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

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

31 MARCH 2018 (UNAUDITED)

Building a better working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF NATIONAL PETROLEUM SERVICES COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of National Petroleum Services Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group") as at 31 March 2018, the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of 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* ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulation, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended during the three months period ended 31 March 2018 that might have had a material effect on the business of the Parent Company or on its financial position.

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

ALI MOHAMMED KOUHARI
LICENCE NO.156-A
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13 May 2018
Kuwait

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2018

	Notes	***31 March 2018 KD***	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
ASSETS				
Non-current assets				
Property, plant and equipment		**11,873,390**	11,651,391	8,827,101
Intangible assets		**-**	173	7,649
Financial assets available for sale		**-**	38,203	50,124
		11,873,390	11,689,767	8,884,874
Current assets				
Inventories		**2,888,436**	2,711,172	2,857,267
Trade receivables		**5,654,726**	9,679,862	9,783,574
Prepayments and other receivables	3	**2,337,395**	2,014,670	1,413,956
Financial assets at fair value through profit or loss		**2,211,585**	2,209,657	2,389,005
Term deposits	4	**4,400,000**	4,000,000	4,000,000
Bank balances and cash		**12,625,320**	6,126,624	7,039,985
		30,117,462	26,741,985	27,483,787
TOTAL ASSETS		**41,990,852**	38,431,752	36,368,661
EQUITY AND LIABILITIES				
Equity				
Share capital		**10,000,000**	10,000,000	5,760,951
Share premium		**3,310,705**	3,310,705	3,310,705
Treasury shares	5	**(654,461)**	(585,062)	(585,062)
Treasury shares reserve	5	**33,825**	33,825	33,825
Statutory reserve		**4,604,793**	4,604,793	3,541,472
Voluntary reserve		**4,604,793**	4,604,793	3,541,472
Foreign currency translation reserve		**8,418**	8,418	5,643
Cumulative changes in fair value		**-**	9,952	21,606
Retained earnings		**4,721,192**	8,282,670	11,432,024
Equity attributable to equity holders of the Parent Company		**26,629,265**	30,270,094	27,062,636
Non-controlling interests		**41,828**	41,681	40,336
Total equity		**26,671,093**	30,311,775	27,102,972
Liabilities				
Non-current liability				
Employees' end of service benefits		**1,967,893**	1,884,009	1,529,987
Current liability				
Accounts payable and accruals	6	**13,351,866**	6,235,968	7,735,702
Total liabilities		**15,319,759**	8,119,977	9,265,689
TOTAL EQUITY AND LIABILITIES		**41,990,852**	38,431,752	36,368,661

Omran Habib Jawhar Hayat
Chairman

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 31 March 2018

		Three months ended 31 March	
	Notes	***2018*** ***KD***	*2017* *KD*
Sales and services revenue		**7,022,213**	7,274,287
Cost of sales and services		**(4,429,344)**	(4,596,107)
GROSS PROFIT		**2,592,869**	2,678,180
Interest income		**90,913**	88,185
Net investments income	7	**34,003**	37,522
Other income		**3,481**	20,511
Administrative expenses	8	**(329,830)**	(374,585)
PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KFAS, PROVISION FOR NLST, ZAKAT AND DIRECTORS' REMUNERATION		**2,391,436**	2,449,813
Kuwait Foundation for the Advancement of Sciences (KFAS)		**(21,523)**	(22,048)
National Labour Support Tax (NLST)		**(59,786)**	(61,245)
Zakat		**(23,914)**	(24,498)
Directors' remuneration		**(37,500)**	(33,000)
PROFIT FOR THE PERIOD		**2,248,713**	2,309,022
Attributable to:			
Equity holders of the Parent Company		**2,248,566**	2,307,848
Non-controlling interests		**147**	1,174
		2,248,713	2,309,022
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	9	**23.16 fils**	23.77 fils

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 31 March 2018

	Three months ended 31 March	
	2018	*2017*
	KD	*KD*
Profit for the period	**2,248,713**	2,309,022
Other comprehensive income		
Items that may be subsequently reclassified to the interim condensed consolidated statement of income:		
Unrealised gain on financial assets available for sale	-	394
Other comprehensive income for the period	-	394
Total comprehensive income for the period	**2,248,713**	2,309,416
Attributable to:		
Equity holders of the Parent Company	**2,248,566**	2,308,242
Non-controlling interests	**147**	1,174
	2,248,713	2,309,416

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2018

	Equity attributable to equity holders of the Parent Company											
	Share capital KD	*Share premium KD*	*Treasury shares KD*	*Treasury shares reserve KD*	*Statutory reserve KD*	*Voluntary reserve KD*	*Foreign currency translation reserve KD*	*Cumulative changes in fair value KD*	*Retained earnings KD*	*Sub total KD*	*Non-controlling interests KD*	*Total equity KD*
At 1 January 2018	10,000,000	3,310,705	(585,062)	33,825	4,604,793	4,604,793	8,418	9,952	8,282,670	30,270,094	41,681	30,311,775
Transition adjustment on adoption of IFRS 9 at 1 January 2018	-	-	-	-	-	-	-	(9,952)	9,952	-	-	-
Balance as at 1 January 2018 *(restated)*	10,000,000	3,310,705	(585,062)	33,825	4,604,793	4,604,793	8,418	-	8,292,622	30,270,094	41,681	30,311,775
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	-	2,248,566	2,248,566	147	2,248,713
Purchase of treasury shares	-	-	(69,399)	-	-	-	-	-	-	(69,399)	-	(69,399)
Dividends (note 10)	-	-	-	-	-	-	-	-	(5,819,996)	(5,819,996)	-	(5,819,996)
At 31 March 2018	**10,000,000**	**3,310,705**	**(654,461)**	**33,825**	**4,604,793**	**4,604,793**	**8,418**	**-**	**4,721,192**	**26,629,265**	**41,828**	**26,671,093**
At 1 January 2017	5,760,951	3,310,705	(585,062)	33,825	3,541,472	3,541,472	5,643	21,212	9,124,176	24,754,394	39,162	24,793,556
Profit for the period	-	-	-	-	-	-	-	-	2,307,848	2,307,848	1,174	2,309,022
Other comprehensive income for the period	-	-	-	-	-	-	-	394	-	394	-	394
Total comprehensive income for the period	-	-	-	-	-	-	-	394	2,307,848	2,308,242	1,174	2,309,416
At 31 March 2017	5,760,951	3,310,705	(585,062)	33,825	3,541,472	3,541,472	5,643	21,606	11,432,024	27,062,636	40,336	27,102,972

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 31 March 2018

	Notes	*Three months ended 31 March* 2018 KD	2017 KD
OPERATING ACTIVITIES			
Profit for the period		**2,248,713**	2,309,022
Adjustments to reconcile profit for the period to net cash flows:			
Depreciation and amortization		**483,747**	359,671
Gain on sale of property, plant and equipment		**(4,984)**	(15,000)
Dividend income	7	**(36,566)**	(45,507)
Realised gain on sale of financial assets at fair value through profit or loss	7	**(1,911)**	-
Impairment loss on financial assets available for sale	7	**-**	36
Unrealized loss on financial assets at fair value through profit or loss	7	**4,182**	7,949
Investment expenses	7	**292**	-
Interest income		**(90,913)**	(88,185)
Foreign exchange loss (gain)		**2,916**	(3,962)
Provision for employees' end of service benefits		**107,654**	81,790
		2,713,130	2,605,814
Working capital adjustments:			
Inventories		**(177,264)**	(150,329)
Trade receivables		**4,025,136**	(1,713,394)
Other receivables		**(322,725)**	(520,294)
Accounts payable and accruals		**1,302,427**	1,731,690
Cash generated from operations		**7,540,704**	1,953,487
Employees' end of service benefits paid		**(23,770)**	(143,775)
Net cash flows from operating activities		**7,516,934**	1,809,712
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(706,665)**	(810,352)
Proceeds from sale of property, plant and equipment		**6,076**	15,000
Proceeds from sale of financial assets at fair value through profit or loss		**34,004**	-
Dividend income received	7	**36,566**	45,507
Investment expenses paid	7	**(292)**	-
Interest income received		**90,913**	88,185
Purchase of term deposits		**(400,000)**	-
Net cash flows used in investing activities		**(939,398)**	(661,660)
FINANCING ACTIVITIES			
Dividends paid		**(9,441)**	-
Purchase of treasury shares		**(69,399)**	-
Net cash flows used in financing activities		**(78,840)**	-
NET INCREASE IN BANK BALANCES AND CASH		**6,498,696**	1,148,052
Bank balances and cash at 1 January		**6,126,624**	5,891,933
BANK BALANCES AND CASH AT 31 DECEMBER		**12,625,320**	7,039,985

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

1 CORPORATE INFORMATION

The Group comprises of National Petroleum Services Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group"). The Parent Company was established as a Kuwaiti shareholding company on 3 January 1993 and was listed on the Kuwait Stock Exchange Market on 18 October 2003. The Parent Company is a subsidiary of Qurain Petrochemical Industries Company K.S.C.P. (the "Ultimate Parent Company").

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

The 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.
- Importing and exporting chemicals necessary for the execution of the works stated above.
- Establishing industrial firms for the purpose of manufacturing and producing the equipments 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 entities and equipments.
- Concluding agreements and obtaining privileges which it deems necessary for achieving its objectives.
- Possessing the needed patents, and trademarks.
- Obtaining and granting agencies in respect of the Parent Company's business.
- Conducting studies, queries and researches relevant to the Parent Company's objectives.

The Parent Company may practice all of the above mentioned activities inside or outside the State of Kuwait. 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 or outside the State of Kuwait, or may acquire those entities or have them affiliated to it.

The interim condensed consolidated financial information for the period ended 31 March 2018 were authorised for issue in accordance with a resolution of the Board of Directors of the Parent Company on 13 May 2018.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial information of the Group has been prepared in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the financial year ended 31 December 2017, except for changes in the accounting policies as mentioned below on account of adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' from 1 January 2018. Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2018 did not have any material impact on the accounting policies, financial position or performance of the Group.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD) which is also the functional currency of the Parent Company.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual audited consolidated financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements for the financial year ended 31 December 2017. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included.

Operating results for the three month period ended 31 March 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018. For more details please refer to the annual consolidated financial statements and its related disclosures for the financial year ended 31 December 2017.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies

Adoption of IFRS 9 – Financial Instruments
The Group has adopted IFRS 9 Financial Instruments effective from 1 January 2018 which brings together the requirements for classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The Group has not restated comparative information for 2017 as permitted by the transitional provisions of the standard. Therefore, the information presented for 2017 does not reflect the requirements of IFRS 9 and is not comparable to the information presented for the period ended 31 March 2018. Differences in the carrying amount of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018.

The key changes to the Group's accounting policies resulting from the adoption of IFRS 9 are summarised below:

Classification of financial assets and financial liabilities
To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business model assessment
The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis but at a higher level of aggregated portfolios and is based on a number of observable factors. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment of whether contractual cashflows are solely payments of principal and interest (SPPI test)
The Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the 'SPPI test').

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition that may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of profit within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

The Group reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies (continued)

2.1 Measurement categories of financial assets and liabilities

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVTPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- Financial assets at FVTPL

The accounting for financial liabilities remains largely the same as it was under IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVTPL. Such movements are presented in OCI with no subsequent reclassification to the income statement.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed.

Financial assets carried at fair value through profit or loss:
Financial assets in this category are those assets which have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management designates an instrument at FVTPL that otherwise meet the requirements to be measured at amortised cost or at FVOCI only if it eliminates, or significantly reduces, an accounting mismatch that would otherwise arise. Financial assets with contractual cashflows not representing solely payment of principal and interest are mandatorily required to be measured at FVTPL

Financial assets at FVTPL are subsequently measured at fair value. Changes in fair value are recognised in the interim condensed consolidated statement of income. Dividend income from equity investments measured at FVTPL is recognised in the interim condensed consolidated statement of income when the right to the payment has been established.

2.2 Impairment of financial assets

The Group previously recognized impairment losses on financial assets based on incurred loss model, under IAS 39.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

For the Group's financial assets, the management has applied the standard's simplified approach and has determined lifetime expected credit losses on these instruments. The management has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the counter parties and the economic environment.

The management considers a financial asset in default when the contractual payments are 90 days past due or on a case to case basis to assess whether the past due days are indicators of probable default. However, in certain cases, the management may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes in accounting policies (continued)

2.3 Transition

Classification of financial assets and financial liabilities on the date of initial application of IFRS 9
The following table shows reconciliation of original classification categories and carrying value in accordance with IAS 39 and the new classification categories under IFRS 9 for the Group's financial assets as at 1 January 2018.

	Original classification under IAS 39	*New classification under IFRS 9*	*Original carrying amount under IAS 39 KD*	*Transition Adjustments (reclassification) KD*	*New carrying amount under IFRS 9 KD*
Financial assets available for sale	Financial assets available for sale	Financial asset at FVTPL	**38,203**	**(38,203)**	-
Trade receivables	Loans and receivables	Amortised Cost	**9,679,862**	-	**9,679,862**
Other receivables	Loans and advances	Amortised Cost	**429,445**	-	**429,445**
Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss	Financial asset at FVTPL	**2,209,657**	**38,203**	**2,247,860**
Term deposits	Loans and receivables	Amortised cost	**4,000,000**	-	**4,000,000**
Bank balances	Loans and receivables	Amortised Cost	**6,126,624**	-	**6,126,624**
Total financial assets			**22,483,791**	-	**22,483,791**

Adoption of IFRS 9 did not result in any change in classification or measurement of financial liabilities.

Impact of Adopting IFRS 9
The following table analyses the impact of transition to IFRS 9 on reserves and retained earnings.

	Cumulative change in fair values KD	**Retained earnings KD**
Closing balance under IAS 39 (31 December 2017)	9,952	8,282,670
Impact on reclassification and re-measurements:		
Financial assets (equity) from available-for-sale to FVTPL	(9,952)	9,952
Opening balance under IFRS 9 on date of initial application of 1 January 2018	-	**8,292,622**

Hedge accounting
The Group did not have any impact resulting from the new guidance relating to hedge accounting included in IFRS 9, as the Group is not dealing in any derivative instruments.

Adoption of IFRS 15 'Revenue from Contracts with customers'

The Group has adopted IFRS 15 Revenue from contracts with customers effective from 1 January 2018. This standard supersedes IAS 11 Construction Contracts and IAS 18 Revenue along with related IFRIC 13, IFRIC 15, IFRIC 18 and SIC 31. This standard removes inconsistencies and weaknesses in previous revenue recognition requirements, provides a more robust framework for addressing revenue issues and improves comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The adoption of this standard does not result in any change in accounting policies of the Group and does not have any material effect on the Group's interim condensed consolidated financial information.

3 PREPAYMENTS AND OTHER RECEIVABLES

	31 March 2018 KD	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
Advance payments to suppliers	**1,029,518**	706,132	777,041
Staff receivables	**408,200**	352,624	429,521
Unbilled revenue	**458,316**	879,093	-
Deposits and other receivables	**441,361**	76,821	207,394
	2,337,395	2,014,670	1,413,956

4 TERM DEPOSITS

Term deposits amounting to KD 4,400,000 (31 December 2017: KD 4,000,000 and 31 March 2017: KD 4,000,000) are denominated in Kuwaiti Dinars and are placed with local banks.

Term deposits have maturity of more than 3 months and less than 12 months from the placement date and earn interest at the respective short-term deposit rates.

5 TREASURY SHARES AND TREASURY SHARES RESERVE

	31 March 2018	*(Audited) 31 December 2017*	*31 March 2017*
Number of treasury shares	**3,000,000**	2,916,185	1,680,000
Percentage of issued shares	**3.00%**	2.92%	2.92%
Market value (KD)	**2,355,000**	2,309,619	1,948,800
Cost (KD)	**654,461**	585,062	585,062

The balance in the treasury shares reserve of KD 33,825 (31 December 2017: KD 33,825 and 31 March 2017: KD 33,825) is not available for distribution. Reserves and retained earnings equivalent to the cost of the treasury shares held are not available for distribution throughout the holding period of treasury shares.

6 ACCOUNTS PAYABLE AND ACCRUALS

	31 March 2018 KD	*(Audited) 31 December 2017 KD*	*31 March 2017 KD*
Trade payables	**1,583,390**	279,916	1,140,155
Dividends payable	**5,876,911**	66,356	35,663
Staff accruals and other accrued expenses	**4,770,582**	4,761,436	5,367,284
Advance received from subcontractor	**511,056**	511,056	511,056
KFAS, NLST and Zakat payable	**572,427**	467,204	533,544
Directors' remuneration	**37,500**	150,000	148,000
	13,351,866	6,235,968	7,735,702

7 NET INVESTMENTS INCOME

	Three months ended 31 March	
	2018	*2017*
	KD	*KD*
Dividend income	**36,566**	45,507
Realised gain on sale of financial assets at fair value through profit or loss	**1,911**	-
Impairment loss on financial assets available for sale	**-**	(36)
Unrealized loss on financial assets at fair value through profit or loss	**(4,182)**	(7,949)
Investment expenses	**(292)**	-
	34,003	37,522

8 ADMINISTRATIVE EXPENSES

	Three months ended 31 March	
	2018	*2017*
	KD	*KD*
Staff costs	**170,134**	246,984
Professional fees	**30,363**	12,355
Depreciation and amortisation	**9,916**	14,695
Other expenses	**119,417**	100,551
	329,830	374,585

9 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share attributable to the equity holders of the Parent Company is calculated by dividing the profit for the period attributable to the equity holders of the Parent Company by the weighted average number of ordinary shares during the period, less weighted average number of treasury shares outstanding as follows:

	Three months ended 31 March	
	2018	*2017 (Restated)*
Profit for the period attributable to the equity holders of the Parent Company (KD)	**2,248,566**	2,307,848
Weighted number of outstanding shares during the period:		
Weighted number of shares issued	**100,000,000**	100,000,000
Less: weighted average number of treasury shares	**(2,930,350)**	(2,916,185)
Weighted average number of shares outstanding during the period	**97,069,650**	97,083,815
Basic and diluted earnings per share	**23.16 fils**	23.77 fils

As there are no dilutive instruments outstanding, hence basic and diluted earnings per share are identical.

Earnings per share calculations for the three month periods ended 31 March 2017 have been restated to take account of the bonus shares issued in 2017.

10 DIVIDENDS

The shareholders at the Annual General Meeting held on 14 March 2018 approved the distribution of cash dividend of 60 fils (31 December 2016: 80 fils per share and bonus shares of 42,390,490 shares, approximately 73.58% of outstanding shares as at 31 December 2016) on the outstanding issued share capital as at 31 December 2017 amounting to KD 5,819,996 (31 December 2016: KD 4,474,360).

11 CONTINGENCIES AND COMMITMENTS

As at 31 March 2018, the Group had contingent liabilities in respect of letter of guarantees arising in the ordinary course of the business, amounting to KD 5,564,003 (31 December 2017: KD 6,131,259 and 31 March 2017: KD 6,258,313). Management does not anticipate any liabilities to arise, which might have a material effect on the Group's interim condensed consolidated financial position.

At 31 March 2018, the Group had capital commitments relating to the purchase of property, plant and equipment amounting to KD 1,247,847 (31 December 2017: KD 936,902 and 31 March 2017: KD 4,302,651). Commitments have maturity of less than 12 months from the reporting date. Delivery is expected within twelve months from the reporting date.

12 SEGMENT INFORMATION

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

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

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

The following table presents revenue and segment results information in respect of the Group's operating segments for the three months ended 31 March 2018 and 2017 respectively:

	Three months ended 31 March 2018			*Three months ended 31 March 2017*		
	Oil field services KD	***Non-oil field services KD***	***Total KD***	*Oil field services KD*	*Non-oil field services KD*	*Total KD*
Segment revenue	**5,181,219**	**1,840,994**	**7,022,213**	5,725,416	1,548,871	7,274,287
Segment cost	**(2,911,258)**	**(1,518,086)**	**(4,429,344)**	(3,246,266)	(1,349,841)	(4,596,107)
Segment results	**2,269,961**	**322,908**	**2,592,869**	2,479,150	199,030	2,678,180
Unallocated income			**128,397**			146,218
Unallocated costs			**(472,553)**			(515,376)
Profit for the period			**2,248,713**			2,309,022

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

12 SEGMENT INFORMATION (continued)

The following table presents segment assets information in respect of the Group's business segments:

	31 March 2018			*(Audited) 31 December 2017*			*31 March 2017*		
	Oil field Services KD	***Non-oil field services KD***	***Total KD***	*Oil field Services KD*	*Non-oil field services KD*	*Total KD*	*Oil field Services KD*	*Non-oil field services KD*	*Total KD*
Segment assets	**38,048,379**	**1,730,888**	**39,779,267**	34,333,544	1,850,348	36,183,892	32,143,841	1,785,691	33,929,532
Unallocated assets			**2,211,585**			2,247,860			2,439,129
			41,990,852			38,431,752			36,368,661
Segment liabilities	**15,276,409**	**43,350**	**15,319,759**	8,065,653	54,324	8,119,977	9,221,513	44,176	9,265,689

13 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial instruments are not materially different from their carrying values. For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months), the carrying amounts approximate their fair values.

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

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

At 31 March 2018	***Level 1 KD***	***Level 3 KD***	***Total KD***
Financial assets at fair value through profit or loss	**31,562**	**2,180,023**	**2,211,585**

At 31 December 2017	*Level 1 KD*	*Level 3 KD*	*Total KD*
Financial assets available for sale	34,980	3,223	38,203
Financial assets at fair value through profit or loss	-	2,209,657	2,209,657
	34,980	2,212,880	2,247,860

31 March 2017	*Level 1 KD*	*Level 3 KD*	*Total KD*
Financial assets available for sale	46,901	3,223	50,124
Financial assets at fair value through profit or loss	23,034	2,365,971	2,389,005
	69,935	2,369,194	2,439,129

During the period ended 31 March 2018, there were no transfers between different levels of fair value measurement.

The impact on the interim condensed consolidated statement of financial position, the interim condensed consolidated statement of changes in equity or the interim condensed consolidated statement of income would be immaterial if the relevant risk variables used to fair value the unquoted securities were altered by 5%.

13 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

31 March 2018

	At 1 January 2018 KD	***Net (sales), reclassification and purchases KD***	***Loss recorded in interim condensed consolidated statement of income KD***	***At 31 March 2018 KD***
Assets measured at fair value				
Financial assets at fair value through profit or loss	**2,212,880**	**(30,781)**	**(2,076)**	**2,180,023**

31 December 2017

	At 1 January 2017 KD	*Net purchases and (sales) KD*	*Loss recorded in consolidated statement of income KD*	*At 31 December 2017 KD*
Assets measured at fair value				
Financial assets available for sale	3,223	-	-	3,223
Financial assets at fair value through profit or loss	2,365,571	(155,075)	(839)	2,209,657
	2,368,794	(155,075)	(839)	2,212,880

31 March 2017

	At 1 January 2017 KD	*Net purchases and sales KD*	*Loss recorded in interim condensed consolidated statement of income KD*	*At 31 March 2017 KD*
Assets measured at fair value				
Financial assets available for sale	3,223	-	-	3,223
Financial assets at fair value through profit or loss	2,366,594	-	(623)	2,365,971
	2,369,817	-	(623)	2,369,194