Financial Statements

6

At Bahri, our commitment is to be a model of responsibility, integrating sustainable practices into every facet of our business and ingraining ESG principles into the very fabric of our corporate culture.

KPMG Professional Services
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P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of The National Shipping Company of Saudi Arabia

Opinion

We have audited the consolidated financial statements of The National Shipping Company of Saudi Arabia ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss, comprehensive income, cash flows and changes in equity for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that are endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

To the Shareholders of The National Shipping Company of Saudi Arabia (Continued)

Revenue recognition

Refer to note 4.2 to the consolidated financial statements for the accounting policy relating to revenue recognition and note 21 to the consolidated financial statements for the related disclosures.

The key audit matter	How the matter was addressed in our audit
During the year ended 31 December 2023, the Group recognised revenue primarily from voyage charter and time charter amounting to SAR 8.3 billion. The Group measures its progress towards complete satisfaction of the performance obligation using a time-based measure. For this purpose, the Group maintains IT systems for accurate revenue recognition. We have determined revenue recognition to be a key audit matter considering materiality of amounts involved, volume of transactions and the time-based measure used by the Group which could significantly impact the consolidated financial statements.	Our audit procedures included amongst other the following: - Assessing the appropriateness of the Group's revenue recognition accounting policies by considering the requirement of IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA. - Assessing the design and implementation and testing the operating effectiveness of key controls implemented by the Group relating to revenue recognition, with the involvement of our IT specialist. - Testing, on a sample basis, the amounts recorded for different streams of revenue considering relevant documentation and agreements with the customers. - Performing cut off procedures to assess whether revenue is recognised in the correct period. - Assessing the adequacy of the disclosures in the consolidated financial statements considering the requirements of IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA.

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Independent Auditor's Report

To the Shareholders of The National Shipping Company of Saudi Arabia (Continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, Board of Directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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Independent Auditor's Report

To the Shareholders of The National Shipping Company of Saudi Arabia (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of The National Shipping Company of Saudi Arabia ("the Company") and its subsidiaries ("the Group").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services

Fahad Mubark Aldossari
License No: 469

Riyadh, 21 March 2024
Corresponding to 11 Ramadhan 1445H

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Consolidated Statement of Financial Position

As at 31 December 2023

(In thousands of Saudi Riyals)

	Note	2023	2022
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	14,009,488	13,960,421
Projects under construction	7	905,035	935,512
Right of use assets	18	661,384	420,412
Intangible assets	8	324,537	373,897
Equity accounted investees	9	1,833,985	1,575,117
Other non-current financial assets	10	74,958	64,205
TOTAL NON-CURRENT ASSETS		17,809,387	17,329,564
CURRENT ASSETS			
Inventories	11	498,376	511,198
Trade receivables and contract assets	12	1,298,001	2,069,025
Prepayments and other current assets	13	587,364	458,952
Cash and cash equivalents	14	2,913,117	2,529,358
TOTAL CURRENT ASSETS		**5,296,858**	**5,568,533**
TOTAL ASSETS		**23,106,245**	**22,898,097**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	7,382,812	4,921,875
Statutory reserve	15	-	351,750
Share premium		1,489,103	1,489,103
Other reserves		14,493	34,403
Retained earnings		2,952,169	3,694,023
Equity attributable to equity holders of the Parent Company		**11,838,577**	**10,491,154**
Non-controlling interests	31	803,659	624,196
TOTAL EQUITY		**12,642,236**	**11,115,350**
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	16	7,060,164	8,537,438
Employees' end of service benefits	17	100,325	79,315
Lease liabilities	18	498,840	341,298
Derivative financial instruments		4,168	5,002
TOTAL NON-CURRENT LIABILITIES		**7,663,497**	**8,963,053**
CURRENT LIABILITIES			
Loans and borrowings	16	609,117	980,634
Lease liabilities	18	188,028	97,069
Trade and other payables	19	1,752,378	1,486,545
Provision for Zakat and income tax	20	250,989	255,446
TOTAL CURRENT LIABILITIES		**2,800,512**	**2,819,694**
TOTAL LIABILITIES		**10,464,009**	**11,782,747**
TOTAL EQUITY AND LIABILITIES		**23,106,245**	**22,898,097**

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Consolidated Statement of Profit or Loss

For the year ended 31 December 2023

(In thousands of Saudi Riyals)

	Note	2023	2022
Revenue	21	8,777,500	8,582,580
Operating costs	22	(6,861,726)	(7,204,452)
Gross profit before bunker subsidy		**1,915,774**	**1,378,128**
Bunker subsidy		157,352	93,005
Gross profit		**2,073,126**	**1,471,133**
General and administrative expenses	23	(241,175)	(200,469)
(Provision)/ reversal on trade receivables and contract assets	12	(2,564)	25,609
Other income	24	340,323	186,874
Operating profit		**2,169,710**	**1,483,147**
Share of results of equity accounted investees	9	266,168	59,642
Finance income	14	79,618	10,143
Finance costs	25	(621,648)	(297,408)
Profit before Zakat and income tax		**1,893,848**	**1,255,524**
Zakat and income tax	20	(100,836)	(92,927)
Profit for the year		1,793,012	1,162,597
Profit for the year attributable to:			
Equity holders of the Parent Company		1,613,428	1,040,909
Non-controlling interests	31	179,584	121,688
		1,793,012	**1,162,597**
Earnings per share:			
Basic & diluted	26	2.19	1.41

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

(In thousands of Saudi Riyals)

	Note	2023	2022
Profit for the year		**1,793,012**	**1,162,597**
Items that will not be reclassified to profit or loss			
Re-measurement loss of employees' end of service benefits	17	(7,698)	(2,730)
Items that are or may be reclassified subsequently to profit or loss			
Equity accounted investees-share of OCI	9	(12,333)	36,881
Total comprehensive income for the year		**1,772,981**	**1,196,748**
Total comprehensive income attributable to:			
Equity holders of the Parent Company		1,593,518	1,075,126
Non-controlling interests		179,463	121,622
Total comprehensive income for the year		**1,772,981**	**1,196,748**

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

(In thousands of Saudi Riyals)

	Note	2023	2022
OPERATING ACTIVITIES			
Profit for the year		1,793,012	1,162,597
Adjustments to reconcile profit for the year to net cash flows from operating activities			
Depreciation of property and equipment	6	1,151,064	1,122,842
Depreciation of right of use assets	18	198,783	124,499
Amortization/ derecognition of intangible assets	8	55,805	84,931
Provision/ (reversal) on trade receivables and contract assets	12	2,564	(25,609)
Finance costs	25	621,648	297,408
Share of results of equity accounted investees	9	(266,168)	(59,642)
Realized gain from investment in Murabaha fund at FVTPL		-	(1,523)
Gain on disposal of property and equipment	24	(214,084)	(159,840)
Zakat and income tax	20	100,836	92,927
Employees' end of service benefits	17	16,056	14,246
		3,459,516	**2,652,836**
Changes in working capital:			
Inventories		12,822	(31,340)
Trade receivables and contract assets		768,460	(659,907)
Prepayments and other current assets		(108,989)	203,193
Trade and other liabilities		207,125	120,490
Cash from operating activities		**4,338,934**	**2,285,272**
Finance costs paid		(587,978)	(227,622)
Zakat and income tax paid	20	(105,293)	(59,948)
Employees' end of service benefits paid	17	(2,744)	(8,171)
Net cash from operating activities		**3,642,919**	**1,989,531**
INVESTING ACTIVITIES			
Additions of property and equipment	6	(253,138)	(225,496)
Additions of projects under construction	7	(1,387,637)	(1,080,084)
Additions of intangible assets	8	(6,445)	(4,772)
Proceeds from disposals of property and equipment		685,205	694,261
Investments in equity accounted investees	9	(90,260)	(94,625)
Dividend received from equity accounted investee	9	85,227	113,636
Proceeds of sale in Murabaha fund at FVTPL		-	189,979
Other non-current financial assets		2,247	14,661
Net cash used in investing activities		**(964,801)**	**(392,440)**
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	16	886,800	4,999,128
Repayment of loans and borrowings	16	(2,755,014)	(5,090,403)
Dividends paid	30	(246,095)	-
Payment of lease liabilities		(180,050)	(113,332)
Net change in non-controlling interest		-	(41,395)
Net cash used in financing activities		**(2,294,359)**	**(246,002)**
Increase in cash and cash equivalents		383,759	1,351,089
Cash and cash equivalents at beginning of the year		2,529,358	1,178,269
Cash and cash equivalents at end of the year	14	**2,913,117**	**2,529,358**
Significant non-cash transactions:			
Projects under construction transferred to property and equipment	6&7	1,418,114	1,443,036
Additions and (modifications) of right of use assets	18	439,755	29,190

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

	Attributable to equity holders of the Parent Company							
	Share capital	Statutory reserve	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2022	3,937,500	1,232,034	1,489,103	186	2,754,283	9,413,106	546,891	9,959,997
Profit for the year	-	-	-	-	1,040,909	1,040,909	121,688	1,162,597
Other comprehensive income	-	-	-	34,217	-	34,217	(66)	34,151
Total comprehensive income for the year	-	-	-	34,217	1,040,909	1,075,126	121,622	1,196,748
Transferred to share capital	984,375	(984,375)	-	-	-	-	-	-
Net change in non-controlling interest	-	-	-	-	2,922	2,922	(44,317)	(41,395)
Transferred to statutory reserve	-	104,091	-	-	(104,091)	-	-	-
Balance at 31 December 2022	**4,921,875**	**351,750**	**1,489,103**	**34,403**	**3,694,023**	**10,491,154**	**624,196**	**11,115,350**
Balance at 1 January 2023	4,921,875	351,750	1,489,103	34,403	3,694,023	10,491,154	624,196	11,115,350
Profit for the year	-	-	-	-	1,613,428	1,613,428	179,584	1,793,012
Other comprehensive income	-	-	-	(19,910)	-	(19,910)	(121)	(20,031)
Total comprehensive income for the year	-	-	-	(19,910)	1,613,428	1,593,518	179,463	1,772,981
Transferred to share capital (note 15)	2,460,937	(351,750)	-	-	(2,109,187)	-	-	-
Dividends (note 30)	-	-	-	-	(246,095)	(246,095)	-	(246,095)
Balance at 31 December 2023	**7,382,812**	**-**	**1,489,103**	**14,493**	**2,952,169**	**11,838,577**	**803,659**	**12,642,236**

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION

The National Shipping Company of Saudi Arabia (the "Company" or "Bahri" or "Parent Company"), a Saudi Joint Stock Company, was established under the Royal Decree No. M/5 dated 12 Safar 1398H (corresponding to 21 January 1978) and registered under Commercial Registration No. 1010026026 dated 1 Dhul Hijjah 1399H (corresponding to 22 October 1979) issued in Riyadh. The Company's head office is located in Olaya district, Olaya Towers (Tower B), Floors 12-15, P.O Box 5101, Riyadh, 1142, Kingdom of Saudi Arabia.

The Company and its subsidiaries listed below (the "Group") are primarily engaged in purchasing, selling and operating vessels for the coordination of transport & storage on board vessels, transportation of cargo, cargo clearance, agencies for maritime shipping companies and all marine transport activities. The Group performs its operations through four distinct segments which are crude oil transportation, chemicals transportation, logistics and dry bulk transportation. The Group is also engaged in the ownership of land, properties inside or outside the Kingdom, ownership of shares in other existing companies or merging with them and participating with others in establishing companies with similar activities or complementary activities.

The Company's share capital amounting to SAR 7,382,812,500 as at 31 December 2023 is divided into 738,281,250 shares (31 December 2022: SAR 4,921,875,000 divided into 492,187,500 shares) with a par value of SAR 10 each (note 15).

The subsidiary companies whose financial information are incorporated into these consolidated financial statements are as follows:

Subsidiary	Date of incorporation	Effective Ownership %		Principal Activity	Location
		2023	2022		
NSCSA Inc. – USA	1991	100	100	Company's ship agent	USA
Mideast Ship Management Limited (JLT)	2010	100	100	Ships technical management	UAE
Bahri Logistics Company (BLC)	2017	100	100	Logistics services	KSA
National Chemical Carriers Company Limited (NCC)	1990	80	80	Petrochemical transportation	KSA
Bahri Dry Bulk Company (BDB)	2010	60	60	Dry bulk transportation	KSA

The equity accounted investees whose financial information is incorporated in these consolidated financial statements are as follows:

Equity accounted investees	Nature of relationship	Date of incorporation	Effective Ownership %		Principal Activity	Location
			2023	2022		
Petredec Pte limited (note a)	Associate	1980	-	30.3	Liquefied petroleum gas transportation	Singapore
Petredec group limited (note a)	Associate	2012	40.08	-	Liquefied petroleum gas transportation	BVI
International Maritime Industries Company (note b)	Associate	2017	19.9	19.9	Maritime industries	KSA
National Grain Company (note c)	Joint Venture	2021	50	50	Packing and storage of grain	KSA

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

a) During 2022, Petredec Pte. Limited ("Petredec") changed its year end from 31 August to 31 December. The Group's share of Petredec results for the financial period are recorded as per the latest financial statements prepared by Petredec. The difference between the latest financial statements prepared by Petredec and the Group consolidated financial statements is two months.

On 6 March 2023, Bahri entered into a Shareholders Agreement ("the Agreement") with Petredec partners (formerly Haydock partners) to swap its shares from Petredec Pte. Limited to Petredec Group Limited (formerly Haydock Holdings Limited). As per the Agreement, Bahri transferred its 30.3% shares in Petredec Pte. Limited to Petredec Group Limited (resulting in Petredec Group Limited becoming 100% shareholder of Petredec Pte. Limited) and thereby Petredec Group Limited issued 30.3% of its shares to Bahri. The above transactions were without any cash consideration and with no changes to the net assets ownership of Bahri in its equity accounted investee. The legal process was completed during the 3rd quarter of the this year.

During October 2023, Petredec Group Limited entered into a buy back transaction with one of its shareholders and cancelled the same against its share capital. This resulted in an increase in Bahri's effective ownership percentage from 30.3% to 40.08%. The Company will complete the process of allocating deemed consideration to the identifiable assets and liabilities within twelve months from the date of change in ownership.

b) International Maritime Industries Company (IMI) was established in KSA with capital of SAR 1,107 million between the Company, ARAMCO, Maritime Offshore Limited (Lamprell), and Korea Shipbuilding & Offshore Engineering Company Ltd.

c) During August 2020, the Company entered into a joint venture ("JV") agreement to establish the National Grain Company with United Farmers Investment Company ("UFIC"). The JV aims to build and establish a terminal for handling grains at Yanbu Commercial Port, to meet the future needs of the Kingdom of Saudi Arabia for major crops and cereals. The legal formalities were finalized, and the commercial register was issued on 31 March 2021. The JV has not yet commenced operations.

The Company operates through the following branches:

Trade Name	Registration No.	Registration Date	City
The National Shipping Company of Saudi Arabia	1010026026	23/10/1979	Riyadh
The National Shipping Company of Saudi Arabia	4030033402	21/2/1982	Jeddah
The National Shipping Company of Saudi Arabia	2050013881	30/7/1983	Dammam
The National Shipping Company of Saudi Arabia	2055001309	25/7/1984	Jubail
The National Shipping Company of Saudi Arabia	JLT-65807	06/12/2010	Dubai
The National Shipping Company of Saudi Arabia	F06135	26/08/2016	New Delhi

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

Group's fleet: As at 31 December 2023, the Group operated 88 owned vessels and 10 vessels under lease contract (31 December 2022: owned 92 vessels and 6 vessels under lease contract) operating in the following sectors:

Crude oil transportation sector: Consists of 39 vessels (31 December 2022: 42 vessels) out of which, 38 very large crude carriers (VLCCs) are operating in the spot market. The Group also owns 1 product tankers, managed commercially by NCC.

Chemicals transportation sector: This sector is fully operated by NCC. It owns 32 vessels and 10 vessels under lease contract (31 December 2022: owned 35 vessels and 6 vessels under lease contract). Specialized tankers distributed as follows:

- 36 tankers that operate in the spot market.
- 6 tankers are under charter agreements.

Logistics sector: This sector consists of 6 RoCon vessels (31 December 2022: 6 RoCon vessels) operating on commercial lines between North America, Europe, Middle East, the Indian Subcontinent and Asia.

Dry bulk transportation sector: This sector is fully operated by BDB and it owns 11 vessels (31 December 2022: 9 vessels) specialized in transporting dry bulk cargo. 5 of them are chartered to the Arabian Agricultural Services Company (ARASCO) and 6 vessels are operating in the spot market.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

These Consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

2.2. Preparation of financial statements

(i) Historical cost convention

These consolidated financial statements have been prepared on a historical cost basis, except for:

- Derivative financial instruments and unquoted equity shares which are measured at fair value.
- Employees' end of service benefits are recognized at the present value of future obligations using the projected unit credit method.

(ii) Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyal ("SAR"), which is the Company's functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

3. BASIS OF CONSOLIDATION

The Company and its subsidiaries are referred to collectively as the "Group". Subsidiaries are entities controlled by the Group. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement in the investee.
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in these consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, income, expenses and cash flows relating to transactions are eliminated in full on consolidation.

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- De-recognizes the assets and liabilities of the subsidiary;
- De-recognizes the carrying amount of any non-controlling interest;
- De-recognizes the cumulative translation differences, recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in the consolidated statement of profit or loss;

The Company and its subsidiaries have the same reporting periods except Petredec Group (Equity accounted investee) as explained in note 1.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

4. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements. Certain comparative figures have been reclassified to conform to the current year presentation.

In addition, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material' rather than 'significant' accounting policies. Although the amendments did not result in any changes to the accounting policy themselves, they impacted the accounting policy information disclosed in certain instances.

4.1. Material accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Therefore, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.
In the process of applying the Group's accounting policies, management has made the following estimates and judgments, which are significant to the financial statements:

- Impairment assessment of vessels.
- Measurement of defined benefit obligations; key actuarial assumptions
- Measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted average loss rate.

4.2. Revenue from Contracts with Customers

The Group recognizes revenue from contracts with customers based on the five-step model as set out in IFRS 15 and is given below:

Step 1 – Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met;
Step 2 – Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer;
Step 3 – Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties;
Step 4 – Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5 – Recognize revenue when (or as) the entity satisfies a performance obligation.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(In thousands of Saudi Riyals)

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where none of the above conditions are met, revenue is recognized at the point in time at which the performance obligation is satisfied.

Revenue is recognized when a customer receives the services.

Type of service	Nature, timing of satisfaction of performance obligations, significant payment terms
Time Charter arrangement (Time charter)	The Group measures its progress towards complete satisfaction of the performance obligation using a time-based measure. Further, because the Group charges a fixed amount for each day of service provided, the Group has a right to invoice the customer an amount that corresponds directly with the value of the Group's performance completed to date. Revenue is recognized based on percentage of completion.
Voyage charter (Spot & charter hire)	In case of voyage charter arrangements including liner, revenue for shipping services is recognized over time as the customer benefits from the service received as it is being performed. The group identifies the performance obligation as the transport of goods from load port to discharge port. Thus, revenue is evenly accrued from the point of loading through to the point of completed discharge based upon the voyage days completed as a proportion of the expected total days of the voyage.
Logistics revenue (Freight forwarding)	Logistics revenue excluding liner primarily comprises order fulfilment and transportation services. Logistics revenue is recognized at the point in time when the services are rendered to the customer.

In certain revenue arrangements, the Group is entitled to variable benefits or obliged to pay for certain obligations (majorly demurrages) which are contingent upon occurrence or non-occurrence of a specified event. While determining the transaction price, management estimate a transaction price which is highly probable of being recovered and not subject to reversal. The variable benefits are not included in the initial assessment of the transaction price as the Group observes that the promised consideration is dependent on the occurrence of specified event which is highly susceptible to factors outside the Group's influence.

4.3. Financial Instruments

i- Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii- Classification and subsequent measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(In thousands of Saudi Riyals)

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at Fair Value Through Profit and Loss (FVTPL)	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments at Fair Value through Other Comprehensive Income (FVOCI)	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

The financial assets at amortized cost consist of trade receivables and contract assets, other non-current financial assets, other current financial assets and cash and cash equivalents.

Financial Liabilities – Classification, subsequent measurement and gain and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which either substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(In thousands of Saudi Riyals)

transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Impairment of non-derivative financial assets

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group recognizes loss allowances for ECLs on financial assets measured at amortized cost and contract assets. The Group measures loss allowances at an amount equal to lifetime ECLs.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 4 years past due from government and semi-government, and 2 years past due from commercial customers;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of impairment

Allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade receivables and contract assets, are presented separately in the statement of profit or loss.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2023
(In thousands of Saudi Riyals)

4.4. Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks, short-term deposits, and Murabaha with original maturity of three months or less, which are subject to an insignificant risk of changes in value.

4.5. Inventories

Inventories consist of bunker fuel, lubricating oils and other supplies. Inventories are measured at the lower of cost or net realizable value. Costs of the used bunker inventory are measured by using the First-in-First-out method while the costs of lubricating oil and other supplies are measured using weighted average method.

Cost includes the net purchase price (after trade discounts) and any shipping, transportation, insurance, custom duties and other direct expenses related to the acquisition of the inventory.

4.6. Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property and equipment and borrowing costs for long-term construction projects (qualifying assets) if the recognition criteria are met.

When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment if the recognition criteria are satisfied. All other repairs and maintenance costs are recognized in the consolidated statement of profit or loss as incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Property and equipment	Useful lives (in years)
Buildings and improvements	3 to 20
Fleet and equipment	2.5 to 25
Containers and trailers	5 to 12
Furniture and fixtures	10
Tools and office equipment	2 to 4
Motor vehicles	2 to 4
Computer equipment	4 to 6
Container yards - equipment	5 to 12.5

If an item of property and equipment comprises individual components for which different depreciation methods or rates are appropriate, then each component is depreciated separately. A separate component may either be a physical component or a non-physical component that represents a major inspection or overhaul (such as dry docking of vessels).

For recognition of the Group's vessels, first dry-docking costs are considered as a major component of a vessel which are recorded as a separate asset and depreciated separately. Subsequent dry-docking costs are capitalized as a separate asset and depreciated over the years until the next scheduled dry docking.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Spare parts and capitalized machines, meeting the definition of property and equipment, are accounted as per the principles of IAS 16.

4.7. Projects under construction

Projects under construction at year end includes certain assets that have been acquired but are not ready for their intended use. These assets are transferred to relevant asset categories and are depreciated once they are available for their intended use

4.8. Intangible assets

Intangible assets (excluding good will) are measured at cost, less accumulated amortization and accumulated impairment losses, if any. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the amount can be measured reliably.

Intangible assets with finite lives are amortized on a straight-line basis over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization expense is recognized in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible asset.

The amortization methods and useful lives are reviewed at each financial year end and adjusted prospectively, if considered necessary. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the useful life or amortization method, as appropriate.

Intangible assets mainly represent software and long-term substantial transportation contracts, which are amortized over a period of 4 to 17 years.

4.9. Equity accounted investees

An equity accounted investee is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. A Joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to net assets to the arrangement, rather than right to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted using the equity method. They are initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the equity accounted investee. When the Group's share of losses of an equity accounted investee exceeds the Group's interest in that equity accounted investee (which includes any long-term interests that, in substance, form part of the Group's net investment in equity accounted investees), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the equity accounted investee. If the equity accounted investee subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2023
(In thousands of Saudi Riyals)

On acquisition of the equity accounted investee, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of equity accounted investee's identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in consolidated statement of profit or loss in the period in which the investment is acquired.

When a Group entity transacts with an equity accounted investee of the Group, profits or losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of interests in the equity accounted investee that are not related to the Group.

4.10. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

Group as a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(In thousands of Saudi Riyals)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group as a lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognizes lease payments received under operating leases as income on a straight- line basis over the lease term.

4.11. Classification of assets and liabilities to "current" and "non-current"

The Group present assets and liabilities in the consolidated statement of financial position based on current/ non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(In thousands of Saudi Riyals)

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

4.12. Zakat and income tax

The Company and its subsidiaries in the Kingdom of Saudi Arabia are subject to regulations issued by the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia, which is subject to interpretations. Zakat is levied at a fixed rate of 2.5% on the higher of adjusted Zakat profit or Zakat base. Management establishes provisions where appropriate on the basis of amounts expected to be paid to the ZATCA and annually evaluates positions taken in the Zakat returns with respect to any Zakat differences. Zakat is charged to the consolidated statement of profit or loss. Additional Zakat liability, if any, related to prior years' assessments arising from ZATCA are accounted for in the year in which the final assessments are finalized.

For subsidiaries outside Kingdom of Saudi Arabia, income tax is provided for in accordance with the regulations applicable in the respective countries and is charged to the consolidated statement of profit or loss. Provision is made for withholding tax on payments to non-resident parties and is charged to the consolidated statement of profit or loss.

4.13. Borrowing costs

Borrowing costs directly attributed to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of finance and other costs that an entity incurs in connection with the borrowing of funds.

The Group has elected to classify cashflow from interest paid and interest received as operating activities.

4.14. Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

4.15. Cash dividends to shareholders

The Group recognizes a liability to make cash distributions to the shareholders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the company's regulations of Saudi Arabia, a distribution is authorized when it is approved by the shareholders or when interim dividends are approved by the General Assembly. A corresponding amount is recognized directly in equity.

The Group has elected to classify cashflow from dividend received as investing activities and cashflows from dividend paid as operating activities.

4.16. Employees' end of service benefits

The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method.

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of the past service provided by the employee and the obligation can be estimated reliably.

ii. Defined benefit plan

A provision is made for amounts payable to employees under the Saudi Labor Law and employee contracts. This liability, which is unfunded, represents the amount payable to each employee.

The cost of providing benefits is determined using the projected unit credit method as amended by IAS 19. Remeasurements, comprising of actuarial gains and losses, excluding amounts included in interest on the defined benefit liability are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the year in which they occur. Remeasurements are not reclassified to profit or loss in subsequent years.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Interest is calculated by applying the discount rate to the defined benefit liability. The Group recognizes the following changes in the defined benefit obligation under 'operating cost', and 'general and administrative expenses' in the consolidated statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- interest expense

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

4.17. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement.

4.18. Contingent assets and liabilities

Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable. Contingent liabilities are not recognized in the consolidated financial statements; it is disclosed unless the outflow of economic benefits is remote.

4.19. Earnings per share – EPS

The Group determines basic earnings per share by dividing profit or loss attributable to ordinary equity holders (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the year. The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders of the Parent by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

4.20. Composition of reserve

The Ordinary General Assembly, when determining the net profits per share, may decide to form reserves to the extent that it is in the interest of the company or ensures the distribution of fixed profits, as far as possible, to the shareholders. The said Assembly may also deduct sums from the net profits for the social purposes of the company's employees.

4.21. Bunker subsidy

A bunker subsidy is recognized when all attached conditions are complied with and it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. The Group recognizes unconditional government subsidy related to bunker purchases in the consolidated statement of profit or loss as bunker subsidy income.

4.22. Segment reporting

A reporting segment is a component of the Group that engaged in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's chief operating decision makers about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the President of the respective business unit that makes strategic decisions.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

The Group is organized into business units based on their operations and has the following reportable segments:

- Transportation of oil
- Transportation of chemicals
- Logistics
- Transportation of dry bulk

The Group's management reviews the above segments for quantitative thresholds as well as criteria for presenting the revenues and expenses for the segments at the end of every reporting year.

4.23. Amendments to Standards and Interpretations:

The adoption of the following amendments to the existing standards had no significant financial impact on the consolidated financial statements of the Group:

- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

4.24. Standards issued and not yet effective

The following pronouncements are effective for annual periods beginning on or after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements and is expected to have no significant effect in future periods.

- Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).
- General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1).
- Climate-related Disclosures (IFRS S2).
- Lack of Exchangeability (Amendments to IAS 21).

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

5. OPERATING SEGMENTS

The Group has the following four strategic divisions, which are its reportable segments. These divisions offer different services and are managed separately because they have different economic characteristics – such as trends in sales growth, rates of return and level of capital investment – and have different marketing strategies.

a) The following schedule illustrates the Group's activities according to the operating segments for the year ended 31 December:

31 December 2023	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Subtotal	Others	Total
Revenue	4,795,823	2,723,197	963,304	280,908	8,763,232	14,268	8,777,500
Operating costs	(3,761,224)	(1,938,974)	(898,861)	(184,916)	(6,783,975)	(77,751)	(6,861,726)
Bunker subsidy	133,861	10,437	13,054	-	157,352	-	157,352
Gross profit	1,168,460	794,660	77,497	95,992	2,136,609	(63,483)	2,073,126
General and administrative expenses	(12,324)	(16,587)	(21,100)	(15,574)	(65,585)	(175,590)	(241,175)
Reversal/ (provision) on trade receivables and contract assets	535	(4,829)	1,931	(201)	(2,564)	-	(2,564)
Other income	141,066	184,492	1,654	1,902	329,114	11,209	340,323
Share of results of equity accounted investees	-	-	-	-	-	266,168	266,168
Finance income	-	15,249	-	4,842	20,091	59,527	79,618
Finance costs	(365,735)	(154,906)	(14,078)	(27,689)	(562,408)	(59,240)	(621,648)
Profit before Zakat and income tax	**932,002**	**818,079**	**45,904**	**59,272**	**1,855,257**	**38,591**	**1,893,848**

The Group's vessels are deployed throughout the world and are not concentrated in certain geographical areas. The Group's management does not consider the geographical distribution of the Group's operations to be relevant for their internal management analysis and therefore no geographical segment information has been disclosed.

Revenue from the major customers (related parties) represented around 47.4% (31 December 2022: 47.9%) of the Group's total revenue.

31 December 2022	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Subtotal	Others	Total
Revenue	5,119,215	2,058,097	1,099,161	296,388	8,572,861	9,719	8,582,580
Operating costs	(4,381,332)	(1,615,716)	(1,051,522)	(153,520)	(7,202,090)	(2,362)	(7,204,452)
Bunker subsidy	76,717	3,390	12,898	-	93,005	-	93,005
Gross profit	814,600	445,771	60,537	142,868	1,463,776	7,357	1,471,133
General and administrative expenses	(13,882)	(13,434)	(22,153)	(10,820)	(60,289)	(140,180)	(200,469)
Reversal/ (provision) on trade receivables and contract assets	11,247	(1,038)	15,068	348	25,625	(16)	25,609
Other income/ (expense)	157,852	21,665	9,791	910	190,218	(3,344)	186,874
Share of results of equity accounted investees	-	-	-	-	-	59,642	59,642
Finance income	-	342	-	1,008	1,350	8,793	10,143
Finance costs	(198,297)	(68,095)	(15,575)	(12,255)	(294,222)	(3,186)	(297,408)
Profit/ (loss) before Zakat and income tax	771,520	385,211	47,668	122,059	1,326,458	(70,934)	1,255,524

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(In thousands of Saudi Riyals)

b) The following schedule illustrates the distribution of the Group's assets and liabilities according to the operating segments:

31 December 2023	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Others	Total
Property and equipment	8,575,811	3,235,740	1,073,962	1,112,292	11,683	14,009,488
Other assets	1,696,716	1,624,300	587,561	191,760	4,996,420	9,096,757
Total assets	10,272,527	4,860,040	1,661,523	1,304,052	5,008,103	23,106,245
Total liabilities	5,540,888	2,093,172	507,658	678,339	1,643,952	10,464,009

31 December 2022	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Others	Total
Property and equipment	8,513,430	3,435,307	1,086,510	904,129	21,045	13,960,421
Other assets	2,372,333	2,071,754	1,251,539	358,679	2,883,371	8,937,676
Total assets	10,885,763	5,507,061	2,338,049	1,262,808	2,904,416	22,898,097
Total liabilities	5,963,743	3,536,470	955,261	666,500	660,773	11,782,747

6. PROPERTY AND EQUIPMENT

31 December 2023	Buildings and improvements	Fleet and equipment	Containers and trailers	Furniture and fixtures	Tools and office equipment	Motor vehicles	Computer equipment	Container yards - equipment	Total
Cost									
At 1 January 2023	64,138	22,725,081	11,963	9,342	1,968	2,916	22,638	14,264	22,852,310
Additions/ transfers*	4,553	1,660,842	193	287	231	209	4,937	-	1,671,252
Disposals	(39,661)	(1,530,993)	(4,194)	(1,854)	(823)	(58)	(7,280)	(8,310)	(1,593,173)
At 31 December 2023	29,030	22,854,930	7,962	7,775	1,376	3,067	20,295	5,954	22,930,389
Accumulated depreciation									
At 1 January 2023	48,724	8,791,014	7,462	5,998	1,789	2,916	19,790	14,196	8,891,889
Charge for the year	2,157	1,145,102	865	766	169	44	1,961	-	1,151,064
Disposals	(31,016)	(1,068,691)	(4,194)	(1,724)	(823)	(58)	(7,236)	(8,310)	(1,122,052)
At 31 December 2023	19,865	8,867,425	4,133	5,040	1,135	2,902	14,515	5,886	8,920,901
Net book value:									
At 31 December 2023	9,165	13,987,505	3,829	2,735	241	165	5,780	68	14,009,488

* During 2023, 5 new vessels were received, and other projects were completed and capitalized amounting to SAR 1,418 million which was transferred from projects under construction (refer note 7).

- Certain vessels and tankers of the Group under fleet and equipment with a carrying value of SAR 6.3 billion at 31 December 2023 (31 December 2022: SAR 8 billion), are pledged against certain long-term loans. Refer (note 16) for further details.
- Certain vessels of the Group under fleet and equipment with a carrying value of SAR 759 million at 31 December 2023 (31 December 2022: SAR 990 million), are subject to operating leases (Time charter agreements).

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(In thousands of Saudi Riyals)

31 December 2023	Buildings and improvements	Fleet and equipment	Containers and trailers	Furniture and fixtures	Tools and office equipment	Motor vehicles	Computer equipment	Container yards - equipment	Total
Cost									
At 1 January 2022	65,354	22,393,220	10,265	12,402	4,878	3,076	30,636	14,264	22,534,095
Additions/ transfers*	801	1,663,837	1,799	561	13	-	1,521	-	1,668,532
Disposals	(2,017)	(1,331,976)	(101)	(3,621)	(2,923)	(160)	(9,519)	-	(1,350,317)
At 31 December 2022	64,138	22,725,081	11,963	9,342	1,968	2,916	22,638	14,264	22,852,310
Accumulated depreciation									
At 1 January 2022	48,110	8,473,037	6,882	8,798	4,437	2,166	27,320	14,193	8,584,943
Charge for the year	2,474	1,115,693	681	818	275	910	1,988	3	1,122,842
Disposals	(1,860)	(797,716)	(101)	(3,618)	(2,923)	(160)	(9,518)	-	(815,896)
At 31 December 2022	48,724	8,791,014	7,462	5,998	1,789	2,916	19,790	14,196	8,891,889
Net book value:									
At 31 December 2022	15,414	13,934,067	4,501	3,344	179	-	2,848	68	13,960,421

* During 2022, 9 new vessels were received, and other projects were completed and capitalized amounting to SAR 1,443 million which was transferred from projects under construction (refer note 7).

7. PROJECTS UNDER CONSTRUCTION

The movement in projects under construction is as follows:

	2023	2022
Beginning balance	935,512	1,298,464
Additions	1,387,637	1,080,084
Transferred to property and equipment (note 6)	(1,418,114)	(1,443,036)
Ending balance	**905,035**	**935,512**

During 2019, the Company signed an agreement with Saline Water Conversion Corporation (SWCC) ("Arrows project") for supplying desalinated water from floating mobile stations for a period of 20 years. In this respect, the Company engaged an Engineering, Procurement, and Construction ("EPC") contractor for the purposes of constructing 3 floating stations for water desalination with a total cost of SAR 760 million. The construction commenced in January 2020 and the construction is expected to complete and commence operations during 2024.

Projects under construction include SAR 20 million of borrowing costs capitalized during the year (2022: SAR 23 million).

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(In thousands of Saudi Riyals)

8. INTANGIBLE ASSETS

Intangible assets significantly represent long-term transportation contracts, which resulted from purchasing the operations and assets of Vela Company (a subsidiary of ARAMCO) in 2014. The value of those intangible assets is amortized over the estimated total average remaining useful life of the purchased vessels. As at 31 December 2023 the carrying value of such contract amounted to SAR 308 million (2022: SAR 359 million).

	2023	2022
Cost		
Opening balance	740,083	830,440
Additions	6,445	4,772
Derecognition	(22,356)	(95,129)
Ending balance	724,172	740,083
Accumulated amortization		
Opening balance	366,186	376,384
Charge for the year	55,648	73,395
Derecognition	(22,199)	(83,593)
Ending balance	399,635	366,186
Net book value	**324,537**	**373,897**

9. EQUITY ACCOUNTED INVESTEES

The balance of equity accounted investees as at 31 December contains investments in the following companies:

	Note	2023	2022
Petredec' group limited	9.1	1,731,033	1,421,284
International Maritime Industries Company (IMI)	9.2	49,214	114,989
National Grain Company (NGC)	9.3	53,738	38,844
		1,833,985	**1,575,117**

The share of results of equity accounted investees is as follows:

	Note	2023	2022
Share of profit in Petredec group limited	9.1	406,039	182,760
Share of loss in IMI	9.2	(132,269)	(123,379)
Share of (loss)/ profit in NGC	9.3	(7,602)	261
		266,168	**59,642**

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(In thousands of Saudi Riyals)

9.1. Petredec Group Limited

The movement of investment in Petredec group limited is as follows:

	2023	2022
Beginning balance	1,421,284	1,314,471
Share of profit for the year	406,039	182,760
Share of other comprehensive (loss)/ income for the year	(11,063)	37,689
Dividends received during the year	(85,227)	(113,636)
Ending balance	**1,731,033**	**1,421,284**

The table reconciles the summarized financial information to the carrying amount of the Group's interest in Petredec' Group as at 31 October:

	31 October 2023	31 October 2022
Current assets	4,075,024	3,119,528
Non-current assets	8,161,620	6,475,665
Current liabilities	(3,398,880)	(1,704,686)
Non-current liabilities	(4,419,188)	(3,379,238)
Net assets before non-controlling interest	4,418,576	4,511,269
Non-controlling interest	(92,138)	(82,005)
Net assets	**4,326,438**	**4,429,264**
Group's share of net assets	1,311,042	1,342,201
Group's share in the consideration paid for buy back shares (note 1)	340,908	-
Goodwill	79,083	79,083
Carrying amount of investment in equity accounted investee	**1,731,033**	**1,421,284**
Revenue	19,005,304	24,309,150
Profit before non-controlling interest	1,346,305	755,169
Non-controlling interest	(42,885)	(27,687)
Total comprehensive income for the year	**1,303,420**	**727,482**
Group's share of total comprehensive income	**394,976**	**220,449**

9.2. International Maritime Industries Company (IMI)

The movement of investment in IMI is as follows:

	2023	2022
Beginning balance	114,989	164,551
Additional paid in capital	67,760	74,625
Share of loss for the year	(132,269)	(123,379)
Share of other comprehensive loss for the year	(1,266)	(808)
Ending balance	49,214	**114,989**

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

The table reconciles the summarized financial information to the carrying amount of the Group's interest in IMI as at 31 December:

	2023	2022
Current assets	1,036,834	1,977,218
Non-current assets	2,900,738	2,152,560
Current liabilities	(573,836)	(519,338)
Non-current liabilities	(2,779,264)	(2,717,565)
Net assets	**584,472**	**892,875**
Group's share of net assets	116,310	177,682
Reconciling adjustment (relating to Zakat)	(67,096)	(62,693)
Carrying amount of investment in equity accounted investee	**49,214**	**114,989**
Revenue	262,384	284,644
Total comprehensive loss for the year	**(690,619)**	**(491,400)**
Group's share of total comprehensive loss	**(133,535)**	**(124,187)**

9.3. National Grain Company (NGC)

The movement of investment in NGC as follows:

	2023	2022
Beginning balance	38,844	18,583
Additional paid in capital	22,500	20,000
Share of (loss)/ profit for the year	(7,602)	261
Share of other comprehensive loss for the year	(4)	-
Ending balance	**53,738**	**38,844**

The table reconciles the summarized financial information to the carrying amount of the Group's interest in NGC as at 31 December:

	2023	2022
Current assets	17,437	44,881
Non-current assets	374,049	130,611
Current liabilities	(77,677)	(20,484)
Non- current liabilities	(206,334)	(77,321)
Net assets	**107,475**	**77,687**
Group's share of net assets	53,738	38,844
Carrying amount of investment in equity accounted investee	**53,738**	**38,844**
Revenue	-	-
Total comprehensive loss for the year	**(15,214)**	**(7,022)**
Adjustment in equity	**-**	**7,543**
Group's share of total comprehensive (loss)/ income	**(7,606)**	**261**

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

10. OTHER NON-CURRENT FINANCIAL ASSETS

The balance of other non-current financial assets is as follows:

	2023	2022
Derivatives	58,523	46,691
Equity securities at FVOCI	16,352	11,899
Non-current trade receivables	-	5,532
Investment in government bonds	83	83
	74,958	**64,205**

11. INVENTORIES

The balance of inventory, located on the vessels, is as follows:

	2023	2022
Fuel	441,000	452,144
Lubricant	49,784	51,123
Others	7,592	7,931
	498,376	**511,198**

12. TRADE RECEIVABLES AND CONTRACT ASSETS

Trade receivables and contract assets include the following items:

	2023	2022
Trade receivables	531,095	622,752
Due from related parties (note 27)	537,516	1,351,716
	1,068,611	**1,974,468**
Contract assets (unbilled revenue)	393,016	263,400
	1,461,627	**2,237,868**
Less: Provision on trade receivables and contract assets (note a)	(163,626)	(168,843)
Trade receivables and contract assets, net	1,298,001	2,069,025

The movement of provision on trade receivables and contract assets is as follows:

	2023	2022
Opening balance	168,843	194,468
Charge/ (reversal) for the year	2,564	(25,609)
Write-off	(7,781)	(16)
Ending balance	**163,626**	**168,843**

Trade receivables balances from Government entities amounted to SAR 166 million as at 31 December 2023 (31 December 2022: SAR 141 million), 58% (31 December 2022: 53%) of these balances are outstanding for more than 12 months. These amounts represent 11.3% of the gross trade receivables (31 December 2022: 6.3%). Please refer to note 28.4.1 for aging of trade receivables and contract assets.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(In thousands of Saudi Riyals)

13. PREPAYMENTS AND OTHER CURRENT ASSETS

The balance of prepayments and other current assets includes the following:

	2023	2022
Advances to suppliers	230,177	263,837
Recoverable bunker cost	163,242	76,609
Prepaid expenses	54,714	47,486
Refundable deposits	31,508	13,487
Insurance claims	24,343	9,918
Employees advances	4,068	2,741
Others	79,312	44,874
	587,364	**458,952**

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent bank balances, cash, investments in Murabaha and short-term deposits. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise of the following:

	2023	2022
Bank balances and cash	711,485	929,414
Murabaha and short-term deposits (Note 14.1)	2,201,632	1,599,944
Cash and cash equivalents in consolidated statement of cash flows	**2,913,117**	**2,529,358**

14.1 Murabaha and Short-Term Deposits

Murabaha and short-term deposits comprise of the following:

	2023	2022
Murabaha and short - term deposits in USD	1,654,951	1,546,875
Murabaha and short - term deposits in Saudi Riyals	546,681	37,754
Murabaha and short - term deposits in AED	-	15,315
	2,201,632	**1,599,944**

Murabaha and short-term deposits yield finance income at prevailing market rates. The finance income on Murabaha and short-term deposits during the year amounted to SAR 79.6 million (2022: SAR 10.1 million)

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(In thousands of Saudi Riyals)

15. SHARE CAPITAL

The Company's share capital amounting to SAR 7,382,812,500 as at 31 December 2023 is divided into 738,281,250 shares (31 December 2022: SAR 4,921,875,000 divided into 492,187,500 shares) with a par value of SAR 10 each.

Based on a resolution passed at the Extraordinary General Assembly in its meeting held on 01 Dhul Hijjah 1444H (Corresponding to 19 June 2023), the capital of the Company was increased from SAR 4,921,875 thousand to SAR 7,382,812 thousand by transferring SAR 351,750 thousand from the "statutory reserve" and SAR 2,109,187 thousand from "retained earnings" accounts to "share capital" account.

16. LOANS AND BORROWINGS

	Note	2023	2022
Sukuk	16.1	3,900,000	3,900,000
Murabaha loans	16.2	3,802,362	5,670,575
Total loans and borrowings		**7,702,362**	**9,570,575**
Less: Total current portion		(609,117)	(980,634)
Non-current loan and borrowings		**7,093,245**	**8,589,941**
Less: prepaid financing		(33,081)	(52,503)
Net non-current loans and borrowings		**7,060,164**	**8,537,438**
Current portion of long-term loans		609,117	980,634
Loans and borrowings - Current Liabilities		**609,117**	**980,634**
Loans and borrowings - Non-Current Liabilities		**7,060,164**	**8,537,438**
		7,669,281	**9,518,072**

16.1 Sukuk

On 6 Dhul-Hijjah 1443H (corresponding to 5 July 2022), the Company completed the issuance and offering of a local Sukuk denominated in Saudi Riyal for public offering with nominal value amounting to SAR 3,900 million, and a nominal value of SAR 1 million for each Suk. The Sukuk issuance bears a variable rate of return at SIBOR plus a predetermined margin, payable semi-annually. The Sukuk is due to mature at par value on its expiry date of 27 Safar 1451H (corresponding to 5 July 2029). The balance in the prepaid financing account related to Sukuk at the end of 31 December 2023 is SAR 5.8 million (31 December 2022: SAR 8.5 million).

16.2 Murabaha borrowings

The Group obtained Murabaha long term loans during year ended 31 December 2023 for a total of SAR 887 million (31 December 2022: SAR 1,099 million). Loans are secured by promissory notes and mortgages against vessels. These loans are repayable over 10 years on a quarterly or semi-annual basis and a repayment of SAR 2,755 million was made for the year ended 31 December 2023 (31 December 2022: SAR 1,075 million). The loans carry commission at normal commercial rates. The balance of loans against which profit is to be paid based on SOFR as of 31 December 2023 is nil (31 December 2022: SAR 1,522 million) and the balance of loans against which profit is to be paid based on SIBOR as of 31 December 2023 totaled to SAR 3,802 million (31 December 2022: SAR 4,148 million). The balance in the prepaid financing account related to Murabaha loans at the end of 31 December 2023 is SAR 27.2 million (31 December 2022: SAR 44 million).

16.3 Covenants

Borrowing agreements include covenants mainly related to maintaining certain ratios of leverage and debt to equity ratio. Under the terms of these agreements, lenders are entitled to demand immediate repayment of loans if these covenants are not met.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

17. EMPLOYEES' END OF SERVICE BENEFITS

The Group has a post-employment defined benefit plan for its own employees. The benefits are required by Saudi Arabia labor law. The benefit is based on employees' final salaries and allowances and their cumulative years of service, as stated in the labor law of Kingdom of Saudi Arabia.

	2023	2022
Opening balance	**79,315**	**70,510**
Current service cost	12,830	12,652
Interest cost	3,226	1,594
Total cost charged for the year	16,056	14,246
Benefits paid	(2,744)	(8,171)
Re-measurement loss on defined benefit plan	7,698	2,730
Ending balance	**100,325**	**79,315**

The significant assumptions used in determining employees' end of service benefit for the Group's plan are shown below:

	2023	2022
Discount rate	4.70%	4.15%
Withdrawal rate – for the first two years of service	13.05%	12.50%
Withdrawal rate – third year of service and after	13.05%	12.50%
Future salaries increase - for the first three years	7.20%	6.65%
Future salaries increase - fourth year and after	7.20%	6.65%

A quantitative sensitivity analysis for significant assumptions on the defined benefit plan is shown below:

	2023	2022
Discount rate		
0.5 % increase	(7,366)	(2,295)
0.5% decrease	8,443	2,428
Withdrawal rate		
10% increase	(1,316)	(1,020)
10% decrease	1,424	1,136
Future salary increases		
1% increase	8,802	5,198
1% decrease	(7,840)	(4,743)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit plans as a result of reasonable changes in key assumptions occurring at the end of the reporting year. The sensitivity analysis may not be representative of an actual change in the defined benefit plans as it is unlikely that changes in assumptions would occur in isolation from one another.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

18. LEASES

Leases in which the Group is a lessee

The Group mainly leases vessels, head office and administrative buildings. Information about leases for which the Group is a lessee is presented below:

i. Right of use assets

	2023	2022
Balance at 1 January	420,412	515,721
Additions	456,582	48,646
Modifications	(16,827)	(19,456)
Depreciation charge for the year	(198,783)	(124,499)
Balance at 31 December	**661,384**	**420,412**

ii. Lease liabilities

	2023	2022
Balance at 1 January	438,367	522,446
Additions	456,582	48,646
Lease interest	28,509	15,395
Payment	(208,559)	(128,727)
Modifications	(28,031)	(19,393)
Balance at 31 December	**686,868**	**438,367**

	2023	2022
Non-current	498,840	341,298
Current	188,028	97,069
	686,868	**438,367**

iii. Amounts recognized in consolidated statement of profit or loss

	2023	2022
Interest on lease liabilities (note 25)	28,509	15,395
Expenses relating to short-term leases (note 23)	4,839	3,878

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

19. TRADE AND OTHER PAYABLES

	2023	2022
Due to related parties (note 27)	526,031	151,152
Accrued expenses	492,620	564,009
Trade payables	392,274	418,364
Accrued finance cost	206,844	159,340
Unclaimed dividends	64,798	62,770
Value of sold shares	19,214	19,687
Others	50,597	111,223
	1,752,378	**1,486,545**

20. ZAKAT AND INCOME TAX

The Group's Zakat is based on the financial statements of the Company and its wholly owned subsidiaries, in accordance with the Zakat, Tax and Customs Authority ("ZATCA') regulations. The Company and its other subsidiaries filed their Zakat and tax returns separately.

The movement in the provision for Zakat and income tax is as follows:

	2023	2022
Opening balance	255,446	222,467
Charge for the year	100,836	92,927
Payments during the year	(105,293)	(59,948)
Ending balance	**250,989**	**255,446**

Zakat and tax status of the Parent and its wholly owned subsidiaries

The Company's Zakat is based on the financial statements of the Company and its wholly owned subsidiaries, in accordance with the Zakat, Tax and Customs Authority ("ZATCA') regulations. The Company and its other subsidiaries file their Zakat and tax returns separately.

The Company has filed its Zakat returns up to 2022 and obtained the Zakat certificate for the year 2022.

ZATCA issued the Zakat assessments for the years 2015 to 2017, claiming additional Zakat of SAR 67.8 million despite closing the mentioned years previously through the fast-track initiative. The Company has submitted an appeal against the assessment and ZATCA has rejected the appeal, accordingly, the Company escalated the appeal to the General Secretariat of Tax Committees ("GSTC"). The Committee for Resolution of Tax Violations and Disputes "CRTVD" has issued its decision in the appeal with partial acceptance. The Company has escalated the appeal to the Appellate Committee for Tax Violations and Disputes Resolution "ACTVDR" which has issued its decision in the appeal with partial acceptance. The Company is waiting for the relevant invoice to be issued by ZATCA based on the committee decision.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

ZATCA issued the Zakat assessment for the year 2018 claiming additional Zakat of SAR 27.9 million. The Company has submitted an appeal against the assessment and ZATCA has partially accepted the appeal and issued a revised assessment which has been escalated by the Company to the GSTC. The CRTVD has issued its decision in the appeal with partial acceptance. The Company has escalated the appeal to the ACTVDR which has issued its decision in the appeal with partial acceptance. The Company is waiting for the relevant invoice to be issued by ZATCA based on the committee decision. Management believes that adequate provisions have been made against any potential zakat and tax liabilities.

ZATCA issued the Zakat assessments for the years 2019 and 2020, claiming additional Zakat of SAR 27.3 million. The Company has submitted an appeal against the assessment which is under review from ZATCA.

The Company did not receive the Zakat assessments for the years 2021 and 2022 from ZATCA.

Zakat and tax status for National Chemical Carriers Company (NCC)

NCC has filed its Zakat returns up to 2022 and obtained the Zakat certificate.

NCC finalized the Zakat status with ZATCA for all the years up to 2012.

NCC has also received the zakat assessment for the years from 2015 to 2017 claiming additional payments of SAR 6.1 million. NCC has submitted an appeal against the assessments and ZATCA has partially accepted the appeal and issued revised assessments which have been escalated by NCC to the GSTC. The CRTVD has issued its decision in the appeal with partial acceptance. NCC has escalated the appeal to the ACTVDR to continue the appeal process till the final decision is released.

NCC has finalized the Zakat status for the year 2018 with ZATCA.

NCC did not receive the Zakat assessments for the years 2013 to 2014 and 2019 to 2021 from ZATCA. Management believes that adequate provisions have been made against any potential zakat and tax liabilities.

Zakat and Tax status for Bahri Dry Bulk (BDB)

BDB submitted its Zakat and tax returns up to 2022.

BDB has received the Zakat assessment for the years 2015 to 2018 claiming additional payments of SAR 11.7 million.

BDB has submitted an appeal against the assessments and further escalated by BDB to the GSTC. The CRTVD has issued its decision in the appeal with partial acceptance. BDB has escalated the appeal to the ACTVDR to continue the appeal process till the final decision is released. Management believes that adequate provisions have been made against any potential Zakat and tax liabilities.

BDB has finalized the Zakat status for the year 2020 with ZATCA.

Zakat and tax status for Bahri Logistics Company (BLC)

BLC submitted its Zakat and Tax returns for the years up to 2022 and finalized the assessment up to the year 2018 with ZATCA.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

21. REVENUE

	2023	2022
Spot	5,987,755	6,208,358
Charter hire	1,810,511	1,531,038
Freight forwarding	441,162	514,351
Time charter (note 29)	498,101	310,999
Others	39,971	17,834
	8,777,500	**8,582,580**

22. OPERATING COST

	2023	2022
Fuel & lubricants	1,908,270	2,594,757
Ship running expenses	1,482,626	1,343,620
Depreciation and amortization	1,200,242	1,310,674
Employees' salaries and benefits	756,865	695,819
Ports and agencies charges	630,305	550,441
Repairs and maintenance	179,921	209,981
Freight forwarding expenses	106,583	228,255
Others	596,914	270,905
	6,861,726	**7,204,452**

23. GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
Employees' salaries and benefits	155,494	142,114
Professional, legal and consultation fees (refer note 23.1)	30,681	9,830
Marketing and communication	17,308	14,602
Maintenance	17,284	13,162
Depreciation and amortization	10,687	10,062
Rent	4,839	3,878
Others	4,882	6,821
	241,175	**200,469**

23.1 Auditors' remuneration for the statutory audit of the Group's consolidated financial statements and the financial statements of its subsidiaries for the year ended 31 December 2023 amounted to SR 2.5 million (2022: SR 2.3 million). Auditors' remuneration for the review of the Group's consolidated financial statements during the year ended 31 December 2023 amounted to SR 400 thousand (2022: SR 400 thousand). Fee for other statutory and related services provided by the auditors to the Group amounted to SR 190 thousand (2022: SR 865 thousand).

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

24. OTHER INCOME

	2023	2022
Gains on disposal of property and equipment	214,084	159,840
Recovered claims	106,915	17,045
Others	19,324	9,989
	340,323	**186,874**

25. FINANCE COSTS

	2023	2022
Murabaha financing	333,155	193,051
Saudi riyal Sukuk	273,783	128,516
Lease interest	28,509	15,395
Commercial loans	35	34
Derivatives revaluation	(13,834)	(39,588)
	621,648	**297,408**

26. EARNINGS PER SHARE

	2023	2022
Profit for the year attributable to equity holders of the Parent Company	1,613,428	1,040,909
Weighted average number of ordinary shares outstanding during the year	738,281	738,281
Earnings per share - Basic and Diluted (Saudi Riyals)	2.19	1.41

The basic and diluted earnings per share is calculated by dividing the profit of the period for ordinary shareholders of the parent company by the weighted average number of ordinary shares in place during the year. The calculation of the basic and diluted earnings per share for the year ended 31 December 2023 and 31 December 2022 was adjusted retrospectively based on the number of shares issued after the increase of the company's capital shares to 738,281 thousand shares (note 15).

27. RELATED PARTIES

Related parties represent major shareholders, government related entities, directors and key management personnel of the Group, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. The Group has claimed exemption from the requirements of para 18 of IAS 24 ("Related Party Disclosure").

A government-related entity is an entity that is controlled, jointly controlled or significantly influenced by a government. The Group's majority shareholder, PIF and Aramco, are fully owned by the Government of the Kingdom of Saudi Arabia. PIF and Aramco exercises significant influence over the Group. Transactions and balances with related parties and government related entities are listed below:

Trading transactions and balances with related parties

The Group transacts with related parties in the ordinary course of its activities, as many of the Group's transactions and arrangements are based on signed agreements between the Group and those companies. The balances are unsecured, interest-free, and repayable on demand unless otherwise stated.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

The transactions with related parties during the year were as follows:

Related parties	Nature of the transaction	2023	2022
ARAMCO and its subsidiaries – shareholder	Operating revenue	3,598,582	3,564,890
ARAMCO and its subsidiaries – shareholder	Bunker purchase	429,758	132,020
SABIC and its subsidiaries – government related entities	Operating revenue	554,396	538,783
International Maritime Industries (IMI) - associate	Operating revenue	3,481	4,908
Public Investment Fund – shareholder	Finance cost	382	1,137

Related party balances included in trade receivables and contract assets (note 12) is as follows:

	2023	2022
ARAMCO and its subsidiaries	496,065	1,312,119
SABIC and its subsidiaries	37,931	36,906
International Maritime Industries (IMI)	3,520	2,691
	537,516	**1,351,716**

Long-term loan and payables due to related parties are as follows:

	2023	2022
Loan from Public Investment fund (PIF)	-	39,375
ARAMCO and its subsidiaries (note 19)	526,031	151,152

Compensation of key management personnel:

	2023	2022
Salaries and compensations – short term employee benefits	26,456	19,187
End of service award- post-employement benefits	3,280	1,697
Total compensation	**29,736**	**20,884**

The Board of Directors remuneration for the year ended 31 December 2023 amounted to SAR 8 million (2022: SAR 3.8 million).

Trade transactions and related parties' balances with government and government related entities

Revenues related to transactions with government and government related entities for the year ended 31 December 2023 amounted to SAR 343 million (2022: SAR 375 million), in addition to the amounts disclosed in above note.

As at 31 December 2023, accounts receivable from government and government entities totaled SR 232 million (2022: SR 221 million).

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

28. FINANCIAL INSTRUMENTS

28.1. Financial Assets

	Note	2023	2022
Financial assets at fair value			
Derivatives not designated as hedging instruments:			
CAP commission options	10	58,523	46,691
Financial assets at fair value through OCI			
Unquoted equity shares	10	16,352	11,899
Total financial assets at fair value		74,875	58,590
Financial assets at amortized cost			
Other non-current financial assets	10	83	5,615
Trade receivables and contract assets	12	1,298,001	2,069,025
Other current financial assets		219,093	100,014
Cash and cash equivalents	14	2,201,632	2,529,358
Total financial assets at amortized cost		**3,718,809**	**4,704,012**
Total financial assets		**3,793,684**	**4,762,602**

28.2. Financial Liabilities

	Note	2023	2022
Financial liabilities at fair value			
Derivative financial instruments		4,168	5,002
Financial liabilities at amortized cost			
Loans and borrowings	16	7,669,281	9,518,072
Trade and other payables	19	1,752,378	1,486,545
Lease liabilities	18	686,868	438,367
Total financial liabilities at amortized cost		**10,108,527**	**11,442,984**
Total financial liabilities		**10,112,695**	**11,447,986**

28.3. Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in an arm's length transaction. Financial instruments are comprised of financial assets and financial liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has derivative financial instruments consisting of commission rate options agreements to hedge against fluctuations in commission rates. The gain or loss from revaluation of these agreements is recognized in the consolidated statement of profit or loss (note 25).

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

The fair value hierarchy is as follows:

	2023			
	Quoted prices in the active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
FVOCI – equity instrument:				
Unquoted equity shares	-	-	16,352	16,352
Financial instruments measured at FVTPL				
CAP commission option				
Assets	-	58,523	-	58,523
Liabilities	-	4,168	-	4,168

	2022			
	Quoted prices in the active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
FVOCI – equity instrument:				
Unquoted equity shares	-	-	11,899	11,899
Financial instruments measured at FVTPL				
CAP commission option				
Assets	-	46,691	-	46,691
Liabilities	-	5,002	-	5,002

Derivative financial instruments include interest rate cap and floor. These derivatives are valued using widely recognized valuation models. The Group relies on the counterparty for the valuation of these derivatives. The valuation techniques applied by the counterparties include the use of standard models using present value calculations and mid-market valuations. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including cap/floor volatility, interest rate curves, credit spreads, foreign exchange rates, and forward and spot prices.

Management believes that the fair value of other assets and liabilities approximate to their carrying values.

28.4. Financial Risk Management

The Group's activities expose it to a variety of financial risks, including market risk (comprised of currency risk, price risk and commission rate risk), credit risk and liquidity risk. The Group's risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The financial instruments in the consolidated statement of financial position are comprised primarily of cash and cash equivalents, other non-current financial assets, trade receivables and contract assets, loans and borrowings, trade and other payables, lease liabilities, derivative financial instruments.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

Senior management monitors the financial risk management department. The most important types of risk are summarized below:

28.4.1. Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group seeks to manage its credit risk by dealing with reputable banks and with respect to customers by setting credit limits for individual customers, monitoring outstanding receivables and ensuring close follow-ups.

The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets from governments, semi-government and commercial customers.

Loss rates are calculated using a roll rate method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - governments, semi-government and commercial.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2023 and 2022:

	Weighted average loss rate		Gross carrying amount		Impairment allowance	
	2023	2022	2023	2022	2023	2022
Less than 6 months*	2%	1%	1,208,249	1,948,749	19,572	14,828
From 6 months to 12 months	16%	6%	71,807	82,092	11,180	4,626
More than 12 months	73%	72%	181,571	207,027	132,874	149,389
Total			**1,461,627**	**2,237,868**	**163,626**	**168,843**

* This includes amount not yet due and amount due between 0 to 90 days amounting to SAR 879 million and SAR 255 million respectively (2022: SAR 835 million and SAR 881 million respectively).

Cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis. Limits are designed to minimize risk concentration and decrease financial loss through the inability of the counterparty to make the payments.

Cash balances, Murabaha and short - term deposits and derivative financial instruments are held with banks which are considered as Investment grade financial institutions (BBB and above rating).

28.4.2. Liquidity risk

Liquidity risk represents the Group's difficulties in providing funds to meet commitments associated with financial instruments. The Group's liquidity risk management policy is to ensure that sufficient liquidity and financing are available to meet its liabilities when due.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

The amounts in the table below represent contractual undiscounted cash flows:

	2023					
	Carrying amount	Total	Within 3 months	3 to 12 months	1 to 5 years	More than 5 years
Long term borrowings	3,769,281	5,245,801	284,093	592,687	2,155,709	2,213,312
Sukuk	3,900,000	5,685,914	146,653	151,542	1,190,338	4,197,381
Lease liabilities	686,868	758,181	96,667	198,958	407,852	54,704
Trade and other payables	1,752,378	1,752,378	-	1,752,378	-	-
Derivative financial instrument	4,168	4,168	-	-	4,168	-
	10,112,695	**13,446,442**	**527,413**	**2,695,565**	**3,758,067**	**6,465,397**

	2022					
	Carrying amount	Total	Within 3 months	3 to 12 months	1 to 5 years	More than 5 years
Long term borrowings	5,618,072	7,107,170	378,701	946,649	4,075,717	1,706,103
Sukuk	3,900,000	5,521,309	115,808	115,808	926,462	4,363,231
Lease liabilities	438,367	481,960	33,310	75,797	296,462	76,391
Trade and other payables	1,486,545	1,486,545	-	1,486,545	-	-
Derivative financial instrument	5,002	5,002	-	-	5,002	-
	11,447,986	**14,601,986**	**527,819**	**2,624,799**	**5,303,643**	**6,145,725**

The Group has unutilized credit facilities of SAR 1,505 million as at 31 December 2023 (31 December 2022: SAR 1,329 million) to meet liquidity requirements.

28.4.3. Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. Market risk comprises of three types of risk: currency risk, commission rate risk and price risk.

Currency risk

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's principal transactions are carried in Saudi Riyal, United States Dollar, and United Arab Emirates Dirham. The Group's management believes that currency risk is not significant since the exchange rate of Saudi Riyal is pegged against those currencies.

Commission rate risk

Commission rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market commission rates. The Group is subject to commission rate risk on its commission rate bearing assets and liabilities, including bank deposits and loans. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates. The Group had executed CAP commission options to hedge the fluctuation in the commission rates.

Sensitivity analysis for variable rate financial instruments

The following table demonstrates the sensitivity of income to reasonably possible changes in commission rate on Sukuk and long-term borrowings, with all variables held constant.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(In thousands of Saudi Riyals)

Profit rate	2023	2022
Increase by 100 base points	77,024	95,706
Decrease by 100 base points	(77,024)	(95,706)

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices, whether those changes are due to factors related to the instrument or its source, or which affect all instruments traded in the market. The Group diversifies its investment portfolio to manage price risk arising from its equity investments.

28.4.4. Capital management

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a debt ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, Sukuk and long-term borrowings, trade and other payables, lease liabilities, less cash and short-term deposits.

	2023	2022
Loans and borrowings	7,669,281	9,518,072
Trade and other payables (note 19)	1,752,378	1,486,545
Lease liabilities (note 18)	686,868	438,367
Less: Cash and cash equivalents (note 14)	(2,913,117)	(2,529,358)
Net Debt	**7,195,410**	**8,913,626**
Total equity	12,642,236	11,115,350
Total capital	**12,642,236**	**11,115,350**
Capital and net debt	**19,837,646**	**20,039,350**
Gearing ratio	36%	45%

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(In thousands of Saudi Riyals)

29. CAPITAL COMMITMENTS AND CONTINGENCIES

Capital commitments

The Group's capital commitment related to ships under construction and the purchase of property and equipment was SAR 65 million as of 31 December 2023 (31 December 2022: SAR 199 million).

Contingencies

The Group has outstanding bank letters of guarantee for SAR 333 million as at 31 December 2023 (31 December 2022: SAR 312 million) issued for the Group's normal course of business.

The Group is involved in legal litigation claims in the ordinary course of business, and there are some claims which are under the process of final settlement. The Group's management does not expect that these claims will have a material adverse effect on the Group's consolidated financial statements.

Operating lease– Group as a lessor

The Group, as a lessor, leases certain vessels to a related party based on time charter agreements (note 1). The future amounts receivable under this lease agreement are as follows:

	2023	2022
Within one year	302,480	237,506
After one year but not more than five years	388,838	548,525
	691,318	**786,031**

Income from time charter agreements under operating leases amounted to SAR 498 million for the year ended 31 December 2023 (31 December 2022: SAR 311 million) (note 21).

30. DIVIDENDS

The Board of Directors recommended in its meeting held on 14 March 2023 to the General Assembly of the Company the distribution of cash dividends of SAR 246 million to the shareholders for the financial year ended 31 December 2022 amounting to SAR 0.5 per share. The General Assembly had approved the recommendation in its meeting held on 19 June 2023. These dividends have been paid on 16 July 2023.

31. NON-CONTROLLING INTERESTS

Set out below is summarized financial information for each subsidiary that has non-controlling interests, shown in note 1:

2023	National Chemical Carrier Company Limited	Bahri Dry Bulk	Total
Non-controlling interest percentage	20%	40%	
Non-current assets	3,867,334	1,130,837	4,998,171
Current assets	3,555,211	429,331	3,984,542
Non-current liabilities	(1,535,872)	(424,061)	(1,959,933)
Current liabilities	(3,119,805)	(510,394)	(3,630,199)
Net assets	2,766,868	625,713	3,392,581
Net assets attributable to non-controlling interests	**553,374**	**250,285**	**803,659**
Revenue	2,723,197	280,908	3,004,105
Profit for the year	796,859	50,530	847,389
Profit attributable to non-controlling interests	**159,372**	**20,212**	**179,584**
Cash flows from operating activities	1,225,717	61,072	1,286,789
Cash flows from/ (used in) investing activities	72,902	(241,002)	(168,100)
Cash flows (used in)/ from financing activities	(1,008,246)	82,580	(925,666)
Net increase/ (decrease) in cash and cash equivalents	290,373	(97,350)	193,023

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(In thousands of Saudi Riyals)

2022	National Chemical Carrier Company Limited	Bahri Dry Bulk	Bahri Logistics (note a)	Total
Non-controlling interest percentage	20%	40%	0%	
Non-current assets	3,939,880	931,673	-	4,871,553
Current assets	669,385	266,596	-	935,981
Non-current liabilities	(2,030,276)	(471,430)	-	(2,501,706)
Current liabilities	(608,398)	(151,645)	-	(760,043)
Net assets	1,970,591	575,194	-	2,545,785
Net assets attributable to non-controlling interests	**394,118**	**230,078**	**-**	**624,196**
Revenue	2,058,097	296,388	215,047	2,569,482
Profit for the year	374,989	115,503	1,225	491,717
Profit attributable to non-controlling interests	**74,997**	**46,201**	**490**	**121,688**
Cash flows from operating activities	491,842	152,012	16,467	660,321
Cash flows used in investing activities	(858,909)	(24,579)	(67)	(883,555)
Cash flows from/ (used in) financing activities	408,943	(56,530)	(7,024)	345,389
Net increase in cash and cash equivalents	41,876	70,903	9,407	122,186

On 18 August 2022, the Group acquired an additional 40% in Bahri Logistics Company (Previously: Bahri Bolloré Logistics Company) increasing its ownership to 100%. Cash consideration of SAR 27 million was paid to the non-controlling interest shareholder. Following is a schedule of additional interest acquired in Bahri Logistics Company:

	SAR
Carrying value of the additional interest	30,242
Cash consideration paid to non-controlling shareholder	(27,320)
Difference recognized in retained earnings	2,922

32. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors has approved the consolidated financial statements for the year ended 31 December 2023 in their meeting held on 8 Ramadan 1445H (corresponding to 18th March 2024).