31, 2023

(All amounts are in Kuwaiti Dinar)

16- Related parties' disclosures

In the normal course of business, the Group has entered into various transactions with related parties, i.e., Shareholders, entities under common control and 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	March 31, 2023	December 31, 2022 (Audited)	March 31, 2022
Balances included in the interim condensed consolidated statement of financial position:					
Financial assets at fair value through profit or loss	403	-	403	437	-
Bank balances	17,857	-	17,857	18,299	-
Account payables and accruals	15,285	-	15,285	95,937	-
Dividends payable (Note 8)	-	335,172	335,172	338,209	333,058
Contingent liabilities					
Letters of guarantee	2,154,786	-	2,154,786	2,152,036	-

		Three months ended March 31	
	Entities under common control	2023	2022
Transactions included in the interim condensed consolidated statement of profit or loss:			
General and administrative expenses		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	
	2023	2022	2023	2022
Salaries and other short-term benefits	99,360	88,545	36,000	154,155
Employees end of service benefits	9,056	3,690	217,235	163,000
Board of Directors' remuneration	35,476	16,286	144,783	93,764
	143,892	108,521	398,018	410,919

17- Fair value measurement

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

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

MARCH 31, 2023

(All amounts are in Kuwaiti Dinar)

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

	March 31, 2023		
	Level 1	Level 3	Total
Financial assets at fair value through profit or loss	403	613,104	613,507
December 31, 2022 (Audited)			
	Level 1	Level 3	Total
Financial assets at fair value through profit or loss	437	612,604	613,041
March 31, 2022			
	Level 1	Level 3	Total
Financial assets at fair value through profit or loss	-	1,406,279	1,406,279

The Parent Company's management believes that there is no significant change in the fair value of the financial assets at fair value through profit or loss during the three months ended March 31, 2023.

There were no transfers between any levels of the fair value hierarchy during the period ended March 31, 2023.

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

	March 31, 2023	December 31, 2022 (Audited)	March 31, 2022
As at January 1	612,604	1,406,279	1,406,279
Net purchases and sales	-	(301,437)	-
Change in fair value	500	(492,238)	-
As at December 31	613,104	612,604	1,406,279