

**THE NATIONAL SHIPPING  
COMPANY OF SAUDI ARABIA**

**(A Saudi Joint Stock Company)**

**Condensed Consolidated Interim  
Financial Statements (Unaudited)  
and review report for the three-month period ended  
31 March 2023**

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## 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 on review of condensed consolidated interim financial statements

To the Shareholders of The National Shipping Company of Saudi Arabia

## Introduction

We have reviewed the accompanying 31 March 2023 condensed consolidated interim financial statements of The National Shipping Company of Saudi Arabia ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 31 March 2023;
- the condensed consolidated statement of profit or loss for the three-month period ended 31 March 2023;
- the condensed consolidated statement of other comprehensive income for the three-month period ended 31 March 2023;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2023;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2023; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

## Scope of review

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

# Independent auditor's report on review of condensed consolidated interim financial statements

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2023 condensed consolidated interim financial statements of The National Shipping Company of Saudi Arabia and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services



**Fahad Mubark Aldossari**  
License No: 469

Riyadh, 10 May 2023  
Corresponding to 20 Shawwal 1444H



THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Condensed consolidated statement of financial position  
As at 31 March 2023


	Note	31 March 2023 (Unaudited) SAR'000	31 December 2022 (Audited) SAR'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	6	14,859,915	13,960,421
Projects under construction	7	835,187	935,512
Right of use assets		537,643	420,412
Intangible assets		364,157	373,897
Equity accounted investees		1,704,905	1,575,117
Other non-current financial assets		57,349	64,205
<b>TOTAL NON-CURRENT ASSETS</b>		<b>18,359,156</b>	<b>17,329,564</b>
<b>CURRENT ASSETS</b>			
Inventories		489,260	511,198
Trade receivables and contract assets		1,562,098	2,069,025
Prepayments and other current assets		579,861	458,952
Cash and cash equivalents		2,355,427	2,529,358
<b>TOTAL CURRENT ASSETS</b>		<b>4,986,646</b>	<b>5,568,533</b>
<b>TOTAL ASSETS</b>		<b>23,345,802</b>	<b>22,898,097</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		4,921,875	4,921,875
Statutory reserve		351,750	351,750
Share premium		1,489,103	1,489,103
Other reserves		34,531	34,403
Retained earnings		4,186,515	3,694,023
<b>Equity attributable to equity holders of the Parent Company</b>		<b>10,983,774</b>	<b>10,491,154</b>
Non-controlling interests		676,090	624,196
<b>TOTAL EQUITY</b>		<b>11,659,864</b>	<b>11,115,350</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	8	8,340,880	8,537,438
Employees' end of service benefits		83,750	79,315
Lease liabilities		416,478	341,298
Derivative financial instruments		4,664	5,002
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>8,845,772</b>	<b>8,963,053</b>
<b>CURRENT LIABILITIES</b>			
Loans and borrowings	8	979,034	980,634
Lease liabilities		149,406	97,069
Trade and other payables		1,436,803	1,486,545
Provision for Zakat and income tax	11	274,923	255,446
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,840,166</b>	<b>2,819,694</b>
<b>TOTAL LIABILITIES</b>		<b>11,685,938</b>	<b>11,782,747</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>23,345,802</b>	<b>22,898,097</b>



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

The accompanying notes 1 to 16 form an integral part of these condensed consolidated interim financial statements

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Condensed consolidated statement of profit or loss  
For the three-month period ended 31 March 2023

	Note	For the three-month period ended 31 March	
		2023 (Unaudited) SAR'000	2022 (Unaudited) SAR'000
Revenue		2,375,218	1,579,072
Operating costs		(1,775,644)	(1,444,043)
<b>Gross profit before bunker subsidy</b>		<b>599,574</b>	<b>135,029</b>
Bunker subsidy		15,663	21,145
<b>Gross profit</b>		<b>615,237</b>	<b>156,174</b>
General and administrative expenses		(43,013)	(39,323)
Reversal/ (provision) on trade receivables and contract assets		4,390	(3,607)
Other income, net		32,621	5,819
<b>Operating profit</b>		<b>609,235</b>	<b>119,063</b>
Finance costs, net		(152,604)	(35,471)
Share of results of equity accounted investees		107,288	11,202
<b>Profit before Zakat and income tax</b>		<b>563,919</b>	<b>94,794</b>
Zakat and income tax	11	(19,533)	(20,251)
<b>Profit for the period</b>		<b>544,386</b>	<b>74,543</b>
<b>Profit for the period attributable to:</b>			
Equity holders of the Parent Company		492,492	64,899
Non-controlling interests		51,894	9,644
		<b>544,386</b>	<b>74,543</b>
<b>Earnings per share (Saudi Riyal):</b>			
Basic & diluted	9	<b>1.00</b>	0.13



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

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THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Condensed consolidated statement of other comprehensive income  
For the three-month period ended 31 March 2023

	For the three-month period ended 31 March	
	2023 (Unaudited) SAR'000	2022 (Unaudited) SAR'000
<b>Profit for the period</b>	544,386	74,543
<b>Items that will not be reclassified to profit or loss</b>		
Re-measurement of employees' end of service benefits	128	55
<b>Items that are or may be reclassified subsequently to profit or loss</b>		
Equity accounted investees-share of OCI	-	11,937
<b>Total comprehensive income for the period</b>	<b>544,514</b>	<b>86,535</b>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Parent Company	492,620	76,891
Non-controlling interests	51,894	9,644
<b>Total comprehensive income for the period</b>	<b>544,514</b>	<b>86,535</b>



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

The accompanying notes 1 to 16 form an integral part of these condensed consolidated interim financial statements

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Condensed consolidated statement of cash flows  
For the three-month period ended 31 March 2023

	31 March 2023 (Unaudited) SAR'000	31 March 2022 (Unaudited) SAR'000
<b>OPERATING ACTIVITIES</b>		
Profit for the period	544,386	74,543
<b>Adjustments to reconcile profit for the period to net cash flows from operating activities</b>		
Depreciation of property and equipment	283,464	271,742
Depreciation of right of use assets	33,946	31,768
Amortization/ derecognition of intangible assets	11,220	12,170
(Reversal)/ provision on trade receivables and contract assets	(4,390)	3,607
Finance costs, net	152,604	35,471
Share of results of equity accounted investees	(107,288)	(11,202)
Unrealized gain from investment in Murabaha fund at FVTPL	-	(231)
Gain on disposal of property and equipment	(16,757)	-
Zakat and income tax	19,533	20,251
Employees' end of service benefits	4,994	1,685
	<u>921,712</u>	<u>439,804</u>
<b>Working capital adjustments:</b>		
Inventories	21,938	(69,437)
Trade receivables and contract assets	511,317	(236,363)
Prepayments and other receivables	(116,615)	8,611
Trade payables and other liabilities	5,692	50,643
<b>Cash from operating activities</b>	<u>1,344,044</u>	<u>193,258</u>
Finance costs paid	(190,437)	(64,146)
Zakat and income tax paid	(56)	(773)
Employees' end of service benefits paid	(431)	(2,279)
<b>Net cash from operating activities</b>	<u>1,153,120</u>	<u>126,060</u>
<b>INVESTING ACTIVITIES</b>		
Additions of property and equipment	(86,327)	(97,146)
Additions of projects under construction	(1,048,490)	(115,068)
Additions of intangible assets	(1,480)	(1,202)
Proceeds from disposal of property and equipment	68,941	-
Investment in equity accounted investee	(22,500)	(74,626)
Other non-current financial assets	5,145	5,571
<b>Net cash used in investing activities</b>	<u>(1,084,711)</u>	<u>(282,471)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from loans and borrowings	211,800	533,327
Repayment of loans and borrowings	(414,252)	(295,786)
Payment of lease liabilities	(39,888)	(30,445)
<b>Net cash (used in)/ generated from financing activities</b>	<u>(242,340)</u>	<u>207,096</u>
Net (decrease)/ increase in cash and cash equivalents	(173,931)	50,685
Cash and cash equivalents at beginning of the period	2,529,358	1,178,269
<b>Cash and cash equivalents at end of the period</b>	<u>2,355,427</u>	<u>1,228,954</u>
<b>Significant non-cash transactions:</b>		
Projects under construction transferred to property and Equipment	1,148,815	26,440
Right of use assets	151,177	-

  
Chief Financial Officer

  
Chief Executive Officer

  
Authorized Board Member

The accompanying notes 1 to 16 form an integral part of these condensed consolidated interim financial statements.



THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Condensed consolidated statement of changes in equity

For the three-month period ended 31 March 2023

	Attributable to equity holders of the Parent Company							Total equity
	Share capital	Statutory reserve	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	
	SAR '000							
Balance at 1 January 2022 (Audited)	3,937,500	1,232,034	1,489,103	186	2,754,283	9,413,106	546,891	9,959,997
Profit for the period	-	-	-	-	64,899	64,899	9,644	74,543
Other comprehensive income	-	-	-	11,992	-	11,992	-	11,992
Total comprehensive income for the period	-	-	-	11,992	64,899	76,891	9,644	86,535
Balance at 31 March 2022 (Unaudited)	3,937,500	1,232,034	1,489,103	12,178	2,819,182	9,489,997	556,535	10,046,532
Balance at 1 January 2023 (Audited)	4,921,875	351,750	1,489,103	34,403	3,694,023	10,491,154	624,196	11,115,350
Profit for the period	-	-	-	-	492,492	492,492	51,894	544,386
Other comprehensive income	-	-	-	128	-	128	-	128
Total comprehensive income for the period	-	-	-	128	492,492	492,620	51,894	544,514
Balance at 31 March 2023 (Unaudited)	4,921,875	351,750	1,489,103	34,531	4,186,515	10,983,774	676,090	11,659,864



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

The accompanying notes 1 to 16 form an integral part of these condensed consolidated interim financial statements.

# THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2023

## 1. THE COMPANY, ITS SUBSIDIARIES AND BUSINESS DESCRIPTION

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

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

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

The Board of Directors decided in its meeting held on the 14 March 2023, to recommend to the General Assembly of the Company, to increase the capital from SAR 4,921,875,000 to SAR 7,382,812,500. The increase will be through the capitalization of SAR 351,749,161 from statutory reserve and SAR 2,109,188,339 from retained earnings. The increase in capital aligns with the Company’s strategy to strengthen its capital base in line with future prospects for growth and expansion, and long-term value creation through investments in available opportunities.

The subsidiaries whose financial information is incorporated into these condensed consolidated interim financial statements are as follows:

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

\*On 18 August 2022, the Group acquired an additional 40% of Bahri Logistics Company (Previously: Bahri Bolloré Logistics Company) increasing its ownership to 100%.

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

Equity accounted investee	Date of incorporation	Effective Ownership %		Principal Activity	Location
		2023	2022		
Petreddec Pte. Limited (note a)	1980	30.3	30.3	Liquefied petroleum gas transportation	Singapore
International Maritime Industries Company (note b)	2017	19.9	19.9	Maritime industries	KSA
National Grain Company (note c)	2021	50	50	Packing and storage of grain	KSA

# THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Notes to interim condensed consolidated financial statements

For the three-month period ended 31 March 2023

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

- a) During 2022, Petredec Pte. Limited (“Petredec”) changed its year end from 31 August to 31 December. The Group’s share of Petredec’s results for the financial period is recorded as per the latest financial statements prepared by Petredec. The difference between the latest financial statements prepared by Petredec and the Group condensed consolidated interim financial statements is two months.
- b) International Maritime Industries Company (IMI) was established in KSA with capital of SAR 1,107 million between the Company, ARAMCO, Maritime Offshore Limited (Lamprell), and Korea Shipbuilding & Offshore Engineering Company Ltd.
- c) During August 2020, the Company entered into a joint venture (“JV”) agreement to establish the National Grain Company with United Farmers Investment Company (“UFIC”). The JV aims to build and establish a terminal for handling grains at Yanbu Commercial Port, to meet the future needs of the Kingdom of Saudi Arabia for major crops and cereals. The legal formalities were finalized and the commercial register was issued on 31 March 2021. The JV has not yet commenced operations.

The Company operates through the following branches:

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

### Group Fleet:

As at 31 March 2023, the Group operated 95 owned vessels and 8 vessels under lease contract (31 December 2022: 92 owned vessels and 6 vessels under lease contract) operating in the following sectors:

**Crude oil transportation sector:** Consists of 44 vessels (31 December 2022: 42 vessels) out of which 40 very large crude carriers (VLCCs) are operating in the spot market. The Group also owns 4 product tankers managed commercially by NCC.

**Chemicals transportation sector:** This sector is fully operated by NCC. It owns 35 vessels and 8 vessels under lease contract (31 December 2022: owned 35 vessels and 6 vessels under lease contract). Specialized tankers distributed as follows:

- 34 tankers operate in the spot market.
- 9 tankers are under charter agreements.

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

**Dry bulk transportation sector:** This sector is fully operated by BDB and it owns 10 vessels (31 December 2022: 9 vessels) specialized in transporting dry bulk cargo. 5 of them are chartered to the Arabian Agricultural Services Company (ARASCO) and 5 vessels are operating in the spot market.

## 2. BASIS OF PREPARATION

### 2.1. Statement of Compliance

These condensed consolidated interim financial statements of the Group have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) *Interim Financial Reporting* as 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 condensed consolidated interim financial statements do not include all of the information and disclosures required in a full set of annual consolidated financial statements and should therefore be read in conjunction with the last annual consolidated financial statements for the year ended 31 December 2022 (“last annual consolidated financial statements”). However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group financial position and performance since the last annual consolidated financial statements. The interim results may not be an indicator of the annual results of the Group.

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

Notes to interim condensed consolidated financial statements  
For the three-month period ended 31 March 2023

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**2. BASIS OF PREPARATION (CONTINUED)**

**2.2. Preparation of condensed consolidated interim financial statements**

**(i) Historical cost convention**

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

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

**(ii) Functional and presentation currency**

These condensed consolidated interim 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. 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 period are included in these condensed consolidated interim 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 condensed consolidated interim financial statements to bring the accounting policies of the subsidiaries in line with the Group accounting policies. All intra-group assets and liabilities, income and expenses and cash flows relating to intra-group transactions are eliminated in full on consolidation.

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

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

If the Group loses control over a subsidiary, it:

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

The Company, its subsidiaries and equity accounted investees have the same reporting periods except Petredec as explained in note 1.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to interim condensed consolidated financial statements  
For the three-month period ended 31 March 2023

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**4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended 31 December 2022.

**4.1. Significant accounting judgments, estimates and assumptions**

The preparation of condensed consolidated interim 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 judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Therefore, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

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

**4.2. New Standards, Amendments to Standards and Interpretations:**

There are no new standards issued, however, there are a number of amendments to standards which are effective from 1 January 2023 and are explained in the Group annual consolidated financial statements, but they do not have a material effect on the Group's condensed consolidated interim financial statements.

# THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2023

## 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 period:

	SAR'000					
31 March 2023 (Unaudited)	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Head office and Others	Total
Revenue	1,354,751	718,975	225,406	71,406	4,680	2,375,218
Operating costs	(1,059,007)	(465,906)	(190,667)	(42,954)	(17,110)	(1,775,644)
Bunker subsidy	14,302	561	800	-	-	15,663
Gross profit	310,046	253,630	35,539	28,452	(12,430)	615,237
General and administrative expenses	(3,809)	(4,112)	(5,759)	(3,348)	(25,985)	(43,013)
Reversal/ (provision) on trade receivables and contract assets	4,354	(7,008)	6,867	177	-	4,390
Other income, net	7,475	17,284	945	1,104	5,813	32,621
Finance costs, net	(89,813)	(34,133)	(4,006)	(7,103)	(17,549)	(152,604)
Share of results of equity accounted investees	-	-	-	-	107,288	107,288
Profit before Zakat and income tax	228,253	225,661	33,586	19,282	57,137	563,919

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

**THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA**  
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**5. OPERATING SEGMENTS (continued)**

31 March 2022 (Unaudited)	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Head office and Others	Total
	SAR'000					
Revenue	906,102	341,895	263,598	65,112	2,365	1,579,072
Operating costs	(818,354)	(335,308)	(264,400)	(29,128)	3,147	(1,444,043)
Bunker subsidy	17,766	869	2,510	-	-	21,145
Gross profit	105,514	7,456	1,708	35,984	5,512	156,174
General and administrative expenses	(3,465)	(3,102)	(5,427)	(2,326)	(25,003)	(39,323)
(Provision) /reversal on trade receivables and contract assets	(8,235)	1,323	2,876	446	(17)	(3,607)
Other income, net	1,824	820	3,207	107	(139)	5,819
Finance costs, net	(29,898)	(10,639)	(2,096)	1,245	5,917	(35,471)
Share of results of equity accounted investees	-	-	-	-	11,202	11,202
Profit/(loss) before Zakat and income tax	65,740	(4,142)	268	35,456	(2,528)	94,794

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**5. OPERATING SEGMENTS (continued)**

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

	31 March 2023 (Unaudited)				SAR'000	
	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Head office and Others	Total
Property and equipment	9,241,499	3,510,237	1,070,342	1,017,266	20,571	14,859,915
Total assets	10,896,768	6,304,513	1,761,594	1,425,904	2,957,023	23,345,802
Total liabilities	5,777,937	4,110,767	572,636	832,553	392,045	11,685,938
	31 December 2022 (Audited)				SAR'000	
	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Head office and Others	Total
Property and equipment	8,513,430	3,435,307	1,086,510	904,129	21,045	13,960,421
Total assets	10,885,906	5,507,061	1,692,489	1,262,808	3,549,833	22,898,097
Total liabilities	5,963,743	3,536,470	763,753	666,500	852,281	11,782,747



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6. PROPERTY AND EQUIPMENT

								SAR'000	
31 March 2023 (Unaudited)	Buildings and improvements	Fleet and equipment	Containers and trailers	Furniture and fixtures	Tools and office equipment	Motor vehicles	Computer equipment	Container yards - equipment	Total
At 1 January 2023	64,138	22,725,081	11,963	9,342	1,968	2,916	22,638	14,264	22,852,310
Additions/ transfers*	-	1,233,979	70	46	-	-	1,047	-	1,235,142
Disposals	-	(177,471)	-	(210)	(17)	-	(478)	-	(178,176)
At 31 March 2023	64,138	23,781,589	12,033	9,178	1,951	2,916	23,207	14,264	23,909,276
<b>Accumulated depreciation</b>									
At 1 January 2023	48,724	8,791,014	7,462	5,998	1,789	2,916	19,790	14,196	8,891,889
Charge for the period	599	282,024	203	202	35	-	398	3	283,464
Disposals	-	(125,301)	-	(196)	(17)	-	(478)	-	(125,992)
At 31 March 2023	49,323	8,947,737	7,665	6,004	1,807	2,916	19,710	14,199	9,049,361
Net book value:									
At 31 March 2023	14,815	14,833,852	4,368	3,174	144	-	3,497	65	14,859,915

\* During 2023, 3 new vessels were received, and other projects were completed and capitalized amounting to SAR 1,149 million which was transferred from projects under construction.

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**6. PROPERTY AND EQUIPMENT (continued)**

31 December 2022 (Audited)	Buildings and improvements	Fleet and equipment	Containers and trailers	Furniture and fixtures	Tools and office equipment	Motor vehicles	Computer equipment	Container yards - equipment	Total	SAR'000
At 1 January 2022	65,354	22,393,220	10,265	12,402	4,878	3,076	30,636	14,264	22,534,095	
Additions/ transfers*	801	1,663,837	1,799	561	13	-	1,521	-	1,668,532	
Disposals	(2,017)	(1,331,976)	(101)	(3,621)	(2,923)	(160)	(9,519)	-	(1,350,317)	
At 31 December 2022	64,138	22,725,081	11,963	9,342	1,968	2,916	22,638	14,264	22,852,310	
<b>Accumulated depreciation</b>										
At 1 January 2022	48,110	8,473,037	6,882	8,798	4,437	2,166	27,320	14,193	8,584,943	
Charge for the year	2,474	1,115,693	681	818	275	910	1,988	3	1,122,842	
Disposals	(1,860)	(797,716)	(101)	(3,618)	(2,923)	(160)	(9,518)	-	(815,896)	
At 31 December 2022	48,724	8,791,014	7,462	5,998	1,789	2,916	19,790	14,196	8,891,889	
Net book value:										
At 31 December 2022	15,414	13,934,067	4,501	3,344	179	-	2,848	68	13,960,421	

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

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**7. PROJECTS UNDER CONSTRUCTION**

The movement in projects under construction is as follows:

	<b>31 March 2023</b> <b>(Unaudited)</b> <b>SAR '000</b>	<b>31 December 2022</b> <b>(Audited)</b> <b>SAR'000</b>
Beginning balance	935,512	1,298,464
Additions	1,048,490	1,080,084
Transferred to property and equipment	<b>(1,148,815)</b>	<b>(1,443,036)</b>
Ending balance	<b>835,187</b>	<b>935,512</b>

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 a total cost of SAR 760 million, for supplying desalinated water from floating mobile stations to the desalination plants tanks. The construction commenced in January 2020 and the operation is expected to commence during the second half of the year 2023.

**8. LOANS AND BORROWINGS**

	Note	<b>31 March 2023</b> <b>(Unaudited)</b> <b>SAR '000</b>	<b>31 December 2022</b> <b>(Audited)</b> <b>SAR'000</b>
Sukuk	8.1	3,900,000	3,900,000
Murabaha loans	8.2	<b>5,468,123</b>	<b>5,670,575</b>
<b>Total loans and borrowings</b>		<b>9,368,123</b>	<b>9,570,575</b>
Less: total current portion		<b>(979,034)</b>	<b>(980,634)</b>
<b>Non-current loans and borrowings</b>		<b>8,389,089</b>	<b>8,589,941</b>
Less: prepaid financing		<b>(48,209)</b>	<b>(52,503)</b>
<b>Net non-current loans and borrowings</b>		<b>8,340,880</b>	<b>8,537,438</b>
<b>Loans and borrowings - Current Liabilities</b>		<b>979,034</b>	<b>980,634</b>
<b>Loans and borrowings - Non-Current Liabilities</b>		<b>8,340,880</b>	<b>8,537,438</b>
		<b>9,319,914</b>	<b>9,518,072</b>

**8.1. Sukuk**

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

**8.2. Murabaha borrowings**

The Group obtained Murabaha long term loans during the period ended 31 March 2023 for a total of SAR 212 million (31 December 2022: SAR 1,099 million). Loans are secured by promissory notes and mortgages against vessels. These loans are repayable over 10 years on a quarterly or semi-annual basis and total repayments of SAR 414 million were made for the period ended 31 March 2023 (31 December 2022: SAR 1,075 million). The loans carry commission at normal commercial rates. The balance of loans against which profit is to be paid based on LIBOR as of 31 March 2023 is equivalent to SAR 1,298 million (31 December 2022: SAR 1,522 million) and the balance of loans against which profit is to be paid based on SIBOR as of 31 March 2023 totaled to SAR 4,170 million (31 December 2022: SAR 4,148 million). The balance in the prepaid financing account related to Murabaha loans at the end of 31 March 2023 is SAR 48 million (31 December 2022: SAR 52.5 million).

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8. LOANS AND BORROWINGS (continued)

8.3. Covenants

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

9. EARNINGS PER SHARE

	For the three-month period ended 31 March	
	2023	2022
Profit for the period (SAR 000')	492,492	64,899
Average number of share outstanding during the period	492,188	492,188
Earnings per share - Basic and Diluted (Saudi Riyals)	1.00	0.13

The basic and diluted earnings per share is calculated by dividing the profit of the period for ordinary shareholders of the parent company by the weighted average number of ordinary shares in place during the period. The calculation of the basic and diluted earnings per share for the three-month period ended 31 March 2023 and 31 March 2022 was adjusted retrospectively based on the number of shares issued after the increase of the company's capital shares to 492,188 thousand shares.

10. FINANCIAL INSTRUMENTS

Fair values of financial instruments

	31 March 2023 (Unaudited)			
	Quoted prices in the active market (Level 1) SAR'000	Significant observable inputs (Level 2) SAR'000	Significant Unobservable inputs (Level 3) SAR'000	Total SAR'000
<b>FVOCI – equity instrument:</b>				
Unquoted equity shares	-	-	13,950	13,950
<b>Financial instruments measured at FVTPL</b>				
CAP commission option				
Assets	-	43,316	-	43,316
Liabilities	-	4,664	-	4,664
	31 December 2022 (Audited)			
	Quoted prices in the active market (Level 1) SAR'000	Significant observable inputs (Level 2) SAR'000	Significant Unobservable inputs (Level 3) SAR'000	Total SAR'000
<b>FVOCI – equity instrument:</b>				
Unquoted equity shares	-	-	11,899	11,899
<b>Financial instruments measured at FVTPL</b>				
CAP commission option				
Assets	-	46,691	-	46,691
Liabilities	-	5,002	-	5,002

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**11. ZAKAT AND INCOME TAX**

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

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

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

ZATCA issued the Zakat assessment for the year 2018 claiming additional Zakat of SAR 27.9 million. The Company submitted an appeal against the assessment and ZATCA partially accepted the appeal and issued a revised assessment which has been escalated by the Company to the GSTC. The CRTVD has issued its decision in the appeal with partial acceptance. The Company has escalated the appeal to the ACTVDR and is awaiting their response.

**12. DIVIDENDS**

The Board of Directors decided in its meeting held on 14 March 2023 to recommend to the General Assembly of the Company the distribution of cash dividends of SAR 246 million to the shareholders for the financial year ended 31 December 2022 amounting to SAR 0.5 per share.

**13. 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 transactions with related parties during the period were as follows:

Related parties	Nature of the transaction	For the three-month period ended 31 March	
		2023 SAR'000	2022 SAR'000
ARAMCO and its subsidiaries – shareholder	Operating revenue	914,567	540,482
SABIC and its subsidiaries – affiliate	Operating revenue	90,449	101,893
Arabian Agricultural Services Company (ARASCO) – affiliate	Operating revenue	28,207	28,926
International Maritime Industries (IMI) – affiliate	Operating revenue	894	-

Related party balances included in trade receivables and contract assets is as follows:

	31 March 2023 SAR'000	31 December 2022 SAR'000
ARAMCO and its subsidiaries	759,066	1,312,119
SABIC and its subsidiaries	27,766	36,906
Arabian Agricultural Services Company (ARASCO)	436	412
International Maritime Industries (IMI)	3,585	2,691
	<b>790,853</b>	<b>1,352,128</b>

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**13. RELATED PARTIES (continued)**

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

	<b>31 March 2023</b> <b>SAR'000</b>	31 December 2022 SAR'000
Loan from Public Investment fund (PIF) - shareholder	-	39,375
ARAMCO and its subsidiaries	294,534	151,152
Arabian Agricultural Services Company (ARASCO)	-	14,075
	<b>294,534</b>	<b>165,227</b>

**14. CAPITAL COMMITMENTS**

The Group's capital commitment related to projects under construction and the purchase of property and equipment was SAR 205 million as of 31 March 2023 (31 December 2022: SAR 199 million).

**15. SUBSEQUENT EVENTS**

In the opinion of management, there have been no significant subsequent events for the period ended 31 March 2023 that would have a material impact on the financial position and performance of the Group as reflected in these condensed consolidated interim financial statements.

**16. DATE OF AUTHORIZATION**

These condensed consolidated interim financial statements were authorized for issuance on 18 Shawwal 1444H (corresponding to 8 May 2023).