Annual Report
2019

Crossing borders through sea, land and air for a prosperous logistics future...

بسم الله الرحمن الرحيم

Custodian of the Two Holy Mosques

King Salman bin Abdulaziz Al-Saud

May Allah protect him

HRH Prince

Mohammad bin Salman bin Abdulaziz Al-Saud

Crown Prince, Deputy Prime Minister and

Minister of Defense

May Allah protect him

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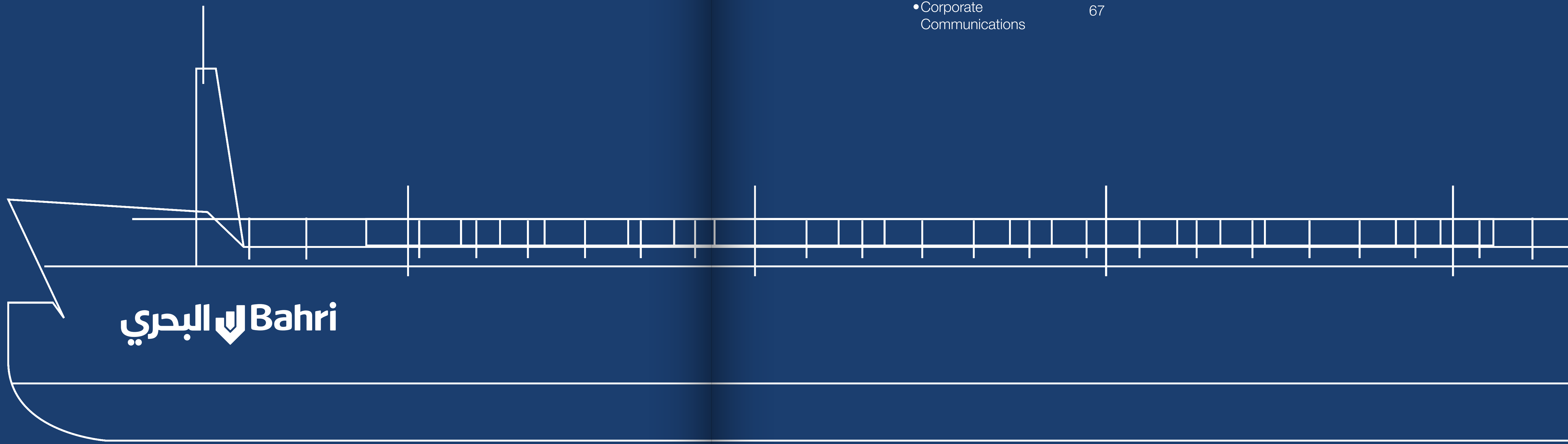


Board of Directors

Mohammed Abdulaziz Al-Sarhan
Chairman

Dr Abdulmalik Abdullah Al-Hogail
Vice Chairman

Saleh Abdullah Al-Debasi
Board member

Ahmed Ali Al-Subaey
Board member

Ibrahim Qassim Al-Buainain
Board member

Khalifa Abdullatif Al-Mulhim
Board member

Khalid Mohammed Alaraifi
Board member

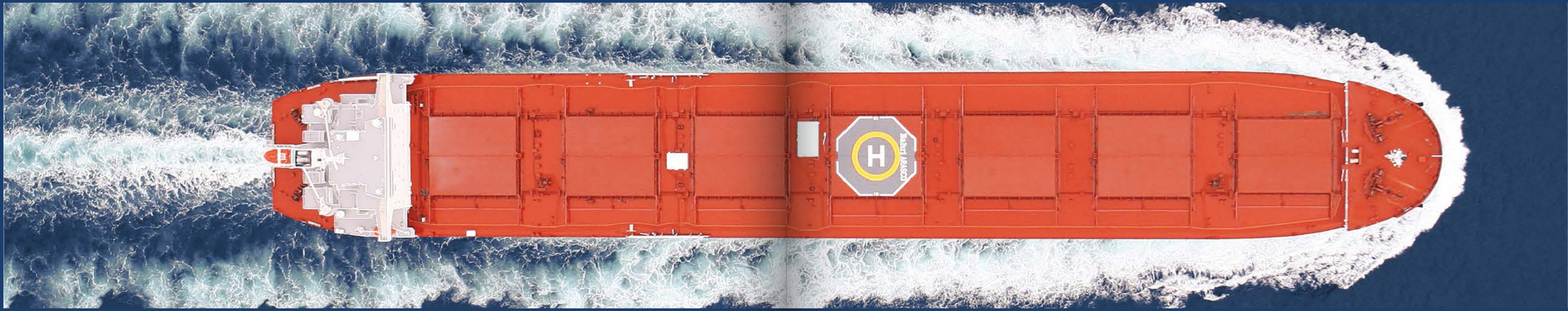
Yasir Abdullah Al-Salman
Board member

Raid Abdullah Ismail
Board member

Highlights of the year 2019

«Excellence is the cornerstone of our business»

Key achievements 2019



Bahri Oil launched

386
voyages

Transported

784
million oil barrels worldwide

Bahri Logistics achieved total operational profit of

SAR161 million
(USD42.9 million)

Bahri Dry Bulk operational profits grew to exceed

SAR65 million
(USD17.3 million)

Increase

73%

Completion of awarding procedures and signing of an agreement for transporting desalinated water from portable floating stations to desalination tanks

With Saline Water Conversion Corporation (SWCC)

Bahri Chemicals achieved operating profit growth of

SAR171 million
(USD45.6 million)

Increase of

27%

Bahri Bolloré shipments grew by

50%

Bahri announces one-year extension to Ministry of Defense transportation contract with an increase of

10%
of contract value

New contract value

SAR421,668,500
(USD112.4 million)

Bahri completed the signing of a contract for building its first Very Large Crude Carrier (VLCC) with International Maritime Industries (IMI) and Hyundai Heavy Industries (HHI), for delivery in 2021

Geographical footprint and markets

Bahri is continuing its strategy of expansion into regional and global markets:

First Nationally

Contributes to the Saudi economy by transportation services connecting the Kingdom to global markets.

The Best Performing

Bahri is the best performing company according to the Ship Inspection Report (SIRE).

Optimum Quality

Holder of ISO9001:2015 in oil transport services and airlines section.

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Chapter One
Bahri Horizons

About Bahri

Bahri, the National Shipping Company of Saudi Arabia (NSCSA), was established by Royal Decree M/5 as a public shareholding company on 21 January 1978, under commercial registration number 1010026026 issued in Riyadh, dated 22 October 1979. Bahri's capital stood at 393,750,000 shares on 31 December 2019.

Today, Bahri is Saudi Arabia's leading shipping company. We are committed to a strategy of continued growth by further building our customer base in Saudi Arabia and abroad, and establishing an international reputation for quality, reliability and safety. Our business activities span the purchase, sale and operation of ships and vessels for the transportation of cargo, oil, chemicals, oil products and dry bulk, logistical services, cargo clearance and stowage on board ships and other means of transportation, storage and all maritime shipping activities. We conduct our operations through four different channels: crude oil, chemicals, breakbulk and dry bulk transportation as follows:

Crude oil shipping sector

48 tankers

- 42 VLCCs operating in the spot market
- One tanker chartered to Saudi Aramco Trading
- Five tankers for refined oil products chartered to Saudi Aramco Trading.

Logistics sector

Six vessels

Operating on trade routes between North America, Europe, the Middle East and the Indian subcontinent in maritime and aviation-based freight and goods transportation. Additionally, we also serve, operate as a maritime and aviation agent, a shipping intermediary and charter ships and airplanes via Bahri Bolloré Logistics, a subsidiary 60 percent owned by Bahri.

Chemicals shipping sector

Operated by National Chemical Carriers Limited Company (NCC), a subsidiary 80 percent owned by Bahri. NCC owns **30 chemical tankers** operating as follows:

- 18 tankers in the spot market.
- Seven tankers chartered to International Shipping and Transportation Company, a subsidiary of Saudi Arabia Basic Industries Company (SABIC).
- Five tankers chartered to Saudi Aramco Trading.

Dry bulk shipping sector

Operated by Bahri Dry Bulk

Subsidiary 60 percent owned by Bahri which owns five dry bulk carriers, all chartered to Arabian Agricultural Services Company (ARASCO).

Subsidiaries and Sister Companies

Company	Headquarters	Activity	Capital (SAR)	Type	Ownership
National Shipping Company of Saudi Arabia (NSCSA), USA	Based in Baltimore, Maryland, USA, with its base of operations in the USA	Bahri ship agent	3,750,000	Limited Liability Company	100%
Mideast Ship Management Ltd.	Based in Dubai, UAE, and operates around the world	Ship technical management	307,000	Limited Liability Company	100%
National Chemical Carriers Company (NCC)	Based in Riyadh, and operates around the world	Petrochemical shipping	610,000,000	Limited Liability Company	80%
Bahri Dry Bulk LLC (BDB)	Based in Riyadh, and operates around the world	Dry bulk shipping	200,000,000	Limited Liability Company	60%
Bahri Bolloré Logistics	Based in Riyadh, and operates around the world	Logistical services	30,000,000	Mixed Limited Liability Company	60%
BahriBunge Dry Bulk*	Based in Dubai, UAE, and operates around the world	Dry bulk shipping	18,750,000	Limited Liability Company	36%
Petredec Company Ltd.	Based in Singapore, and operates around the world	Liquefied natural gas (LNG) transportation	22,917,000	Limited Liability Company	30.3%
International Maritime Industries Company (IMI)	Based and operates in Ras Al-Khair, Kingdom of Saudi Arabia	Maritime industries	1,107,000,000	Mixed Limited Liability Company	19.9%

* Bahri owns an indirect controlling interest in BahriBunge Dry Bulk through Bahri Dry Bulk LLC (BDB).

Chairman’s statement

Mohammed Abdulaziz Al-Sarhan

Dear respected shareholders of Bahri,

It has been a year of economic challenges on both the regional and international levels. Demand for shipping services was depressed for reasons including the trade conflict between the USA and China, reduced growth in previously buoyant markets including China, India and some South American countries, in addition to Saudi Arabia’s efforts to maintain oil prices by rationing production, which contributed to lower demand for shipping and lower prices in the oil sector.

Despite these challenges and the consequent industry analyst forecasts of revenue reduction, Bahri improved performance and increased operating revenue. This was achieved by optimum utilization of the fleet and the high capability of identifying and arranging tankers’ destinations and itineraries. Additionally, our commitment to adopting innovative initiatives to ensure we maintained our performance leadership helped prevent negative impacts on financial results.

Thanks to our expertise, we have been able to balance transformation and sustainability, which can be a pivotal challenge to many companies. Such concepts form the key pillars in the scope of our work. We continuously seek to improve operations and cope with all sector changes and developments, as well as preserving shareholders’ rights by rationalizing expenditure and maintaining profitability levels across all sectors. Driven by our realization of the volume and acceleration of trade shifts and our constant efforts to achieve profitability, we have adopted a unique approach that focuses on leveraging modern technology to provide value-added, innovative services though a modern fleet and advanced technical infrastructure. We also constantly seek to strengthen our relationships with our local and international partners as we strive to understand and satisfy their business requirements.

Quality is a key component of Bahri’s corporate essence. This requires exceptional efforts, specific systems and strict standards that are not taken lightly by any of us at any time. We continually invest in developing Bahri’s national potential capacity to contribute to the sustainability of the shipping and logistics sector in Saudi Arabia and in the region as a whole. It is without a doubt that we consider ourselves as a prime supporter of the national economy and Saudi Vision 2030.

Finally, I would like to thank the Custodian of the Two Holy Mosques, the Crown Prince and the Saudi government for their support. I would also like to thank Bahri’s Board of Directors for their commitment to supporting the company and increasing the standard of our services. I am confident that we will make maintain our progress and performance and set a proud regional and international example.

CEO's statement

Abdullah Aldubaikhi

Dear respected shareholders of Bahri,

Bahri started 2019 with high ambitions and succeeded in delivering qualitative achievements that contributed to boosting Saudi Arabia's position on the global maritime scene and helped further the sustainability of the sector, thanks to the support of our wise government under the leadership of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz and HRH Prince Mohammed bin Salman bin Abdulaziz, Crown Prince, Deputy Prime Minister and Minister of Defense.

Throughout the last few years, Bahri has succeeded in establishing its position in the global shipping and logistics sector during a time of slowing economic growth and the consequent instability of regional trade and investment. We are facing an urgent need to respond to global economic challenges and their implications on the shipping industry. This is a crucial part of our efforts to play a pivotal role in realizing the objectives of the Vision 2030: the establishment of a regional logistics center and leveraging Saudi Arabia's strategic location to transform it into a leading logistics gateway connecting three continents.

We ended 2019 with exceptional achievements in our development path as one of the largest global shipping and logistics companies. To do so, we have leveraged our logistical capabilities, advanced infrastructure and a fleet that uses the latest technology. This has enabled us to grow operational revenue despite geopolitical and external challenges.

During the year we have underlined the strength of our investment plans and performance capabilities with a rise in operating income of 25 percent, due to revenues improvement of 7 percent compared to previous year. As well as enhanced investment results in associate companies.

Additionally, we continued our expansion in ship with a memorandum of understanding with IMI and HHI for new VLCCs. Such steps contribute to the development and nationalization of the shipbuilding supply chain infrastructure, by enabling IMI to build VLCCs in line with the latest international specifications and standards, contributing to Vision 2030 by increasing the rate of local content in the industry.

Bahri is committed to balancing human and logistical capabilities by employing qualified technical and administrative personnel and supporting them with appropriate skills training and knowledge to create an attractive and efficient working environment that enables us to compete locally and globally. We are also committed to empowering women and promoting their professional development and contributions. Over the past year our female recruitment grew by 10 percent compared to the previous year.

Finally, I would like to thank the government, our Chairman and Board members for their counsel and support. I also extend my gratitude to our staff, customers and everyone who supported our efforts to advance our vision of growth, development and achievements. I look forward to another year of success and excellence on all fronts.

Vision

To connect economies, share prosperity and drive excellence in global logistics services.

Mission

By consistently focusing on our values and the fundamentals of responsible business, we aim to be a leading service provider that uses best practice to operate a world-class fleet while building mutually beneficial relationships with all stakeholders.

Values

Driven
Transparent
Relentless
Considerate

Strategy

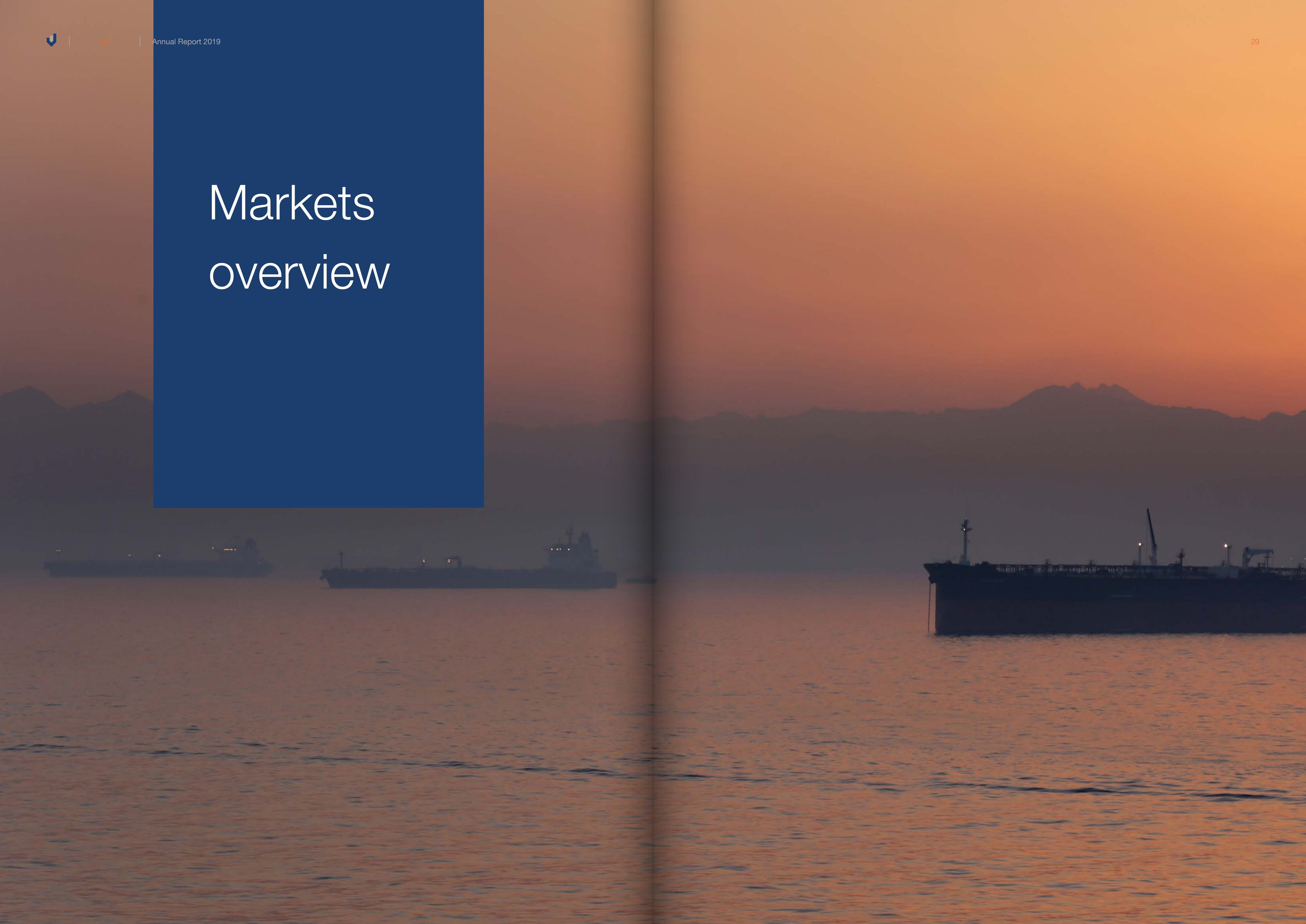
Main Foundations of Bahri's Strategy:

- Growth and development of the company's business to increase revenue.
- Development of the company to become a global provider of logistical services.
- Achievement of a leading position in the Kingdom's logistical services sector.
- Diversification of Bahri's revenue base through expansion in logistics operations.
- Creation of added value for the Kingdom, shareholders and employees.

Bahri and Vision 2030

Bahri adopts a strategy in line with three key themes of Vision 2030:
To grow and develop business across the company's existing divisions;
to strengthen trade relations with government entities, Saudi Aramco, SABIC and other key customers;
and to understand and satisfy customers' regional and international requirements.
To leverage the Kingdom's geographical location and position as a major energy hub.
Saudi Arabia position's as a link between the East and the West gives it an unique logistical advantage and with 90 percent of world cargo transported by sea, this offers rich growth opportunities to Bahri. Our expansion plans are designed to exploit the country's geographic advantage by building up our fleet with modern vessels, as well as adopting new technologies and innovations to optimize operations.
To explore new expansion opportunities and leverage our technical and human capabilities to provide new value-added services in cooperation with national economic entities within the Kingdom. This is based on our commitment to promote the Kingdom's position as a main hub of transport and logistical services regionally and globally, in line with Vision 2030 objectives.

Markets overview



Markets and predictions

It has been a changeable year in the shipping industry. Escalating trade tensions and the slowdown of the global economy led to a sharp decline in trade growth predictions in 2019 and 2020. Global freight volume grew by just 1.2 percent in 2019, compared to the projection of 2.6 percent at the beginning of the year. Growth is projected to increase to 2.7 percent in 2020 according to the WTO, below their previous forecast of 3 percent – with the warning further downturn risks remain high and the 2020 forecast is reliant on a return to normal commercial relations.

In the oil sector, prices declined following an increase in September due to OPEC oil production falling in the aftermath of the attacks on Saudi Aramco's laboratories. Nevertheless, Saudi Aramco's restoration of its production capacity faster than expected led to the recovery of average daily production and then to full capacity, after it had fallen to half capacity after the mid-September attack.

However, the market is still in a challenging position, as illustrated by OPEC's prediction that 2020 demand will fall to its lowest rate of annual growth. The US-Chinese agreement to suspend custom tariffs on some Chinese goods, as well as OPEC's agreement with its partners to further decrease production until March 2020 at lease resulted in higher oil prices at 2019 year-end. With China now a major buyer of crude oil, there are still some negative expectations regarding the potential impact of coronavirus on both the Chinese and global economies and oil market infrastructure.

International Maritime Organization standards (IMO 2020) relating to sulfur oxide emissions reduction require that sulfur percentage in bunker fuel must be reduced from 3.5 percent to 0.50 percent from 01 January 2020. Short term, this is expected to reduce supplies and shipments as installing equipment (scrubbers) to treat high-sulfur fuel would lead to a decrease in the net ship tonnage. Moreover, it is expected that there would be voyage delays due to the requirement for more bunkering time for the approved fuel type. Additionally, geopolitical tensions in the region may reduce supplies and affect shipping costs in general.

In the oil tankers market, general prospects are positive over the medium term as it enters into an upward cyclical trend, with the International Energy Agency (IEA) predicting an increase in oil demand of 1-1.2 million barrels per day until 2025. The global expansion in refining capacity is headed towards adding some 3.3 million oil barrels per day over the next two years, mostly in China, the largest importer of crude oil in the world. At the same time, US oil exports are expected to rise, creating more demand on tankers and additional export infrastructure, with projections of an increase in production of 13.7 million barrel a day by 2021, according to the US Energy Information Administration (EIA).

On the supply side, over the medium term, the delivery of new ships is expected to decrease from the current orders rate of some 71 units over the next three years. The withdrawal of old ships (>20 years-old) from the VLCC fleet is expected to rise by 20 percent during the same period. Taking into consideration the promising market infrastructure, industry analysts predict that oil shipping markets will remain strong in the short to medium term.

The cargo shipping sector has suffered many ups and downs recently with 2018/2019 a year of decline. Since then, indicators have indicated a notable improvement of operational profitability as the sector is heading towards a structural transition considering the effects of fuel related (IMO 2020) regulations. Ship orders also show improvements compared to previous periods. As a result, shipping rates are anticipated to improve in the coming period, in addition to expectations that shipping routes from the USA to the Middle East and India and those from the Middle East to the USA via South Africa will see increased movement over the short to medium term.

In the chemicals shipping sector, Bahri Chemicals operations include shipping and logistical handling of liquid chemicals, clean petroleum products (CPP) and vegetable oils. Shipping prices of relevant products are positively affected by factors such as world trade growth and the introduction of new production capacities, which have resulted in increased demand for worldwide shipments. At the same time, the entry of new ships at a rate lower than the withdrawal of obsolete vessels leads to increased supply, which affects shipping rates negatively. It is also expected that, concurrent with the growth in world trade, the global demand on chemical shipping will rise by no less than 4 percent during 2020, notwithstanding events including Middle East tensions and the effect of the corona pandemic in Chinese markets. These could lead to a decreased demand for chemicals, clean petroleum products (CPP) and vegetable oils, while quarantine measures could lead to decreased demand, hence more supply in the shipping sector. At the regional level, however, the entry of new chemical production capacities boosts the level of demand. Available shipping capacity growth is expected to be less than the 3 percent, recorded in 2018, which is reason for optimism that shipping rates will increase over the medium term. In the chemical (MR IMO2) tankers sector, in which Bahri is the largest global operator, the expectations are that the rate of new ship delivery will be lower compared to the withdrawal rate of expired vessels, which may boost demand and shipping rates.

In general, however, the improvement of chemical shipping rates and demand growth depends on the realization of future forecasts of a growing world trade and overcoming constraints.

In the dry bulk shipping sector, constraints resulting from trade conflict have had a greater impact compared to other sectors. The dramatic growth in supply compared to demand is also expected to continue over the short to medium terms. The cumulative effect means that the gap between demand and supply will keep growing, putting pressure on shipping rates.

However, it is important to note that maritime shipping prospects and shipping rates are hard to forecast accurately as they are directly connected to a number of variables that are subject to economic factors including oil prices, inflation rates and economic growth. Forecasts may be affected by changes in such factors, in addition to the ability of market's to recover from the effects of trade wars, pandemics, and geopolitical stability in the region.

Future plans

Looking ahead to 2020, Bahri is committed to ensure continuous improvement of operations, implementing its strategic initiatives and adopting innovative solutions to grow business and contribute to making Saudi Arabia a leading global logistics hub. In keeping up with IMO's 2020 standards related to reducing sulfur oxide emissions, Bahri began implementing procedures at the end of 2019 to use only low-sulfur fuel throughout the whole fleet. This included coordination with bunker fuel suppliers around the world and working out a detailed execution plan for every ship to ensure a safe and effective transition without affecting its operation schedule, in addition to utilizing a technique on some ships to process current fuel that contains a higher percentage of sulfur to meet the new requirements.

In line with Vision 2030 objectives of making the Kingdom a global logistical hub that is able to leverage its geographical location, Bahri plays a key role as the exclusive maritime shipping provider for Saudi Aramco to the USA, Europe and the Far East. We are working on expanding our services and opening new trade routes, to boost the national logistics sector and diversify the economy.

We are also developing the necessary plans to update and enhance the efficiency of our fleet as the major global operator of oil tankers and one of the largest operators and transporters of chemicals in the Middle East. In this regard, we signed a contract for building the first Very Large Crude Carrier (VLCC) with IMI in cooperation with HHI. The new VLCC is due to be delivered during 2021.

We are also awaiting the delivery of four new carriers in 2020 for the dry bulk sector.

Continuing our strategic aim of diversifying our business and sources of income, we will continue to explore new opportunities in line with Vision 2030 and announce any new developments at the appropriate time.

Recent announcements concerning future plans include:

Key announcements

- Bahri announced the completion of an agreement with the Saline Water Conversion Corporation (SWCC) for transporting desalinated water from portable floating stations to desalination tanks. The agreement includes the establishment of three floating stations (barges) to desalinate water and for the transfer of desalinated water from the stations to desalination tanks. Each station has a capacity of 50,000m^3 per day (with a total capacity of 150,000m^3 a day). The project will be operational for 20 years, from an expected start of operations in the first quarter of 2021.
- On 03 October 2019, Bahri announced that it had received a letter from the Ministry of Defense approving a one-year extension (10 September 2019 to 09 September 2020) related to transporting and shipping Ministry's equipment, with an increase of 10 percent of total contract value. The new contract amount is valued at SAR421,668,500 (USD112.4 million).
- On 18 September 2019, Bahri announced a contract for building the first Very Large Crude Carrier (VLCC) with IMI (in collaboration with HHI). The new vessel is due to be received during 2021. The announcement is an extension of a joint venture with Saudi Aramco, the South Korean Hyundai Heavy Industries Company (HHI) and Lamprell Energy Ltd. (UAE company) agreed on 30 May 2017 for the purchase of 75 percent of commercial vessels over 10 years, amounting to 52 ships including VLCCs.

Risk management and monitoring policy

The Board regularly reviews company policy related to risk management to ensure approved policies and programs are implemented and risks to the company are minimized. The executive management also ensures that risk management operations and implemented systems work efficiently across all organizational levels. The company's approach to risk management is centered around prioritizing safety in all Bahri activities and working towards prevention of risk resulting from major and minor accidents as part of strategic objectives and internal organizational controls.

The maritime shipping sector, however, is not void of risks, especially operational ones such as threats posed by terrorist attacks, war and piracy, marine accidents, cargo damage and personnel injuries. For this reason, Bahri attaches a high degree of importance to preventing and minimizing risk by utilizing proper risk management systems in addition to issuing certificates, classifying equipment and procedures and providing safety training that contributes to safeguarding workers and cargo, in addition to quality assurance and achieving efficient use of available resources.

The company also relies on insurance coverage, which protects it against risks threatening its vessels, cargo, crews and workers. Providers are selected by monitoring and evaluating their solvency, technical capabilities and obligations before and during the insurance term to ensure Bahri is receiving the best value and benefits for its investment.

Additionally, there are financial risks resulting from the company's activities including liquidity and credit risk; these are managed through continuous measurement and monitoring procedures. Bahri works towards minimizing the implications of such risks through various methods including necessary financial derivatives to hedge against loan interest rates.

Bahri works continuously to minimize the total risks threatening its businesses to reduce their impact on its operations to the minimum.

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Chapter Two
Main Sectors

«Performance Leadership»

Bahri Oil

Bahri Oil

Bahri Oil has had an advanced position in the global oil market for two decades. It owns and operates a 43-strong fleet of Very Large Crude Oil Carriers (VLCCs) with a capacity of 2.2 million barrels of oil per tanker. The total fleet capacity amounts to 13.4 million deadweight tonnage (DWT), 5.4 percent of the global capacity.

Bahri Oil was established in 1996 to meet Saudi Arabia's needs, which comes second globally in terms of oil production. Within a short period of time, Bahri Oil became the exclusive carrier of oil sold by Saudi Aramco. We enjoy long-term contracts with first-class charterers thanks to our commitment to deliver higher value to customers and shareholders. We are able to do this thanks to an expert knowledge of market dynamics as both owner and charterer of tankers, which ensures commercial and operational flexibility; our ability to offer innovative operational models based on big data from our advanced maritime routes management system that enables a higher utilization of vessels; and our team of highly qualified professionals.

Bahri Oil fleet

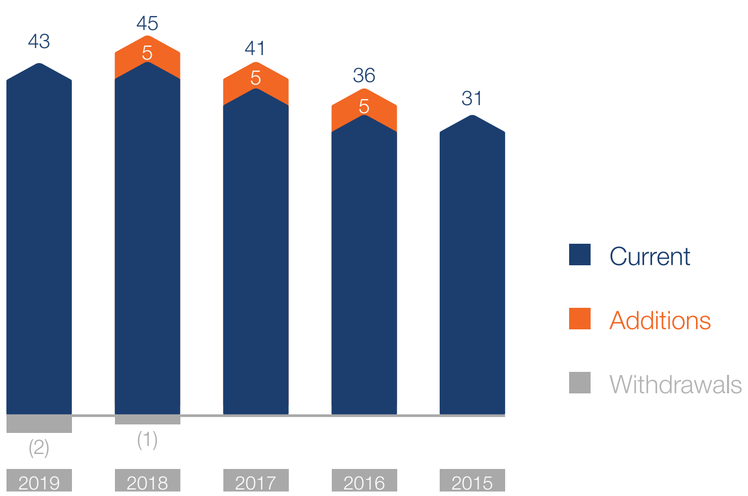
Since start of operations in 1996, Bahri has grown its VLCCs fleet by 43 percent, underlining the company's commitment to maintaining its market leadership. Between 2016 and 2018, Bahri added 15 VLCCs to its fleet, and began disposing of obsolete vessels at end of 2018. In 2019, we continued fleet renewal plans with two VLCCs withdrawn from service. A third will be withdrawn in 2020 as part of our commitment to maintain a modern, high quality fleet in the context of industry developments and the adoption of international environmental agreements preventing marine fuel pollution. Four vessels in our VLCC fleet working for one of our key customers were fitted with fuel purifying devices.

Bahri Oil fleet uses IMO-compliant fuel in line with our long-term strategy of continuous modernization that improves operational efficiency and increases competitiveness. This is particularly evident in the new tankers being built in cooperation with IMI and HHI of South Korea.

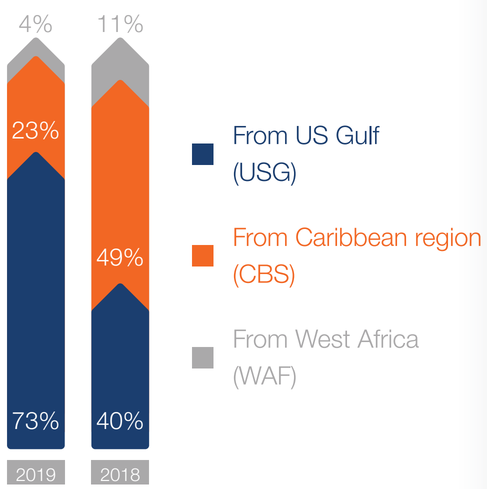
During the year, Bahri Oil continued to promote its presence in the Arabian Gulf, transporting 16 shipments to seven customers by leveraging the performance of its giant fleet and excellent reputation, using its strong ties with the main charterers to boost the utilization of backhaul trips. In particular, having successfully won a greater market share of shipments from the US to the East we have significantly increased the usage of our fleet. Tankers that might otherwise have returned empty (but ballasted) are now carrying oils shipments ex-USA, compared to backhaul trips from the Caribbean region, enhancing vessels' overall utilization. In this way, we achieved a notable increase in trips returning from the US ports (USG) to 73 percent of the backhauling trips compared with 40 percent in 2018.

During the year we also opened up a new route with the deployment of the VLCC fleet to transport shipments from the new Norwegian oil field at Johan Sverdrup.

VLCC FLEET GROWTH



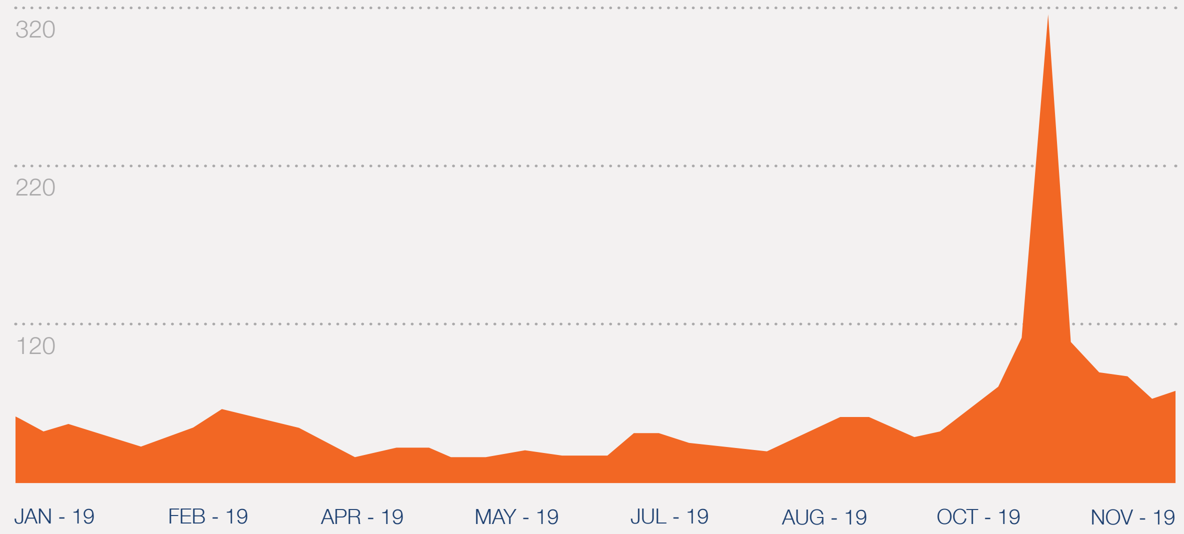
BACKHAUL TRIPS



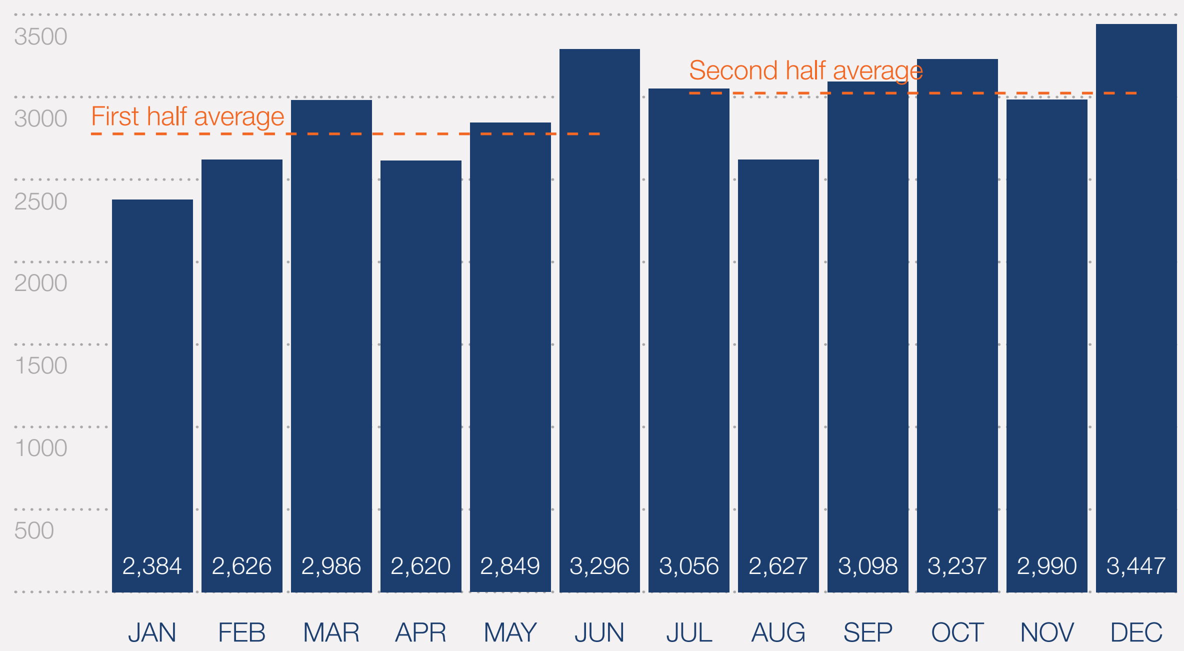
The combination of high-quality shipments, professional services and competitive prices make Bahri the go-to partner for oil-producing clients and refineries worldwide. 2019 has been challenging because of increased supply and the inability to keep up with demand. With these pressures , the impact of the geopolitical situation during the first three quarters of the year; US sanctions on Chinese tanker company COSCO at the beginning of the fourth quarter which caused seven percent of its global fleet to exit the market; and other international tensions, all led to accelerated increases in shipping rates -- though these did quickly return to reasonable levels.

However, after the market recovered from these issues, OPEC reductions led to increased US production and exports which increased an average of 2.9 million barrels per day over the year. During the second half of the year, US average production increased to three million barrels a day. Additionally, IMO2 requirements led to the temporary withdrawal of some vessels to install fuel purifying devices, while lengthy bunkering periods of standards-compliant fuel, also led to a short-term rise in demand.

SHIPPING RATES FROM THE GULF TO THE FAR EAST



US OIL EXPORTS IN 2019 (THOUSAND BARRELS PER DAY)

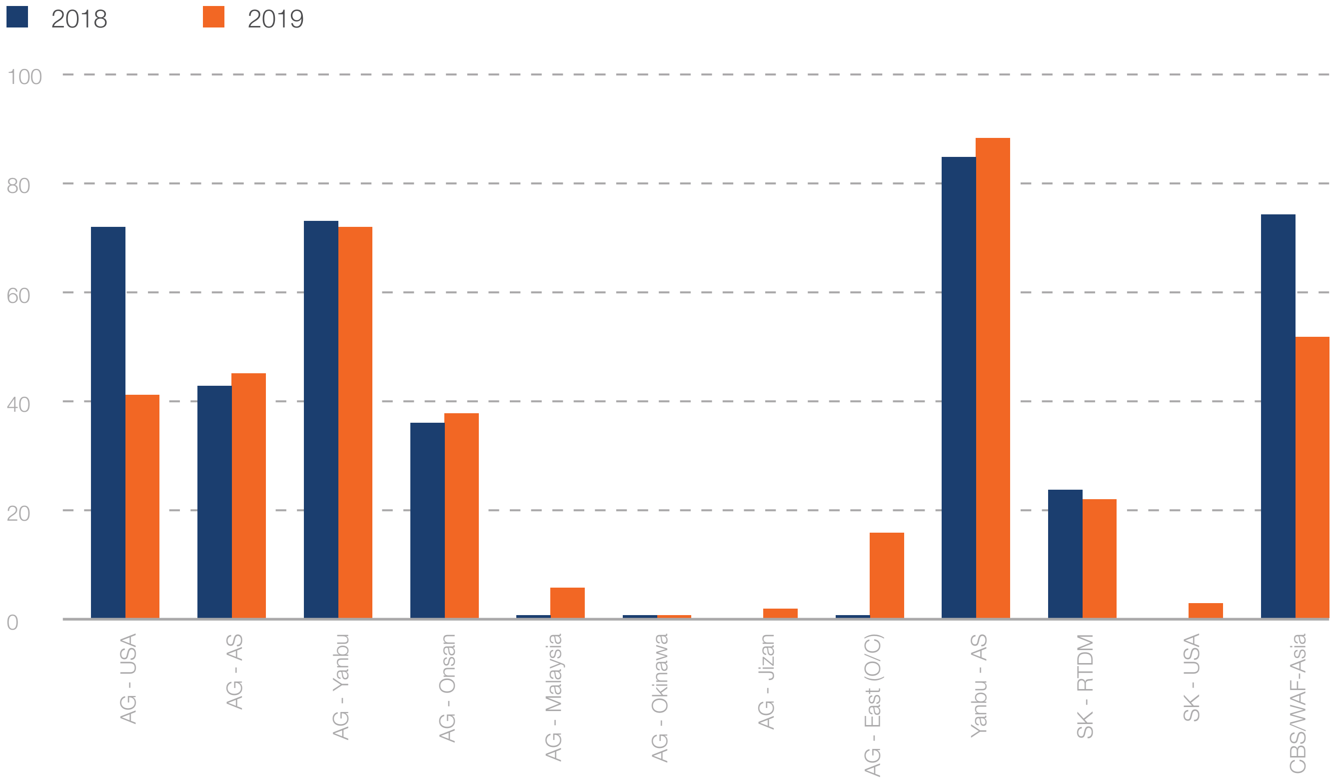


Bahri Oil has successfully navigated challenging market and operational conditions to mitigate the negativity of the first three quarters and enter the fourth quarter with positive results. Over the course of 2019 we transshipped some 2.15 million barrels per day to customers around the world, leading to strong financial results that have revitalized our long-term strategy and enhanced operational performance, achieving total operating profit exceeding SAR1.0 billion compared to SAR813 million (USD216.8 million) during 2018.

Commercial operations

Bahri Oil operated 386 trips during 2019, transporting 784 million barrels of oil around the world. It also continued to diversify routes for Saudi Aramco shipments, with a six-fold increase from the Arabian Gulf to Malaysia and the introduction of the Gulf-Jazan route. We aslo transported three shipments from the Mediterranean and one from the Red Sea to the USA via the Suez Canal.

VLCC VOYAGES BY ROUTE



Route	2018 Voyages	2018 %	2019 Voyages	2019 %
Arabian Gulf - USA	72	18%	41	11%
Arabian Gulf- Ain Sukhna	43	10%	45	12%
Arabian Gulf - Yanbu	73	18%	72	19%
Arabian Gulf - Onsan (S-Oil)	36	9%	38	10%
Arabian Gulf - Malaysia	1	0%	6	2%
Arabian Gulf - Okinawa	1	0%	1	0%
Arabian Gulf - Jizan			2	1%
Arabian Gulf - East (Out Charter)	1	0%	16	4%
Yanbu - Ain Sukhna	85	21%	88	23%
Sidi Kerir - Rotterdam	24	6%	22	6%
Sidi Kerir - USA			3	1%
Carribean/WAF-Asia/Far East	74	18%	52	13%
Total	**410**	**100%**	**386**	**100%**

Bahri Logistics

Bahri Logistics

Bahri Logistics was established in 1979 as the first strategic company in the Bahri group. Over 40 years of operations we have focused on providing an optimal mix of shipping services specializing in subsurface storage capabilities.

We are one of the top 10 break bulk carriers globally and among the top five in Europe. Bahri Logistics is the leading supplier of direct shipping services from eastern and Gulf Coast USA and Canada to Jeddah, Dubai, Dammam and Mumbai, including moorages in the Mediterranean region and European ports en route. We operate uniquely designed vessels from ports on the Red Sea and the Arabian Gulf.

Bahri Logistics is the only supplier of regular shipping lines for ROCONplus cargo between the USA and Saudi Arabia with an advanced multi-use fleet with an average age of less than five years.

The company provides services to several leading global companies and Saudi public sector clients through long-term contracts. We are the exclusive carrier for the Saudi Ministry of Defense and Ministry of Interior and manages private container yard at Jeddah Islamic Port. We have a network of offices and agents worldwide, and are fully-compliant with anti-corruption policies to the highest ethical standards.

Bahri Logistics is one of the most well-respected names in worldwide shipping as a multipurpose carrier that delivers added value to its customers, even during the recent world trade slowdown. We offer an advanced and comprehensive package of logistical solutions along with the capability of effectively distributing ships across routes in both east and west hemispheres. Our strategy is in complete accord with Vision 2030 objectives of transforming Saudi Arabia into a global logistics platform by expanding internationally and maximizing our overall capabilities.

During 2019, Bahri Logistics took all procedures necessary to secure tangible progress towards achieving growth objectives, despite the pervading economic challenges.

The geopolitical situation and trade have negatively impacted results. Nevertheless, we have successfully mitigated these external issues and achieved a total operating profit of SAR161 million (USD42.9 million) compared with SAR242 million (USD64.5 million) in 2018.

BahriBolloré Logistics

BahriBolloré Logistics is a strategic joint venture 60 percent owned by Bahri and the remaining 40 percent stake owned by the French Bolloré Group. The JV widens our global horizons and facilitates deeper understanding of local markets.

The project offers integrated global services in logistics and supply chain management for local and global companies operating in Saudi Arabia. It seeks to effectively contribute to the realization of Saudi Vision 2030 objectives and to the Kingdom's global ranking with regards to logistical services.

BahriBolloré
Logistics

Advanced projects and services

- Transporting shipments of government and private sector clients in the Kingdom and other Gulf Cooperation Council (GCC) countries.
- Logistical services for oil, gas, petrochemicals, mining and minerals, energy, renewable energy, road networks, railways and airports and seaports expansion sectors.
- Shipment tracking services with round the clock access to Bahri's shipment tracking system via a dedicated website.
- Warehouse operations and management with fully equipped container yards in Jeddah and Dammam.

BahriBolloré achieved significant operational growth in 2019, with shipments up 50 percent compared to 2018, leading to substantial increase in net profits.

Bahri Chemicals

Bahri Chemicals

Bahri Chemicals is the largest owner and operator of chemical tankers in the Middle East. It was established in 1990 under a joint venture with Saudi Basic Industries Corporation (SABIC), 80 percent owned by Bahri and the remaining 20 percent owned by SABIC. Our objective is to provide services across 150 ports around the world.
Our fleet of 30 tankers is designed in line with the highest global specifications and capable of transporting a wide variety of chemicals with a total capacity of 1.3 million DWT.
We have expanded its customer base across the world significantly in recent years with 22 of our tankers operated on fixed-period charter contracts, creating optimal balance between long-term contracts and spot contracts. This business model generates guaranteed revenues that ranks Bahri Chemicals in the world's fifth largest chemicals transporter in terms of the number of transported tonnes.
We offer expert transportation of a wide range of products including chemicals, refined oil products and vegetable oils.

Bahri Chemicals Fleet

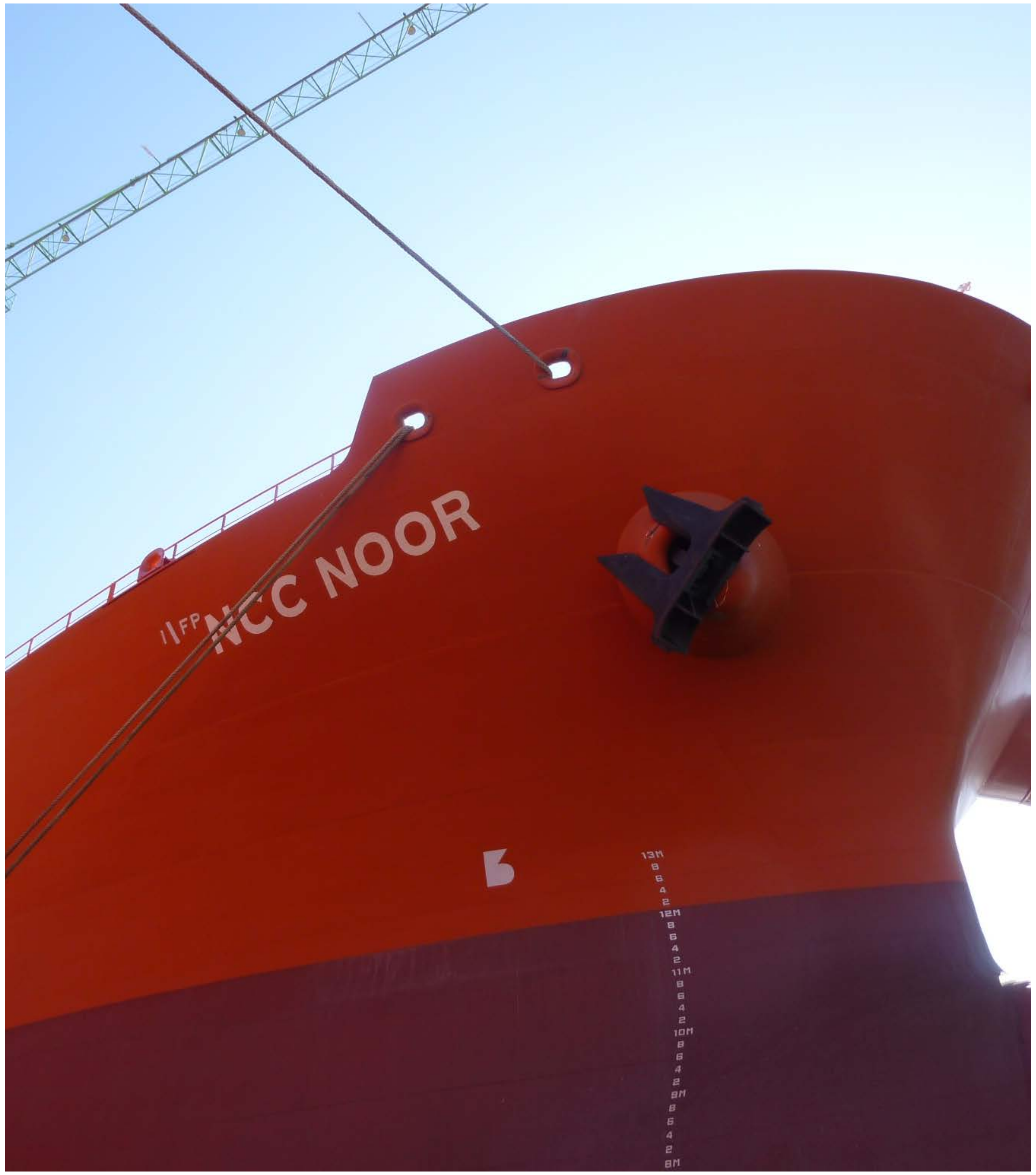
Tankers

30

- Including 2/3 medium-range IMO-compliant tankers with a capacity: **46,000 DWT**
- Including 2/3 medium-range chemical tankers with a capacity: **1,000DWT**
- The largest IMO 2/3 long-range chemical tanker in the world with a capacity of **81,000 DWT**
- Three very sophisticated stainless-steel tankers with a capacity of **37,000 DWT**

Business results

It has been a challenging year for Bahri Chemicals with shipping movement affected by regional political tensions and a decline of shipping rates across all main global markets.
Despite these challenges we succeeded in developing strategic partnerships and expanding our presence with measures to diversify our fleet and product offerings with better services and lower costs for customers.
In fact, it was a record year for chemical shipping in which we doubled cargo shipments and achieved an operating profit of SAR171 million (USD 45.6 million), up 27 percent compared to 2018.



Bahri Dry Bulk

Bahri Dry Bulk

Bahri Dry Bulk (BDB) was established in 2010 under a joint venture agreement between Bahri and the Arabian Agricultural Services Company (ARASCO), with Bahri owning 60 percent and ARASCO the other 40 percent. The agreement is for the transport of dry bulk (grains, barley, etc). After just 10 years of operations, Bahri Dry Bulk has become the leading Saudi dry bulk carrier, with a fleet of five advanced fuel-efficient and environment-friendly large capacity dry bulk carriers.

BahriBunge

BahriBunge was established in 2017 under a joint venture agreement between Bahri Dry Bulk and the Dutch firm Koninklijke Bunge B.V. (Bunge) for dry bulk carriers, a wholly-owned subsidiary of Bunge Limited. Bahri holds 60 percent stake and the remaining 40 percent is owned by Bunge. The aim of the JV is to become the leading regional provider of dry bulk shipping, import and export services.

Business results

Despite the challenging regional shipping market, Bahri Dry Bulk increased operating profits to SAR65 million (USD17.3 million) in 2019, a growth of 73 percent compared to 2018.

Bahri Ship Management

Bahri Ship Management

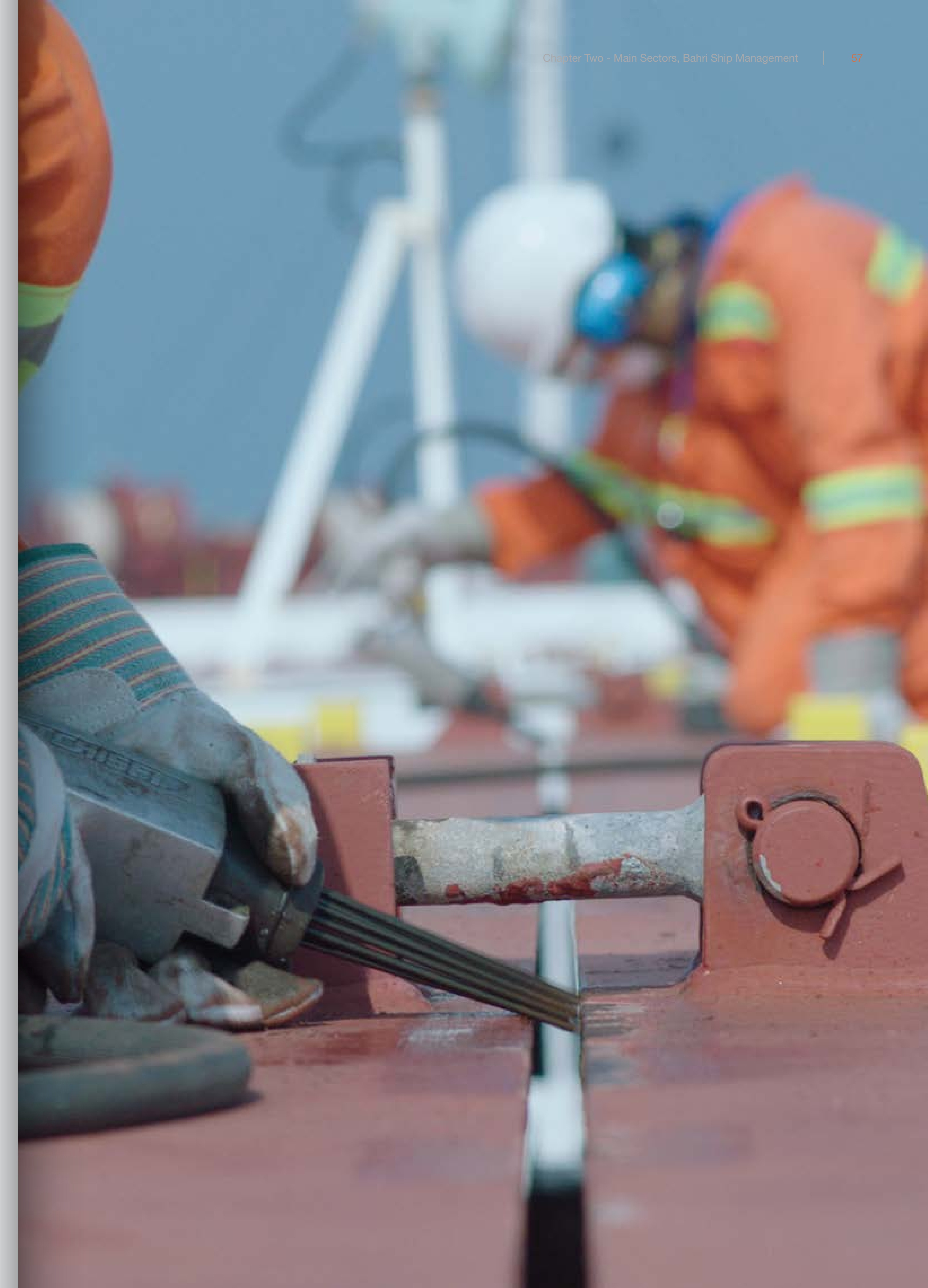
Bahri Ship Management was established in 1996 as a wholly-owned technical management company that offers technical and commercial services for the group's vessels including oil, chemicals, products, dry bulk cargoes and cargo ships.
We operate to the highest international HSE standards and have one of the industry's lowest accident and onboard injury rates.
We are among the leading operators working in US ports with our vessels QUALSHIP 21 certified, one of the most stringent quality and safety standards programs.
Bahri Ship Management works according to the strictest ship management regulations including the International Safety Management (ISM) Code, UN Law of the Sea (UNCLOS), Port State Control (PSC) and classification rules. The company is holder of ISO 9001:2015 and ISO 14001:2015 and is working towards ISO 50001:2011 (energy management) . It was awarded 'Large Fleet Designation' by the United States Coast Guard (USCG), illustrating our commitment to maintaining the highest standards of quality and safety.

Business results

Bahri Ship Management delivered important successes during 2019 despite the geopolitical unrest and the additional safety and compliance requirements. It took a strategic approach towards ship management that is beneficial not only in the short run, rather it would continue to build a strong trademark of safety and quality in the long run.
The results of 2019 were strong, which contributed to Bahri Ship Management's being one of the best performers according to the Ship Inspection Report (SIRE) Program. The company was also classified as one of the best performers during inspection operations conducted by port state control, which emphasizes Bahri Ship Management's compliance with providing ship's crew with the best and regular training with the aim of achieving the highest safety and security standards.

As part of the fleet operational excellence initiative, Bahri Ship Management developed the fleet health indicator to enhance the overall safety standard of compliance and quality, which is based on constant review of ships and comparing old performance of its vessels to current performance at all internal and external phases, while taking into consideration the accidents and oil spells rate if applicable, which boosted cooperation opportunities with major oil companies and international customers.

Additionally, another achievement was hit with the company successfully joining an EU program to record and reduce its CO_2 emissions.
Furthermore, the company adopted the latest OCIMF VIQ7 global standards for oil companies related to quality safety management.
Bahri Ship Management keeps providing a comprehensive program aboard all of its ships for operations safety management, reducing work-related injuries and keeping hazardous materials (hazmat) that are on board its fleet inside pipes and ship tanks so as not to cause any human or environmental damages.



Bahri Fleet

VLCC Fleet 2019

Ship name	Built	Type	Length (m)	Beam (m)	Net DWT	No of tanks	Speed (knots)
Ghawar	1996	Double hull	340	56	300,361	17	15
Safaniyah	1997	Double hull	340	56	300,361	17	15
Harad	2001	Double hull	333	58	303,116	17	17
Marjan	2002	Double hull	333	58	302,977	17	17
Safwa	2002	Double hull	333	58	303,139	17	17
Abqaiq	2002	Double hull	333	58	302,986	17	17
Tinat	2002	Double hull	333	60	316,502	17	15
Hilwah	2002	Double hull	333	60	316,808	17	15
Lulu	2003	Double hull	333	60	316,507	17	15
Shiblah	2003	Double hull	333	60	316,476	17	15
Wafrah	2007	Double hull	333	60	317,788	17	17
Layla	2007	Double hull	333	60	317,821	17	17
Jana	2008	Double hull	333	60	317,693	17	17
Habari	2008	Double hull	333	60	317,664	17	17
Shaybah	2008	Double hull	333	60	319,429	17	16
Manifa	2008	Double hull	333	60	319,428	17	16
Jaham	2008	Double hull	333	60	319,430	17	16
Jaladi	2008	Double hull	333	60	319,464	17	16
Khuzama	2008	Double hull	333	60	319,423	17	16
Karan	2009	Double hull	333	60	319,411	17	16
Kahla	2009	Double hull	333	60	317,521	17	17
Dorra	2009	Double hull	333	60	317,458	17	17

Ship name	Built	Type	Length (m)	Beam (m)	Net DWT	No of tanks	Speed (knots)
Ghazal	2009	Double hull	333	60	317,388	17	17
Sahba	2009	Double hull	333	60	317,563	17	17
Farhah	2010	Double hull	333	60	319,302	17	16
Ghinah	2010	Double hull	333	60	319,141	17	16
Niban	2010	Double hull	333	60	319,286	17	16
Nisalah	2010	Double hull	333	60	319,288	17	16
Kidan	2010	Double hull	333	60	321,234	17	15
Wedyan	2010	Double hull	333	60	321,234	17	15
Arsan	2010	Double hull	333	60	314,000	17	15
Dilam	2010	Double hull	333	60	314,000	17	15
Awtad	2011	Double hull	333	60	309,988	17	15
Amjad	2017	Double hull	333	60	299,772	17	15
Maharah	2017	Double hull	333	60	299,772	17	15
Aslaf	2017	Double hull	333	60	299,772	17	15
Rimthan	2017	Double hull	333	60	299,772	17	15
Shaden	2017	Double hull	333	60	299,772	17	15
Amad	2017	Double hull	333	60	299,772	17	15
Kassab	2017	Double hull	333	60	299,772	17	15
Khurais	2017	Double hull	333	60	299,772	17	15
Lawhah	2017	Double hull	333	60	299,772	17	15
Qamran	2017	Double hull	333	60	299,772	17	15

Total DWT **13,391,906.50**

Chemical Tankers Fleet 2019

Ship name	Built	Length (m)	Beam (m)	Tanker DWT	No of tanks	Speed (knots)
NCC Makkah	1995	183	32	37,500	52	16
NCC Riyadh	1995	183	32	37,500	52	16
NCC Najed	2005	183	32	46,200	22	15
NCC Al-Hijaz	2005	183	32	46,200	22	15
NCC Tihama	2006	183	32	46,200	22	15
NCC Abha	2006	183	32	46,200	22	15
NCC Tabuk	2006	183	32	46,200	22	15
NCC Qassim	2006	183	32	46,200	22	15
NCC Rabigh	2007	183	32	46,200	22	15
NCC Sudair	2007	183	32	46,200	22	15
NCC Dammam	2008	183	32	46,200	22	15
NCC Hail	2008	183	32	46,200	22	15
NCC Noor	2011	183	32	45,000	22	15
NCC Huda	2011	183	32	45,000	22	15
NCC Amal	2011	183	32	45,000	22	15
NCC Safa	2011	183	32	45,000	22	15
NCC Danah	2011	183	32	45,000	22	15
NCC Nasma	2011	183	32	45,000	22	15
NCC Shams	2012	183	32	45,000	22	15
NCC Najem	2012	183	32	45,000	22	15
NCC Reem	2012	183	32	45,000	22	15
NCC Sama	2012	183	32	45,000	22	15
NCC Fajr	2013	228	37	75,000	30	14
NCC Qamar	2009	183	32	46,195	22	15
NCC Maha	2009	183	32	46,265	22	15
NCC Bader	2014	183	32	50,000	14	15
NCC Ghazal	2014	183	32	50,000	14	15
NCC Jood	2014	183	32	50,000	14	15
NCC Masa	2014	183	32	50,000	14	15
NCC Wafa	2014	183	32	50,000	14	15

Total Tanker DWT **1,404,390**

Break Bulk Fleet 2019

Ship name	Built	Vessel DWT	Draft (m)	Beam (m)	Length (m)	Horse ower	Capacity (TEU)	Speed (knots)
Bahri Abha	2013	26,000	10	32	225	8,907	2,500	17
Bahri Hofuf	2013	26,000	10	32	225	8,907	2,500	17
Bahri Tabuk	2013	26,000	10	32	225	8,907	2,500	17
Bahri Jazan	2013	26,000	10	32	225	8,907	2,500	17
Bahri Jeddah	2014	26,000	10	32	225	8,907	2,500	17
Bahri Yanbu	2014	26,000	10	32	225	8,907	2,500	17

Dry Bulk Fleet 2019

Ship name	Built	Vessel DWT	Draft (m)	Beam (m)	Length (m)	Horsepower	Speed (knots)
Bahri Arasco	2013	81,855	14	32	229	9,840	15
Bahri Grain	2014	81,855	14	32	229	9,840	15
Bahri Bulk	2014	81,855	14	32	229	9,840	15
Bahri Wafi	2014	81,855	14	32	229	9,840	15
Bahri Trader	2014	81,855	14	32	229	9,840	15

Clean Petroleum Products (CPP) Fleet 2019

Ship name	Built	Type	Length (m)	Beam (m)	Net DWT	No of tanks	Speed (knots
Khafji	2003	Double hull	248	43	97,000	14	14
Bahri Iris	2005	Double hull	200	32	49,000	14	14
Bahri Jasmine	2005	Double hull	200	32	49,000	14	14
Bahri Rose	2006	Double hull	200	32	49,000	14	14
Bahri Tulip	2006	Double hull	200	32	49,000	14	14

3

Chapter Three Business Support Services

Human Resources and Training

Bahri Corporate Support Services division comprises many departments including Human Resources, Information Technology, Administration, Enterprise Project Management Office -EPMO , Procurement and Corporate Communication. The new strategy targets developing the technical and human aspects of the administrative organization with advanced technology and providing a new experience that meets individual requirements and supports the efforts of boosting capabilities and recruiting competent personnel, as well as ensuring balanced governance and sustained cost-effective production. Through a comprehensive and coherent organization that depends on human forces with promising expertise, Bahri was able to keep its Saudization rate within the platinum range on the Ministry of Labor and Social Development's Nitaqat program with a nationalization rate of 79 percent with women participation in Bahri's departments increasing to 10 percent.

Bahri is constantly seeking to enable and help businesses succeed via introducing the best modern technologies and commitment to information security and confidentiality by studying and keeping pace with modern technology and securing business units' to support and facilitate their function, in addition to furthering transparency and work progress and reducing mistakes rate in the work environment.

295 employees	238 employees	23 employees	2500 employees of 25 nationalities
In Saudi Arabia	In UAE	External offices	On board ships

Bahri takes pride in its values and performance which have made it an increasingly attractive employment destination for Saudi graduates. We provide access to training programs to all our employees to develop their professional competencies and increase productivity across all business sectors.
For the past three years, Bahri has been offering training programs to new graduate recruits in order to help develop their skills and qualify them for working in the maritime shipping industry. These include:

Graduate Development Program (GDP):

Targeting new graduates in Saudi Arabia and the UAE with a nine-month program after which the trainee is offered an employment opportunity within Bahri's Business Support and Shared Services.

Co-operative Training Program (Coop):

In 2019 Bahri provided training for 22 trainees at its Riyadh and Dubai offices in collaboration with Saudi and UAE universities.

Summer Training Program (SAIFI):

During the 2019 summer vacation, Bahri in cooperation with the Human Resources Development Fund (HRDF) trained 15 trainees on the maritime shipping works and the fundamentals of Bahri's business sectors.

Other training programs

Bahri also offers various internal training programs aiming at personal and professional development. In cooperation with the National Maritime Academy (NMA) in Jubail, our main training partner, the first group of trainees began a comprehensive course this year as part of the overall plan for increasing nationalization in maritime functions.

Corporate Communications

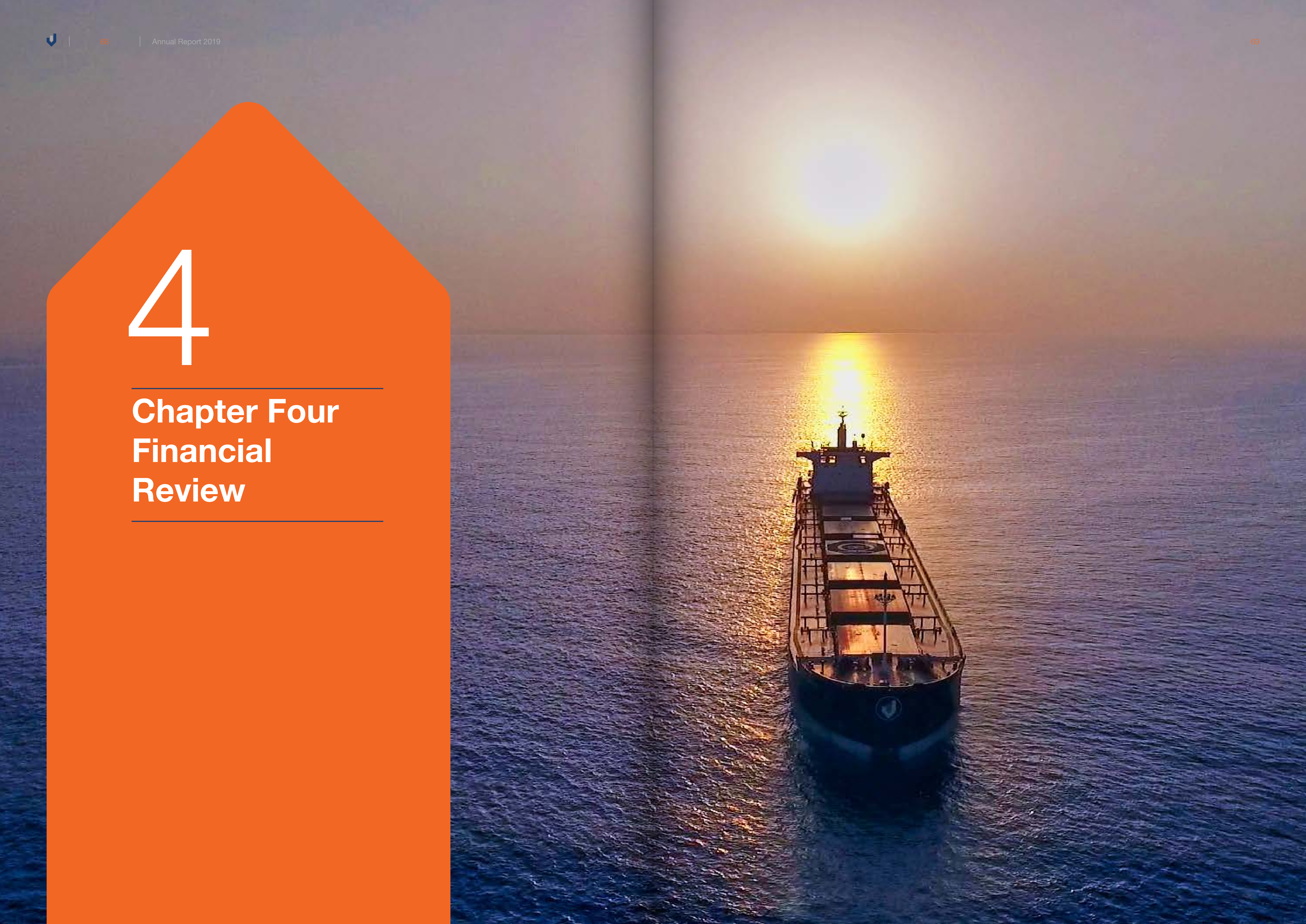
Corporate Communication coordinates all Bahri's internal and external communications, promotes its corporate reputation and strengthens and safeguards its position. It also highlights the company's brand identity, unique national role and achievements to all stakeholders on local, regional and global fronts. The department plays a pivotal role in realizing the company's vision of creating added value, promoting prosperity and leading excellence in global logistical services, which is fully in accord with Saudi Vision 2030 objectives of developing the Kingdom's logistics capabilities and reputation.
Our communication strategy is completely aligned with Bahri's vision, mission and objectives. One of the department's key responsibilities is to highlight Bahri's achievements, to organize events and activities, to strengthen relations with internal and external audiences, and to develop communications with all governmental and private stakeholders. The team is also responsible for building strong relations with local, regional and global media and developing best-practice communication systems and procedures across the company.

Corporate Communication's key achievements during 2019 included organizing more than 25 internal events and over 20 external events. We published 150 internal announcements, 282 internal press clippings and 40 press releases and 12 interviews which were published in a number of local, regional and global newspapers and magazines. We also designed and published 55 batches of visual material including images and video clips.
We are also responsible for supervising Bahri's annual report, and during the year delivered three editions of Mersat Magazine, our publication for relevant local and regional industry authorities and organizations.

During the year the department conducted a comprehensive analysis to measure media activity.. In total, 892 news materials were distributed across various channels: 124 items to print media; 766 items published online; and one podcast. In total, these items achieved 646 million views and readings. Local, regional and global media content included 238 bulletins in Saudi Arabia, 461 bulletins in the Middle East and 193 bulletins worldwide, with 331 in Arabic, 526 in English and 35 in other languages.
Such achievements culminated in Bahri's winning of ten awards and accolades during 2019, which proved company's leadership in the shipping and logistics industry and administrative excellence.

Bahri on social media

Facebook	LinkedIn	Twitter	YouTube
72,000 followers	58,000 followers	45,100 followers	1,120 subscribers



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Chapter Four Financial Review

Operational results:

The operating income grew 25 percent due to an increase of seven percent in revenue compared to the previous year, thanks to the increased shipping rates despite the decline seen in the results of the logistics sector this year.
Earnings before Zakat, tax and depreciation increased by 12 percent due to the increase in operating income and other revenue and the improved results of investments in associates compared to 2018.
The company attributes this year's growth in profits to the company's acquisition of a larger share of shipments from US ports, which increased its market share of USG-East oil shipments the current preferred route despite the fluctuating economic markets; escalating commercial tensions and the global economic slowdown in the first half of 2019.

Sectors contribution to Company sales as per audited financial statements:

Thousands (SAR)

	Crude oil shipping sector	Chemicals shipping sector	Logistics sector	Dry bulk shipping sector and others	Total
Revenues	3,959,202	1,105,142	1,069,270	433,401	6,567,015
Percentage	60%	17%	16%	7%	100%

Loans and Sukuk received by the Company and subsidiaries according to the audited financial statements:

Thousands (SAR)

Company	Note	Original loan amount	Opening balance	Balance added during the year	Payments during the year	Ending balance	Loan term (years)	Lender
Bahri	Sukuk	3,900,000	3,900,000	-	-	3,900,000	7	Public offering
	Short-term loans	*688,000	90,000	535,000	365,000	260,000	-	Local and international banks
	Long-term loans	6,057,100	4,196,391	-	612,869	3,583,522	10	Local and international banks, Public Investment Fund (PIF)
	Total	10,645,100	8,186,391	535,000	979,638	7,743,522		
Bahri Chemicals	Long-term loans	3,813,920	1,672,176	-	245,547	1,426,629	10	Local and international banks, Public Investment Fund (PIF)
	Total	3,813,920	1,672,176	-	245,547	1,426,629	10	
Bahri Dry Bulk	Short-term loans	*30,000	6,000	-	6,000	-	1	Local bank
	Long-term loans	810,000	403,050	45,000	29,400	418,650	10	Local bank
	Total	840,000	409,050	45,000	35,400	418,650		

*Total credit limits available for short-term loans.

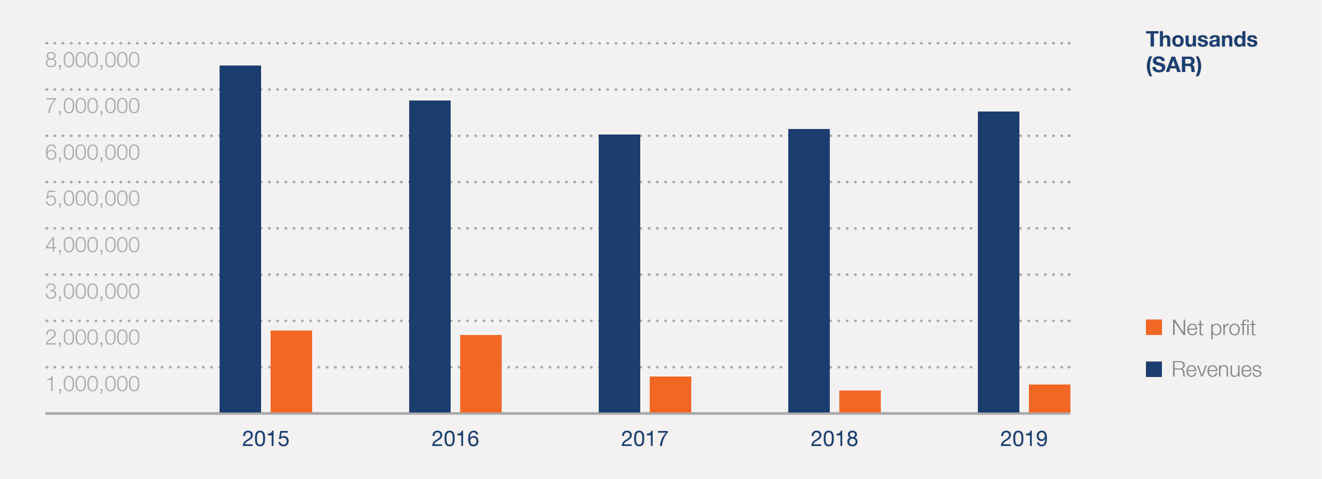
Bahri revenues, assets, liabilities and business results for the last five fiscal years:

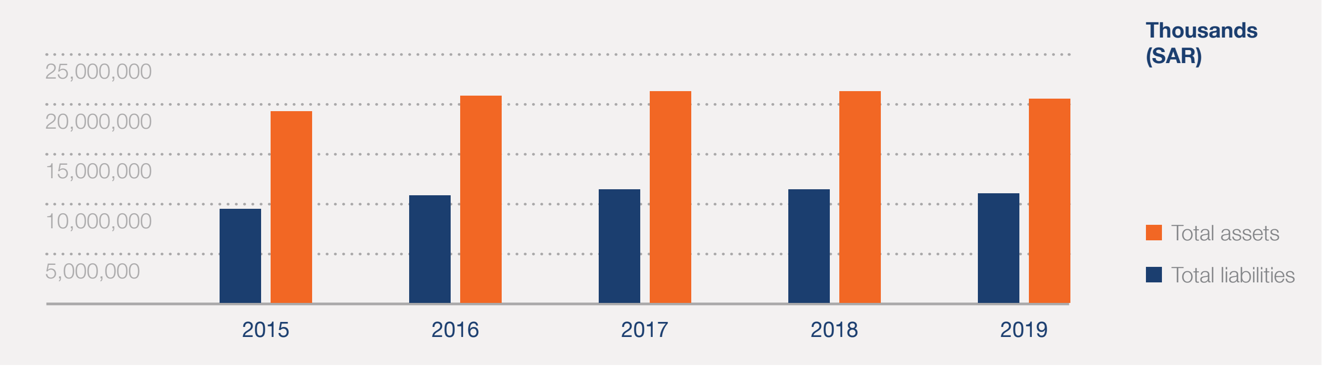
Bahri has an exceptional financial position reflecting its strong performance and indicative of the high solvency it was able to achieve and maintain. The table below is a summarized version of Bahri's business, assets and liabilities for the previous five fiscal years.

Bahri Financial Information and Business Results (2015-2019) Thousands (SAR)

Item	2019	2018	2017	2016	2015
Revenues	6,567,015	6,129,910	6,045,835	6,788,484	7,502,120
Cost of revenue	(5,374,186)	(5,176,529)	(4,911,018)	(5,030,411)	(5,485,511)
Gross profit	1,426,997	1,246,983	1,320,681	1,892,331	2,196,519
Net profit	620,702	481,238	800,313	1,717,871	1,817,583
Current assets	3,621,994	3,320,796	3,561,802	3,812,768	2,840,531
Non-current assets	16,938,833	17,876,848	17,620,781	17,024,487	16,256,120
Total assets	20,560,827	21,197,644	21,182,583	20,837,255	19,096,651
Current liabilities	2,337,752	2,072,058	2,002,265	2,021,118	1,837,952
Non-current liabilities	8,546,204	9,306,285	9,262,287	8,729,040	7,559,621
Total liabilities	10,883,956	11,378,343	11,264,552	10,750,158	9,397,573

Revenues, assets and liabilities





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Chapter Five
Governance

Governance structure:

Bahri is committed to the highest corporate governance standards and applies all applicable provisions set forth in the Corporate Governance Regulations issued by the Capital Market Authority (CMA), taking into account some permitted exceptions, in addition to applying the Global Governance Principles and the best practices wherever applicable. The company also developed a governance framework comprising regulations and policies that promote transparency, accountability and specialization.
The administrative structure of Bahri comprises the Board of Directors, three board committees and a team of executive officials. The Board of Directors is responsible for setting, supervising and reviewing Bahri's governance principles and policies to ensure compliance with relevant regulations and to promote Bahri's growth and sustainability.

The Board has instituted three committees to support its work. These are the Nomination and Remuneration Committee, the Audit Committee and the Strategy and Investment Committee. The performance of these committees is subject to periodic review according to many factors including the Board's requirements of continued support from the relevant committee. Shareholders are among the most important groups in Bahri's governance framework. Board members should attend the meetings of the General Assembly and the Board, meet with the shareholders and listen to their suggestions and notes on the company and its performance.

Board composition, member classification and number of meetings

Bahri's Board of Directors is composed of nine members – the following table outlines Board composition in 2019 and positions of its members

Name	Position	Executive	Non- ex-ecutive	Independ-ent	Note
Abdulrahman Mohammed Al-Mofadhi	Chairman		√		Membership expired on 02 May 2019
Mohammed Abdulaziz Al-Sarhan	Chairman			√	Appointed Chairman of the Board as of 02 May 2019
Dr Abdulmalik Abdullah Al-Hogail	Vice Chairman			√	Appointed Vice Chairman as of 02 May 2019
Saleh Abdullah Al-Debasi	Board Member		√		
Ahmed Ali Al-Subaey	Board Member		√		
Eng Ibrahim Qassim Al-Buainain	Board Member		√		
Khalifa Abdullatif Al-Mulhim	Board Member			√	
Khalid Mohammed Al-Araifi	Board Member			√	
Yasir Abdullah Al-Salman	Board Member		√		
Raid Abdullah Ismail	Board Member		√		Membership valid from 02 May 2019

Board meetings held in the last fiscal year and attendance sheets

Name	Position	Meeting 1 3/3/2019	Meeting 2 28/4/2019	Meeting 3 23/6/2019	Meeting 4 26/9/2019	Meeting 5 10/12/2019	Meeting 6 11/12/2019
Abdulrahman Mohammed Al-Mofadhi*	Chairman	x	x	-	-	-	-
Mohammed Abdulaziz Al-Sarhan	Chairman	√	√	√	√	√	√
Dr Abdulmalik Abdullah Al-Hogail	Vice Chairman	√	√	√	√	√	√
Saleh Abdullah Al-Debasi	Board Member	√	√	√	√	√	√
Ahmed Ali Al-Subaey	Board Member	√	√	√	√	√	√
Eng Ibrahim Qassim Al-Buainain	Board Member	√	√	√	x	√	√
Khalifa Abdullatif Al-Mulhim	Board Member	√	√	√	x	√	√
Khalid Mohammed Al-Araifi	Board Member	√	√	√	√	√	√
Yasir Abdullah Al-Salman	Board Member	√	√	x	√	√	√
Raid Abdullah Ismail**	Board Member	-	-	√	√	√	x

* Board membership expired on 02 May 2019
** Board membership valid from 02 May 2019

Board Members' biographies, including qualifications, experience and other companies they are board members of

Abdulrahman Mohammed Al-Mofadhi

BSc in economics from King Saud University in 1979 and MBA from the University of Michigan, USA, in 1984. Previous roles include:

- Acting Secretary General of the Public Investment Fund (PIF)
- Deputy Governor of the OPEC Fund for International Development (OFID)
- Executive Director for Saudi Arabia of the World Bank Group

Company	Legal Entity	Location	Membership
Saudi Stock Exchange, Tadawul	Joint-Stock – unlisted	Inside KSA	Current
Dar Al Tamleek Company	Joint-Stock – unlisted	Inside KSA	Current
Saudi Real Estate Construction Company (TAMEAR)	Joint-Stock – unlisted	Inside KSA	Current
POSCO E&C Saudi Arabia	Joint-Stock – unlisted	Inside KSA	Current
Al Wedyan Saudi Real Estate Company	Joint-Stock – unlisted	Inside KSA	Current
National Commercial Bank (NCB)	Joint-Stock – listed	Inside KSA	Previous
Saudi Real Estate Company (SRECO)	Joint-Stock – listed	Inside KSA	Previous

Mohammed Abdulaziz Al-Sarhan

BSc in mathematics and computer science from Oregon State University, USA. Al-Sarhan has studied many specialized courses in international universities such as Harvard Business School, USA, and IMD Institute, London. Previous roles include:

- Advisor to Al Faisaliah Group (AFG) and Chairman of Al Safi Danone
- VP for Al Faisaliah Group Holding (AFG)
- Managing Director and CEO of Al Safi Danone Ltd.
- Managing Director of Al Safi Food Company
- VP of the Saudi Arabian Marketing and Refining Company (SAMAREC)
- General Manager of Petromin Refinery in Riyadh

Company	Legal Entity	Location	Membership
Al Safi Danone	Joint-Stock – unlisted	Inside KSA	Current
Al Faisaliah Group Holding (AFG)	Joint-Stock – unlisted	Inside KSA	Current
Saudi Airlines Catering Company (SACC)	Joint-Stock – listed	Inside KSA	Current
Saudi Civil Aviation Holding Company (SAVC)	Joint-Stock – unlisted	Inside KSA	Current
National Chemical Carriers Company (NCC)	Limited Liability Company	Inside KSA	Current
Goknur Foods Import Export Trading & Distribution Company	Limited Liability Company	Outside KSA	Current
Venture Capital	Limited Liability Company	Outside KSA	Current
IKEA Company	Joint-Stock – unlisted	Inside KSA	Current
Bayan Realty Estate Company	Limited Liability Company	Inside KSA	Previous
Saudi Arabia Public Transport Company (SAPTCO)	Joint-Stock – listed	Inside KSA	Previous
Bahri Dry Bulk Company	Limited Liability Company	Inside KSA	Previous

Saleh Abdullah Al-Debasi

BSc in geography from Imam Muhammad Ibn Saud Islamic University, and Masters in public administration from the University of Pittsburgh, USA. Previous roles include:

- Financial Affairs and Logistics VP of the Saudi Presidency of State Security
- Head of the military sector of the Ministry of Finance's Agency for Budget and Regulatory Affairs.
- Assistant Undersecretary for Budget and Regulatory Affairs, Ministry of Finance.

Company	Legal Entity	Location	Membership
Tatweer Co. for Educational Services	Limited Liability Company	Inside KSA	Current
Tatweer Educational Transportation Services Company	Limited Liability Company	Outside KSA	Current
Bahri Dry Bulk Company	Limited Liability Company	Inside KSA	Current
Saudi-Korean Company for Maintenance and Properties Management (Mumtalakat)	Limited Liability Company	Inside KSA	Current
Al Moammar Information Systems Company	Joint-Stock – listed	Inside KSA	Current
Power and Water Utility Company for Jubail and Yanbu (Marafiq)	Joint-Stock – unlisted	Inside KSA	Previous
The Saudi-Moroccan Investment Company (Asma Invest)	Limited Liability Company	Outside KSA	Previous

Ahmed Ali Al-Subaey

BSc and a Master's in electrical engineering from the University of Arizona, USA and Executive MBA from Stanford University, USA. Al-Subaey is currently working as Saudi Aramco's VP for Marketing, Sales and Supply Planning.

Company	Legal Entity	Location	Membership
National Chemical Carriers Company (NCC)	Limited Liability Company	Inside KSA	Current
Saudi Aramco Base Oil Company (Luberef)	Limited Liability Company	Inside KSA	Current
Arab Petroleum Pipelines Company (SUMED)	Joint-Stock – unlisted	Outside KSA	Current
POSCO Engineering and Construction	Joint-Stock – unlisted	Outside KSA	Current
Saudi Aramco Asia Company (SAAC)	Limited Liability Company	Inside KSA	Current
Saudi Petroleum Overseas Ltd. (SPOL)	Limited Liability Company	Outside KSA	Current
Saudi Petroleum International Inc.	Limited Liability Company	Outside KSA	Current

Ibrahim Qassim Al-Buainain

BSc in mechanical engineering, Master's in global business administration, and innovation and leadership from the Massachusetts Institute of Technology (MIT), USA. Al-Buainain has also achieved a certificate from the Executive Development Program, IMD, Switzerland. Currently working as CEO of Aramco Trading Company (ATC) Previous roles include:

- Investment manager of all Saudi Aramco's international joint ventures.
- Director of structuring and joint ventures at Saudi Aramco's department for new business development.
- Head of Operations Development at Saudi Aramco.

Company	Legal Entity	Location	Membership
Saudi Aramco Products Trading Company	Limited Liability Company	Inside KSA	Current
Saudi Aramco Products Trading Company	Limited Liability Company	Outside KSA	Current
Saudi Aramco Singapore Trading Company	Limited Liability Company	Outside KSA	Current
S-Oil Company	Joint-Stock – listed	Outside KSA	Current

Khalifa Abdullatif Al-Mulhim

Bachelor's in finance administration from the University of Colorado Boulder, USA. Al-Mulhim is currently CEO of Khalifa A. Almulhem Company Ltd. (Kamco)

Company	Legal Entity	Location	Membership
Advanced Petrochemical Company	Joint-Stock – listed	Inside KSA	Current
Saudi White Cement Company	Joint-Stock – unlisted	Inside KSA	Current
Al Jazeera Support Services Company (MEHAN)	Joint-Stock – unlisted	Inside KSA	Current
Walaa Cooperative Insurance Company	Joint-Stock – listed	Inside KSA	Current
Saudi British Bank (SABB)	Joint-Stock – listed	Inside KSA	Previous
Saudi-Spanish Bank	Joint-Stock – listed	Outside KSA	Previous
Nama Chemicals Company	Joint-Stock – listed	Inside KSA	Previous
Bank Aljazira	Joint-Stock – listed	Inside KSA	Previous
Al-Ittefaq Steel Products Company (ISPC)	Joint-Stock – unlisted	Inside KSA	Previous

Dr Abdulmalik Abdullah Al-Hogail

Bachelor's in accounting from King Saud University, Riyadh, and Master in accounting from Case Western Reserve University, USA. Dr Al-Hogail also has a PhD in accounting from Case Western Reserve University as well as professional certificates including the CPA and SOCPA.
Previous roles include:

- VP and Chief Financial Officer of Al Faisaliah Group Holding (AFG)
- Faculty Member for the Institute of Public Administration

Company	Legal Entity	Location	Membership
National Chemical Carriers Company (NCC)	Limited Liability Company	Inside KSA	Current
Alinma Bank	Joint-Stock – listed	Inside KSA	Current
Saudi Electricity Company (SEC)	Joint-Stock – listed	Inside KSA	Current
Americana Group	Joint-Stock – unlisted	Outside KSA	Current
International Medical Holding Company	Limited Liability Company	Inside KSA	Current
Pharma International Company (PIC)	Limited Liability Company	Outside KSA	Previous
Electronics & Systems Holding Company	Limited Liability Company	Inside KSA	Previous
Philips Healthcare Saudi Arabia Company	Limited Liability Company	Inside KSA	Previous
Accenture Saudi Arabia Ltd. Company	Limited Liability Company	Inside KSA	Previous

Khalid Mohammed Al-Araifi

Bachelor's and Master's in accounting from King Abdulaziz University, Jeddah. Currently working as Assistant Governor for Finance at the Public Pension Agency. Previous roles include:

- Advisor and General Supervisor of the General Directorate of Internal Auditing and Follow-Up at the Ministry of Civil Service.
- Director of the Internal Audit Department at the Saline Water Conversion Corporation (SWCC).

Company	Legal Entity	Location	Membership
Bahri Dry Bulk Company	Limited Liability Company	Inside KSA	Current
Advanced Petrochemical Company	Joint-Stock – listed	Inside KSA	Current
Raza Company	Joint-Stock – unlisted	Inside KSA	Current

Yasir Abdullah Al-Salman

Bachelor's in accounting from King Saud University, Riyadh and Master's in accounting and information systems from Middle Tennessee State University (MTSU), USA. Currently working as Chief Financial Officer of the Public Investment Fund (PIF). Previous roles include:

- Chief Financial Officer of the Saudi Agricultural and Livestock Investment Company (SALIC)
- General Manager of Investments at Mobily.
- Executive Manager of the Finance Department at Kingdom Holding Company.

Company	Legal Entity	Location	Membership
National Water Company (NWC)	Joint-Stock – unlisted	Inside KSA	Current
Saudi Railway Company (SAR)	Joint-Stock – unlisted	Inside KSA	Current
King Abdullah Financial District Company (KAFD)	Joint-Stock – unlisted	Inside KSA	Current

Raid Abdullah Ismail

Bachelor's in financial management from George Mason University, USA and MBA from London Business School, UK. Ismail currently works as Director of Direct Investment in Local Companies at the Public Investment Fund (PIF). Previous roles include:

- General Manager of Mawarid Food Company Limited (MFC)
- Managing Partner in the House of Retail Company (LLC)
- CEO of the Saudi Tadawi Healthcare Company
- General Manager of Olayan Food Services Company (OFS), Riyadh

Company	Legal Entity	Location	Membership
Elm Information Security Company (ELM)	Joint-Stock – unlisted	Inside KSA	Current
ACWA Power Company	Joint-Stock – unlisted	Inside KSA	Current
GDC Middle East Company	Joint-Stock – unlisted	Inside KSA	Current
National Agricultural Development Company (NADEC)	Joint-Stock – listed	Inside KSA	Current

Executive Management

Eng Abdullah bin Ali Al-Dubaikhi

BSc in electrical engineering from King Fahd University of Petroleum and Minerals (KFUPM), Dhahran and MBA from the University of Oxford, UK.

Company	Membership	Location	Legal Entity
CEO of Bahri	Current	Inside KSA	Listed
CEO of the Saudi Agricultural and Livestock Investment Company (SALIC)	Previous	Inside KSA	Unlisted
CEO of Afwaf Investment Holding	Previous	Inside KSA	Limited Liability Company
CEO of AwalNet	Previous	Inside KSA	Limited Liability Company
CEO and Co-Founder of DowLog Technology	Previous	Inside KSA	Limited Liability Company
Credit Advisor at the Saudi Industrial Development Fund	Previous	Inside KSA	Governmental Authority
Board Member of Alessa Industries	Current	Inside KSA	Joint-Stock - closed
Board Member of Abdullah Al-Othaim Markets	Current	Inside KSA	Joint-Stock - public
Board Member of the International Maritime Industries Company (IMI)	Current	Inside KSA	Unlisted
Board Member of Petredec Ltd.	Current	Outside KSA	Limited Liability Company
Board Member of the Saudi Civil Aviation Holding Company (SAVC)	Current	Inside KSA	Semi-Governmental
Board Member of Mulkia Investment	Current	Inside KSA	Joint-Stock - closed
Chairman of Bahri Bolloré Logistics	Current	Inside KSA	Mixed Limited Liability Company
Chairman of BahriBunge Dry Bulk	Current	Outside KSA	Mixed Limited Liability Company
Board Member of Bahri Dry Bulk Company	Current	Inside KSA	Limited Liability Company

Naser Mohammed Al-Abdulkarim

BSc in industrial management and MBA from King Fahd University of Petroleum and Minerals (KFUPM), Dhahran.Al-Abdulkarim is also a graduate of the Executive Management Program from the University of Oxford, UK.

Company	Membership	Location	Legal Entity
President of Bahri Oil	Current*	Inside KSA	Listed
Saudi Aramco	Current	Inside KSA	Listed
Modern Industries Company	Previous	Inside KSA	Limited Liability Company

*Seconded from Saudi Aramco

Ahmed bin Muhammad Al-Ghaith

Certificate in business administration and certified by the Ship Management Program from Acumreet Academy, UK. Al-Gaith also completed executive programs at the International Maritime Organization (IMO) and the International Organization for Standardization (ISO).

Company	Membership	Location	Legal Entity
President of Bahri Logistics	Current	Inside KSA	Listed
Board Member of Bahri Bolloré Logistics	Current	Inside KSA	Mixed Limited Liability Company
Board Member of the National Shipping Company of Saudi Arabia (NSCSA), USA	Current	Outside KSA	Limited Liability Company

Eng Fayez Abdullah Al-Asmari

BSc in industrial engineering from King Saud University, Riyadh and holder of the Credit Program Certificate from Chase Manhattan Bank, USA.

Company	Membership	Location	Legal Entity
Chief Financial Officer (CFO) of Bahri	Current	Inside KSA	Listed
Board Member of BahriBunge Dry Bulk Company	Current	Outside KSA	Mixed Limited Liability Company
Member of the Audit Committee at Al Moammar Information Systems (MIS)	Current	Inside KSA	Listed
Chief Operating Officer of the Arabian Company for Water and Power Development (ACWA Holding)	Previous	Inside KSA	Unlisted
Vice President of Finance of the National Manufacturing Company	Previous	Inside KSA	Listed
Senior Manager at the Samba Financial Group	Previous	Inside KSA	Listed
Credit Advisor at the Saudi Industrial Development Fund	Previous	Inside KSA	Governmental Authority
Member of the Audit Committee at Malath Insurance	Previous	Inside KSA	Listed
Member of the Audit Committee at Watan Investment	Previous	Inside KSA	Unlisted

Eng Abdulaziz Abdulrahman Sabri

BSc in mechanical engineering from King Fahd University of Petroleum and Minerals (KFUPM) in Dhahran.

Company	Membership	Location	Legal Entity
President of Bahri Ship Management	Current	Inside KSA	Listed
Board Member of the National Shipping Company of Saudi Arabia (NSCSA), USA	Current	Outside KSA	Limited Liability Company
Board Member of the National Maritime Academy, King Salman International Maritime Industries Complex	Current	Inside KSA	Semi-Governmental
Maintenance Engineer at Saudi Aramco	Previous	Inside KSA	Listed
Senior Head of Fleet Operations at Vela International Marine Limited Company	Previous	Outside KSA	Semi-Governmental
Shipyard manager for South Korea branch, Vela International Marine Limited Company	Previous	Outside KSA	Semi-Governmental
Manager of Fleet Operations at Vela International Marine Limited Company	Previous	Outside KSA	Semi-Governmental

Hisham bin Husain Al-Khalidi

Bachelor's in business administration and holder of a level-five certificate in leadership from the British Institute of Leadership and Management (ILM).

Company	Membership	Location	Legal Entity
Head of Business Support at Bahri	Current	Inside KSA	Listed
Senior Manager of Human Resources, Alshaya International Trading Company	Previous	Inside KSA	Limited Liability Company
Board Member of Leejam Sports and Chairman of the company's Nomination and Remuneration Committee	Current	Inside KSA	Listed
Vice Chairman of Human Resources and Labor Market Committee, Riyadh Chamber of Commerce	Current	Inside KSA	Semi-Governmental
Member of the Committee on the Localization of the Maritime Industry, Public Transport Authority	Current	Inside KSA	Governmental

Eng Mubarak bin Abdullah Al-Khater

BSc and Master's in chemical engineering from King Fahd University of Petroleum and Minerals (KFUPM) in Dhahran. Al-Khater also completed the Advanced Management Program (AMP) of the International Institute for Management Development (IMD), Lausanne, Switzerland, and the Finance for Executives program of the INSEAD Business School, France.

Company	Membership	Location	Legal Entity
Head of Strategy at Bahri	Current	Inside KSA	Listed
Head of New Business Development at Saudi Electricity Company (SEC)	Previous	Inside KSA	Listed
CEO of the Saudi Paper Manufacturing Company	Previous	Inside KSA	Listed
Engineer at Saudi Aramco	Previous	Inside KSA	Listed
Engineer at Al-Jubail Petrochemical Company (KEMYA, SABIC)	Previous	Inside KSA	Limited Liability Company

Klaus Breitenbach

Certificate from AP Moller-Maersk Shipping Academy

Company	Membership	Location	Legal Entity
President of Bahri Chemicals	Current	Inside KSA	Listed
CEO of SEA-tankers	Previous	Outside KSA	Limited Liability Company
Managing Director at Tomini Shipping	Previous	Outside KSA	Limited Liability Company
CEO of Emirates Ship Investment LLC (Eships)	Previous	Outside KSA	Limited Liability Company
CEO of Nordic Tankers	Previous	Outside KSA	Listed
CEO/ General Manager of Wrist Europe B.V.	Previous	Outside KSA	Listed
Director of Operations at Ove Wrist & Co. Ltd.	Previous	Outside KSA	Listed
Regional Director at Falck Rescue Corps	Previous	Outside KSA	Listed
Director of Operations at Neptun Hotel Group	Previous	Outside KSA	Limited Liability Company

Abdulaziz Mohammed Al-Babtain

Bachelor'sin accounting from King Saud University and Master's in accounting from the University of Portsmouth, UK. Al-Babtain is also holder of the General Securities Qualification Certificate from the Capital Market Authority (CMA) and the Professional Certificate in Corporate Governance from London School of Business and Finance.

Company	Membership	Location	Legal Entity
Chief Internal Auditor at the National Shipping Company of Saudi Arabia (NSCSA)	Current	Inside KSA	Listed
Audit Manager at the Saudi Hollandi Bank	Previous	Inside KSA	Listed
Audit Manager at Al Rajhi Bank	Previous	Inside KSA	Listed
Senior Auditor at KPMG Saudi Arabia	Previous	Inside KSA	Certified Public Accountants

Abdullah Ali Al-Mousa

Bachelor's degree in Sharia from Al-Imam Mohammad Ibn Saud Islamic University and Master's in international law from Southern Methodist University, USA.

Company	Membership	Location	Legal Entity
General Counsel, Legal Affairs at the National Shipping Company of Saudi Arabia (NSCSA)	Current	Inside KSA	Saudi listed company
Legal Adviser at Al-Jadaan & Partners Law Firm	Previous	Inside KSA	Saudi professional company
Legal Adviser at BNP Paribas	Previous	Outside KSA	Branch of the French bank BNP Paribas
Legal Adviser at Clifford Chance Company	Previous	Outside KSA	Branch of the British Clifford Chance Company

Description and responsibilities of Board committees:

Audit Committee

Tasks and Responsibilities

- The Audit Committee examines and expresses opinions and recommendations on the interim and consolidated annual financial statements of the Group. Additionally, it studies reports provided by the external auditor and ensures measures taken to address such reports are implemented.
- The committee ensures the efficiency of internal control systems and applicable policies and procedures as well as the tasks, work and reports of the internal audit department. It also ensures the implementation of measures taken to address the recommendations of such reports in order to achieve the Company's objectives and protect shareholders' interests.
- The Audit Committee reviews regulatory authorities' reports and measures taken by the executive management to address them.
- The committee makes recommendations to the Board of Directors on the appointment of an external auditor, defines their remuneration, assesses their performance, verifies their independence and reviews the scope of work and contractual terms.
- The Audit Committee monitors the work and activities of executives and managers responsible for risk management.

Audit Committee Meetings and Attendance Sheet

Name	Position	Meeting 1 30/1/2019	Meeting 2 25/2/2019	Meeting 3 22/4/2019	Meeting 4 15/5/2019	Meeting 5 22/7/2019	Meeting 6 2/9/2019	meeting 7 21/10/2019
Dr Abdulmalik Abdullah Al-Hogail	Chairman	√	√	√	√	√	√	√
Saleh Abdullah Al-Debasi	Board Member	√	√	√	√	√	√	√
Khalid Mohammed Al-Araifi	Board Member	√	√	X	√	√	√	√
Dr Saad bin Saleh Al-Ruwaiteh*	Board Member	√	√	√	√	√	X	√

*Dr Saad bin Saleh Al-Ruwaiteh is a non-board committee member specializing in finance and accounting. He holds a Bachelor's in accounting from King Saud University's Department of Administrative Sciences, Riyadh; a Master's in accounting from the University of Miami, USA; and a PhD from the University of Colorado, USA.

Company	Membership	Location	Legal Entity
Chairman of the Audit Committee, National Commercial Bank (NCB)	Previous	Inside KSA	Listed
Member of the Board of Trustees, Prince Sultan University	Current	Inside KSA	Private university
Board Member, Wedyan Real Estate	Current	Inside KSA	Closed joint stock Company
Chairman of the Audit Committee, Saudi Real Estate Company (SRECO)	Current	Inside KSA	Listed
Chairman of the Testing Committee, Saudi Organization for Certified Public Accountants	Previous	Inside KSA	Professional Saudi authority
Member of the Zakat and Tax Appeal Committee, Ministry of Finance	Previous	Inside KSA	Governmental
Chairman of the Audit Committee, Saudi Research and Marketing Group	Previous	Inside KSA	Listed
Member of the Audit Committee, Public Pension Agency	Current	Inside KSA	Governmental
Chairman of the Audit Committee, Public Education Evaluation Commission	Current	Inside KSA	Governmental

Nomination and Remuneration Committee

Tasks and Responsibilities

- To ensure that the board is composed of individuals capable of undertaking their responsibilities in line with the law and highest governance standards.
- To ensure the implementation of appropriate measures that evaluate the remuneration granted to board members and senior executives.
- To develop and obtain approval from the Board of Directors on a clear policy on the remuneration of Board members, committee members and executive management members.
- To conduct periodic reviews of the remuneration policy and evaluate its efficiency.
- To define key performance indicators (KPIs) for all Board and committee members and conduct annual performance appraisals against such KPIs.
- To control and monitor the selection process for senior executives.
- To ensure there is an active succession plan and that it is periodically updated.
- To develop a set of governance standards that define the main responsibilities of the Board and its committees, in addition to reviewing human resources-related duties, policies and programs as well as formulating relevant recommendations to the Board and implementing them.
- To ensure compliance with corporate governance guidelines and regulations issued by regulatory and supervisory bodies and authorities.

Nomination and Remuneration Committee Meetings and Attendance Sheet

Name	Position	Meeting 1 3/3/2019	Meeting 2 13/5/2019	Meeting 3 27/10/2019	Meeting 4 1/12/2019	Meeting 5 10/12/2019
Saleh Abdullah Al-Debasi	Chairman	√	√	√	√	√
Mohammed Abdulaziz Al-Sarhan	Board Member	√	√	√	√	√
Eng Ibrahim Qassim Al-Buainain	Board Member	√	√	√	√	√
Khalifa Abdullatif Al-Mulhim	Board Member	√	√	√	√	√

Strategy and Investment Committee

Tasks and Responsibilities

- To work with the Executive Management to develop the company's investment strategy and policy in line with the nature of its work, the activities it practices and the risks it is exposed to, and formulate relevant recommendations to obtain relevant Board approvals.
- To periodically review the investment strategy and policy to ensure its alignment with the changes that may occur to the environment in which the company is operating, the regulations governing its business or its strategic objectives.
- To ensure compliance with the provisions of the company's Articles of Association, as well as all applicable laws, rules and regulations with regards to all investment activities of the company.
- To apply due diligence and conduct appropriate feasibility studies for investment opportunities to make effective and wise investment decisions.
- To approve investment and reinvestment of company's capital within the defined limits in line with the authority matrix applicable in the company.
- To define the standards for selecting investment managers/ advisors, periodically review their performance and approve the ending of their service.
- To generally oversee investment activities of the company and develop appropriate measures to evaluate and assess investment performance to ensure compliance with investment policies and guidelines and achieve sought objectives.
- To monitor company's investments via reviewing the periodic reports of the Executive Management.
- To evaluate investment performance based on comparing actual returns against company's investment return targets.
- To study and evaluate the investment opportunities proposed by the Executive Management.

Name	Position	Meeting 1 21/5/2019	Meeting 2 9/9/2019	Meeting 3 27/10/2019	Meeting 4 3/11/2019
Mohammed Abdulaziz Al-Sarhan	Chairman	√	√	√	√
Saleh Abdullah Al-Debasi	Board Member	√	√	√	√
Eng Ibrahim Qassim Al-Buainain	Board Member	√	√	√	√
Dr Abdulmalik Abdullah Al-Hogail	Board Member	√	√	√	√
Yasir Abdullah Al-Salman	Board Member	√	√	√	√

General Assemblies held in 2019

The 43rd regular General Assembly was held on 14 April 2019 and attended by the following Board members:

- Mohammed Abdulaziz Al-Sarhan
- Saleh Abdullah Al-Debasi
- Dr Abdulmalik Abdullah Al-Hogail
- Yasir Abdullah Al-Salman

Procedures taken by the Board to inform its members, including non-executives, of shareholders' feedback concerning the Company's performance:

Members of the Board are committed to attending General Assembly meetings to answer shareholders' enquiries and receive their suggestions and notes regarding the Company and its performance. They also communicate with Bahri's Investor Relations Department to receive shareholders' suggestions via email (IR@bahri.sa) and other communication channels.

Dividend distribution policy

Dividend distribution is decided at the shareholders' General Assembly based on the recommendation of the Board of Directors. Dividend distribution depends on net profit, cash flows and future expectations for Bahri's key investments while taking into consideration the importance of maintaining a strong financial position in order to respond to any fundamental organizational, market or economic changes. Bahri's net profits are distributed annually. The Company may distribute interim dividends biannually or quarterly. However, this must follow a Board resolution authorized on an annual basis by the regular General Assembly and in accordance with regulatory procedures issued by the Capital Market Authority (CMA). Dividends must be net of all general expenses and other costs as follows:

- A provision of 10 percent of the net profits to form the statutory reserve of the Company. The General Assembly of Shareholders may hold such a provision once the reserve amounts to 30 percent of the paid-in capital.
- The General Assembly of Shareholders may, upon a Board recommendation, set aside a certain percentage of the net profits to form a voluntary reserve for one or more specific purposes agreed upon by the regular General Assembly.
- A first dividend payment of the remaining amount shall be distributed among shareholders, provided that it is not less than one percent of the paid-in capital.

With regards to 2019 dividends, the Board of Directors issued a resolution on its meeting held on 26 September 2019 on distributing cash dividends of SAR196.875 million (USD52.5 million) to shareholders for the first half of 2019, amounting to SAR0.50 (USD0.13) per share and representing five percent of the capital. The Board of Directors designated a time for dividend distribution on 31 October 2019. The Board of Directors issued a recommendation in its meeting held on 19 January 2020 on distributing cash dividends of SAR393.75 million (USD105 million) to shareholders for the second half of the year 2019, amounting to SAR1.00 (USD0.27) per share and ten percent of the capital. The distribution of such dividends will be announced later.

Description of any deal between the company and related parties

The company ships the products of its affiliates across the world via agreements signed with these companies. It also deals with stakeholders while practicing its ordinary business such as the Aramco Trading Company (ATC) owned by Saudi Aramco, which owns 20 percent of Bahri's capital; and the International Shipping and Transportation Company Ltd. (ISTC), a subsidiary of SABIC, which owns 20 percent of the National Chemical Carriers Company (NCC)'s capital, with Bahri owning the other 80 percent. It also deals with ARASCO, which owns a 40 percent stake of Bahri Dry Bulk LLC's capital with Bahri owning the other 60 percent. The financial details are disclosed in the published financial statements.

Board members, senior executives and their relatives' interests and rights in Bahri's shares and debt instruments and change during 2019:

Board Members	Position	No of shares Period Start	No of shares Period End	Net Change
Abdulrahman Mohammed Al-Mofadhi	Chairman	-	-	-
Mohammed Abdulaziz Al-Sarhan	Chairman	369,053	369,053	-
Dr Abdulmalik Abdullah Al-Hogail	Vice Chairman	120,000	180,000	60,000
Saleh Abdullah Al-Debasi	Board Member	10,500	10,500	-
Ahmed Ali Al-Subaey	Board Member	-	-	-
Eng Ibrahim Qassim Al-Buainain	Board Member	-	-	-
Khalifa Abdullatif Al-Mulhim	Board Member	2,508,956	2,634,183	125,227
Khalid Mohammed Al-Araifi	Board Member	-	1,000	1,000
Yasir Abdullah Al-Salman	Board Member	-	-	-
Raid Abdullah Ismail	Board Member	-	-	-
Senior Executives				
Eng Abdullah bin Ali Al-Dubaikhi	CEO	-	-	-
Naser Mohammed Al-Abdulkarim	President of Bahri Oil	-	-	-
Eng Fayez Abdullah Al-Asmari	Bahri CFO	-	-	-
Hisham bin Husain Al-Khalidi	Head of Business Support	-	-	-
Ahmed bin Muhammad Al-Ghaith	President of Bahri Logistics	-	-	-
Klaus Breitenbach	President of Bahri Chemicals	-	-	-
Eng Abdulaziz Abdulrahman Sabri	President of Bahri Ship Management	-	-	-
Eng Mubarak bin Abdullah Al-Khater	Head of Strategy	-	-	-

There is no interest, contractual securities, subscription rights or debt securities belonging to Board members, senior executives and their relatives.

Bahri Board of Directors and Board committees' compensations and bonuses for 2019

The charter of the Nomination and Remuneration Committee has been disclosed in the announcement published on 28 March 2018 on the Saudi Stock Exchange's (Tadawul) website inviting shareholders to attend the Company's 42nd ordinary General Assembly. On 18 April 2018, the General Assembly of Shareholders approved the charter, which stated that the Nomination and Remuneration Committee should prepare a clear policy on the compensation and bonuses of Board members, committees and Executive Management. Additionally, the same policy should be presented to the Board of Directors to obtain final approval without prejudice to the provisions of the Companies Law and Corporate Governance Regulations. The Board approved the Compensation and Bonuses Policy on 29 April 2018.

First: Board Compensations and Bonuses

SAR

	Fixed bonuses							Variable bonuses								
	Fixed amount	Board meetings attendance allowance	Total committee meetings attendance allowance	In-kind benefits	Technical, administrative and advisory works compensation	Bonus of the Chairman, Managing Director or secretary, if he/she is a Board member	Total	Percentage of the profits	Periodic bonuses	Short-term incentive plans	Long-term incentive plans	Granted shares	Total	End-of-service benefits	Grand total	Expenses allowance
First: Independent Members																
1. Mohammed Abdulaziz Al-Sarhan	425,000	30,000	45,000	-	-	-	500,000	-	-	-	-	-	-	-	500,000	
2. Dr Abdulmalik Abdullah Al-Hogail*	500,000	30,000	55,000	-	-	-	585,000	-	-	-	-	-	-	-	585,000	
3. Khalifa Abdullatif Al-Mulhim	400,000	25,000	20,000	-	-	-	445,000	-	-	-	-	-	-	-	445,000	
4. Khalid Mohammed Al-Araifi	400,000	27,500	30,000	-	-	-	457,500	-	-	-	-	-	-	-	457,500	
Total	1,725,000	112,500	150,000	-	-	-	1,987,500	-	-	-	-	-	-	-	1,987,500	
Second: Non-Executive Members																
1. Abdulrahman Mohammed Al-Mofadhi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Saleh Abdullah Al-Debasi*	525,000	30,000	77,500	-	-	-	632,500	-	-	-	-	-	-	-	632,500	
3. Ahmed Ali Al-Subaey	300,000	30,000	-	-	-	-	330,000	-	-	-	-	-	-	-	330,000	
4. Ibrahim Qassim Al-Buainain	435,000	25,000	40,000	-	-	-	500,000	-	-	-	-	-	-	-	500,000	
5. Yasir Abdullah Al-Salman	400,000	25,000	17,500	-	-	-	442,500	-	-	-	-	-	-	-	442,500	
6. Raid Abdullah Ismail	200,000	15,000	-	-	-	-	215,000	-	-	-	-	-	-	-	215,000	
Total	1,860,000	125,000	135,000	-	-	-	2,120,000	-	-	-	-	-	-	-	2,120,000	

* Including compensation and bonuses of Audit Committee

Second: Board committees' compensation and bonuses

SAR	Fixed Bonuses (Excluding meetings attendance allowance)	Meetings Attendance Allowance	Total
Audit Committee Members			
1. Dr Abdulmalik Abdullah Al-Hogail	100,000	35,000	135,000
2. Saleh Abdullah Al-Debasi	100,000	32,500	132,500
3. Khalid Mohammed Alaraifi	100,000	30,000	130,000
4. Dr Saad bin Saleh Al-Ruwaiteh	100,000	27,500	127,500
Total	400,000	125,000	525,000
Nomination and Remuneration Committee Members			
1. Saleh Abdullah Al-Debasi	100,000	25,000	125,000
2. Mohammed Abdulaziz Al-Sarhan	100,000	25,000	125,000
3. Ibrahim Qassim Al-Buainain	100,000	22,500	122,500
4. Khalifa Abdullatif Al-Mulhim	100,000	20,000	120,000
Total	400,000	92,500	492,500
Strategy and Investment Committee Members			
1. Mohammed Abdulaziz Al-Sarhan	100,000	20,000	120,000
2. Saleh Abdullah Al-Debasi	100,000	20,000	120,000
3. Dr Abdulmalik Abdullah Al-Hogail	100,000	20,000	120,000
4. Ibrahim Qassim Al-Buainain	100,000	17,500	117,500
5. Yasir Abdullah Al-Salman	100,000	17,500	117,500
Total	500,000	95,000	595,000

Senior executives' compensation and bonuses

Details of compensation and bonuses paid to senior executives:

Thousands	Five senior executives including the CEO and CFO
Salaries and compensation	9,071
Periodic and annual bonuses	3,002
In-kind compensation and benefits	-
End-of-service benefits	3,278
Total	15,351

Results of the annual audit of the effectiveness of the company's internal control procedures and the Audit Committee's opinion on the sufficiency of the company's internal control system:

Having reviewed the internal control and auditing procedures and discussed the preliminary, annual and final business results with the external auditor and Executive Management, the Audit Committee can give assurances regarding the company's internal control systems within the scope of its limited and planned tasks and work assigned by the Internal Audit Department. The committee did not discover any substantial issues that need to be highlighted or are believed to result in a weakness or major flaw in the company's internal control systems. However, any internal control system, regardless of its design, integrity and effectiveness of implementation, cannot provide absolute affirmation.

Bahri's shareholder register requests – dates and reasons:

Request No	Date of Request	Date of Ownership File	Reason of Request
1	27 Feb 2019	26 Feb 2019	General Assembly
2	23 Dec 2019	22 Dec 2019	Companies' procedures
3	15 Apr 2019	15 Apr 2019	Companies' procedures
4	16 Apr 2019	16 Apr 2019	Profits filing
5	17 Apr 2019	17 Apr 2019	Companies' procedures
6	19 Jun 2019	01 Jan 2019	Companies' procedures
7	19 Jun 2019	18 Jun 2019	Companies' procedures
8	05 Aug 2019	03 Jan 2019	Companies' procedures
9	08 Oct 2019	07 Oct 2019	Companies' procedures
10	13 Oct 2019	15 Oct 2019	Profits file
11	19 Dec 2019	31 Dec 2019	Companies' procedures

Statutory payments

The National Shipping Company of Saudi Arabia (NSCSA) is committed to paying certain fees and expenses to relevant authorities in the Saudi government in accordance with applicable conditions and regulations. Such fees are usually regarded as expenses depending on their nature and reported in the operational results. The following table shows government payments that are paid or payable during 2019 with a brief description and justifications (SAR).

SAR				
Governmental Authority	**2019**	**2018**	**Description**	**Justification**
General Authority of Zakat and Tax (GAZT)	100,888,883	98,036,576	Amounts imposed as Zakat and tax expenses as per the provisions and rules for Zakat and tax	Governmental requirement
General Organization for Social Insurance (GOSI)	12,983,839	9,794,683	Amounts paid or imposed as social insurance as per the law	Governmental requirement

Implemented and unimplemented corporate governance provisions and justifications for non-implementation:

Having reviewed Saudi Arabia's Corporate Governance Regulations that are issued by the Capital Market Authority (CMA), Bahri approved the governance rules and standards in application of its requirements. As for detailing how compliant the company is with the said regulations, Bahri shall implement all provisions set forth in the same except the following:

Article / Clause No	Article / Clause Text	Non-implementation Justification
Article 90 - Clause 19	Geographical analysis of the company's and its affiliates' revenues	There is no geographical analysis due to the nature of company's and its affiliates' works; the ships and tankers are operating in the high seas and transporting shipments across a large number of local and global ports, which prevents linking revenues to one specific region.
Article 39	Training of Board members and executive management	This article is a guideline. The company is committed to providing necessary training for the executive management as part of its plans for general employee development.
Article 41	Assessment of Board Members and executive management	This article is a guideline. The Nomination and Remuneration Committee uses certain methods for assessment of Board Members and executives.
Article 70	Composition of the Risk Management Committee	These articles are guidelines. The company's management constantly reviews its risk management policies to ensure the implementation of approved policies and programs and prevent risks that the company may face. Additionally, the Audit Committee ensures risk management operations and applicable systems work efficiently across all levels of the company.
Article 71	Competencies of the Risk Management Committee	
Article 72	Meetings of the Risk Management Committee	
Article 83	Regulating the relationship with stakeholders	This article is a guideline. There is no written policy, however, Bahri's Articles of Association and the policies and regulations approved by the General Assembly, the Board and relevant laws and regulations guarantee the protection of the rights of all stakeholders.
Article 85	Employee incentives	This article is a guideline. The company has as part of its policies many other employee engagement and performance development and incentive programs.
Article 87	Social responsibility	These articles are guidelines. Bahri works constantly towards participating in different social activities aimed at developing the social and economic situation of the community.
Article 88	Social initiatives	
Article 89 - Clause 3	The company's website shall include all information required to be disclosed and any details or other information that may be published through other disclosure methods	This clause is a guideline. The company publishes all information and details required by applicable laws and regulations to be disclosed in accordance with the method approved by the Capital Market Authority (CMA).
Article 93 - Clause 4 - b	Disclosure of the remunerations granted to five senior executives as per the schedule appended to the Corporate Governance Regulations.	This clause is a guideline. Five senior executives' remunerations are disclosed in total.
Article 95	In case the Board of Directors form a corporate governance committee, it shall delegate to the same the competencies set forth in Article 94 of this regulations. Such committee shall follow up any matters related to governance applications and provide the Board of Directors, at least annually, with its recommendations and reports.	This article is a guideline. The company complies with, develops, monitors the implementation of, verifies the effectiveness and amends when necessary its corporate governance rules.

Notes:

- There has been no third party to assess the performance of the Board of Directors and its committees; the evaluation is conducted internally using some evaluation methods.
- The company has not been subject to any sanctions or penalties of any supervisory, regulatory or judicial entity during 2019.
- The company has a dedicated internal auditing department.
- There has been no conflict between the recommendations of the Audit Committee and the Board resolutions concerning the appointment, dismissal, remuneration, and evaluation of the performance of the company's auditor or the appointment of the internal auditor.
- Bahri prepares its financial statements in compliance with the International Financial Reporting Standards (IFRS), which contain nothing different from the standards adopted by the Saudi Organization for Certified Public Accountants (SOCPA).
- There were no private interests with regards to the class of shares carrying voting rights.
- The company has not issued or granted any transferable debt instruments, contractual securities, memoranda on subscription rights or any similar rights during the fiscal year.
- The company has not issued or granted any transfer or subscription rights by virtue of any transferable debt instruments, contractual securities, memoranda on subscription rights or any similar rights.
- There has been no redemption, purchase or cancellation of any redeemable debt instruments by the company.
- There has been no arrangement or agreement pursuant to which a Board member or senior executive waived their right to receive any bonuses.
- There has been no arrangement or agreement under which a shareholder of the company has waived any of their rights to dividends.
- No investments or reserves were created for the company's employees.
- The Auditor's Report contained no reservations related to the annual financial statements.
- The Board of Directors issued no recommendations as to changing the auditor prior to the expiry of the period for which the same is assigned.
- There were no treasury shares kept by the company.

Acknowledgments and disclosures:

The Board of Directors hereby acknowledges the following:

- Accounting records have been prepared in a sound manner.
- The internal control system has been established on a sound basis and implemented effectively.
- The company's ability to continue its operations is not subject to doubt.
- The Board of Directors hereby acknowledges that there have been no businesses or contracts to which the company has been a party that carries any interest for any Board member, senior executive or any person in relationship with any of them.

Board of Directors
National Shipping Company of Saudi Arabia (Bahri)
March 2020

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Chapter Six Financial Statements

« For the year ending on 31 December 2019 »

KPMG

KPMG Al Fozan & Partners
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Licence No. 46/11/323 issued 11/3/1992

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 2019, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant 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 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public 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 professional code of conduct and ethics 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.

KPMG

Independent Auditor's Report

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

Impairment assessment of Property and Equipment

See note 4 to the consolidated financial statements for the accounting policy relating to impairment of non-financial assets.

The key audit matter	How the matter was addressed in our audit
The Group owns and operates 89 vessels (2018: 92 vessels) that are used in transportation activities. The carrying value of the vessels, which is shown as part of property and equipment, is SAR 14.7 billion (2018: SAR 15.6 billion) representing around 71% (2018: 74%) of total assets as at 31 December 2019. In accordance with the requirements of relevant accounting standards, the Group is required to assess indicators of impairment on its vessels at each reporting date. In case such indicators are identified, recoverable amounts of such vessels are required to be determined. As part of the Group process to review any indication of impairment of its vessels, management considers internal and external indicators of impairment, including but not limited to: - observable indications that the vessel's value have significantly declined; - significant changes with an adverse effect on the Group, in the technological, market, economic or legal environment in which the Group operates; - evidence of obsolescence or physical damage of the vessels; - significant changes with an adverse effect to the vessels, which includes the vessels becoming idle, plans to discontinue its operation and/or plans to dispose of vessels; - reassessment of the useful life of the vessels; and - operating losses incurred by the vessels. Hence, the evaluation of impairment indicators and the recoverable amount, where required, involves the exercise of significant judgment and has therefore been determined as a key audit matter.	We performed the following procedures in relation to the impairment indicators assessment of vessels: - Assessed the process followed by the Group for the assessment of impairment indicators and recoverable amounts, where required, during the year ended 31 December 2019; - Assessed the design and implementation, and tested the operating effectiveness of the controls implemented by the Group as part of the assessment of impairment indicators; - Assessed the physical condition of the Group's fleet of vessels by inspecting class certificates; - Inspected the vessels' inspection reports that are prepared by the External Technical Inspector which support the maintenance of vessels during the year; - Assessed the vessels' estimated useful life by inspecting the benchmarking report prepared by management that covers relevant industry information; - Assessed the adequacy of the Group's disclosures in respect of estimation of useful life in the consolidated financial statements. - Confirmed future plans for the vessels by inspecting Board of Directors minutes of the meetings; and - Inspected the operating profit and loss statement for the year for each vessel.

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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 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.

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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)

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.
- 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, related safeguards.

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.

For KPMG Al Fozan & Partners
Certified Public Accountants

Fahad Mubark Aldossari
License No: 469

Date: 10 Rajab 1441H
Corresponding to: 5 March 2020

كي بي ام جي الفوزان وشركاه
محاسبون ومراجعون قانونيون
C.R. 46
KPMG
Certified Public Accountants
KPMG Al Fozan & Partners

Consolidated statement of financial position as at 31 December 2019 (SAR Thousands)

	Note	2019	2018
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	14,738,079	15,614,792
Ships under construction	7	289,162	138,764
Right of use assets	19	29,440	-
Intangible assets	8	622,475	675,765
Equity accounted investees	9	1,242,132	1,265,341
Receivables from finance lease	10	-	105,562
Other investments, including derivatives	11	17,545	76,624
TOTAL NON-CURRENT ASSETS		**16,938,833**	**17,876,848**
CURRENT ASSETS			
Receivables from finance lease - current portion	10	-	5,547
Inventories	12	411,255	344,045
Trade receivables and contract assets	13	1,753,915	1,883,716
Prepayments and other current assets	14	658,635	494,682
Murabaha and short-term deposits	15.1	552,349	364,293
Cash and cash equivalents	15	245,840	228,513
TOTAL CURRENT ASSETS		**3,621,994**	**3,320,796**
TOTAL ASSETS		**20,560,827**	**21,197,644**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	3,937,500	3,937,500
Statutory reserve		1,074,923	1,012,852
Share premium		1,489,103	1,489,103
Other reserves		(12,208)	(13,302)
Retained earnings		2,722,849	2,951,718
Equity attributable to equity holders of the parent company		9,212,167	9,377,871
Non-controlling interests	31	464,704	441,430
TOTAL EQUITY		**9,676,871**	**9,819,301**
LIABILITIES			
NON-CURRENT LIABILITIES			
Sukuk and long-term loans	17	8,386,678	9,212,847
Employees' end of service benefits	18	70,789	69,927
Lease liabilities		23,626	-
Deferred tax liabilities	21	57,558	23,511
Derivative financial instruments		7,553	-
TOTAL NON-CURRENT LIABILITIES		**8,546,204**	**9,306,285**

	Note	2019	2018
CURRENT LIABILITIES			
Short term loans	17.4	260,000	96,000
Long term loans - current portion	17	881,768	887,816
Trade and other payables	20	1,012,646	873,340
Provision for zakat and taxes	21	183,338	214,902
TOTAL CURRENT LIABILITIES		**2,337,752**	**2,072,058**
TOTAL LIABILITIES		**10,883,956**	**11,378,343**
TOTAL EQUITY AND LIABILITIES		**20,560,827**	**21,197,644**

Consolidated statement of profit or loss for the year ended 31 December 2019 (SAR Thousands)

	Note	2019	2018
Revenue		6,567,015	6,129,910
Operating costs		(5,374,186)	(5,176,529)
Gross profit before bunker subsidy		**1,192,829**	**953,381**
Bunker subsidy		234,168	293,602
Gross profit		**1,426,997**	**1,246,983**
General and administrative expenses	22	(154,063)	(148,214)
Provision on trade receivables and contract assets	13	(78,853)	(21,302)
Other income (expenses), net	23	28,937	10,718
Operating profit		**1,223,018**	**1,088,185**
Finance costs	24	(463,724)	(389,113)
Share in results of equity accounted investees	9	(23,702)	(118,529)
Profit before zakat and tax		735,592	580,543
Zakat and taxes, net	21	(92,099)	(92,186)
Profit for the year		**643,493**	**488,357**
Profit for the year attributable to:			
Equity holders of the parent company		620,702	481,238
Non-controlling interests	31	22,791	7,119
		643,493	488,357
Earnings per share (Saudi Riyal):			
Basic	25	1.58	1.22
Diluted	25	1.58	1.22

Consolidated statement of comprehensive income for the year ended 31 December 2019 (SAR Thousands)

	Note	2019	2018
Profit for the year		**643,493**	**488,357**
Items that will not be reclassified to profit or loss			
Re-measurement gain on defined benefit liability	18	1,084	(384)
Items that are or may be reclassified subsequently to profit or loss			
Equity accounted investees share of OCI	9	493	(8,333)
Total comprehensive income for the year		**645,070**	**479,640**
Total comprehensive income attributable to:			
Equity holders of the parent company		621,796	473,278
Non-controlling interests		23,274	6,362
Total comprehensive income for the year		**645,070**	**479,640**

Consolidated statement of cash flows for the year ended 31 December 2019 (SAR Thousands)

	Note	2019	2018
OPERATING ACTIVITIES			
Profit for the year		643,493	488,357
Adjustments to reconcile profit for the year to net cash flows resulted from operating activities			
Depreciation of property and equipment	6	860,265	872,804
Depreciation of right of use assets	19	10,818	-
Amortization of intangible assets	8	54,065	52,184
Provision on trade receivables and contract assets	13	78,853	21,302
Provision for other investments		-	3,377
Finance costs	24	463,724	389,113
Share in loss of equity accounted investees	9	23,702	118,529
Gain on disposal of property and equipment	23	(14,701)	(11,921)
Zakat and taxes		92,099	92,186
Employees' end of service benefits	18	13,625	12,357
		2,225,943	**2,038,288**
Changes in operating assets and liabilities:			
Inventories		(67,210)	(53,286)
Trade receivables and contract assets		50,948	(430,030)
Prepayments and other current assets		(164,811)	(192,050)
Receivables from finance lease		4,947	67,486
Trade and other payables		139,352	158,251

	Note	2019	2018
Cash generated from operations		2,189,169	1,588,659
Finance costs paid		(397,749)	(359,352)
Zakat and taxes paid	21	(89,616)	(98,037)
Employees' end of service benefits paid	18	(11,679)	(12,026)
Net cash generated from operating activities		**1,690,125**	**1,119,244**
INVESTING ACTIVITIES			
Addition in intangible assets	8	(775)	-
Acquisition of property and equipment		(38,860)	(57,780)
Proceeds from disposal of property and equipment		176,171	77,571
Ships under construction	7	(150,398)	(936,660)
Equity accounted investees	9	-	(145,667)
Other investments, including derivatives		(1,190)	(19,080)
Net cash used in investing activities		**(15,052)**	**(1,081,616)**
FINANCING ACTIVITIES			
Proceeds from long term loans	17	45,000	914,825
Repayment of long-term loans		(887,817)	(1,075,289)
Proceeds from short term loans	17	535,000	586,000
Repayment from short term loans		(371,000)	(490,000)
Dividends paid		(785,699)	(582,799)
Payment of lease liabilities		(5,174)	-
Non-controlling interests		-	12,000
Net cash used in financing activities		**(1,469,690)**	**(635,263)**
Increase / (decrease) in cash and cash equivalents		205,383	(597,635)
Cash and cash equivalents at beginning of the year	15	592,806	1,190,441
Cash and cash equivalents at end of the year	15	798,189	592,806
Significant non-cash transactions:			
Ships under construction transferred to property and equipment	7	-	1,757,286

Consolidated statement of changes in equity for the year ended 31 December 2019 (SAR Thousands)

	Attributable to equity holders of the parent company						Non-con-trolling interests	Total equity
	Share capital	Statutory reserve	Share premium	Other reserves	Retained earnings	Total		
Balance as at 1 January 2018	3,937,500	964,732	1,489,103	(5,342)	3,109,225	9,495,218	422,813	9,918,031
Profit for the year	-	-	-	-	481,238	481,238	7,119	488,357
Other comprehensive income	-	-	-	(7,960)	-	(7,960)	(757)	(8,717)
Total comprehensive income for the year	-	-	-	(7,960)	481,238	473,278	6,362	479,640
Transferred to statutory reserve	-	48,120	-	-	(48,120)	-	-	-
Non-controlling interest share	-	-	-	-	-	-	12,255	12,255
Dividends (note 30)	-	-	-	-	(590,625)	(590,625)	-	(590,625)
Balance as at 31 December 2018	**3,937,500**	**1,012,852**	**1,489,103**	**(13,302)**	**2,951,718**	**9,377,871**	**441,430**	**9,819,301**
Balance as at 1 January 2019	3,937,500	1,012,852	1,489,103	(13,302)	2,951,718	9,377,871	441,430	9,819,301
Profit for the year	-	-	-	-	620,702	620,702	22,791	643,493
Other comprehensive income	-	-	-	1,094	-	1,094	483	1,577
Total comprehensive income for the year	-	-	-	1,094	620,702	621,796	23,274	645,070
Transferred to statutory reserve	-	62,071	-	-	(62,071)	-	-	-
Dividends (note 30)	-	-	-	-	(787,500)	(787,500)	-	(787,500)
Balance as at 31 December 2019	**3,937,500**	**1,074,923**	**1,489,103**	**(12,208)**	**2,722,849**	**9,212,167**	**464,704**	**9,676,871**

Notes to the consolidated financial statements For the year ended 31 December 2019

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 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, sale and operating of vessels for the transportation of cargo, agencies for maritime shipping companies, cargo clearance and coordination for on vessels' board transport and storage, and all of the 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 lands, properties inside or outside the Kingdom, ownership of shares in other existing companies or merges with them and participates with others in establishing companies with similar activities or complementary activities.

The Company's capital consists of 393,750,000 shares as of 31 December 2019 and 31 December 2018. The par value per share is SAR 10. The subsidiary companies whose financial information is incorporated into these consolidated financial statements are as follows:

Subsidiary	Date of incorpo-ration	Effective Ownership %		Principal Ac-tivity	Location
		2019	2018		
NSCSA Inc. - USA	1991	100%	100%	Company's ship agent	USA
Mideast Ship Management Limited (JLT)	2010	100%	100%	Ships technical management	UAE
National Chemical Carriers Limited Co. (NCC)	1990	80%	80%	Petrochemicals transportation	KSA
Bahri Dry Bulk LLC (BDB)	2010	60%	60%	Dry bulk trans-portation	KSA
Bahri Bolloré Logistics (BBL)	2018	60%	60%	Logistic Services	KSA
Bahri Bunge Dry Bulk DMCC*	2018	36%	36%	Dry bulk trans-portation	UAE

*Group holds controlling equity ownership interest in Bahri Bunge Dry Bulk DMCC through its indirect shareholding in Bahri Dry Bulk LLC (BDB).

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

Equity accounted investee	Date of incorpo-ration	Effective Ownership %		Principal Ac-tivity	Location
		2019	2018		
Petredec Limited *	1980	30.3	30.3	Liquefied petroleum gas transportation	SINGAPORE
International Maritime Industries Company	2018	19.9	19.9	Maritime indus-tries	KSA

* The Group's share in Petredec Limited results for the financial year is recorded as per latest financial statements prepared by Petredec. The difference between the latest financial statements prepared by Petredec and the Group's consolidated financial statements is two months. The fiscal year of Petredec starts on 1 September and ends on 31 August of each Gregorian year.

Trade Name	Registration No.	Registration Date	City
The National Shipping Company of Saudi Arabia (Riyadh HQ)	1010026026	17/8/2017	Riyadh
The National Shipping Company of Saudi Arabia (Jeddah)	4030033402	11/11/2019	Jeddah
The National Shipping Company of Saudi Arabia (Dam-mam)	2050013881	14/2/2016	Dammam
The National Shipping Company of Saudi Arabia (Dubai Branch)	JLT-65807	6/12/2010	Dubai DMCC
The National Shipping Company of Saudi Arabia (India)	F06135	26/8/2016	New Delhi

Notes to the consolidated financial statements – continued
For the year ended 31 December 2019

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION (continued)

Group's Fleet

As at 31 December 2019, the Group owned 89 vessels (31 December 2018: 92 vessels) operating in the following sectors:

Crude oil transportation sector

Consists of 48 vessels (31 December 2018: 50 vessels), out of which 42 (31 December 2018: 44 vessels) very large crude carriers (VLCCs) are operating in the spot market, while a tanker is chartered to ARAMCO Trading Company. The Group also owns 5 product tankers all of which are also chartered to ARAMCO Trading Company.

Chemicals transportation sector

This sector is fully operated by NCC, and it owns 30 (31 December 2018: 31 vessels) specialized tankers distributed as follows:

- 18 tankers that operate in the spot market.
- 7 tankers are chartered to the International Shipping and Transportation Co. Ltd., a subsidiary of Saudi Basic Industries Corporation ("SABIC"), and 5 tankers are chartered to ARAMCO

Logistics sector

This sector consists of 6 RoCon vessels (31 December 2018: 6 vessels) operating on commercial lines between North America and Europe, and the Middle East and the Indian Subcontinent.

Dry bulk transportation sector

This sector is fully operated by BDB, and it owns 5 vessels (31 December 2018: 5 vessels) specialized in transporting dry bulk cargo, all of which are chartered to the Arabian Agricultural Services Company (ARASCO).

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA").

2.2. Preparation of financial statements

(i) Historical cost convention

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

- Derivative financial instruments are measured at fair value.
- The defined benefit plans 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.

3. BASIS OF CONSOLIDATION

The Company and its subsidiaries are collectively referred to as the "Group". Subsidiaries are entities controlled by the Group.
Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. 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 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 the 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 and liabilities, unrealised income and expenses and cash flows relating to transactions are eliminated in full on consolidation.

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

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

Notes to the consolidated financial statements – continued
For the year ended 31 December 2019

3. BASIS OF CONSOLIDATION – continued

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;

Reclassifies the Group's share of components previously recognized in consolidated statement of other comprehensive income to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The Company and its subsidiaries have the same reporting period except Petredec limited (equity accounted investees) as explained in note 1.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. Changes in significant accounting policies

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.
The Group applied IFRS 16 with a date of initial application of 1 January 2019 using the modified retrospective approach. The details of the changes in accounting policies are disclosed below.

A. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Determining whether an Arrangement contains a Lease. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4.11.
On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

B. As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on statement of financial position.
The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets; and
- used hindsight when determining the lease term.

For leases of other assets, which were classified as operating under IAS 17, the Group recognised right-of-use assets and lease liabilities.
Under IFRS 16 at transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other leases.

Leases classified as operating leases under IAS 17

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

C. As a lessor

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor.

Under IFRS 16, the Group is required to assess the classification of a sub-lease with reference to the right-of-use asset, not the underlying asset. The Group does not have any sub lease assets.

D. Impact on financial statements

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 4.95%. The impact of transition is summarized below:

Assets:	**SAR'000**
Right of use assets	40,258
Prepayments and other current assets	(3,153)
Total impact on assets:	37,105
Liabilities:	
Lease liabilities	(37,105)
Total impact on liabilities:	(37,105)
Equity	
Total impact on equity:	

D. Impact on financial statements – continued

4.2. Significant 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 result of which form the basis of making the 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. Revision to accounting estimates are recognized in the year in which the estimates are revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.
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:

- Determining the estimated residual values and useful lives of property and equipment (notes 4.7 and 6)
- Measurement of defined benefit obligations, Key actuarial assumptions (notes 4.19 and 18)
- Measurement of ECL allowance for trade receivables and contract assets: key assumption in determining the weighted average loss rate (notes 4.4, 13 and 28)

4.3. Revenue from Contracts with Customers

The Group recognises revenue from contracts with customers based on a 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 for every contract 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 Group satisfies a performance obligation and recognises 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 as 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 recognised at the point in time at which the performance obligation is satisfied.
Revenue is recognised when a customer obtains control of the services.

Type of service	Nature, timing of satisfaction of performance obligations, significant payment terms
Time Charter arrangement	In case of time charter arrangement, the Group measures its progress towards complete satisfaction of the performance obligation using a time-based measure. Further, because the Group bills a fixed amount for each day of service provided, the Group has a right to invoice the customer in the 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	In case of voyage charter arrangement including liner, the Company measures the progress based on number of days elapsed as compared to total number of days expected in a voyage for each contract. Further, the duration of contract executed for each voyage is generally less than year. Revenue is recognized based on percentage of completion.
Logistics revenue	Logistics revenue excluding liner primarily comprises order fulfilment and transportation services. Logistics revenue is recognised at point in time when the services are rendered to the customer and the customer acknowledges the same.

In certain revenue arrangement, the Group is entitled for certain kind of variable benefits or obliged to pay for certain obligations (majorly demurrages) which is contingent upon occurrence or non-occurrence of specified event. While determining the transaction price, the management estimate the transaction price which is highly probable of being recovered and not subject to reversal. These variable benefits are not included in the initial assessment of the transaction price as the Group is entitled to them only on occurrence.

4.4. Financial Instruments

i. Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised 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, for an item not at 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 measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortised cost; 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.

A financial asset is measured at amortised 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.

Notes to the consolidated financial statements – continued
For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES

4.4. Financial Instruments - continued

ii. Classification and measurement of financial assets and financial liabilities - continued

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 amortised 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 amortised 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 recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at Fair Value through Other Comprehensive Income (FVOCI)	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at Fair Value through Other Comprehensive Income (FVOCI)	These assets are subsequently measured at fair value. Dividends are recognised 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 recognised in OCI and are never reclassified to profit or loss.

'The financial assets at amortised cost consist of trade receivables, contract assets and cash and cash equivalents.

Financial Liabilities – Classification, subsequent measurement and gain and losses

Financial liabilities are classified as measured at amortised 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 recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gain and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition
Financial assets

The Group derecognises 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 substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither 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 recognised 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 derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises 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 recognised at fair value.

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 realise the asset and settle the liability simultaneously.
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 recognised in profit or loss.

Impairment of non-derivative financial assets

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost and contract assets. The Group measures loss allowances at an amount equal to lifetime ECLs.
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 considers a financial asset to be in default when:
- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 4 years past due from government and 2 years past due from commercial customers.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

4. SIGNIFICANT ACCOUNTING POLICIES

4.4. Financial Instruments - continued

ii. Classification and measurement of financial assets and financial liabilities - continued

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI 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 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 reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of impairment

Allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to Trade receivables and contract assets, including contract assets and finance lease receivables, are presented separately in the statement of profit or loss.
For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

4.5. 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. Restricted cash and cash equivalents that are not available for use are excluded from cash and cash equivalents for the purposes of the consolidated statement of cash flows.

4.6. Inventories

Inventories consisting of fuel and lubricants on board of vessels are shown as inventories at the consolidated statement of financial position date. Inventories are measured at the lower of cost or net realizable value. Cost of the used inventories are measured by using the First-in-First-out method including bunker inventory.

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.

4.7. 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 (qualified 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 repair 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 - 20
Fleet and equipment	6 - 25
Containers and trailers	5 - 12
Furniture and fixtures	10
Tools and office equipment	4
Motor vehicles	4 - 5
Computers equipment	4 - 6
Containers yard equipment	4 - 10

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 the purpose of recognition of the Group's vessels, estimate of 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 year until the next scheduled dry docking. Dry docking assets that are left undepreciated during another dry-docking operation are charged to the consolidated statement of profit or loss during the year in which such operation is commenced.

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 of property and equipment 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.

4.8. Ships Under construction

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

4. SIGNIFICANT ACCOUNTING POLICIES

4.9. Intangible assets

Intangible assets are measured at cost, less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight-line basis over the estimated useful lives. Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and amount can be measured reliably. Intangible assets, useful lives and impairment indicators are reviewed at each financial year end and adjusted prospectively, if considered necessary. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The useful life and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. 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, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite life is recognised in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible asset.

4.10. Equity accounted investees

An equity accounted investees 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.
Under the equity method, an equity accounted investees is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the equity accounted investees. When the Group's share of losses of an equity accounted investees exceeds the Group's interest in that an equity accounted investees (which includes any long-term interests that, in substance, form part of the Group's net investment in the equity accounted investees, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the equity accounted investees. If the equity accounted investees subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.
An equity accounted investees is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the equity accounted investees, 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 recognised 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 investees's identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised 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 investees of the Group, profits or losses resulting from the transactions with the equity accounted investees are recognised in the Group's consolidated financial statements only to the extent of interests in the equity accounted investees that are not related to the Group.

4.11. Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed in Note 4.1

Policy applicable from 1 January 2019

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.
  - this policy was applied to contracts entered into, or changed, on or after 1 January 2019.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

Group as a lessee

The Group recognises 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. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. 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.
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.

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For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES

4.11. Leases - continued

Group as a lessee - continued

The lease liability is measured at amortised 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.

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 recognise 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 recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it 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 recognises lease payments received under operating leases as income on a straight- line basis over the lease term.
The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.
Gross investment in finance lease include the total of the future lease payments on finance leases (lease receivables), plus estimated residual amounts receivable. The difference between the lease receivables and the cost of the leased asset is recorded as unearned lease finance income and for presentation purposes, is deducted from the gross in the finance leases. Any unguaranteed residual value of the assets is reviewed periodically and any decrease in residual value is recorded immediately.

Initial direct cost incurred by the lessors in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the lease income.

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

The Group presents assets and liabilities in the 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.
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
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

4.13. Foreign currency transaction

The Group's consolidated financial statements are presented in Saudi Riyals rounded to the nearest thousand, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the consolidated financial statements reporting date for the group. All differences arising on settlement or translation of monetary items are taken to the statement of Profit or Loss with the exception of differences on foreign monetary items that form part of a net investment in a foreign operation. These are recognized in OCI until the disposal of the net investment, at which time they are reclassified to consolidated statement of Profit or Loss. Tax charges and credits attributable to exchange differences on these monetary items are also recorded in OCI.
Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or consolidated statement of Profit or Loss, respectively).

4.14. Foreign currency translation

On consolidation, the assets and liabilities of foreign operations are translated into Saudi Riyal at the rate of exchange prevailing at the reporting date and their statements of Profit or Loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to consolidated statement of profit or loss.

4.15. Zakat and Taxes

The Company and its subsidiaries in the Kingdom of Saudi Arabia are subject to regulations issued by the General Authority of Zakat and Tax ("GAZT") 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 based on Zakat base. The management establishes provisions where appropriate on the basis of amounts expected to be paid to the GAZT 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 GAZT are accounted for in the year in which the final assessments are finalized.
For subsidiaries outside the 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. Moreover, certain shareholders in the Group are subject to income tax, which is recognized as an expense in the consolidated statement of profit or loss.

Notes to the consolidated financial statements – continued
For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES

4.15. Zakat and Taxes – continued

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and unused tax losses can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference and unused tax losses arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and equity accounted investees, and interests in joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4.16. Borrowing costs

Borrowing costs are directly attributed to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial year 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.

4.17. 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.

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.

The following criteria are also applied in assessing impairment of specific assets:

- Goodwill is tested for impairment in the reporting period and when circumstances indicate that the carrying value may be impaired.
- Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

4.18. 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 companies 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.

4.19. Employees 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 recognised 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 plans

Provision is made for amounts payable to employees under the Saudi Labour Law and employee contracts. This liability, which is unfunded, represents the amount payable to each employee on a going concern basis.

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 net interest on the defined benefit liability are recognised 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 recognised in profit or loss on the earlier of:

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

Interest is calculated by applying the discount rate to the defined benefit liability. The Group recognises the following changes in the defined benefit obligation under 'Operating cost', and 'general and administration expenses' in the 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 or income

4. SIGNIFICANT ACCOUNTING POLICIES

4.20. 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.

4.21. 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. An assessment is made at each reporting date to recognize contingent liabilities which are probable obligations arising from past events whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the Group.

4.22. 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; a reasonable approximation of the weighted average is adequate in many circumstances.
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.

4.23. Statutory reserve

In accordance with the Saudi Arabian Regulations for Companies, the Group must transfer 10% of the net income in each year to the statutory reserve until it has built a reserve equal to 30% of the share capital. This reserve is not available for distribution to the shareholders of the Company.

4.24. Bunker subsidy

Bunker subsidy is recognized when all attached conditions is 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 purchase in consolidated statement of profit or loss as bunker subsidy income.

4.25. 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 operation 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.

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, and
- Head office and Others

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.

Intersegment revenues are recorded either at values that approximate third-parties selling prices or at prices mutually agreed by the management of the operating segments.

4.26. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3).
- Definition of Material (Amendments to IAS 1 and IAS 8).
- IFRS 17 Insurance Contracts.

Notes to the consolidated financial statements – continued
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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 2019	Transportation of oil	Transportation of Chemicals	Logistics	Transportation of dry bulk	Head office and Others	Total
Revenue	3,959,202	1,105,142	1,069,270	420,053	13,348	6,567,015
Operating cost	(3,160,678)	(945,798)	(918,242)	(354,295)	4,827	(5,374,186)
Bunker subsidy	211,715	12,040	10,413	-	-	234,168
Gross profit	**1,010,239**	**171,384**	**161,441**	**65,758**	**18,175**	**1,426,997**
General and administrative expenses	-	(1,025)	(4,075)	(16,034)	(132,929)	(154,063)
Provision on trade receivables and contract assets	3,248	(20,314)	(58,754)	(3,033)	-	(78,853)
Other income (expenses), net	22,833	(5,317)	794	1,074	9,553	28,937
Finance cost	(260,272)	(62,783)	(24,706)	(30,446)	(85,517)	(463,724)
Share in a result of an equity accounted investees	-	-	-	-	(23,702)	(23,702)
Profit before zakat & taxes	**776,048**	**81,945**	**74,700**	**17,319**	**(214,420)**	**735,592**

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.

Operating revenues include an amount of SAR 2.2 billion for the year ended 31 December 2019 (31 December 2018: SAR 2.5 billion). representing the Group's total revenues from one customer (ARAMCO and its affiliates - shareholder) which represents more than 10 % of the Group's operating revenues.

31 December 2018	Transportation of oil	Transportation of Chemicals	Logistics	Transportation of dry bulk	Head office and Others	Total
Revenue	3,692,550	872,174	1,158,022	387,389	19,775	6,129,910
Operating cost	(3,146,670)	(752,004)	(926,594)	(349,568)	(1,693)	(5,176,529)
Bunker subsidy	267,738	15,011	10,853	-	-	293,602
Gross profit	**813,618**	**135,181**	**242,281**	**37,821**	**18,082**	**1,246,983**
General and administrative expenses	-	(6,359)	(5,367)	(14,767)	(121,721)	(148,214)
Provision on trade receivables and contract assets	(2,086)	2,684	(21,679)	(221)	-	(21,302)
Other income (expenses), net	9,884	(8,904)	6,405	1,165	2,168	10,718
Finance cost	(248,587)	(62,028)	(25,561)	(11,294)	(41,643)	(389,113)
Share in a result of an equity accounted investees	-	-	-	-	(118,529)	(118,529)
Profit before zakat & taxes	**572,829**	**60,574**	**196,079**	**12,704**	**(261,643)**	**580,543**

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

31 December 2019	Transportation of oil	Transportation of Chemicals	Logistics	Transportation of dry bulk	Head office and Others	Total
Property and equipment	10,229,510	2,682,764	1,281,148	513,563	31,094	14,738,079
Total assets	12,537,261	3,177,135	2,290,810	833,568	1,722,053	20,560,827
Total liabilities	6,505,704	1,645,276	879,465	481,719	1,371,792	10,883,956

31 December 2018	Transportation of oil	Transportation of Chemicals	Logistics	Transportation of dry bulk	Head office and Others	Total
Property and equipment	10,967,095	2,785,300	1,315,512	511,856	35,029	15,614,792
Total assets	13,333,248	3,341,013	2,153,360	773,724	1,596,299	21,197,644
Total liabilities	7,049,196	1,864,888	921,868	448,231	1,094,160	11,378,343

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6. PROPERTY AND EQUIPMENT

31 December 2019	Building and improve-ments	Fleet and equipment	Contain-ers and trailers	Furni-ture and fixtures	Tools and office equipment	Motor vehicles	Computer equip-ment	Contain-ers yard equipment	Total
Cost									
At 1 January 2019	61,655	22,235,547	12,377	12,431	4,192	1,131	26,705	14,433	22,368,471
Additions/transfers	3,715	138,576	11	495	273	6	1,946	-	145,022
Disposals	(1,197)	(802,747)	(1,451)	-	(80)	(205)	(32)	-	(805,712)
At 31 December 2019	**64,173**	**21,571,376**	**10,937**	**12,926**	**4,385**	**932**	**28,619**	**14,433**	**21,707,781**
Accumulated deprec ation									
At 1 January 2019	36,032	6,664,306	7,530	7,108	3,992	1,008	20,645	13,058	6,753,679
Charge for the period	5,781	849,614	468	1,250	159	92	2,377	524	860,265
Disposals	(121)	(642,456)	(1,451)	-	-	(205)	(9)	-	(644,242)
At 31 December 2019	**41,692**	**6,871,464**	**6,547**	**8,358**	**4,151**	**895**	**23,013**	**13,582**	**6,969,702**
Net book value:									
As at 31 December 2019	**22,481**	**14,699,912**	**4,390**	**4,568**	**234**	**37**	**5,606**	**851**	**14,738,079**

*Certain vessels and tankers of the Group under fleet and equipment with a carrying value of SAR 8.4 billion at 31 December 2019, are pledged against the long-term loans.

31 December 2018	Building and improve-ments	Fleet and equipment	Contain-ers and trailers	Furni-ture and fixtures	Tools and office equipment	Motor vehicles	Computer equip-ment	Contain-ers yard equipment	Total
Cost									
At 1 January 2018	55,331	20,817,282	20,240	12,593	4,134	1,131	21,779	14,433	20,946,923
Additions/transfers	6,324	1,799,465	-	2,176	58	-	7,043	-	1,815,066
Disposals	-	(381,200)	(7,863)	(2,338)	-	-	(2,117)	-	(393,518)
At 31 December 2018	**61,655**	**22,235,547**	**12,377**	**12,431**	**4,192**	**1,131**	**26,705**	**14,433**	**22,368,471**
Accumulated depreciation									
At 1 January 2018	20,223	6,128,948	14,924	8,396	3,810	793	19,116	12,533	6,208,743
Charge for the year	15,809	851,180	469	778	182	215	3,646	525	872,804
Disposals	-	(315,822)	(7,863)	(2,066)	-	-	(2,117)	-	(327,868)
At 31 December 2018	**36,032**	**6,664,306**	**7,530**	**7,108**	**3,992**	**1,008**	**20,645**	**13,058**	**6,753,679**
Net book value:									
As at 31 December 2018	**25,623**	**15,571,241**	**4,847**	**5,323**	**200**	**123**	**6,060**	**1,375**	**15,614,792**

*Certain vessels and tankers of the Group under fleet and equipment with a carrying value of SAR 10.3 billion at 31 December 2018, are pledged against the long-term loans.

7. SHIPS UNDER CONSTRUCTION

The movement in ships under construction is as follows:

	2019	2018
Beginning balance	138,764	959,390
Additions	150,398	936,660
Transferred to property and equipment	-	(1,757,286)
Ending balance	**289,162**	**138,764**

Ships under construction for the year ended 31 December 2019 amounted to SAR 289 million for 5 vessels (31 December 2018: SAR 139 million for 4 vessels). and mainly relates to payments made towards construction.

- The Company signed contracts on 25 August 2018 with the Korean company Hyundai Samho Heavy Industries to build four bulk cargo carriers' vessels for a total amount of SAR 472 million (USD 126 million). These are expected to be completed during the year 2020.
- The Group signed a contract on 18 September 2019 to build the first VLCC with the International Maritime Industries Company and in cooperation with Hyundai Samho Heavy Industries for a total amount of SAR 371 million (USD 99 million). The carrier is expected to be received during the year 2021.

8. INTANGIBLE ASSETS

Intangible assets majorly represent the long term substantial evaluation of 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.

	2019	2018
Cost		
Opening balance	939,930	939,930
Addition	775	-
Ending balance	**940,705**	**939,930**
Accumulated amortization		
Opening balance	(264,165)	(211,981)
Charge for the year	(54,065)	(52,184)
Ending balance	**(318,230)**	**(264,165)**
Net book value	**622,475**	**675,765**

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9. EQUITY ACCOUNTED INVESTEES

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

	Note	2019	2018
Petredec Limited	9.1	1,094,767	1,096,342
International Maritime Industries Company	9.2	147,365	168,999
		1,242,132	**1,265,341**

9.1. Petredec Limited

The movement of investment in Petredec Limited as at 31 December is as follows:

	2019	2018
Beginning Balance	1,096,342	1,171,911
Share of loss for the year	(2,068)	(67,236)
Share of other comprehensive income (loss) for the year	493	(8,333)
Ending balance	**1,094,767**	**1,096,342**

The fiscal year of Petredec Limited ends as at 31 August of each Gregorian year. The Group's share in Petredec Limited results for the financial year is recorded as per latest financial statiements prepared. The difference between the latest financial statements prepared by the equity accounted investees and the Group's consolidated financial statements is two months.
The table reconciles the summarized financial information to the carrying amount of the Group's interest in Petredec as at 31 October:

	31 October 2019	31 October 2018
Current assets	2,873,881	4,514,325
Non-current assets	5,941,195	6,529,333
Current liabilities	(2,039,806)	(3,843,644)
Non-current liabilities	(3,394,202)	(3,806,830)
Net assets before non-controlling interest	3,381,068	3,393,184
Non-controlling interest	(29,308)	(36,228)
Net assets	**3,351,760**	**3,356,956**
Group's share in net assets (30.30%)	1,015,684	1,017,259
Goodwill	79,083	79,083
Carrying amount of investment in equity accounted investees	**1,094,767**	**1,096,342**
Revenue	19,850,260	29,255,265
Loss before non-controlling interest	(5,305)	(249,040)
Non-controlling interest	109	(337)
Total comprehensive (loss) for the year	**(5,196)**	**(249,377)**
Group's share of total comprehensive (loss) (30.30 %)	**(1,575)**	**(75,569)**

The equity accounted investees have SAR 1.5 billion contingent liabilities and capital commitments as at 31 October 2019 (31 October 2018: SAR 838 million).

9.2. International Maritime Industries Company

International Maritime Industries Company (IMI) was established in KSA with capital of SAR 1,107 million between the Company, (ARAMCO), Hyundai Heavy Industries (South Korean Company) and Lamprell Power Company Limited (a UAE-based Company). The Group's share in the established Company represents 19.9%.
The movement of investment in IMI as at 31 December is as follows:

	2019	2018
Beginning balance	168,999	74,625
Additional paid in capital	-	145,667
Share in results of equity accounted investees	(21,634)	(51,293)
Ending balance	**147,365**	**168,999**

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

	2019	2018
Current assets	435,686	861,758
Non-current assets	518,419	125,513
Current liabilities	(210,776)	(136,748)
Non-current liabilities	(2,801)	(1,283)
Net assets	**740,528**	**849,240**
Group's share in net assets (19.9%)	147,365	168,999
Carrying amount of investment in equity accounted investees	**147,365**	**168,999**
Revenue	1,898	-
Total comprehensive (loss) for the year	**(108,713)**	**(257,756)**
Group's share of total comprehensive (loss) (19.9%)	**(21,634)**	**(51,293)**

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10. RECEIVABLES FROM FINANCE LEASE

On 30 January 2009, NCC signed an agreement with Odfjell (hereafter: lessee) to charter three vessels under a bareboat arrangement for a period of 10 years with a purchase option after three years. The finance lease agreement ended on 1 February 2019 as the lessee did not exercise the option to purchase the vessels. Accordingly, these vessels were returned to the company and recorded in property and equipment of SAR 106 million.

The net lease receivable balance is summarized as follows:

	2019	2018
Accounts receivable from finance leases	-	6,626
Unguaranteed residual value at the end of the contract	-	105,562
Gross finance lease	-	112,188
Unearned lease finance income	-	(1,079)
Net of receivables from finance lease	**-**	**111,109**
Current portion	-	5,547
Non-current portion	-	105,562
	-	**111,109**

The maturity of gross finance lease (i.e. minimum lease payment (MLPs) and net finance lease (i.e. present value of MLPs) is as follows:

	MLPs 2019	PV of MLPs 2019	MLPs 2018	PV of MLPs 2018
Less than one year	-	-	6,626	5,547
More than one year but less than five years	-	-	105,562	105,562
Net investment receivable in finance leases	**-**	**-**	**112,188**	**111,109**

11. OTHER INVESTMENTS, INCLUDING DERIVATIVES

The balance of other investments includes the derivatives is as follow:

	2019	2018
Derivatives	10,128	69,207
Equity securities at FVOCI	7,334	7,334
Investment in government bonds	83	83
	17,545	**76,624**

12. INVENTORIES

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

	2019	2018
Fuel	360,707	283,496
Lubricant	43,943	53,616
Others	6,605	6,933
	411,255	**344,045**

Fuel expenses amounted to SAR 1,552 million for the year ended 31 December 2019 (2018: SAR 1,084 million).

13. TRADE RECEIVABLES AND CONTRACT ASSETS

Trade receivable and contract assets include the following items:

	2019	2018
Trade receivables	1,024,525	681,868
Receivable from related parties (Note 26)	531,490	761,269
	1,556,015	1,443,137
Less: Provision on trade receivables and contract assets	(132,921)	(54,068)
	1,423,094	1,389,069
Contract assets (unbilled revenue)	330,821	494,647
Trade receivables and contract assets	**1,753,915**	**1,883,716**

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

	2019	2018
Opening balance	54,068	32,766
Change for the year	78,853	21,302
Ending balance	**132,921**	**54,068**

The aging of trade receivables and contract assets is as follows:

	2019	2018
Less than 6 months	1,488,183	1,622,209
From 6 months to 12 months	155,383	134,449
More than 12 months	243,270	181,126
Total Trade receivables and contract assets	**1,886,836**	**1,937,784**

Included in trade receivables amounts due from Government entities amounting to SAR 591 million as at 31 December 2019 (2018: SAR 413 million). These amounts represent 34% of the net trade receivables as at 31 December 2019 (31 December 2018: 22%). 72% of the amounts due for more than 12 months are amounts due from Government entities.

14. PREPAYMENTS AND OTHER CURRENT ASSETS

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

	2019	2018
Prepaid expenses	394,327	264,300
Recoverable bunker cost	161,348	153,774
Insurance claims	79,254	33,863
Employees advances	17,176	17,274
Others	6,530	25,471
	658,635	**494,682**

15. 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:

	2019	2018
Bank balances and cash	245,840	228,513
Murabaha and short term deposits (Note 15.1)	552,349	364,293
Cash and cash equivalents in statement of cash flows	**798,189**	**592,806**
Amounts restricted by banks		
Bank balances and cash	(20,177)	(17,681)
Murabaha and short term deposits	(24,507)	(105,091)
Total amounts restricted by banks	**(44,684)**	**(122,772)**

15.1 Murabaha and Short-Term Deposits

Murabaha and short-term deposit comprise of the following:

	2019	2018
Murabaha and short - term deposits in USD	408,861	310,582
Murabaha and short - term deposits in Saudi Riyals	143,488	53,711
	552,349	**364,293**

Murabaha and short-term deposit yield finance income at prevailing market rates.

16. SHARE CAPITAL

The Company's share capital is comprised of 393,750 thousand shares issued and fully paid with a par value of SAR 10 per share. Total authorized, issued, and outstanding share capital is SAR 3,937,500,000 as at 31 December 2019 and 31 December 2018.

17. SUKUK, LONG TERM AND SHORT-TERM LOANS

The Company's share capital is comprised of 393,750 thousand shares issued and fully paid with a par value of SAR 10 per share. Total authorized, issued, and outstanding share capital is SAR 3,937,500,000 as at 31 December 2019 and 31 December 2018.

	Note	2019	2018
Sukuk	17.1	3,900,000	3,900,000
Murabaha loans	17.2	5,338,020	6,144,523
Commercial loans	17.3	90,781	127,094
Total sukuk and long-term loans		9,328,801	10,171,617
Less: Total current portion		(881,768)	(887,816)
Non-current sukuk and long-term loans		8,447,033	9,283,801
Less: prepaid financing		(60,355)	(70,954)
Net non-current sukuk and long-term loans		**8,386,678**	**9,212,847**
Short-term loans	17.4	260,000	96,000
Current portion of long-term loans		881,768	887,816
Loans - Current Liabilities		1,141,768	983,816
Loans - Non-Current Liabilities		8,386,678	9,212,847
		9,528,446	10,196,663

17.1 Sukuk

On 14 Shawwal 1436H (corresponding to 30 July 2015), the Company completed the issuance and offering of local Sukuk denominated in Saudi Riyal for public offering with nominal value amounted 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 1 Muharram 1444 (corresponding to 30 July 2022).

17.2 Murabaha loans

The Group obtained long term loan during year ended 31 December 2019 for a total of SAR 45 million (31 December 2018: SAR 915 million). Loans are secured by promissory notes and mortgages against vessels (note 6). These loans are repayable over 10 years on quarterly or semi-annual basis. The loans carry commission at normal commercial rates. Balance of loans against which profit to be paid is based on LIBOR as at 31 December 2019 equivalent to SAR 2,555 million (31 December 2018: SAR 3,104 million) and balance of loans against which profit to be paid based on SIBOR at the end of 31 December 2019 amounted to SAR 2,783 million (31 December 2018: SAR 3,040 million). Balance in prepaid financing account related to Murabaha loans at the end of 31 December 2019 is SAR 60 million (31 December 2018: SAR 71 million).

Notes to the consolidated financial statements – continued
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17. SUKUK, LONG TERM AND SHORT-TERM LOANS

17.3 Commercial loans

The Group did not obtain any long-term loan during year ended 31 December 2019 (31 December 2018: Nil). The existing loans are secured by mortgages against vessels (note 6). This loan is repayable over 10 years on semi-annual basis carrying special commission at LIBOR plus normal commercial margin. Balance of the loan against which profit to be paid based on LIBOR as at 31 December 2019 are SAR 91 million (31 December 2018: SAR 127 million).

17.4. Short Term Loans

The Group obtained short term loans during the year ended 31 December 2019 amounting to SAR 535 million (31 December 2018: SAR 586 million). The total repayment against short term loans during the year ended 31 December 2019 is SAR 371 million (31 December 2018: SAR 490 million). The existing loans were utilized to meet working capital requirements during the year.

17.5. Covenants

Loan 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.

17.6 Long term, short term loans related to subsidiary

17.6.1 National Chemical Carriers Limited Co.

Long term loan balance for National Chemical Carriers Limited Co. consists of the following:

	2019	2018
Murabaha loans	1,335,847	1,545,082
Commercial loans	90,781	127,094
Total long-term loans	**1,426,628**	**1,672,176**
Less: Total current portion	(398,825)	(245,547)
Non-current long-term loans	1,027,803	1,426,629
Less: prepaid financing	(4,355)	(5,044)
Net non-current long-term loans	**1,023,448**	**1,421,585**

17.6.2 Bahri Dry Bulk LLC

Long term loan balance for Bahri Dry Bulk LLC consists of the following:

	2019	2018
Murabaha loans	418,650	403,050
Total long-term loans	418,650	403,050
Less: Total current portion	(29,400)	(29,400)
Non-current long-term loans	389,250	373,650
Less: prepaid financing	(4,351)	(4,907)
Net non-current long-term loans	**384,899**	**368,743**
Short-Term Loans	-	6,000
Current Portion of Long-Term Loans	29,400	29,400
Loans - Current Liabilities	29,400	35,400
Loans - Non-Current Liabilities	384,899	368,743
	414,299	**404,143**

18. EMPLOYEES' BENEFITS

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

	2019	2018
Opening balance	69,927	69,467
Current service cost	10,965	9,591
Interest cost	2,660	2,511
Benefits paid	(11,679)	(12,026)
Re-measurement (gain) loss on defined benefit plans	(1,084)	384
Ending balance	**70,789**	**69,927**

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

	2019	2018
Discount rate	3.00%	4.15%
Withdrawal rate – for the first two years of service	12.50%	30.00%
Withdrawal rate – third year of service and above	12.50%	9.00%
Future salaries increase - for the first three years	5.50%	6.37%
Future salaries increase - fourth year and after	5.50%	6.37%

Notes to the consolidated financial statements – continued
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18. EMPLOYEES' BENEFITS

A quantitative sensitivity analysis for significant assumptions on the defined benefit plans are shown below:

	2019	2018
Discount rate		
0.5 % increase	(1,953)	(2,259)
0.5% decrease	2,068	2,406
Withdrawal rate		
10% increase	(846)	(778)
10% decrease	954	845
Future salary increases		
1% increase	4,459	5,163
1% decrease	(4,059)	(4,645)

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 analyses 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.

19. LEASES

Leases in which the Group is a lessee

The Group mainly leases its head office and administrative buildings.

Information about leases for which the Group is a lessee is presented below:

i. Right-of-use assets

	2019	2018
Balance at 1 January	40,258	-
Depreciation charge for the year	(10,818)	-
Balance at 31 December	**29,440**	**-**

ii. Amounts recognised in consolidated statement of profit or loss

	2019	2018
Interest on lease liabilities	278	-
Expenses relating to short-term leases	3,309	-
Operating leases under IAS 17		
Lease expense	**10,818**	**-**

20. TRADE AND OTHER PAYABLES

	2019	2018
Trade payables	526,177	457,582
Accrued expenses	352,842	272,501
Unclaimed dividend	49,601	47,875
Value of sold shares (related to previous shareholders)	20,014	20,014
Others	64,012	75,368
	1,012,646	**873,340**

21. ZAKAT AND TAXES

The Group's zakat is based on financial statements of the Company and its wholly owned subsidiaries, in accordance with the General Authority of Zakat and Tax ("GAZT") regulations.
The Company and its wholly owned subsidiaries filed their zakat and tax returns separately.
The movement in the provision for zakat and taxes is as follows:

	2019	2018
Opening balance	214,902	232,029
Provided for the year	58,052	80,910
Payments during the year	(89,616)	(98,037)
Ending balance	**183,338**	**214,902**

The movement in the provision for deferred tax is as follows:

	2019	2018
Opening balance	23,511	12,235
Provided for the year	34,047	11,276
Ending balance	**57,558**	**23,511**

Notes to the consolidated financial statements – continued
For the year ended 31 December 2019

21. ZAKAT AND TAXES (continued)

Zakat and tax status of the Parent

The Company has filed its zakat returns up to 2018. All the assessment related to the years up to 2017 have been closed with GAZT. GAZT did not close or issue any assessment related to the year 2018. The Company believes that adequate provision have been made against any potential zakat and taxes liabilities.

Zakat and Taxes status for National Chemical Carriers Company

The Company has submitted its zakat returns for all fiscal years up to 2018 to the General Authority of Zakat and Tax (the "GAZT"), zakat assessments have been agreed with the General Authority of Zakat and Tax ("GAZT") for all the years up to 2004. The Company has received from the GAZT zakat assessments for the years 2005 to 2008 and for the years from 2009 to 2012 claiming additional payments of SAR 10 million and SAR 42 million respectively. The Company has filed an appeal against the Preliminary Appeal Committee resolution related to the assessment for the years from 2005 to 2008 to the higher appeal committee and still not resolved as of the date of these financial statement.
The Company also filed an appeal against the assessment for the years from 2009 to 2012, and the appeal is still under review with the GAZT.
The Company did not receive from GAZT the zakat assessments for the years from 2013 to 2018. The subsidiary company believes that adequate provisions have been made against any potential zakat and tax liabilities.

Zakat and Tax status for Bahri Dry Bulk

The Company submitted its zakat and tax returns for the years up to 2018. The GAZT has not issue any zakat assessments on the subsidiary company since 2010 (date of incorporation). The subsidiary company believes that adequate provisions have been made against any potential zakat and taxes liabilities.

Zakat and tax status for Bahri Bollore

The company submitted its Zakat/Tax returns for the years up to 2018. GAZT has issued zakat/tax assessment for the year 2018 claiming additional liability of SR 663 thousand in addition to the related penalties. The Company also filed an appeal against the assessment, and the appeal is still under review with the GAZT.

22. GENERAL AND ADMINISTRATIVE EXPENSES

	2019	2018
Employees' salaries and benefits	110,333	98,932
Professional, legal and consultation fees	11,734	9,695
Marketing and communication	8,971	8,228
Rent	7,682	7,432
Maintenance	6,319	8,116
Depreciation	5,974	5,824
Others	3,050	9,987
	154,063	**148,214**

23. OTHER INCOME / (EXPENSES), NET

	2019	2018
Gains on disposal of property and equipment	14,701	11,921
Finance Income	8,594	7,544
Impairment of financial assets and finance lease	-	(13,987)
Others	5,642	5,240
	28,937	**10,718**

24. FINANCE COSTS

	2019	2018
Murabaha financing	245,734	239,802
Saudi Riyal sukuk	146,506	127,599
Drivatives re-valuation	67,822	17,447
Commercial loans	3,384	4,265
Lease liabilities	278	-
	463,724	**389,113**

Notes to the consolidated financial statements – continued
For the year ended 31 December 2019

25. EARNINGS PER SHARE

	2019	2018
Profit for the year attributable to equity holders of the parent Company	620,702	481,238
Weighted average number of ordinary shares outstanding during the year	393,750,000	393,750,000
Earnings per share – basic	1.58	1.22
Earnings per share – diluted	1.58	1.22

26. 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.
Operating revenues that generated from related parties as follows:

	2019	2018
ARAMCO and its subsidiaries - shareholder	2,239,962	2,288,360
International Shipping and Transportation Co. Ltd.	597,569	460,466
Arabian Agricultural Services Company (ARASCO)	106,959	112,059

Related party balances included in trade receivables (note 13) is as follows:

	2019	2018
ARAMCO and its subsidiaries – shareholder	468,191	651,454
International Shipping and Transportation Co. Ltd.	59,220	109,354
Arabian Agricultural Services Company (ARASCO)	4,079	461
	531,490	**761,269**

Long-term loans from related parties is as follows:

	2019	2018
Public Investment fund (PIF) – shareholder	265,156	364,625

Compensation of key management personnel:

	2019	2018
Salaries and compensations	12,073	8,425
End of service award	613	565
Total Compensation	**12,686**	**8,990**

27. JOINT OPERATIONS

NCC, a subsidiary, acts as a 'Manager' for the Odfjell vessel, for the pool arrangement with Odfjell. As a manager, NCC has the responsibilities of conducting operations of Odfjell vessel, voyage planning, charter bunkering, invoicing and receiving revenue from customers, negotiating employment of the vessel. Odfjell bears the costs of technical managing, repairing, insuring, supply provisioning Odfjell vessel, perform any other obligations under financing/mortgage of Odfjell vessel.

This arrangement accounted for as Joint arrangement since both the parties have control over some of the activities. NCC as a joint operator recognize its share of assets, liabilities, revenue and expenses in pool arrangement.

28. FINANCIAL INSTRUMENTS

28.1. Financial Assets

	Note	2019	2018
Derivatives not designated as hedging instruments:			
CAP commission options	28.3	10,128	69,207
Financial assets at fair value through OCI			
Unquoted equity shares	11	7,334	7,334
Total financial assets at fair value		**17,462**	**76,541**
Financial assets at amortized cost			
Trade receivables and contract assets	13	1,753,915	1,883,716
Other investments	11	83	83
Murabaha and short-term deposits	15.1	552,349	364,293
Receivable from finance lease		-	105,562
Cash and cash equivalent		245,840	228,513
Total financial assets at amortized cost		**2,552,187**	**2,582,167**
Total financial assets		**2,569,649**	**2,658,708**

28.2 Financial Liabilities

	Note	2019	2018
Financial liabilities at fair value			
Derivative financial instruments		7,553	-
Financial liabilities at amortized cost			
Sukuk and Short/ long Term loans	17	9,528,446	10,196,663
Trade and other payables	20	1,012,646	873,340
Lease liabilities		23,626	-
Total financial liabilities at amortized cost		**10,564,718**	**11,070,003**
Total financial liabilities		**10,572,271**	**11,070,003**

Notes to the consolidated financial statements – continued
For the year ended 31 December 2019

28. FINANCIAL INSTRUMENTS (continued)

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 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 categorised 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 loss from revaluation of these agreements is recognized in the consolidated statement of profit or loss (note 24).

The fair value hierarchy is as follows:

	2019			
	Quoted prices in the active market	Significant observable inputs	Significant Unobservable inputs	Total
	(Level 1)	(Level 2)	(Level 3)	
FVOCI – equity instrument:				
Unquoted equity shares *	-	-	7,334	7,334
Derivatives measured at fair value through statement of income				
CAP commission option				
Assets	-	10,128	-	10,128
Liabilities	-	7,553	-	7,533

	2018			
	Quoted prices in the active market	Significant observable inputs	Significant Unobservable inputs	Total
	(Level 1)	(Level 2)	(Level 3)	
FVOCI – equity instrument:				
Unquoted equity shares *	-	-	7,334	7,334
Derivatives measured at fair value through statement of income				
CAP commission option (assets)	-	69,207	-	69,207

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, 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 equivalent, other investments, trade receivables and contract assets, financing, trade and other payables, lease liabilities, derivative financial instruments.

Financial assets and liabilities are netted together and shown as a net amount, if the Group has the legal right to do so and the intention is to either settle on the net or recognize the assets and liabilities simultaneously. Higher 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 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 and commercial.

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. The maximum exposure to credit risk for the components of the consolidated statement of financial position is the carrying amounts shown in note 28 except for financial guarantees and derivative financial instruments.

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 amounts in the table below represent contractual undiscounted cash flows:

	Carrying amount	Total	2019			
			Within 3 months	3 to 12 months	1 to 5 years	More than 5 years
Short term loans	260,000	260,000	260,000	-	-	-
Long term loans	5,368,446	5,428,801	189,309	692,460	3,389,674	1,157,358
Sukuk	3,900,000	3,900,000	-	-	3,900,000	-
Lease liabilities	23,626	28,638	-	-	16,173	12,465
Trade and other payables	1,012,646	1,012,646	683,457	329,189	-	-
Derivative financial instrument	7,553	10,770	301	381	7,145	2,943
	10,572,271	**10,640,855**	**1,133,067**	**1,022,030**	**7,312,992**	**1,172,766**

Notes to the consolidated financial statements – continued
For the year ended 31 December 2019

28. FINANCIAL INSTRUMENTS (continued)

28.4. Financial Risk Management (continued)

28.4.2. Liquidity risk (continued)

	Carrying amount	Total	2018			
			Within 3 months	3 to 12 months	1 to 5 years	More than 5 years
Short term loans	96,000	96,000	96,000	-	-	-
Long term loans	6,200,663	6,271,617	332,819	554,997	3,185,265	2,198,536
Sukuk	3,900,000	3,900,000	-	-	3,900,000	-
Trade and other payable	873,340	873,340	455,391	417,949	-	-
	11,070,003	**11,140,957**	**884,210**	**972,946**	**7,085,265**	**2,198,536**

The Group has unutilized credit facilities of SAR 2,019 million as at 31 December 2019 (31 December 2018: SAR 2,154 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 other 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 loans, with all variables held constant.

	2019	2018
Profit rate		
Increase by 100 base points	97,502	102,518
Decrease by 100 base points	(97,502)	(102,518)

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 ratios, which is net debt divided by total capital plus net debt. The Group includes within net debt, Sukuk and long-term loans, trade and other payables, lease liabilities, less cash and short-term deposits.

	2019	2018
Sukuk and long-term loan (note 17)	9,328,801	10,171,617
Trade and other payables (note 20)	1,012,646	873,340
Lease liabilities	23,626	-
Less: Cash and cash equivalent (note 15)	(753,505)	(470,034)
Net Debt	**9,611,568**	**10,574,923**
Total equity	9,676,871	9,819,301
Total capital	9,676,871	9,819,301
Capital and net debt	**19,288,439**	**20,394,224**
Gearing ratio	49.83%	51.85٪

Notes to the consolidated financial statements – continued
For the year ended 31 December 2019

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 575 million as of 31 December 2019 (31 December 2018: SAR 315 million).

The Group signed an agreement on 30 May 2018 with Saudi Arabian Oil Company (ARAMCO), Hyundai Heavy Industries Ltd. (South Korea) and Lamprell Power Company Limited (UAE) to enter into a partnership for the establishment, development, and operation of a maritime yard in Ras Al Khair City named International Maritime Industries Company (IMI). The partners injections will total SAR 2.625 billion (USD 700 million) of the project cost. As of 31 December 2019, the injected capital from partners was SAR 1.107 billion (USD 295.2 million). The ownership in IMI is as follows; ARAMCO (50.1%), The National Shipping Company of Saudi Arabia (19.9%), Lamprell Power Company Limited (20%), and Hyundai Heavy Industries (10%). The Group has signed an offtake agreement for at least 75% of its commercial vessel needs over a period of 10 years from the start date of the project, equivalent to 52 vessels, including oil tankers "VLCC" - subject to commercial terms and conditions.

Contingencies

The Group has outstanding bank letters of guarantee for SAR 287 million as at 31 December 2019 (31 December 2018: SAR 269 million) issued for the Group's normal course of business. Also, Bahri issued through bank Corporate Guarantee to equity accounted investees of SAR 746 million as of 31 December 2019 (31 December 2018: SAR 746 million).

The Group is involved in legal litigation claims in the ordinary course of business, other than what has been disclosed in, which are being defended, there are also some claims 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, lease certain vessels to a related party based on time charter agreement.
The future amounts receivable under this lease agreement are as follow:

	2019	2018
Within one year	438,549	392,509
After one year but not more than five years	1,028,848	1,268,573
More than five years	304,961	113,851
	1,772,358	**1,774,933**

Income from time charter agreements under operating lease amounted to SAR 557 million for the year ended 31 December 2019 (31 December 2018: SAR 524 million).

30. DIVIDENDS

The General Assembly of the shareholders of the Company approved in its meeting held on 17th of April 2018 the distribution of cash dividends of SAR 591 million to the shareholders for the financial year ended 31 December 2017, amounted to SAR 1.5 per share. These dividends have been paid on 3rd of May 2018.

The General Assembly of the shareholders of the Company approved in its meeting held on 14th of April 2019 the distribution of cash dividends of SAR 591 million to the shareholders for the financial year ended 31 December 2018, amounted to SAR 1.5 per share and represented 15% of the share par value. These dividends have been paid on 28th of April 2019.

The Board of Directors decided in its meeting held on 26th of September 2019 to distribute cash dividends of SAR 197 million to the shareholders for the 1st half of the financial year 2019 amounted to SAR 0.5 per share. These dividends have been paid on 15th of October 2019.

The Board of Directors decided in its meeting held on 19th of January 2020 to recommend to the General Assembly of the Company the distribution of cash dividends of SAR 394 million to the shareholders for the 2nd half of the financial year ended 31 December 2019 amounted to SAR 1 per share.

31. NON-CONTROLLING INTERESTS IN SUBSIDIARIES

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

2019	National Chemical Carrier Company Limited	Bahri Dry Bulk LLC & Bahri Bunge Dry Bulk	Bahri Bolloré Logistics	Total
Non-controlling interest Percentage	20%	40%	40%	
Non-current assets	2,683,145	733,146	-	3,416,291
Current assets	493,990	102,957	106,108	703,055
Non-current liabilities	(1,035,332)	(400,182)	(4,731)	(1,440,245)
Current liabilities	(609,944)	(86,117)	(60,465)	(756,526)
Net assets	1,531,859	349,804	40,912	1,922,575
Non-controlling interests relating to the subsidiary	-	2,045	-	2,045
Net assets attributable to non-controlling interests	306,372	141,967	16,365	464,704
Revenue	1,105,142	420,053	160,959	1,686,154
Profit	55,679	9,201	10,911	75,791
Non-controlling interests relating to the subsidiary	-	3,611	-	3,611
Profit attributable to non-controlling interests	11,136	7,291	4,364	22,791

Notes to the consolidated financial statements – continued
For the year ended 31 December 2019

NON-CONTROLLING INTERESTS IN SUBSIDIARIES (continued)

2018	National Chemical Carrier Company Limited	Bahri Dry Bulk LLC & Bahri Bunge Dry Bulk	Bahri Bolloré Logistics	Total
Non-controlling interest Percentage	20٪	40٪	40٪	
Non-current assets	2,893,727	663,410	-	3,557,137
Current assets	447,294	123,185	100,057	670,536
Non-current liabilities	(1,424,453)	(368,438)	(5,913)	(1,798,804)
Current liabilities	(440,434)	(78,182)	(64,582)	(583,198)
Net assets	1,476,134	339,975	29,562	1,845,671
Non-controlling interests relating to the subsidiary	-	(1,612)	-	(1,612)
Net assets attributable to non-controlling interests	295,227	134,378	11,825	441,430
Revenue	872,174	387,390	116,789	1,376,353
Profit	43,831	18,311	1,034	63,176
Non-controlling interests relating to the subsidiary	-	(9,385)	-	(9,385)
Profit attributable to non-controlling interests	8,766	(2,061)	414	7,119

32. SUBSEQUENT EVENTS

In the opinion of management, there have been no significant subsequent events since the year ended 31 December 2019 that would have material impact on the consolidated statement of financial position of the Group as part of these consolidated financial statements.

33. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors has approved the consolidated financial statements for the year ended 31 December 2019 on their meeting held on 7 Rajab 1441H (corresponding to 2 March 2020).

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