THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Consolidated Financial Statements

and Independent Auditor's Report

For the year ended 31 December 2021

OneBahri

INDEX

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Headquarters in Riyadh

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

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of 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 2021, 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 2021, 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 Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the 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.

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Independent Auditor's Report

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

Impairment assessment of Vessels

See notes 4.6 and 4.16 to the consolidated financial statements for the accounting policy relating to impairment of non-financial assets and note 6 to the consolidated financial statements for the related disclosures.

The key audit matter	How the matter was addressed in our audit
The Group owns and operates 90 vessels (2020: 89 vessels) that are used in transportation activities. The carrying value of the vessels, which is included as part of property and equipment, is SAR 13.9 billion (2020: SAR 14.2 billion) representing approximately 64% (2020: 67%) of total assets as at 31 December 2021. In accordance with IAS 36 "Impairment of assets", 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's 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 vessels' 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 2021; - 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 the useful life of vessels in the consolidated financial statements; - Confirmed the future plans for the vessels by inspecting the minutes of meetings of the Board of Directors; and - Inspected the operating profit and loss statement for the year for each vessel.

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.

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Independent Auditor's Report

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

Other Information (continued)

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.

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.

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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)

- 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.

KPMG Professional Services

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ترخيص رقم ٤٦
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Fahad Mubark Aldossari
License No: 469

Riyadh, 17 March 2022
Corresponding to 14 Shaban 1443H

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA
(A Saudi Joint Stock Company)
Consolidated statement of financial position
As at 31 December 2021
(In thousands of Saudi Riyals)

	Note	2021	2020
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	**13,949,152**	14,208,720
Projects under construction	7	**1,298,464**	934,426
Right of use assets	19	**515,721**	151,143
Intangible assets	8	**454,056**	497,784
Equity accounted investees	9	**1,497,605**	1,342,874
Other non-current financial assets	10	**42,880**	63,149
TOTAL NON-CURRENT ASSETS		**17,757,878**	17,198,096
CURRENT ASSETS			
Inventories	11	**479,858**	287,721
Trade receivables and contract assets	12	**1,383,509**	1,035,350
Prepayments and other current assets	13	**661,648**	608,927
Investment in Murabaha fund at FVTPL	14	**188,456**	-
Cash and cash equivalents	15	**1,178,269**	1,975,214
TOTAL CURRENT ASSETS		**3,891,740**	3,907,212
TOTAL ASSETS		**21,649,618**	21,105,308
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	**3,937,500**	3,937,500
Statutory reserve		**1,232,034**	1,232,034
Share premium		**1,489,103**	1,489,103
Other reserves		**186**	(18,306)
Retained earnings		**2,754,283**	3,349,350
Equity attributable to equity holders of the Parent Company		**9,413,106**	9,989,681
Non-controlling interests	32	**546,891**	508,755
TOTAL EQUITY		**9,959,997**	10,498,436
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	17	**4,548,020**	8,073,530
Employees' end of service benefits	18	**70,510**	65,301
Lease liabilities	19	**397,906**	85,710
Derivative financial instruments		**8,604**	10,400
TOTAL NON-CURRENT LIABILITIES		**5,025,040**	8,234,941
CURRENT LIABILITIES			
Loans and borrowings - current portion	17	**5,060,830**	827,833
Lease liabilities - current portion	19	**124,700**	62,530
Trade and other payables	20	**1,256,584**	1,257,509
Provision for zakat and income tax	21	**222,467**	224,059
TOTAL CURRENT LIABILITIES		**6,664,581**	2,371,931
TOTAL LIABILITIES		**11,689,621**	10,606,872
TOTAL EQUITY AND LIABILITIES		**21,649,618**	21,105,308

Chief Financial Officer **Chief Executive Officer** **Authorized Board Member**

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA
(A Saudi Joint Stock Company)
Consolidated statement of profit or loss
For the year ended 31 December 2021
(In thousands of Saudi Riyals)

	Note	2021	2020
Revenue	22	**5,351,075**	8,393,001
Operating costs	23	**(4,917,976)**	(6,320,473)
Gross profit before bunker subsidy		**433,099**	2,072,528
Bunker subsidy		**123,396**	49,342
Gross profit		**556,495**	2,121,870
General and administrative expenses	24	**(166,100)**	(171,934)
Provision on trade receivables and contract assets	12	**(2,032)**	(63,473)
Other income/ (expenses), net	25	**36,465**	(20,043)
Total operating profit		**424,828**	1,866,420
Finance costs	26	**(180,027)**	(254,070)
Share in results of equity accounted investees	9	**46,840**	96,802
Profit before Zakat and income tax		**291,641**	1,709,152
Zakat and income tax	21	**(58,009)**	(94,329)
Profit for the year		**233,632**	1,614,823
Profit for the year attributable to:			
Equity holders of the Parent Company		**192,433**	1,571,112
Non-controlling interests	32	**41,199**	43,711
		233,632	1,614,823
Earnings per share (Saudi Riyal):			
Basic & diluted	27	**0.49**	3.99

Chief Financial Officer **Chief Executive Officer** **Authorized Board Member**

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA
(A Saudi Joint Stock Company)
Consolidated statement of comprehensive income
For the year ended 31 December 2021
(In thousands of Saudi Riyals)

	Note	2021	2020
Profit for the year		**233,632**	1,614,823
Items that will not be reclassified to profit or loss			
Re-measurement (loss)/ gain on employees' end of service benefits	18	**(1,215)**	1,342
Items that are or may be reclassified subsequently to profit or loss			
Equity accounted investees share of OCI		**19,451**	(7,100)
Total comprehensive income for the year		**251,868**	1,609,065
Total comprehensive income attributable to:			
Equity holders of the Parent Company		**210,925**	1,565,014
Non-controlling interests		**40,943**	44,051
Total comprehensive income for the year		**251,868**	1,609,065

Chief Financial Officer **Chief Executive Officer** **Authorized Board Member**

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA
(A Saudi Joint Stock Company)
Consolidated statement of cash flows
For the year ended 31 December 2021
(In thousands of Saudi Riyals)

	Note	2021	2020
OPERATING ACTIVITIES			
Profit for the year		**233,632**	1,614,823
Adjustments to reconcile profit for the year to net cash flows resulted from operating activities			
Depreciation of property and equipment	6	**1,042,938**	1,015,199
Depreciation of right of use assets	19	**108,493**	27,237
Amortization/ derecognition of intangible assets	8	**47,282**	130,375
Provision on trade receivables and contract assets	12	**2,032**	63,473
Finance costs	26	**180,027**	254,070
Share in results of equity accounted investees	9	**(46,840)**	(96,802)
Unrealized gain from investment in Murabaha fund at FVTPL	14	**(956)**	-
(Gain)/ loss on disposal of property and equipment	25	**(58)**	3,590
Zakat and income tax	21	**58,009**	94,329
Employees' end of service benefits	18	**11,544**	12,723
		1,636,103	3,119,017
Changes in operating assets and liabilities:			
Inventories		**(192,137)**	123,534
Trade receivables and contract assets		**(350,191)**	792,917
Prepayments and other current assets		**(53,477)**	(8,048)
Trade and other payables		**10,247**	136,342
Cash generated from operations		**1,050,545**	4,163,762
Finance costs paid		**(177,858)**	(288,705)
Zakat and income tax paid	21	**(59,601)**	(95,401)
Employees' end of service benefits paid	18	**(7,550)**	(16,869)
Net cash generated from operating activities		**805,536**	3,762,787
INVESTING ACTIVITIES			
Additions of property and equipment	6	**(222,727)**	(212,593)
Projects under construction	7	**(924,683)**	(1,106,041)
Additions to intangible assets	8	**(3,554)**	(5,684)
Proceeds from disposal of property and equipment		**60**	183,940
Dividends received from equity accounted investees	9	**-**	85,227
Investment in equity accounted investees		**(88,440)**	(96,267)
Investment in Murabaha fund at FVTPL	14	**(187,500)**	-
Other non-current financial assets		**18,818**	(2,233)
Net cash used in investing activities		**(1,408,026)**	(1,153,651)
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	17	**1,450,349**	689,225
Repayment of loans and borrowings		**(742,106)**	(1,324,418)
Dividends paid		**(787,500)**	(772,105)
Payment of lease liabilities		**(112,391)**	(24,813)
Non-controlling interests		**(2,807)**	-
Net cash used in financing activities		**(194,455)**	(1,432,111)
(Decrease)/ increase in cash and cash equivalents		**(796,945)**	1,177,025
Cash and cash equivalents at beginning of the year		**1,975,214**	798,189
Cash and cash equivalents at end of the year	15	**1,178,269**	1,975,214
Significant non-cash transactions:			
Projects under construction transferred to property and Equipment	6&7	**560,645**	481,757
Additions to right of use assets	19	**473,071**	148,940

Chief Financial Officer | **Chief Executive Officer** | **Authorized Board Member**

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA
(A Saudi Joint Stock Company)
Consolidated statement of changes in equity
For the year ended 31 December 2021
(In thousands of Saudi Riyals)

	Attributable to equity holders of the parent company							
	Share capital	**Statutory reserve**	**Share premium**	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at beginning of 1 January 2020	3,937,500	1,074,923	1,489,103	(12,208)	2,722,849	9,212,167	464,704	9,676,871
Profit for the year	-	-	-	-	1,571,112	1,571,112	43,711	1,614,823
Other comprehensive income	-	-	-	(6,098)	-	(6,098)	340	(5,758)
Total comprehensive income for the year	-	-	-	(6,098)	1,571,112	1,565,014	44,051	1,609,065
Transferred to statutory reserve	-	157,111	-	-	(157,111)	-	-	-
Dividends (note 31)	-	-	-	-	(787,500)	(787,500)	-	(787,500)
Balance as at 31 December 2020	3,937,500	1,232,034	1,489,103	(18,306)	3,349,350	9,989,681	508,755	10,498,436
Balance at beginning of 1 January 2021	**3,937,500**	**1,232,034**	**1,489,103**	**(18,306)**	**3,349,350**	**9,989,681**	**508,755**	**10,498,436**
Profit for the year	**-**	**-**	**-**	**-**	**192,433**	**192,433**	**41,199**	**233,632**
Other comprehensive income	**-**	**-**	**-**	**18,492**	**-**	**18,492**	**(256)**	**18,236**
Total comprehensive income for the year	**-**	**-**	**-**	**18,492**	**192,433**	**210,925**	**40,943**	**251,868**
Change in non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**(2,807)**	**(2,807)**
Dividends (note 31)	**-**	**-**	**-**	**-**	**(787,500)**	**(787,500)**	**-**	**(787,500)**
Balance as at 31 December 2021	**3,937,500**	**1,232,034**	**1,489,103**	**186**	**2,754,283**	**9,413,106**	**546,891**	**9,959,997**

Chief Financial Officer **Chief Executive Officer** **Authorized Board Member**

The accompanying notes 1 to 34 form an integral part of these consolidated financial statements.

1. THE COMPANY, ITS SUBSIDIARIES AND ITS BUSINESS DESCRIPTION

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

The Company, its subsidiaries and its equity accounted investees 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 transport and storage on-board vessels, 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 2021 and 31 December 2020. The par value per share is SAR 10.

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

Subsidiary	Date of incorporation	Effective Ownership % **2021**	2020	Principal Activity	Location
NSCSA Inc. - USA	1991	**100**	100	Company's ship agent	USA
Mideast Ship Management Limited (DMCC)	2010	**100**	100	Ships technical management	UAE
National Chemical Carriers Limited Co. (NCC)	1990	**80**	80	Petrochemical's transportation	KSA
Bahri Dry Bulk LLC (BDB)	2010	**60**	60	Dry bulk transportation	KSA
Bahri Bolloré Logistics (BBL)	2017	**60**	60	Logistic Services	KSA
Bahri Bunge Dry Bulk DMCC*	2017	**–**	36	Dry bulk transportation	UAE

* On 31 March 2020, the partners of Bahri Bunge Dry Bulk DMCC resolved to liquidate Bunge. On 18 May 2021, the liquidation process was completed and accordingly Bahri Bunge Dry Bulk DMCC has been dissolved.

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

Equity accounted investee	Date of incorporation	Effective Ownership % **2021**	2020	Principal Activity	Location
Petredec Limited (note a)	1980	**30.3**	30.3	Liquefied petroleum gas transportation	Singapore
International Maritime Industries Company	2017	**19.9**	19.9	Maritime industries	KSA
National Grain Company (note b)	2021	**50**	–	Packing and storage of grain	KSA

a) 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.

b) During August 2020, the Company entered into a joint venture ("JV") agreement to establish the National Grain Company with United Farmers Investment Company ("UFIC"). The JV aims to build and establish a terminal for handling grains at Yanbu Commercial Port, to meet the future needs of the Kingdom of Saudi Arabia for major crops and cereals. The legal formalities were finalized, and the commercial register was issued on 31 March 2021.

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

The Company operates through the following branches:

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

Group's Fleet: As at 31 December 2021, the Group operated by 90 owned vessels and 6 vessels under lease contract (31 December 2020: owned 89 vessels and 2 vessels under lease contract) operating in the following sectors:

Crude oil transportation sector: Consists of 47 vessels (31 December 2020: 46 vessels) out of which, 42 very large crude carriers (VLCCs) are operating in the spot market. The Group also owns 5 product tankers, managed commercially by NCC.

Chemical's transportation sector: This sector is fully operated by NCC, it owns 28 vessels and 6 vessels under lease contract (31 December 2020: 28 vessels and 2 vessels under lease contract) specialized tankers distributed as follows:

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

Logistics sector: This sector consists of 6 RoCon vessels (31 December 2020: 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 9 vessels (31 December 2020: 9 vessels) specialized in transporting dry bulk cargo, 5 of them are chartered to the Arabian Agricultural Services Company (ARASCO), and 4 vessels are operated in the spot market.

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 the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The Group issued a Sukuk amounting to SAR 3,900 million in 2015 which is due to mature on 30 July 2022 and therefore has been re-classified under current liabilities in these consolidated financial statements. Accordingly, as at 31 December 2021, the Group's current liabilities exceeds its current assets by SAR 2,773 million (31 December 2020: Nil). However, management are confident that the Group will meet its obligations as and when they fall due with a combination of profit generation and financing plan. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

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 and investment in Murabaha fund are measured at fair value.
- Employees end of service benefits are recognized at the present value of future obligations using the Projected Unit Credit Method.

(ii) Functional and presentation currency

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

3. BASIS OF CONSOLIDATION

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

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets 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.

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 periods except Petredec limited (equity accounted investees) as explained in note 1.

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1. 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 period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, management has made the following estimates and judgments, which are significant to the financial statements:

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

The ongoing outbreak of the coronavirus disease (COVID-19) was declared a pandemic by the World Health Organization in March 2020.The shipping demand for oil and chemicals globally remain largely unaffected by the outbreak and as such the Group continues to operate while considering the health and safety of the workforce. The management of the Group continues to closely monitor the COVID-19 situation although at this point of time, and is not aware of any factors that are expected to change the impact of the pandemic on the Group's operations during 2022 or beyond. There is no change in estimates and judgements required as a result of COVID 19 assessments in these consolidated financial statements.

4.2. Revenue from Contracts with Customers

The Group recognises revenue from contracts with customers based on five-steps 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2. Revenue from Contracts with Customers (continued)

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 (Time charter)	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 charge 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 (Spot & charter hire)	In case of voyage charter arrangement including liner, revenue for shipping services is recognized over time as the customer benefits from the service received as it is being performed. The group identifies the performance obligation as the transport of goods from load port to discharge port. Thus, revenue is evenly accrued from the point of loading through to the point of completed discharge based upon the voyage days to the period end date as a proportion of the expected total days of the voyage.
Logistics revenue (Freight forwarding)	Logistics revenue excluding liner primarily comprises order fulfilment and transportation services. Logistics revenue is recognised at the 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, 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.

4.3. 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 fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii-Classification and measurement of financial assets and financial liabilities

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)
4.3. Financial Instruments (continued)

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.
All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

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

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

Financial Liabilities – Classification, subsequent measurement and gain and losses

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3. Financial Instruments (continued)

Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which 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 recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

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

Offsetting

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

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

Impairment of non-derivative financial assets

Under IFRS 9, loss allowances are measured on either of the following bases:
- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

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

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost 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 semi-government, and 2 years past due from commercial customers;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3. Financial Instruments (continued)

Presentation of impairment

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

4.4. Cash and cash equivalents

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

4.5. Inventories

Inventories consisting of bunker fuel, lubricating oils and other supplies. 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.

4.6. Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property and equipment and borrowing costs for long-term construction projects (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 to 20
Fleet and equipment	6 to 25
Containers and trailers	5 to 12
Furniture and fixtures	10
Tools and office equipment	4
Motor vehicles	4 to 5
Computer equipment	4 to 6
Containers yard equipment	4 to 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 recognition of the Group's vessels, first dry-docking costs are considered as a major component of a vessel which are recorded as a separate asset and depreciated separately. Subsequent dry-docking costs are capitalized as a separate asset and depreciated over the years until the next scheduled dry docking. Dry docking assets that are left undepreciated during another dry-docking operation are charged to the consolidated statement of profit or loss during the period in which such operation is commenced.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6. Property and equipment (continued)

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.

4.7. Projects under constructions

Projects 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

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

4.9. Equity accounted investees

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

Interests in associates and joint venture are accounted using the equity method. They are 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 investee. When the Group's share of losses of an equity accounted investee exceeds the Group's interest in that an equity accounted investee (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 investee. If the equity accounted investee 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 investee is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the equity accounted investee, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is 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 investee'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 investee 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 investee that are not related to the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10. Leases

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

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

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

Group as a lessee

The Group 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10. Leases (continued)

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

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

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

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

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

An asset is current when it is:

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

All other assets are classified as non-current.

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.

4.12. 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 consolidated 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13. 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.

4.14. Zakat and income tax

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

4.15. 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.

4.16. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17. Cash dividends to shareholders

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

4.18. Employees' end of service benefits

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

i. Short-term employee benefits

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

ii. Defined benefit 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

4.19. 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.

4.20. Contingent assets and liabilities

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21. 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.

4.22. 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.

4.23. 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.

4.24. 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.

4.25. New Standards, Amendment to Standards and Interpretations:

There are no new standards issued, however, the adoption of the following amendments to the existing standards had no significant financial impact on the consolidated financial statements of the Group on the current or prior periods and is expected to have no significant effect in future periods:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- COVID-19 - Rent Concessions (Amendment to IFRS 16)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.26. Standards issued and not yet effective

The following pronouncements are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements and is expected to have no significant effect in future periods.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018–2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- IFRS 17 Insurance Contracts.
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Definition of Accounting Estimate (Amendments to IAS 8)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Sale or Contribution of Assets between an Investor and its Associates or Joint Venture (Amendments to IFRS 10 and IAS 28).
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes.

(In thousands of Saudi Riyals)

5. OPERATING SEGMENTS

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

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

31 December 2021	**Transportation of oil**	**Transportation of Chemicals**	**Logistics**	**Transportation of dry bulk**	**Head office and Others**	**Total**
Revenue	**3,102,459**	**1,174,764**	**808,805**	**253,485**	**11,562**	**5,351,075**
Operating cost	**(2,875,607)**	**(1,138,584)**	**(782,812)**	**(117,252)**	**(3,721)**	**(4,917,976)**
Bunker subsidy	**109,777**	**1,677**	**11,942**	**-**	**-**	**123,396**
Gross profit	**336,629**	**37,857**	**37,935**	**136,233**	**7,841**	**556,495**
General and administrative expenses	**(14,039)**	**(14,760)**	**(21,568)**	**(9,570)**	**(106,163)**	**(166,100)**
(Provision)/ reversal on trade receivables and contract assets	**(357)**	**(1,916)**	**281**	**(40)**	**-**	**(2,032)**
Other income, net	**18,590**	**4,626**	**6,030**	**337**	**6,882**	**36,465**
Finance cost	**(114,300)**	**(31,086)**	**(8,806)**	**(12,129)**	**(13,706)**	**(180,027)**
Share in a result of an equity accounted investees	**-**	**-**	**-**	**-**	**46,840**	**46,840**
Profit before zakat & income tax	**226,523**	**(5,279)**	**13,872**	**114,831**	**(58,306)**	**291,641**

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.

All operating segment's results are reviewed regularly by the Group's management to make decisions about resources to be allocated to the segment and assess their performance, and for which discrete financial information is available.

Revenue from the major customers (also related parties) represented around 43% (31 December 2020: 52%) of the Group's total revenue.

(In thousands of Saudi Riyals)

5. OPERATING SEGMENTS (continued)

31 December 2020	Transportation of oil	Transportation of Chemicals	Logistics	Transportation of dry bulk	Head office and Others	Total
Revenue	6,090,912	1,241,950	918,847	137,374	3,918	8,393,001
Operating cost	(4,261,516)	(1,053,292)	(926,270)	(79,434)	39	(6,320,473)
Bunker subsidy	38,915	1,984	8,443	-	-	49,342
Gross profit	1,868,311	190,642	1,020	57,940	3,957	2,121,870
General and administrative expenses	(13,728)	(14,189)	(23,210)	(7,067)	(113,740)	(171,934)
(Provision)/ reversal on trade receivables and contract assets	(28,894)	(24,611)	(11,728)	1,739	21	(63,473)
Other (expenses)/ income, net	9,154	(27,309)	539	(255)	(2,172)	(20,043)
Finance cost	(169,182)	(33,163)	(14,029)	(11,179)	(26,517)	(254,070)
Share in a result of an equity accounted investees	-	-	-	-	96,802	96,802
Profit before zakat & income tax	1,665,661	91,370	(47,408)	41,178	(41,649)	1,709,152

(In thousands of Saudi Riyals)

5. OPERATING SEGMENTS (continued)

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

31 December 2021	**Transportation of oil**	**Transportation of Chemicals**	**Logistics**	**Transportation of dry bulk**	**Head office and Others**	**Total**
Property and equipment	**9,520,210**	**2,307,678**	**1,151,513**	**947,381**	**22,370**	**13,949,152**
Total assets	**11,546,408**	**4,080,855**	**2,375,722**	**1,139,398**	**2,507,235**	**21,649,618**
Total liabilities	**6,459,985**	**2,485,103**	**1,098,856**	**644,427**	**1,001,250**	**11,689,621**

31 December 2020	Transportation of oil	Transportation of Chemicals	Logistics	Transportation of dry bulk	Head office and Others	Total
Property and equipment	9,598,704	2,383,166	1,216,741	984,719	25,390	14,208,720
Total assets	11,333,034	3,067,141	2,257,351	1,065,851	3,381,931	21,105,308
Total liabilities	6,527,528	1,458,524	775,716	675,221	1,169,883	10,606,872

6. PROPERTY AND EQUIPMENT

31 December 2021	Buildings and improvements	Fleet and equipment	Containers and trailers	Furniture and fixtures	Tools and office equipment	Motor vehicles	Computer equipment	Containers yard equipment	Total
Cost									
At 1 January 2021	64,187	21,612,256	10,380	12,428	5,004	3,201	29,677	14,433	21,751,566
Additions/ transfers*	1,167	780,964	-	64	-	-	1,177	-	783,372
Disposals	-	-	(115)	(90)	(126)	(125)	(218)	(169)	(843)
At 31 December 2021	65,354	22,393,220	10,265	12,402	4,878	3,076	30,636	14,264	22,534,095
Accumulated depreciation									
At 1 January 2021	45,249	7,438,561	6,458	8,107	4,253	1,117	25,001	14,100	7,542,846
Charge for the year	2,861	1,034,476	539	779	310	1,174	2,537	262	1,042,938
Disposals	-	-	(115)	(88)	(126)	(125)	(218)	(169)	(841)
At 31 December 2021	48,110	8,473,037	6,882	8,798	4,437	2,166	27,320	14,193	8,584,943
Net book value:									
As at 31 December 2021	17,244	13,920,183	3,383	3,604	441	910	3,316	71	13,949,152

* During 2021, a new vessel was received, and other projects were completed and capitalized amounting to SAR 561 million which transferred from projects under constructions (note 7).

- Certain vessels and tankers of the Group under fleet and equipment with a carrying value of SAR 7.7 billion at 31 December 2021, are pledged against some long-term loans.

(In thousands of Saudi Riyals)

6. PROPERTY AND EQUIPMENT (continued)

31 December 2020	Buildings and improvements	Fleet and equipment	Containers and trailers	Furniture and fixtures	Tools and office equipment	Motor vehicles	Computer equipment	Containers yard equipment	Total
Cost									
At 1 January 2020	64,174	21,765,154	10,937	12,925	4,385	932	28,618	14,433	21,901,558
Additions/ transfers*	13	689,722	-	225	664	2,269	1,457	-	694,350
Disposals	-	(842,620)	(557)	(722)	(45)	-	(398)	-	(844,342)
At 31 December 2020	64,187	21,612,256	10,380	12,428	5,004	3,201	29,677	14,433	21,751,566
Accumulated depreciation									
At 1 January 2020	41,162	7,087,240	6,546	7,871	4,150	895	23,013	13,582	7,184,459
Charge for the year	4,087	1,006,566	469	808	148	222	2,381	518	1,015,199
Disposals	-	(655,245)	(557)	(572)	(45)	-	(393)	-	(656,812)
At 31 December 2020	45,249	7,438,561	6,458	8,107	4,253	1,117	25,001	14,100	7,542,846
Net book value:									
As at 31 December 2020	18,938	14,173,695	3,922	4,321	751	2,084	4,676	333	14,208,720

* During 2020, four new vessels and other equipment were received and capitalized amounting to SAR 482 million which was transferred from projects under construction (note 7).

(In thousands of Saudi Riyals)

7. PROJECTS UNDER CONSTRUCTIONS

The movement in projects under constructions is as follows:

	2021	2020
Beginning balance	**934,426**	310,142
Additions	**924,683**	1,106,041
Transferred to property and equipment	**(560,645)**	(481,757)
Ending balance	**1,298,464**	934,426

The Company signed an agreement on 17 December 2019 with Saline Water Conversion Corporation ("Arrows project"), for the construction of 3 floating stations for water desalination with total cost of SAR 760 million, for supplying desalinated water from floating mobile stations to the desalination plants tanks. The construction commenced from January 2020 and the operation is expected to commence during the first half of the year 2022.

NCC signed contracts on 20 August 2020 with Hyundai Mipo Dockyard Company Limited to build 10 chemical tankers for a total amount of SAR 1,538 million. All tankers are expected to be delivered in batches, starting from the first quarter of 2022 until the first quarter of 2023.

8. INTANGIBLE ASSETS

Intangible assets majorly represent software and 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.

	2021	2020
Cost		
Opening balance	**827,401**	940,705
Additions	**3,554**	5,684
Derecognition	**(515)**	(118,988)
Ending balance	**830,440**	827,401
Accumulated amortization		
Opening balance	**329,617**	318,230
Charge for the year	**47,282**	130,375
Derecognition	**(515)**	(118,988)
Ending balance	**376,384**	329,617
Net book value	**454,056**	497,784

9. EQUITY ACCOUNTED INVESTEES

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

	Note	2021	2020
Petredec Limited	9.1	**1,314,471**	1,169,954
International Maritime Industries Company (IMI)	9.2	**164,551**	172,920
National Grain Company (NGC)	9.3	**18,583**	-
		1,497,605	1,342,874

(In thousands of Saudi Riyals)

9. EQUITY ACCOUNTED INVESTEES (continued)

The share in results of equity accounted investees as at 31 December is as follows:

	Note	2021	2020
Share of profit in Petredec Limited	9.1	**123,753**	167,514
Share of loss in IMI	9.2	**(70,496)**	(70,712)
Share of loss in NGC	9.3	**(6,417)**	-
		46,840	96,802

9.1. Petredec Limited

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

	2021	2020
Beginning balance	**1,169,954**	1,094,767
Dividends received during the year	-	(85,227)
Share of:		
Profit for the year	**123,753**	167,514
Other comprehensive income/ (loss) for the year	**20,764**	(7,100)
Ending balance	**1,314,471**	1,169,954

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

	31 October 2021	31 October 2020
Current assets	**3,229,163**	3,220,474
Non-current assets	**6,513,831**	6,783,255
Current liabilities	**(2,003,641)**	(2,132,374)
Non-current liabilities	**(3,591,093)**	(4,233,365)
Net assets before non-controlling interest	**4,148,260**	3,637,990
Non-controlling interest	**(72,834)**	(38,116)
Net assets	**4,075,426**	3,599,874
Group's share in net assets (30.30%)	**1,234,978**	1,090,871
Goodwill	**79,083**	79,083
Carrying amount of investment in equity accounted investees	**1,314,471**	1,169,954
Revenue	**16,042,181**	15,206,100
Profit before non-controlling interest	**496,102**	537,152
Non-controlling interest	**(19,196)**	(7,932)
Total comprehensive income for the year	**476,906**	529,220
Group's share of total comprehensive income (30.30%)	**144,517**	160,414

The equity accounted investees have SAR 2.15 billion contingent liabilities and capital commitments as at 31 October 2021 (31 October 2020: SAR 638 million).

(In thousands of Saudi Riyals)

9. EQUITY ACCOUNTED INVESTEES (continued)

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:

	2021	2020
Beginning balance	**172,920**	147,365
Additional paid in capital	**63,440**	96,267
Share in loss for the year	**(70,496)**	(70,712)
Share in other comprehensive loss for the year	**(1,313)**	-
Ending balance	**164,551**	172,920

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

	2021	2020
Current assets	**1,523,505**	1,799,895
Non-current assets	**1,452,401**	879,450
Current liabilities	**(939,656)**	(814,114)
Non-current liabilities	**(1,099,020)**	(908,681)
Net assets	**937,230**	956,550
Group's share in net assets (19.9%)	**164,551**	172,920
Carrying amount of investment in equity accounted investees	**164,551**	172,920
Revenue	**673,703**	586,084
Total comprehensive loss for the year	**(302,123)**	(259,046)
Group's share of total comprehensive loss (19.9%)	**(71,809)**	(70,712)

9.3. National Grain Company (NGC)

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

	2021	2020
Additional paid in capital	**25,000**	-
Share in loss for the year	**(6,417)**	-
Ending balance	**18,583**	-

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

	2021	2020
Current assets	**30,163**	-
Non-current assets	**83,703**	-
Current liabilities	**(76,700)**	-
Net assets	**37,166**	-
Group's share in net assets (50%)	**18,583**	-
Carrying amount of investment in equity accounted investees	**18,583**	-
Revenue	**141**	-
Loss for the year	**(12,834)**	-
Group's share of total comprehensive loss (50%)	**(6,417)**	-

(In thousands of Saudi Riyals)

10. OTHER NON-CURRENT FINANCIAL ASSETS

The balance of other non-current financial assets includes the derivatives is as follow:

	2021	2020
Non-current trade receivables	**28,360**	47,266
Equity securities at FVOCI	**7,334**	7,334
Derivatives	**7,102**	8,466
Investment in government bonds	**84**	83
	42,880	63,149

11. INVENTORIES

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

	2021	2020
Fuel	**426,091**	238,096
Lubricant	**46,231**	42,440
Others	**7,536**	7,185
	479,858	287,721

12. TRADE RECEIVABLES AND CONTRACT ASSETS

Trade receivable and contract assets include the following items:

	2021	2020
Trade receivables	**640,668**	670,301
Due from related parties (note 28)	**689,316**	395,564
	1,329,984	1,065,865
Contract assets (unbilled revenue)	**247,993**	165,432
	1,577,977	1,231,297
Less: Provision on trade receivables and contract assets (note a)	**(194,468)**	(195,947)
Trade receivables and contract assets, net	**1,383,509**	1,035,350

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

	2021	2020
Opening balance	**195,947**	132,921
Change for the year	**2,032**	63,473
Write-off	**(3,511)**	(447)
Ending balance	**194,468**	195,947

Included in trade receivables amounts due from Government entities amounting to SAR 189 million as at 31 December 2021 (31 December 2020: SAR 297 million). These amounts represent 13% of the net trade receivables as at 31 December 2021 (31 December 2020: 29%). 52% (31 December 2020: 59%) of the amounts due for more than 12 months are amounts due from Government entities. Please refer to note 29.4.1 for aging of trade receivables and contract assets.

13. PREPAYMENTS AND OTHER CURRENT ASSETS

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

	2021	2020
Advances to suppliers	**264,115**	225,857
Recoverable bunker cost	**220,657**	135,032
Insurance claims	**65,740**	83,661
Prepaid expenses	**53,572**	76,869
Employees advances	**11,351**	11,104
Refundable deposits	**7,535**	15,779
Others	**38,678**	60,625
	661,648	608,927

(In thousands of Saudi Riyals)

14. INVESTMENT IN MURABAHA FUND AT FVTPL

	2021	2020
Cost	**187,500**	-
Unrealized gain	**956**	-
Fair value	**188,456**	-

The cost of the investment is USD 50 million (equivalent to SAR 187.5 million) which represents a purchase of 18,326,094 units a Murabaha Fund with an average unit price of USD 2.7284.

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:

	2021	2020
Bank balances and cash	**882,815**	458,040
Murabaha and short-term deposits (Note 15.1)	**295,454**	1,517,174
Cash and cash equivalents in consolidated statement of cash flows	**1,178,269**	1,975,214

15.1 Murabaha and Short-Term Deposits

Murabaha and short-term deposit comprise of the following:

	2021	2020
Murabaha and short - term deposits in USD	**93,762**	960,762
Murabaha and short - term deposits in Saudi Riyals	**201,692**	556,412
	295,454	1,517,174

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 2021 and 31 December 2020 (see note 33).

17. LOANS AND BORROWINGS

	Note	2021	2020
Sukuk	17.1	**3,900,000**	3,900,000
Murabaha borrowings	17.2	**5,646,195**	4,999,139
Commercial borrowings	17.3	**18,156**	54,469
Total loans and borrowings		**9,564,351**	8,953,608
Less: Total current portion		**(4,963,330)**	(827,833)
Non-current loan and borrowings		**4,601,021**	8,125,775
Less: prepaid financing		**(53,001)**	(52,245)
Net non-current loans and borrowings		**4,548,020**	8,073,530
Short-term loans	17.4	**97,500**	-
Current portion of long-term loans		**4,963,330**	827,833
Loans and borrowings - Current Liabilities		**5,060,830**	827,833
Loans and borrowings - Non-Current Liabilities		**4,548,020**	8,073,530
		9,608,850	8,901,363

(In thousands of Saudi Riyals)

17. LOANS AND BORROWINGS (continued)

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 1444H (corresponding to 30 July 2022) and accordingly the Sukuk has been reclassified to current liabilities (see note 2.1).

17.2 Murabaha borrowings

The Group utilized existing long-term loans during the year ended 31 December 2021 amounting to SAR 1,353 million (31 December 2020: SAR 499 million). Loans are secured by promissory notes and mortgages against vessels. 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 based on LIBOR as at 31 December 2021 is SAR 2,149 million (31 December 2020: SAR 2,165 million) and balance of loans against which profit to be paid based on SIBOR at the end of 31 December 2021 is SAR 3,497 million (31 December 2020: SAR 2,834 million). Balance in prepaid financing account related to Murabaha loans at the end of 31 December 2021 is SAR 53 million (31 December 2020: SAR 52 million).

17.3 Commercial borrowings

The Group did not obtain any additional commercial loans during year ended 31 December 2021 (31 December 2020: Nil). The existing loan is secured by mortgages against vessels. 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 of 31 December 2021 are SAR 18 million (31 December 2020: SAR 54 million).

17.4 Short Term Borrowings

The Group obtained a short-term loan during year ended 31 December 2021 amounting to SAR 97.5 million (31 December 2020: SAR 190 million). The total repayment against short term loan during the year ended 31 December 2021 is Nil (31 December 2020: SAR 450 million). The existing loans were utilized to meet working capital requirements during the year.

17.5 Covenants

Borrowing's 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.

18. EMPLOYEES' BENEFITS

The Group has a post-employment defined benefit plan for its own employees. The benefits are required by Saudi Arabia 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.

	2021	2020
Opening balance	**65,301**	70,789
Current service cost	**10,818**	10,852
Interest cost	**726**	1,871
Total cost charged for the year	**11,544**	12,723
Benefits paid	**(7,550)**	(16,869)
Re-measurement loss/ (gain) on defined benefit plans	**1,215**	(1,342)
Ending balance	**70,510**	65,301

(In thousands of Saudi Riyals)

18. EMPLOYEES' BENEFITS (continued)

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

	2021	2020
Discount rate	**2.40%**	1.18%
Withdrawal rate – for the first two years of service	**12.50%**	12.50%
Withdrawal rate – third year of service and above	**12.50%**	12.50%
Future salaries increase - for the first three years	**4.90%**	3.68%
Future salaries increase - fourth year and after	**4.90%**	3.68%

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

	2021	2020
Discount rate		
0.5 % increase	**(2,138)**	(1,991)
0.5% decrease	**2,267**	2,114
Withdrawal rate		
10% increase	**(1,030)**	(890)
10% decrease	**1,078**	1,004
Future salary increases		
1% increase	**4,867**	4,426
1% decrease	**(4,418)**	(4,213)

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

i. Right-of-use assets

	2021	2020
Balance at 1 January	**151,143**	29,440
Additions	**473,071**	148,940
Depreciation charge for the year	**(108,493)**	(27,237)
Balance at 31 December	**515,721**	151,143

ii. Lease liabilities

	2021	2020
Non-current	**397,906**	85,710
Current	**124,700**	62,530
	522,606	148,240

iii. Amounts recognised in consolidated statement of profit or loss

	2021	2020
Interest on lease liabilities (note 26)	**13,425**	488
Expenses relating to short-term leases (note 24)	**9,109**	10,030

(In thousands of Saudi Riyals)

20. TRADE AND OTHER PAYABLES

	2021	2020
Trade payables	**789,410**	410,352
Accrued expenses	**365,918**	296,818
Unclaimed dividends	**63,926**	64,995
Due to related parties (note 28)	-	447,099
Others	**37,330**	38,245
	1,256,584	1,257,509

21. ZAKAT AND INCOME TAX

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

The breakup of zakat and income tax charge for the year is as follows:

	2021	2020
Zakat and income tax	**58,009**	155,342
Reversal of deferred tax*	-	(61,013)
Ending balance	**58,009**	94,329

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

	2021	2020
Opening balance	**224,059**	164,118
Provided for the year	**58,009**	155,342
Payments during the year	**(59,601)**	(95,401)
Ending balance	**222,467**	224,059

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

	2021	2020
Opening balance	-	61,013
Reversal*	-	(61,013)
Ending balance	-	-

*Pursuant to Royal Decree M\153 amending Article 2(a) of the Saudi Arabian Income Tax Law during 2020, shares in the Kingdom of Saudi Arabia's resident listed companies held, directly or indirectly, by oil and hydrocarbon producing companies are subject to Zakat rather than income tax. Accordingly, this resulted in reversal of deferred tax labilities of SAR 68 million relating to Saudi Aramco's owned interest in the Company.

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

The Company has filed its Zakat returns up to 2020 and obtained the Zakat certificate, however, no assessment has been received from ZATCA for the said year.

The Company has received the final assessments for the years 2015 to 2017, claiming additional Zakat of SAR 67.8 million despite closing the mentioned years previously through the fast-track initiative. The Company has submitted an appeal against the assessments and further escalated the appeal to the General Secretariate of Tax Committees ("GSTC") and a response is awaited.

In addition, ZATCA raised the Zakat assessment for the year 2018 claiming additional Zakat of SAR 27.9 million. The Company has submitted an appeal against the assessment and ZATCA has partially accepted the appeal and issued revised assessment which has been escalated by the Company to the GSTC. The Committee for Resolution of Tax Violations and Disputes "CRTVD" within GSTC has issued its decision by adjusting the assessment. The company has further escalated the appeal to Appellate Committee for Tax Violations and Disputes Resolution "ACTVDR" and awaiting their response. Management believes that adequate provision has been made against any potential Zakat and tax liabilities.

(In thousands of Saudi Riyals)

21. ZAKAT AND INCOME TAX (continued)

Zakat and tax status for National Chemical Carriers Company (NCC)
NCC has filed its Zakat returns up to 2020 and obtained Zakat certificate, Zakat status for all the years up to 2004 is finalized with ZATCA. NCC has received the Zakat assessment for the years from 2009 to 2012 claiming additional payments of SAR 46.8 million. NCC has paid the additional claim and closed the years with ZATCA.

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

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

NCC did not receive from ZATCA the Zakat assessments for the years from 2013 to 2017 and 2019 to 2020. Management believes that adequate provisions have been made against any potential zakat and tax liabilities.

Zakat and Tax status for Bahri Dry Bulk (BDB)
BDB submitted its Zakat and tax returns up to 2020. BDB has received the Zakat assessment for the years from 2015 to 2018 claiming additional payments of SAR 10.7 million. BDB has submitted an appeal against the assessments and further escalated it to the General Secretariate of Tax Committees ("GSTC") to continue the appeal process till the final decision is released. Management believes that adequate provisions have been made against any potential zakat and tax liabilities.

Zakat and tax status for Bahri Bollore (BBL)
BBL submitted its Zakat/Tax returns for the years up to 2020 and finalized the assessment up to the year 2018 with ZATCA.

22. REVENUE

	2021	2020
Spot	**4,145,843**	5,159,280
Charter hire	**392,030**	1,805,616
Freight forwarding	**359,372**	832,800
Time Charter	**340,953**	423,932
Others	**112,877**	171,373
	5,351,075	8,393,001

23. OPERATING EXPENSES

	2021	2020
Fuel & lubricants	**1,615,064**	1,266,226
Depreciation and amortization	**1,086,164**	956,200
Employees' salaries and benefits	**647,626**	647,833
Ports and Agencies charge	**489,653**	437,999
Ship running expenses	**450,809**	1,913,173
Repairs and maintenance	**245,840**	410,800
Freight forwarding expenses	**115,748**	453,114
Other operating expenses	**267,072**	235,128
	4,917,976	6,320,473

24. GENERAL AND ADMINISTRATIVE EXPENSES

	2021	2020
Employees' salaries and benefits	**107,224**	121,889
Professional, legal and consultation fees	**16,008**	13,289
Marketing and communication	**14,673**	6,444
Maintenance	**11,885**	7,108
Rent	**9,109**	10,030
Depreciation	**3,449**	4,870
Others	**3,752**	8,304
	166,100	171,934

(In thousands of Saudi Riyals)

25. OTHER INCOME/ (EXPENSES), NET

	2021	2020
Recovered claims	**19,676**	-
Finance income	**1,513**	1,324
Gains/ (loss) on disposal of property and equipment	**58**	(3,590)
Donations	**-**	(9,997)
Others	**15,218**	(7,780)
	36,465	(20,043)

26. FINANCE COSTS

	2021	2020
Murabaha financing	**98,055**	143,090
Saudi Riyal sukuk	**68,613**	101,877
Lease intrest	**13,425**	488
Commercial loans	**279**	1,874
Drivatives re-valuation	**(345)**	6,741
	180,027	254,070

27. EARNINGS PER SHARE

	2021	2020
Profit for the year attributable to equity holders of the Parent Company	**192,433**	1,571,112
Weighted average number of ordinary shares outstanding during the year	**393,750**	393,750
Earnings per share - Basic and Diluted (Saudi Riyals)	**0.49**	3.99

28. RELATED PARTIES

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

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

Related parties	Nature of the transaction	2021	2020
ARAMCO and its subsidiaries – shareholder	Operating revenue	**1,878,115**	3,806,407
SABIC and its subsidiaries – affiliate	Operating revenue	**311,670**	460,894
Saudi Electricity Company – affiliate	Operating revenue	**-**	180,001
Arabian Agricultural Services Company (ARASCO) – affiliate	Operating revenue	**134,413**	113,030

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

	2021	2020
ARAMCO and its subsidiaries	**625,550**	344,400
SABIC and its subsidiaries	**62,817**	30,155
Saudi Electricity Company	**-**	21,002
Arabian Agricultural Services Company (ARASCO)	**949**	7
	689,316	395,564

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

	2021	2020
Loan from Public Investment fund (PIF) - shareholder	**102,531**	183,844
ARAMCO and its subsidiaries (note 20)	**-**	447,099

(In thousands of Saudi Riyals)

28. RELATED PARTIES (continued)

Compensation of key management personnel:

	2021	2020
Salaries and compensations – current	**26,035**	23,259
End of service award - non current	**3,031**	2,493
Total compensation	**29,067**	25,752

29. FINANCIAL INSTRUMENTS

29.1. Financial Assets

	Note	2021	2020
Financial assets at fair value			
Derivatives not designated as hedging instruments:			
CAP commission options	10	**7,102**	8,466
Financial assets at fair value through P&L			
Investment in Murabaha fund at FVTPL	14	**188,456**	-
Financial assets at fair value through OCI			
Unquoted equity shares	10	**7,334**	7,334
Total financial assets at fair value		**202,892**	15,800
Financial assets at amortized cost			
Other non-current financial assets	10	**28,444**	47,349
Trade receivables and contract assets	12	**1,383,509**	1,035,350
Other current financial assets		**228,192**	150,811
Cash and cash equivalent	15	**1,178,269**	1,975,214
Total financial assets at amortized cost		**2,818,414**	3,208,724
Total financial assets		**3,021,306**	3,224,524

29.2. Financial Liabilities

	Note	2021	2020
Financial liabilities at fair value			
Derivative financial instruments		**8,604**	10,400
Financial liabilities at amortized cost			
Loans and borrowings	17	**9,608,850**	8,901,363
Trade and other payables	20	**1,256,584**	1,257,509
Lease liabilities	19	**522,606**	148,240
Total financial liabilities at amortized cost		**11,388,040**	10,307,112
Total financial liabilities		**11,369,644**	10,317,512

29.3. 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).

(In thousands of Saudi Riyals)

29. FINANCIAL INSTRUMENTS (continued)

29.3. Fair values of financial instruments (continued)

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 26).

The fair value hierarchy is as follows:

	2021			
	Qouted prices in the active market (Level 1)	**Significant observable inputs (Level 2)**	**Significant Unobservable inputs (Level 3)**	**Total**
FVOCI – equity instrument:				
Unquoted equity shares	-	-	**7,334**	**7,334**
Financial instruments measured at FVTPL			-	
Investment in Murabaha fund at FVTPL	**188,456**	-	-	**188,456**
CAP commission option				
Assets	-	**7,102**	-	**7,102**
Liabilities	-	**8,604**	-	**8,604**

	2020			
	Qouted prices in the active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
FVOCI – equity instrument:				
Unquoted equity shares	-	-	7,334	7,334
Financial instruments measured at FVTPL				
CAP commission option				
Assets	-	8,466	-	8,466
Liabilities	-	10,400	-	10,400

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

29.4. 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 non-current financial assets, trade receivables and contract assets, loans and borrowings, 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:

(In thousands of Saudi Riyals)

29. FINANCIAL INSTRUMENTS (continued)

29.4. Financial Risk Management (continued)

29.4.1. Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group seeks to manage its credit risk by dealing with reputable banks and with respect to customers by setting credit limits for individual customers, monitoring outstanding receivables and ensuring close follow-ups.
The Group uses an allowance matrix to measure the ECLs of trade receivables and contract assets from governments, semi-government and commercial customers.

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2021 and 2020:

	Weighted average loss rate		Gross carrying amount		Impairment allowance	
	2021	2020	**2021**	2020	**2021**	2020
Less than 6 months	**8%**	2%	**899,158**	697,964	**73,721**	15,182
From 6 months to 12 months	**7%**	2%	**584,280**	281,882	**38,498**	5,782
More than 12 months	**87%**	70%	**94,539**	251,451	**82,249**	174,981
Total			**1,577,977**	1,231,297	**194,468**	195,945

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.

29.4.2. 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:

	2021					
	Carrying amount	**Total**	**Within 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**
Long term borrowings	**5,708,850**	**5,761,851**	**295,786**	**865,044**	**3,459,744**	**1,141,277**
Sukuk	**3,900,000**	**3,900,000**	**-**	**3,900,000**	**-**	**-**
Lease liabilities	**522,606**	**547,818**	**-**	**124,700**	**388,871**	**34,247**
Trade and other payables	**1,256,584**	**1,256,584**	**-**	**1,256,584**	**-**	**-**
Derivative financial instrument	**8,604**	**8,604**	**824**	**780**	**6,145**	**855**
	11,396,644	**11,474,857**	**296,610**	**6,147,108**	**3,854,760**	**1,176,379**

(In thousands of Saudi Riyals)

29. FINANCIAL INSTRUMENTS (continued)

29.4. Financial Risk Management (continued)

	2020					
	Carrying amount	Total	Within 3 months	3 to 12 months	1 to 5 years	More than 5 years
Long term borrowings	5,001,363	5,053,608	166,344	661,489	2,871,842	1,353,933
Sukuk	3,900,000	3,900,000	-	-	3,900,000	-
Lease liabilities	148,240	162,135	-	64,414	93,573	4,148
Trade and other payables	1,257,509	1,257,509	65,842	1,191,667	-	-
Derivative financial instrument	10,400	10,088	638	846	6,770	1,834
	10,317,512	10,383,340	232,824	1,918,416	6,872,185	1,359,915

The Group has unutilized credit facilities of SAR 2,362 million as at 31 December 2021 (31 December 2020: SAR 2,350 million) to meet liquidity requirements.

29.4.3. 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 borrowings, with all variables held constant.

	2021	2020
Profit rate		
Increase by 100 base points	**95,644**	89,536
Decrease by 100 base points	**(95,644)**	(89,536)

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.

(In thousands of Saudi Riyals)

29. FINANCIAL INSTRUMENTS (continued)
29.4. Financial Risk Management (continued)

29.4.4 Capital management

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

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

	2021	2020
Loans and borrowings	**9,661,851**	8,953,608
Trade and other payables (note 20)	**1,256,584**	1,257,509
Lease liabilities (note 19)	**522,606**	148,240
Less: Cash and cash equivalent (note 15)	**(1,178,269)**	(1,975,214)
Net Debt	**10,262,772**	8,384,143
Total equity	**9,959,974**	10,498,436
Total capital	**9,959,974**	10,498,436
Capital and net debt	**20,222,746**	18,882,579
Gearing ratio	**51%**	44%

30. 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 1,207 million as of 31 December 2021 (31 December 2020: SAR 1,795 million).

The Group signed an agreement on 30 May 2017 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 maritime yard in Ras Al Khair City named International Maritime Industries Company (IMI). The partners injections will total to SAR 2.985 billion (USD 700 million) of the project cost. As of 31 December 2021, the injected capital from partners was SAR 1.846 billion (USD 492.2 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 350 million as at 31 December 2021 (31 December 2020: SAR 344 million) issued for the Group's normal course of business.

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

(In thousands of Saudi Riyals)

30. CAPITAL COMMITMENTS AND CONTINGENCIES (continued)

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:

	2021	2020
Within one year	**294,401**	359,968
After one year but not more than five years	**777,183**	949,752
More than five years	**-**	65,549
	1,071,584	1,375,269

Income from time charter agreements under operating lease amounted to SAR 341 million for the year ended 31 December 2021 (31 December 2020: SAR 424 million).

31. DIVIDENDS

The General Assembly of the shareholders of the Company approved in its meeting held on 20th April 2020 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. These dividends have been paid on 10th of May 2020.

The Board of Directors decided in its meeting held on 21st of September 2020 to distribute cash dividends of SAR 394 million to the shareholders for the 1st half of the financial year 2020 amounted to SAR 1 per share. These dividends have been paid on 22nd of October 2020.

The General Assembly of the shareholders of the Company approved in its meeting held on 26th April 2021 the distribution of cash dividends of SAR 394 million to the shareholders for the 2nd half of the financial year ended 31 December 2020, amounted to SAR 1 per share. These dividends have been paid on 9th of May 2021.

The Board of Directors decided in its meeting held on 21st of September 2021 to distribute cash dividends of SAR 394 million to the shareholders for the 1st half of the financial year 2021 amounted to SAR 1 per share. These dividends have been paid on 24th of October 2021.

32. NON-CONTROLLING INTERESTS

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

2021	**National Chemical Carrier Company Limited**	**Bahri Dry Bulk LLC**	**Bahri Bolloré Logistics**	**Total**
Non-controlling interest Percentage	**20%**	**40%**	**40%**	
Non-current assets	**3,494,479**	**950,526**	**584**	**4,445,589**
Current assets	**586,375**	**188,873**	**160,283**	**935,531**
Non-current liabilities	**(1,307,563)**	**(530,673)**	**(5,811)**	**(1,844,047)**
Current liabilities	**(1,177,540)**	**(113,754)**	**(80,676)**	**(1,371,970)**
Net assets	**1,595,751**	**494,972**	**74,380**	**2,165,103**
Net assets attributable to non-controlling interests	**319,150**	**197,989**	**29,752**	**546,891**
Revenue	**1,174,764**	**253,485**	**174,801**	**1,603,050**
(Loss)/ profit	**(12,869)**	**107,280**	**2,151**	**96,562**
Non-controlling interests relating to the subsidiary	**-**	**-**	**-**	**-**
Profit attributable to non-controlling interests	**(2,573)**	**42,912**	**860**	**41,199**

(In thousands of Saudi Riyals)

32. NON-CONTROLLING INTERESTS (continued)

2020	National Chemical Carrier Company Limited	Bahri Dry Bulk LLC & its subsidiary	Bahri Bolloré Logistics	Total
Non-controlling interest Percentage	20%	40%	40%	
Non-current assets	2,825,359	997,428	634	3,823,421
Current assets	241,782	68,423	125,744	435,949
Non-current liabilities	(924,133)	(590,979)	(4,353)	(1,519,465)
Current liabilities	(534,390)	(87,049)	(49,287)	(670,726)
Net assets	1,608,618	387,823	72,738	2,069,179
Non-controlling interests relating to the subsidiary	-	2,808	-	2,808
Net assets attributable to non-controlling interests	321,723	157,937	29,095	508,755
Revenue	1,241,950	137,374	337,513	1,716,837
Profit	76,725	37,981	31,139	145,845
Non-controlling interests relating to the subsidiary	-	719	-	719
Profit attributable to non-controlling interests	15,345	15,911	12,455	43,711

33. SUBSEQUENT EVENTS

The Board of Directors decided in its meeting held on the 6th of February 2022 to recommend to the General Assembly of the Company to increase the capital to SAR 4,921,875,000. The increase will be through the capitalization of SAR 984,375,000 from statutory reserve. The reason for the increase is to strengthen the capital base of the Company to be matched with the size of Company assets and future projects.

In the opinion of the management, except for the above event, there have been no significant subsequent events since the year ended 31 December 2021 that would have material impact on the consolidated statement of financial position of the Group as part of these consolidated financial statements.

34. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors has approved the consolidated financial statements for the year ended 31 December 2021 on their meeting held on 13 Shaban 1443H (corresponding to 16th March 2022).