Bahri
البحري

Annual Report
2020

Driving change in an exceptional year

بسم الله الرحمن الرحيم

King Salman bin Abdulaziz Al Saud

Custodian of the Two Holy Mosques,
King of the Kingdom of Saudi Arabia

His Royal Highness Prince Mohammad bin Salman bin Abdulaziz Al Saud

Crown Prince and Vice President of the Council of Ministers and Minister of Defense and The Chairman of the Council of Economic and Development Affairs

Table of Contents

About Bahri

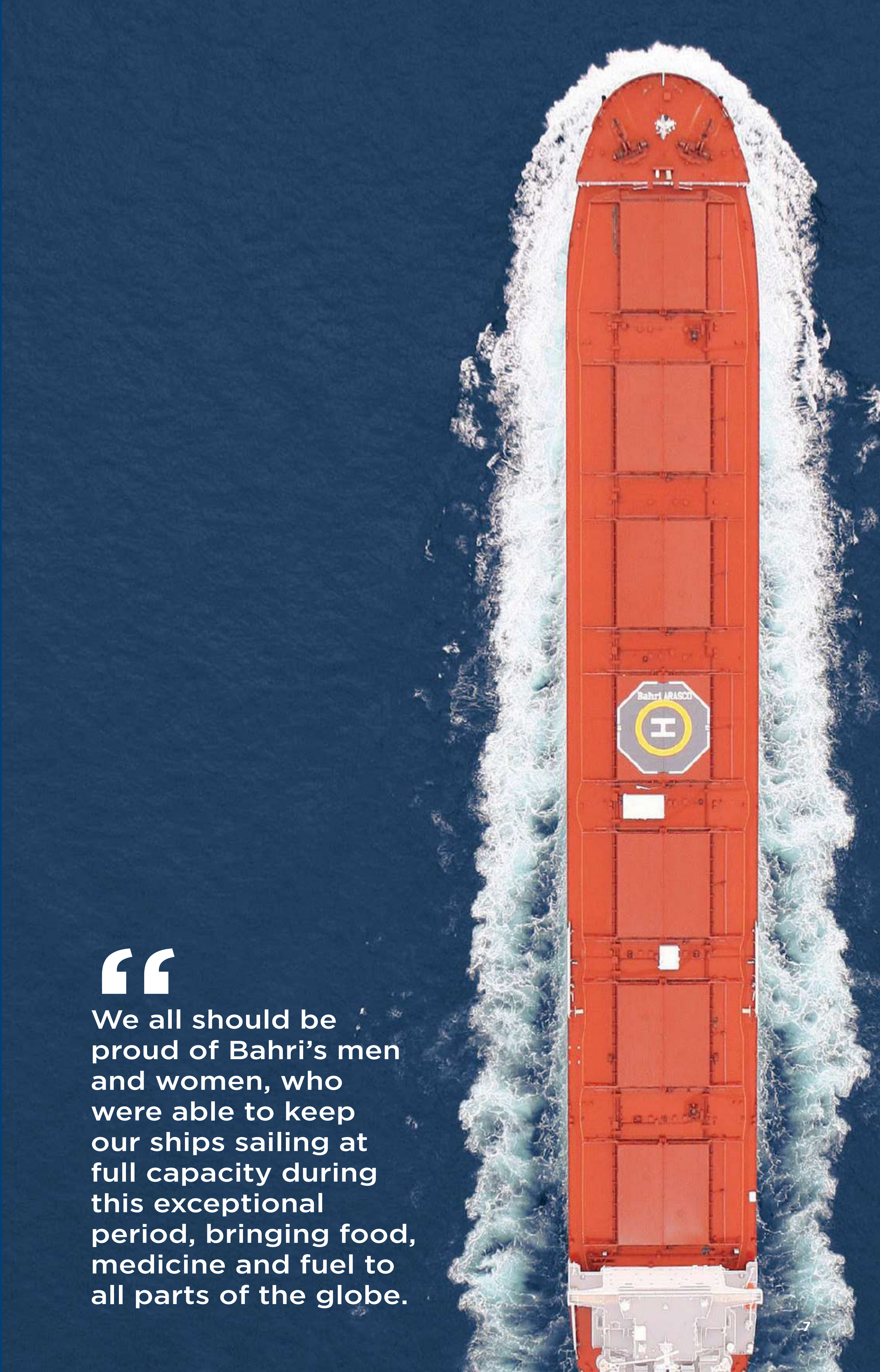
Strategic review

Sustainability

Operational review

Governance

Financial statements



"We all should be proud of Bahri's men and women, who were able to keep our ships sailing at full capacity during this exceptional period, bringing food, medicine and fuel to all parts of the globe.

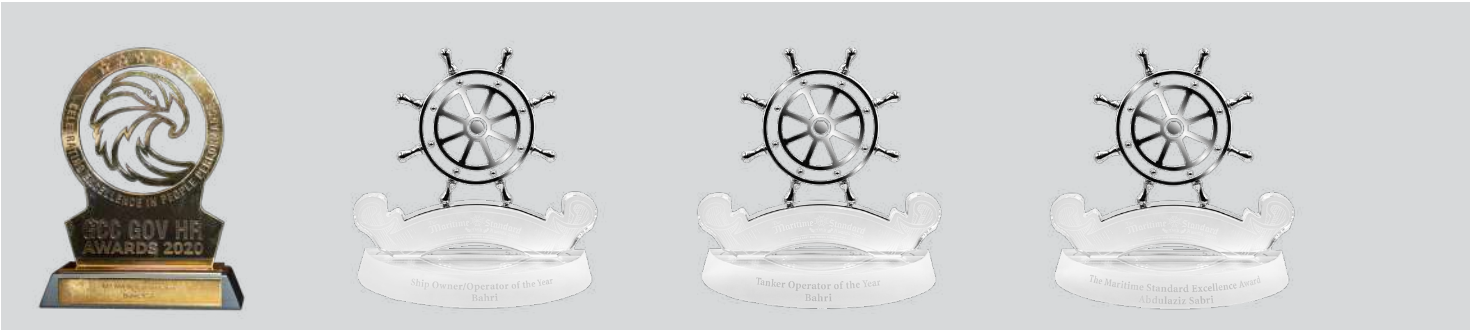
Awards

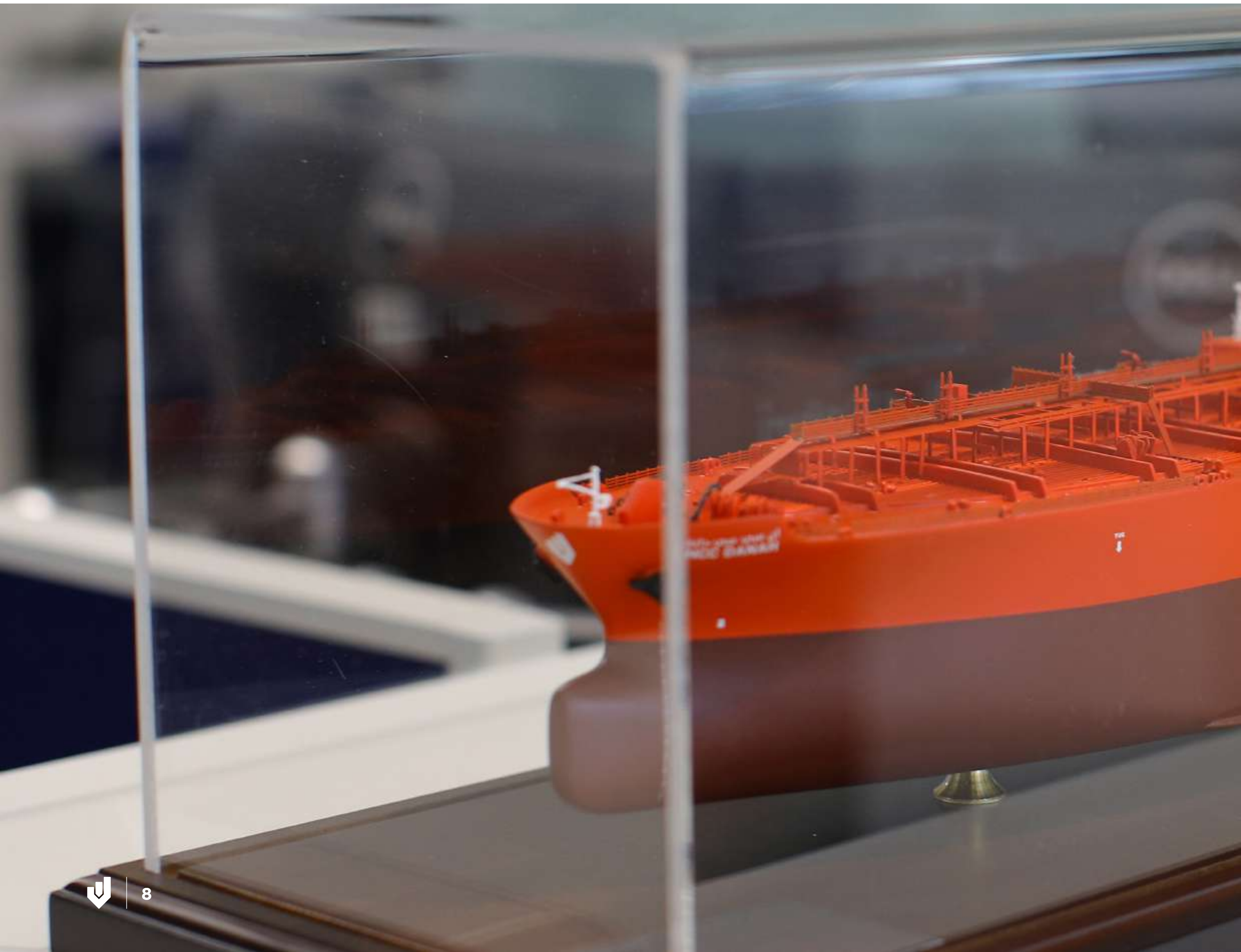
The GCC GOV HR Team of the Year Award
At the GCC HR Awards 2020

Ship Owner / Operator of the Year Award
At the Maritime Standard Awards 2020

Tanker Operator of the Year Award
At the Maritime Standard Awards 2020

The Maritime Standard Excellence Award
At the Maritime Standard Awards 2020





The Best Corporate Treasury Team of the Year
At the ACT Middle East Summit 2020

Best Shipping Line of the Year
At the Global Business Outlook "GBO" Awards 2020

Shipping Line of the Year – Multipurpose Vessel Operator
At 2nd edition of BHP "MALA" 2020 Awards

Best Shipping Company of the Year
At Seatrade Maritime Awards Middle East, Indian Subcontinent & Africa 2020

Highly Commended

The Employer of Choice
At CIPD Middle East Awards 2020

Best TMS Implementation
At the Corporate Recognition Awards

About Bahri


البحري Bahri

Vision, Mission, Values

Vision
Create value and share prosperity by connecting economies through excellence in global logistics solutions.

Mission
To be the best service provider, operating to world-class standards. We are relentless in applying responsible business fundamentals. We shall incorporate sustainable capabilities to provide fit-for-purpose solutions for our business partners and stakeholders, based on our values, to achieve mutual benefit.

Values
Considerate
Driven
Relentless
Transparent


البحري
Bahri

About Bahri

Bahri, the National Shipping Company of Saudi Arabia (formerly known as NSCSA), was established by Royal Decree M/5 as a public shareholding company on 21 January 1978, under commercial registration number 1010026026 issued in Riyadh, dated 22 October 1979. Bahri's capital stood at 393,750,000 shares as of 31 December 2020. Today, Bahri is one of the leading shipping company globally. We are committed to a strategy of continued growth by further building our customer base in Saudi Arabia and abroad, and establishing an international reputation for quality, reliability and safety. Our business activities span the purchase, sale and operation of vessels for the transportation of cargo, oil, chemicals, oil products and dry bulk, logistical services, cargo clearance and stowage on board ships and other means of transportation, storage and all maritime activities. We conduct our operations through four different Channels in addition to ship management: crude oil, chemicals, breakbulk and dry bulk transportation as follows:

Crude oil shipping

46 tankers

- 41 VLCCs operating in the spot market
- Five Clean Petroleum Products (CPP) tankers

Logistics

Six vessels

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

Chemicals shipping

Operated by National Chemical Carriers Limited Company (NCC), a subsidiary 80 percent owned by Bahri. Bahri Chemicals owns 28 chemical tankers operating as follows:

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

Dry bulk shipping

Operated by Bahri Dry Bulk

“Subsidiary 60 percent owned by Bahri” which owns 9 dry bulk carriers and operating as follows:

- Four dry bulk carriers in the spot market
- Five dry bulk carriers chartered to Arabian Agricultural Services Company (ARASCO)

Subsidiaries and Sister Companies

Company name	Headquarters	Main Activity	Capital (SAR)	Type	Ownership
National Shipping Company of Saudi Arabia (NSCSA), USA	Based in Houston, Texas, USA, with its base of operations in the USA	Shipping Agency	3,750,000	Limited Liability Company	100%
Mideast Ship Management Ltd.	Based in Dubai, UAE, and operates around the world	Ship technical management	306,540	Limited Liability Company	100%
National Chemical Carriers Company	Based in Riyadh, and operates around the world	Petrochemicals Transportation	610,000,000	Limited Liability Company	80%
Bahri Dry Bulk Company	Based in Riyadh, and operates around the world	Dry-Bulk Transportation	200,000,000	Limited Liability Company	60%
Bahri Bollore Logistics	Based in Riyadh, and operates around the world	Logistics Services	30,000,000	Mixed Limited Liability Company	60%
Petredec Limited	Based in Singapore, and operates around the world	LPG Transportation	131,250,000	Limited Liability Company	30.30%
International Maritime Industries	Based and operates in Ras AlKhair, Kingdom of Saudi Arabia	Maritime Industries	1,590,750,000	Mixed Limited Liability Company	19.9%

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

Year in Review

Jan

- Bahri extended its liner shipping network to South India with MV Bahri Jeddah's maiden calls at Ennore and Chennai ports.
- Bahri's Board of Directors appointed Mr. Mohammed bin Abdulaziz Al Sarhan as the new Chairman. Dr. Abdulmalik bin Abdullah Al Hogail was appointed as Vice Chairman.
- Bahri receives Ministry of Interior approval to extend shipping contract for 1 year.

Mar

- Bahri achieved ISO 27001 certification following efforts to ensure information security.
- Bahri continued full operations with anti-coronavirus measures in place.
- Bahri contributed SAR 10m to Saudi Arabia's Ministry of Health (MoH), to support its initiatives to fight against the spread of the pandemic.

Apr

- Bahri's net profit soared by 134% in first quarter despite COVID-19 challenges.

May

- Ministry of Human Resources and Social Development signed a Cooperation Agreement with Bahri to nurture CSR culture in the Kingdom.
- Bahri added new dry-bulk carrier "Sara" to its industry-leading fleet.

June

- Bahri operated cargo flights to transport medical equipment and supplies to Saudi Arabia.

July

- Bahri reported record second quarter results with 1,569% leap in net profit.
- Bahri Logistics delivered the largest cargo of smart meters for the Saudi Electricity Company.

Aug

- Bahri signed an agreement with Tabadul for the implementation of Fasah Pay in line with its efforts to accelerate digital transformation and facilitate electronic billing and payment processes.
- Bahri signed a USD 410m agreement to build 10 new chemical tankers at Hyundai Mipo Dockyard.
- The Minister of Environment, Water and Agriculture announced the formation of National Grain Company, a partnership between SALIC and Bahri.

Sept

- Bahri took the delivery of its new dry-bulk carrier 'Alanood' on 31st August, making it the second newbuild vessel to join the Company's market-leading fleet during 2020.
- Bahri hosted its annual Investor Day at the Bahri Headquarters Office.

Oct

- Bahri reported a 114% rise in third quarter net profit.
- Bahri was recognized for its excellence in human resource management with the "Team of the Year" title at GCC GOV HR Awards.

Nov

- Bahri announced the signing of a 5-year framework agreement worth SAR 300m with Saudi Arabia's Presidency of State Security.
- Bahri secured 3 honors at The Maritime Standard Awards 2020 for Ship Owner/Operator of the Year, Tanker Operator of the Year, and Maritime Standard Excellence.

Dec

- Bahri announced signing a training services agreement with the National Maritime Academy (NMA) to train and upskill the Saudi youth in the maritime sector.
- Bahri was named Shipping Company of the Year at the Seatrade Maritime Awards 2020.

Strategic Review


البحري Bahri

Geographic Footprint Where we Operate

How we operate

Bahri takes pride in its contribution to the Saudi economy, enabling the swift and efficient transport of Oil, Chemicals, Logistics and Dry Bulk, connecting a wide range of industries within the Kingdom to global markets. Each year we endeavor to build on our success and create room for growth in our core markets, searching for innovative ways to diversify our services.

The Ship Inspection Report programme (SIRE) is a unique tanker risk assessment tool used by charterers, terminal operators and government bodies to assist in the assurance of ship safety standards. Today, SIRE inspections take place all over the world and are widely recognized as an invaluable tool for raising ship safety standards. We are great believers in establishing a standardized, objective inspection process that systematically examines tanker operations and that is shared by OCIMF members and other authorized recipients. OCIMF SIRE program has been instrumental in driving up expectations and behaviors relating to operational and safety standards in the industry. We have joined this journey in 2004 and now Bahri is currently in an exciting position, having led the industry participation in SIRE.

Quality assurance is one of our key drivers at Bahri, and we are proud holders of ISO9001:2015 in both oil transport services and in our airline transport business segment.

"

Bahri is continuously expanding its strategy into both regional and global markets. We constantly look to further our geographic reach and operations, and capture opportunities as they arise.

Chairman's Message

Bahri was not only able to achieve exceptional operational results in its current sectors but also introduced two new business sectors to its portfolio.

Mohammed bin Abdulaziz Al Sarhan
Chairman

“We have announced the recommendation of our Board of Directors to the AGM regarding a stable dividends policy for the next three years until the end of 2022, whereby Bahri will pay a dividend of 2 Riyals for each year in 2 instalments.

On behalf of the Board of Directors, it gives me pleasure to introduce Bahri's 2020 Annual Report. This year proved to be a formidable challenge and a true test of our leadership position in the shipping and logistics industry in Saudi Arabia and the region. The industry as a whole faced an unprecedented market situation posed by the COVID-19 pandemic. The crises caused by this pandemic exerted extreme pressure on the readiness of the medical capabilities worldwide to contain its spread and protect mankind. Moreover, various mutations of the virus were a continuous threat towards creating a worldwide health crisis that has never been seen in modern history.

On the economic front, the crises and the subsequent lockdowns caused by the spread of the virus brought economic activities at the regional and international level to a near complete halt. Sea transportation was no exception, where various specialist analysts at the UNCTAD United Nations conference predicted no less than a 4.1% slowdown in shipping activities on a global scale. In spite of that, with the grace of God, and the sincere efforts of the entire Bahri team, we were able to avoid this slowdown and post an exceptional positive growth during 2020. This was largely due to the smart exploitation of the dramatic changes in market dynamics and the unexpected developments posed by the pandemic.

We all should be proud of Bahri's seafarers, who were able to keep our ships sailing at full capacity during this exceptional period, bringing food, medicine and fuel to all parts of the globe. At the local front, the Bahri team was also able to take full advantage of the surge in shipping rates caused by the sharp increase in Saudi Arabia's oil production, as Bahri became an instrumental tool for the Kingdom's oil strategy. Furthermore, the oil price war between major producers in the beginning of the year resulted in more supply, due to the contango situation which prompted companies to charter large oil tankers that could be used as temporary floating tanks. This caused a welcomed spike in shipping rates, driving strong performance for our oil sector throughout the better part of the year.

We remain hopeful that economic activities will soon resume their usual manner after successful containment of the pandemic, and aspire for Bahri to play a leading role in the realization of the Kingdom's 2030 vision to be a global logistics hub.

Our esteemed shareholders, in spite of all the aforementioned difficulties we faced during 2020, Bahri was not only able to achieve exceptional operational results in its current sectors but also introduced two new business sectors to its portfolio. Thanks to the leadership of the Board and the senior management, we successfully concluded a deal with Saline Water Conversion Corporation (SWCC) to build three large barges carrying floating desalination plants. Each plant will produce 50,000 cubic meters of drinkable water per day. This will enhance the Kingdom's desalination strategy and constitute a sustainable stream of profitability for Bahri in the near future. The second new business is the introduction of Grain Terminal Operation by creating a Joint Venture with the Saudi Agriculture and livestock company (SALIC) to build the first Grain Terminal in Yanbu on the Red Sea, with a nominal capacity of six million tons per year. This project will contribute to the fulfillment of the Kingdom's food security and further diversify sources of revenue and profitability for Bahri in the near future.

Also, for the first time in the history of Bahri, as a qualitive change in Bahri shareholders' relationship, we have announced the recommendation of our Board of Directors to the AGM for a stable dividends policy for the next three years until the end of 2022, whereby Bahri will pay a dividend of 2 Riyals for each year in 2 instalments. This will go further to solidify investor trust in the share of Bahri and establish a sustainable stream of cashflow to the shareholders.

Finally, I would like to express my sincere thanks and gratitude to my fellow Board members for their exceptional leadership and oversight during a year characterized by uncertainties and challenges. I also take this opportunity to express my appreciation and thank the senior management and the entire Bahri team for their vigilance and prompt responses to the dramatic changes in the markets during this past year. Their unmatched dedication and spot-on decision making were the root causes of our exceptional profitability in 2020. I also extend my sincere appreciation to our customers, who have played a pivotal role in the continuation of our operations and the further development of Bahri at all levels.

I am immensely proud of what Bahri has achieved so far and I remain optimistic and hopeful of a brighter future. It is in this spirit that I put this report before your eyes.

Thank you very much

Theme of the Year

Driving Change in an Exceptional Year

In a year of profoundly challenging market volatility that has not been experienced in recent history, Bahri prioritized driving meaningful change in a truly exceptional year. With a 40-year track record in delivering world-class shipping and logistics support to customers, we saw an opportunity to build on our business model and expand services into other business segments that support our underlying fundamental strengths. After a remarkable year of growth and maturity, the Company is well poised to seize further expansion opportunities, having successfully navigated a surplus of market challenges throughout the past 12 months.

Exceptional performance

Bahri achieved exceptional results throughout 2020, achieving unprecedented growth while adapting to significant market challenges that reverberated across the globe. The Company was able to react swiftly and diligently in addressing these concerns in the market by creating substantial value for customers, which in turn generated a healthy bottom line and positioned us well for the future.

Driving meaningful change

Experiencing such unprecedented growth resulting from Bahri's exceptional performance has presented the opportunity to advance further towards diversification. We aim to build on the progress made in 2020 by expanding into adjacent areas to mitigate risk exposure to market volatility. Shipping and oil have played a vital role in the success of 2020, and we will continue to focus on these core business segments while creating new avenues to expand our overall revenue base.

Game-changing technology

Evolving our services demands that we elevate our processes and procedures to create new and innovative systems that improve efficiency, reduce costs, and provide tangible benefits to customers. At the end of 2019, we began a journey of internal technological transformation, including the ongoing shift towards automation for several processes.

The future is digital

Digitization is a concept we take seriously at Bahri, and it became a fundamental cornerstone of our strategy to realize meaningful growth in the future. We began to utilize data analytics, routing, and scheduling information to optimize the business and refine our strategic roadmap. Throughout the year, we made significant strides towards realizing our objective of creating a competitive advantage through digitalization, making marked improvements to our IT strategy, and appointing a CTO to oversee these developments.

CEO's Message

Most profitable Q2 in the Company's 40-year long legacy

Abdullah Aldubaikhi
CEO

We are truly proud of what Bahri has achieved, excellent results that displayed the dynamism and diligence of our workforce.

This was truly a phenomenal year for Bahri, one in which we found that adapting to and overcoming adverse market conditions and dedicating ourselves to driving meaningful change reflected positively on our commitment to customers and shareholders. As the pandemic began to take hold of the Kingdom in the beginning of the second quarter, we rapidly shifted our priorities to protect the core segments of our business, while creating meaningful headroom for diversification to effectively defend our bottom line and mitigate potential risks resulting from rapidly evolving market headwinds.

Bahri's performance during such a challenging and volatile year has been nothing short of remarkable, having achieved the most profitable Q2 in the Company's 40-year long legacy. We are truly proud of what Bahri has achieved, excellent results that displayed the dynamism and diligence of our workforce. Our performance was driven primarily by the significant surge in oil shipments from the Kingdom and subsequent cuts to both oil price and trading volumes in Q2, proving to be a major driver in delivering exceptional performance throughout the year. This short-term boost in revenue provided the management team with the impetus to accelerate developments towards diversifying the Company's services, to better protect our people from potential future market volatility. However, we remain mindful that it may be an event that cannot be forecast for the future in these circumstances, and therefore it is our responsibility to utilize this advantage to the utmost efficacy and grow our services and revenue base.

Furthermore, to achieve such promising results during the year of the pandemic is a testament to our capable and adept workforce. In recent years, we have prioritized the continual improvement of Bahri's working culture and environment, with a vision to make it a number one destination for employees in the supply chain and logistics sector in the Kingdom. We are now in an exciting position to attract top talent from across the region, due to our dedication to upgrade expertise, create opportunities for empowerment and identifying and nurturing the potential exhibited by individuals across the workforce. The empowerment of women in the workplace continues to be a top priority, emphasized by a growth in this demographic by 37% from the previous year. We remain committed to creating a unique and holistic environment that facilitates the development and growth of all employees at Bahri.

It is left for me to express my gratitude to my fellow members of the executive management team and all of our employees, for their ongoing support and commitment to making Bahri a world-class shipping and logistics company. I also wish to extend my thanks to the Board of Directors for their wisdom and guidance during what has been an exceptional year of growth for the Company. Finally, to our customers and partners who have supported Bahri in realizing the numerous achievements over the past year.

To achieve such promising results during the year of the pandemic is a testament to our capable and adept workforce.

The empowerment of women in the workplace continues to be a top priority, emphasized by a growth in this demographic by 37% from the previous year.

CFO Review

Outstanding performance for 2020

Exceptional financial results

Despite the drop of the TCE at the end of 2020, the tanker industry experienced an unexpected boost after the start of COVID-19, because of low oil prices and high production rates, which led to recording high revenue and earnings that made 2020 one of the best years for tanker companies. The demand for tankers has increased significantly during March and April, which led to the TCE rate surging in the second quarter. Moreover, floating storages were being booked during that time. On this note, Q2 2020 is considered the highest quarter of earnings for Bahri since its inception. However, the OPEC+ deal in the third quarter played a role in cutting output and ending the oil price war. At the end of the year, the tanker market witnessed a drop in earnings due to lower rates and demand.

Bahri Group's financial performance

Bahri Group have recorded a profit before Minority of SAR 1.6 billion in FY 2020, versus SAR 643 million in FY 2019. Market rate improvement led Bahri Oil to record a profit after zakat and tax of SAR 1.7 billion in FY 2020, as compared to SAR 776 million in FY 2019. The growth in results came despite the extra charge due to accelerated depreciation (change in useful life) as well as goodwill write off related to product vessels.

Chemicals and product tankers have also benefited from the market change in the first half of the year. Bahri Chemicals recorded a profit after zakat and tax of SAR 91 million in 2020 as compared to SAR 82 million in 2019. Bahri Logistics underperformed at SAR 47 million in 2020, compared to a SAR 75 million profit after zakat and tax in 2019. This is attributed to market softness and the COVID-19 lockdown. Nonetheless, Bahri Bollore recorded significant profit after zakat and tax of SAR 35 million in 2020, compared to SAR 12 million in 2019, due to contribution from new contracts' execution with major local clients. Bahri Dry Bulk recorded a profit after zakat and tax of SAR 41 million compared to SAR 17 million in 2019, as 4 vessels went for dry docking last year.

Income from associates profited SAR 97 million in (compared to SAR 24 million in 2019), benefiting from the Petredec Group turnaround due to improvement in the market and a change in business model. The change was a reduction of LPG trading activities as the Group shifted to more shipping and freight.

Financial ratios

25%

Gross margin, an increase of 16% as compared to 2019

SAR 27

Book Value per share, an increase of 8% compared to 2019

19%

Net Profit Margin, with an increase of 96% as compared to 2019

37%

EBITDA Margin, an increase of 10% as compared to 2019

8%

Return on Assets, an increase of 144% as compared to 2019

15%

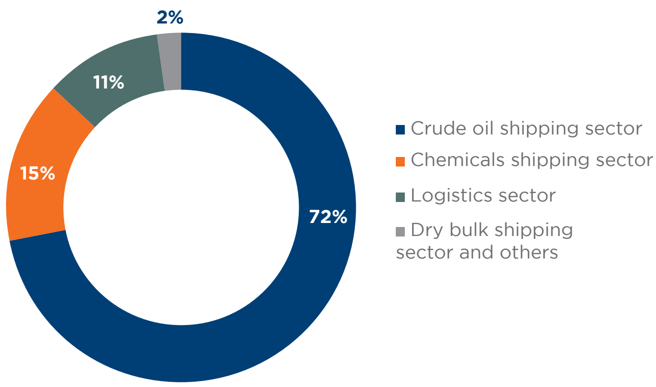
Return on Equity, an increase in 131% as compared to 2019

Operating results:

	2020 (SAR'000)	2019 (SAR'000)	Change amount	% Change
Sales/Revenues	8,393,001	6,567,015	1,825,986	28%
Operating expenses	(6,320,554)	(5,374,186)	(946,368)	18%
Bunker Subsidy	49,342	234,168	(184,826)	(79%)
Gross profit (loss)	**2,121,789**	**1,426,997**	**694,792**	**49%**
Operating revenues-others	-	28,937	(28,937)	(100%)
Operating expense-others	(255,856)	(232,916)	(22,940)	10%
Operational profit (loss)	**1,865,933**	**1,223,018**	**642,915**	**53%**

Sectors contribution to Company sales as per audited financial statements:

Activities	Activity's revenues (SAR'000)	Percentage
Crude oil shipping sector	6,090,912	72%
Chemicals shipping sector	1,241,950	15%
Logistics sector	918,847	11%
Dry bulk shipping sector and others	141,292	2%
Total	**8,393,001**	**100%**



The Company's assets, liabilities, and business results for the last five financial years:

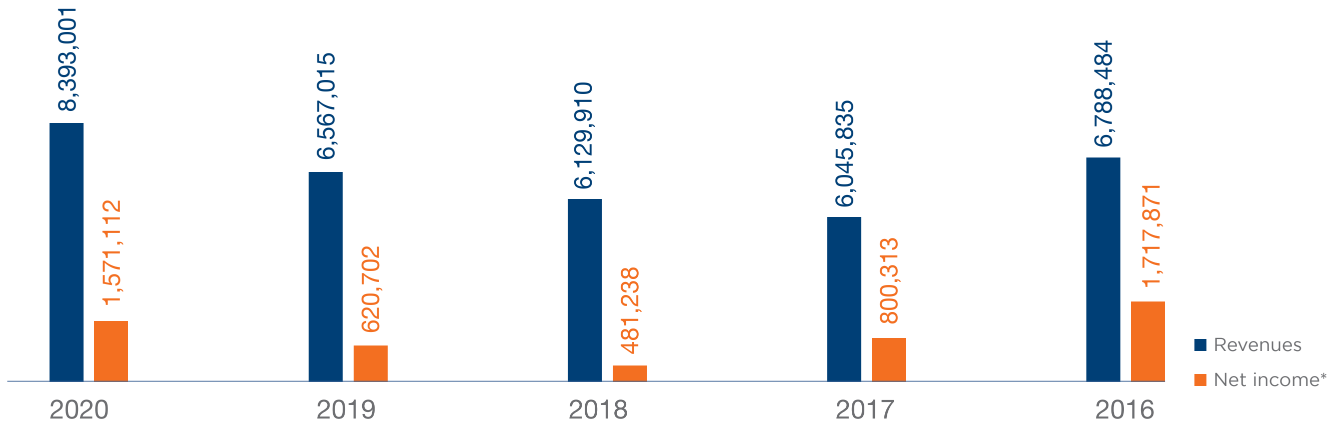
Bahri has an exceptional financial position reflecting its strong performance and indicative of the high solvency it was able to achieve and maintain. The table below is a summarized version of Bahri's business, assets and liabilities for the previous five fiscal years:

Business results:

	(SAR'000)				
	2020	2019	2018	2017	2016
Revenues	8,393,001	6,567,015	6,129,910	6,045,835	6,788,484
Operating expenses	(6,320,554)	(5,374,186)	(5,183,278)	(4,911,018)	(5,030,411)
Gross profit	2,121,789	1,426,997	1,240,234	1,320,681	1,892,331
Net income*	**1,571,112**	**620,702**	**481,238**	**800,313**	**1,717,871**

(*) Net income for the year attributable to equity holders of the parent company

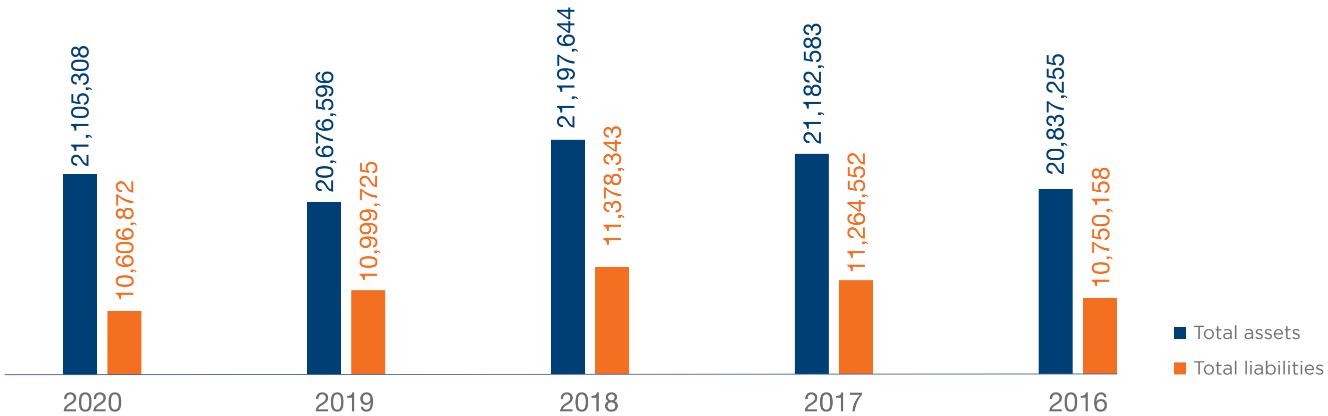
Thousands (SAR)



Assets and liabilities:

	(SAR'000)				
	2020	**2019**	**2018**	**2017**	**2016**
Current assets	3,907,212	3,737,763	3,320,796	3,561,802	3,812,768
Non-current assets	17,198,096	16,938,833	17,876,848	17,620,781	17,024,487
Total assets	21,105,308	20,676,596	21,197,644	21,182,583	20,837,255
Current liabilities	2,371,931	2,456,153	2,072,058	2,002,265	2,021,118
Non-current liabilities	8,234,941	8,543,572	9,306,285	9,262,287	8,729,040
Total liabilities	10,606,872	10,999,725	11,378,343	11,264,552	10,750,158

Thousands (SAR)



Loans:

Company	Note	Original loan amount	Opening balance	Balance added during the year	Payments during the year	Ending balance	Loan term (years)	Lender
Bahri	SUKUK	3,900,000	3,900,000	0	0	3,900,000	7	Public offer
	Short Term Loans	*813,000	260,000	190,000	450,000	0	-	Local/International Banks
	Long Term Loans	6,392,600	3,584,000	111,375	453,543	3,241,000	10	Local/International Banks/PIF
Bahri Chemical	Long Term Loans	3,014,000	1,426,629	153,000	398,825	1,181,000	10	Local/International Banks/PIF
Bahri Dry Bulk	Short Term Loans	*30,000	0	0	0	0	-	Local Banks
	Long Term Loans	810,000	418,650	235,000	22,050	631,000	10	Local Banks

*Represent total amounts available for use.


continue developing our fleet and meet
the needs of our partners regionally
and globally including SABIC and Saudi
Aramco.
ations and Challenges
Prospects

Business Model

Our business model is structured to deliver on our vision to connect economies, share prosperity and drive excellence in global logistics services.

It is tailored to the ongoing commitment and changes we endeavour to make every year, to ensure the most up to date and efficient processes are in place, in line with Bahri's overall strategic aims. The business model clearly articulates how the senior management team and our staff work in accordance with a clearly defined framework with input and output processes.

Inputs

Financial capital in the form of cash, financing facilities and equity

Proprietary owned equipment, including VLCCs, logistics hubs and overall infrastructure

A workforce comprised of 500 direct employees, and over 2,500 sea farers deployed on a contractual basis

How we create value

Contract types:

- Chartering vessels on long-term basis to our customers
- Contract of Affreightments (COAs), which we launch both long- and short-term, depending on the customer's requirements
- Spot contracts for return cargo / backhaul voyages, primarily used for chemicals, oil and RORO, and multipurpose vessels
- Different contracts for movement of cargo

Drivers of demand:

- Demand is driven by front haul for local customers, a significant portion of our overall revenue base, and back hauls for international customers

Safety and maintenance:

- Drydocking of vessels
- Vessel maintenance
- Insurance
- Tanker cleaning services
- Custom clearing services

Outputs

- Primarily service based outputs resulting from our input processes and value creation methods
- Financial capital in the form of cash, financing facilities and equity
- Proprietary owned equipment, including VLCCs, logistics hubs and overall infrastructure
- Relationships developed with customers and respective key senior management teams
- Experience and knowledge gained through working with numerous markets

Strategy & Vision 2030

Bahri has made meaningful strides towards realising long-term strategic goals during the course of 2020 despite the ongoing global public health crisis. Growth and diversity are key pillars that drive the business and its operations, and the Company has made significant progress in the past year towards driving significant change to both a number of processes and the approach to the revenue base. By prioritizing our core business segments, such as Bahri oil and Bahri chemicals, we were able to further strengthen our relationships with key partners, including Saudi Aramco and SABIC, which helped support the stability of operations in the Middle East.

As part of Saudi Vision 2030, the National Industrial Development and Logistics Program (NIDLP) continues to update and publish logistics enhancement projects for the Kingdom, which Bahri has capitalized on and will continue to monetize for the period. Saudi Vision 2030 and the associated logistics projects are vital to our continued growth, with a mutually beneficial relationship that improves the connectivity of the Kingdom to important global markets.

Looking to the future, we are proud to have commenced our journey towards digitalization, working in collaboration with selected partners to achieve the desired transformation. 2020 has seen a shift in market dynamics that have the potential to remain for an indefinite amount of time, so we are taking the initiative to invest in and create innovative new ways of doing business and optimizing operations. By enhancing our technology and IT infrastructure, we are equipping our workforce with the tools and capabilities to provide new services and new opportunities for engagement with entities across the region and, as we grow, into global markets.

Due to the efforts of the past year, to improve our business model both structurally and institutionally, we are excited to be looking to tap into adjacent markets to create additional revenue streams.

Main foundations of Bahri's strategy:

Growth and development of the Company's business to increase revenue

Development of the Company to become a global provider of logistical services

Achievement of a leading position in the Kingdom's logistical services sector

Diversification of Bahri's revenue base through expansion in logistics operations

Creation of added value for the Kingdom, shareholders and employees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Bahri البحري

Key Performance Indicators

Bahri uses a balanced score card to deliver on its strategy. KPIs are designed and monitored annually to ensure that the core strategic initiatives are implemented. Our aim is to ensure Bahri's business sustainability and growth in the current and adjacent businesses, and promote diversification.

As such, KPIs are set for key categories under financial, customer, people and processes for each business unit and functional units. They include metrics that ensure efficiency and competitiveness across our service lines and are monitored during the year to ensure performance. We also continue to expand our operations by diversifying, maintaining asset health and observing environment and safety performance.

As an example, under financial KPIs, key metrics include efficient budget control and optimization, maximize return on capital employed and achieve targeted net income through high business performance of the operating units. On customer satisfaction, Bahri targets this through its quality process and measures it through customer surveys conducted regularly for all its services and units. On process KPI's, examples include KPI's that ensure compliance with its fleet renewal program as part of Bahri reliable service offering. Finally, people KPI's are designed to make sure systematic training and development is made across the units in order to have capable and competitive human capital across the business.

Bahri's KPI's are approved and aligned from the board level all the way to the managing and performing employees.

1. Financial

- Efficient budget control and optimization
- Maximized return on capital employed
- Reaching target net income through high business performance

2. Customer

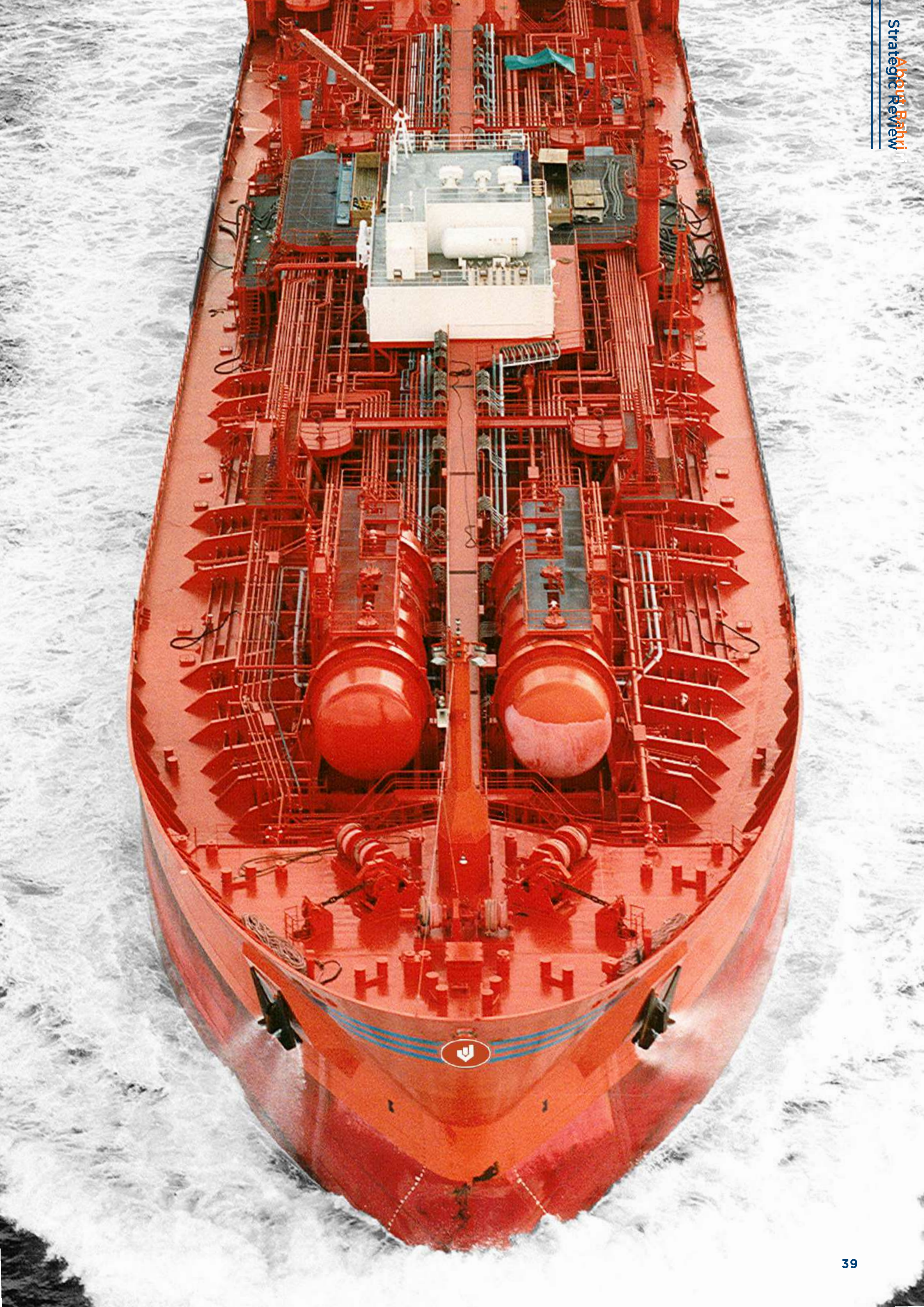
- Quality process
- Customer surveys for services and units

3. People and environment

- Systematic training and development of human capital
- Compliance with applicable regulations performance

4. Processes

- Ensuring compliance with fleet renewal program



Risk Management and Monitoring Policy

The Board regularly reviews company policy related to risk management to ensure approved policies and programs are implemented and risks to the Company are minimized.

The executive management also ensures that the risk management system, as well as specific risk mitigations, are implemented effectively and efficiently across all organizational levels.

The Company's approach to risk management considers the full breadth of risks, including those with financial and non-financial impacts (e.g. safety, environmental, reputational, and quality of service).

As with organizations worldwide, Bahri's risk management system was tested during 2020 by the COVID-19 pandemic. As a result, Bahri revised existing risks and created new risks, while the executive management increased the intensity of its risk governance to ensure risk mitigations were actively identified and implemented.

The maritime shipping sector, however, is not void of risks. These are mainly operational risks, such as threats posed by terrorist attacks, war and piracy, marine accidents, cargo damage and personnel injuries. Bahri assigns a high degree of importance to preventing and minimizing these risks. The Company does this by utilizing proper risk management systems, issuing certificates, classifying equipment and procedures, and providing safety training that contributes to safeguarding workers and cargo. Bahri also prioritizes quality assurance and ensures the efficient use of available resources.

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

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

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

Risks in 2020

With the onset of the COVID-19 pandemic, it was especially important for the Company to identify and factor in additional risk frameworks throughout the year. Bahri took a proactive approach to identifying and addressing opportunities as they came and worked to mitigate the consequences of the growing public health crisis. This year, we were successful in effectively converting a significant risk into an opportunity for growth during the pandemic, when the Kingdom and OPEC increased oil production. We also performed well as a business in navigating operational risks while maintaining a strong balance sheet.

We mitigated some of the downside risk created by the pandemic through diversification. While we lost a certain amount of logistics business due to the lockdown of ports, we were successful in transporting medical equipment into Saudi Arabia. We diversified our logistics business into air freight, the scale of which was previously minor compared to our core services. In responding swiftly to the challenges of the pandemic, we were effective in innovating on our existing services to create headroom for new revenue streams in adjacent sectors and segments we had not previously tapped into.

As part of Bahri's plan to continuing development and coordination of risk management process across the business, the Company prioritized risk awareness and training to reduce this gap in our risk framework, and we have since trained over 300 of our office-based staff.

Since Bahri introduced its annual risk report which has since grown into an important reporting initiative for the Company, becoming more extensive and comprehensive in 2020. Our annual risk report has instilled confidence across all parts of our business, demonstrating that Bahri has identified, managed and prioritised our areas of risk. Through this initiative, we have strengthened our corporate governance procedures and have since implemented a group wide risk register, risk processes, reporting and training. As such, Bahri's risk management reached a new level of maturity in 2020.

Areas of exposure

Bahri's areas of exposure are primarily economical in nature, followed by political and security, and finally in operational risk. These are not only assessed in terms of cost and impact, but also on a broad range of implications for safety, security, quality, the environment and our overall market reputation. We continue to improve our situational awareness and prevent complacency with the identification of new risks on a monthly basis.

The year ahead

Bahri is aware that the economy and Company's economic exposure to risk will increase in 2021, taking into account the ongoing COVID-19 global health crisis. We cannot predict, at this stage, other dynamics that may expose the Company to further risk, such as unexpected political and security issues, or economic volatility in certain regions. Bahri instead remains diligent in positioning ourselves to be able to capture opportunities as they arise. At the same time, we ensure that we maintain a robust risk framework to mitigate the impact of downside risks. As the outlook for 2021 remains uncertain, Bahri continues to evaluate its risk framework and positions the Company to identify and seize market opportunities, as well as manage potential risks.

Our People

Bahri has established a new benchmark in hiring talented and qualified individuals who are passionate to drive successful operations. During 2020, we continued to acquire new talent and grow our workforce. A total of 63 new staff joined the Company, with 30 each in Saudi Arabia and the UAE and three in the United States.

To facilitate the personal and professional growth and development of our employees, the Human Resources (HR) Department has always strived to provide them with a pleasant, enabling, and rewarding workplace, and the past year was no exception. We have dedicated the last three years towards improving our work environment, and as a testimony to this, we secured the runner-up position in the "Employer of Choice" category at the CIPD Middle East People Awards 2020.

The primary reason for our success is that we empower, train, and coach our people through facilitating education and training programs and ensuring that they have the opportunity to reach their full potential, while also adding value to the Company.

Continuing Focus on Fresh Graduates

For the past four years, Bahri has been offering training programs to new graduate recruits to help develop their skills and qualify them for working in the maritime shipping industry. We have continued these efforts through our Graduate Development Program (GDP) where we target fresh graduates in Saudi Arabia and the UAE. During the past year, there were 14 new joiners to the program.

In the near future, we plan to launch the GDP program in the UAE, further expanding the reach of our talent acquisition efforts. Last year, we signed a training services agreement with the National Maritime Academy (NMA) to train and upskill Saudi youth in the maritime sector. The onset of COVID-19 made the search for talent more challenging, as critical industry roles were closed during the pandemic period. Nonetheless, the recruitment process has been closely aligned with the business units, and we were able to successfully hire the right people for these critical roles.

We also improved our digital training offering with the implementation of LinkedIn Learning, which went live in September 2020, with 468 employees then activating their accounts. We recommended 174 courses on the platform, and a total of 1,009 training courses were completed by 106 employees.

Bahri places strong emphasis on nurturing a diverse and inclusive workforce. In 2020, we enhanced the level of diversity in the Company's onshore staff by increasing the number of nationalities from 42 to 49. We also improved gender diversity from 16% to 19%. It is noteworthy that the number of female employees in Bahri's workforce in Saudi Arabia has surged from three in 2017 to 37 in 2020. Females in managerial roles have increased from 1.3% to 2% and the average age of the workforce has dropped by four years.

174
recommended courses on the platform

1,009
training courses were completed by 106 employees

Improved gender diversity from
16% to 19%

49
nationalities as compared to 42 in 2019

Training

Bahri takes pride in its values and performance, which have made it an increasingly attractive employment destination for Saudi graduates. We provide access to training programs for all our employees to develop their professional competencies and increase productivity across all business sectors.

These include:

- Training programs: Bahri also offers various internal training programs aimed at personal and professional development. In cooperation with the National Maritime Academy (NMA) in Jubail, our main training partner, the first group of trainees began a comprehensive course in 2020 as part of the overall plan for increasing nationalization in maritime functions.
- Cooperation agreement with the Ministry of Human Resources and Social Development: In 2020, we signed a cooperation agreement with the Ministry of Human Resources and Social Development to raise awareness of the importance of CSR, heighten the efforts in boosting partnership between the public and private sectors, and further bolster the women empowerment initiatives.

"HR Team of the Year" at the GCC GOV HR Awards

Corporate Communications

At Bahri, the Corporate Communications Department (CCD) drives creativity and innovation by managing the Company's internal and external communications, promoting its corporate reputation, and strengthening and safeguarding its leadership position in the maritime industry. It also highlights the Company's brand identity, unique national role, and achievements to all stakeholders on local, regional, and global fronts. We do this through our established capabilities, locally-sourced talents, and technical excellence.

We emphasize the importance of transparency in stakeholder communication. We ensure that our Company reflects up-to-date and accurate information from all directions – websites, social media, employee communications, press releases, and publications. We also consider the environment and the communities in which we work and take deliberate steps to improve the world around us. We value our commitment to clients, shareholders, employees, and crews, and would never cut corners on what really matters.

Internal and External Communications Initiatives

During 2020, our team proudly served all of Bahri's business units and support functions by providing the best communication services with the highest quality. We managed several external events, including nine MoU signings and many Board of Directors meetings, as well as CEO and high-level visits and meetings.

As part of our internal communications initiatives, we conducted 34 campaigns, six surveys, and four contests among Bahri's employees and shared with them 182 internal messages during 2020. We also organized eight internal events on the occasion of important days such as International Women's Day, Day of the Seafarer, World Values Day, and Breast Cancer Awareness Month.

The Corporate Communications Department was also central to the release of Bahri's Annual Report 2019 and the launch of the Company's revamped website, and intranet, and refreshed corporate core values. Similarly, our team introduced correspondence, e-signature, and e-archiving platforms, email signature marketing, and branded Twitter emoji campaign.

Social Media and Campaigns

Leveraging our social media expertise, we launched social media accounts for the Company's joint venture BahriBolloré, in addition to adopting Sprout Social solution for social media management. We also launched several Twitter and LinkedIn campaigns. Bahri's social media channels saw significant growth in follower base and engagement in 2020. Notably, the LinkedIn channel recorded a 34% increase in the number of followers.

Media Relations

Media engagement is a key aspect of CCD's mandate at Bahri. During the past year, we stepped up our media outreach endeavors to garner increased press coverage for our events and announcements and enhanced brand image and reputation. We dispatched more than 20 press releases, published three issues of the Mersat Magazine, created 11 videos, and leadership articles on LinkedIn, in addition to developing corporate brochures. It is worth highlighting that Bahri won eight global and regional awards during 2020, and we are proud that CCD played an instrumental role in the nomination process.


Bahri
Bahri
Bahri

Sustainability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Sustainability at Bahri

Sustainability is at the core of our business operations. We seek to build a profitable business that operates safely, whilst contributing positively and responsibly to the health of our economy, our people, our local communities, our assets, and the environment, to ensure a prosperous future for all.

Bahri is proud to be a responsible organization and we have worked hard to embed sustainable practices into everything we do, including our company mission, our operations, our services, our risk management structures and our company governance.

Our Sustainability Management Approach

Bahri's sustainability management approach considers key aspects of ESG (Environment, Social, and Governance). The Company has developed a framework that defines our ambitions and highlights key focus areas that are consistent with the overall business strategy. The framework consists of four fundamental pillars, namely Environmental Protection, People and Safety, Responsible Business, and Creating Value.

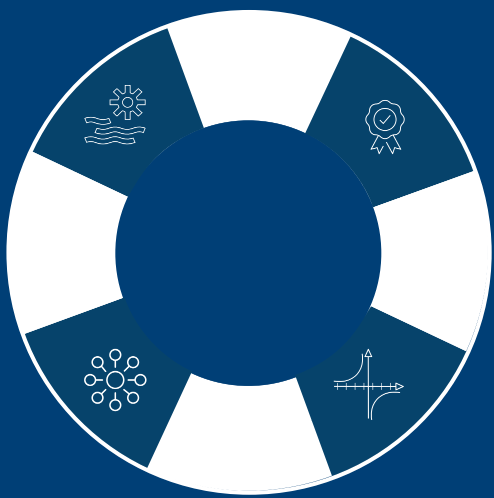
Bahri's sustainability framework

Environmental Protection

- Climate change
- Biodiversity and Ecological impact
- Ship recycling
- Wastewater and Waste Management

People and Safety

- Occupational Health and Safety
- Workforce Training and Development
- Diversity and inclusion
- Human rights



Responsible Business

- Governance and Compliance
- Risk Management, Accident and Disaster response
- Customer Satisfaction
- Digitization
- Innovation and R&D

Create Value

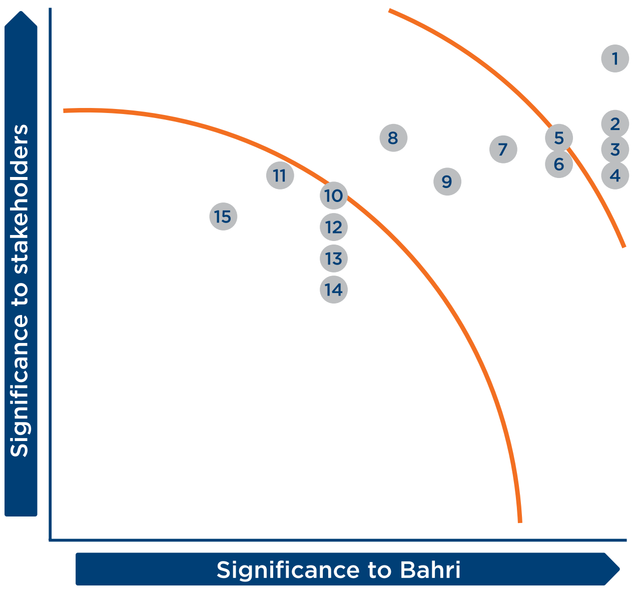
- Sustainable Supply Chain
- Community Investment and Humanitarian Relief

Stakeholder Engagement and Materiality

Engaging and empowering stakeholders with sustainable principles, decisions, and best practices is critical to ensuring that sustainability is owned and achieved by everyone who interacts with us. At Bahri, we build long-lasting partnerships with a variety of key stakeholders that we have identified, including our employees, customers, business partners, suppliers, investors, and the communities we operate in.

- Customers
- Employees
- Shareholders & Investors
- Local Communities
- Governments & Regulators
- Suppliers & Business Partners
- Logistics & Transportation Industry
- Media
- Board Members & Senior Management

Stakeholders play an important role in the business, and Bahri ensured that they were involved in highlighting the areas of sustainability that are extremely important. Through our materiality assessment process, we engaged our stakeholders to help us identify the issues that are essential for both our business (reflecting our economic, environmental, and social impacts) and our stakeholders (issues that substantially influence the assessments and decisions of our main stakeholder groups). The materiality process meaningfully highlighted the results of this engagement, identifying the fifteen core elements of the Company and their significance:



Most Important
1. Climate change
2. Governance and Compliance.
3. Occupational Health and Safety
4. Innovation and R&D
5. Biodiversity and Ecological impact

Very Important

6. Risk Management, Accident and Disaster response
7. Ship recycling
8. Customer Satisfaction
9. Workforce Training and Development
10. Digitization

Important

11. Diversity and inclusion
12. Human rights
13. Sustainable Supply Chain
14. Wastewater and Waste Management
15. Community Investment and Humanitarian Relief

Aligning to National and International Priorities

Bahri aims to align and support important national and international sustainability frameworks and commitments. This commitment is what separates Bahri from others, as we aim to lead the action in improving the social and environmental wellbeing for present and future generations.

The United Nations' Sustainable Development Goals (SDGs)

The UN's Sustainable Development Goals (SDGs) are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including poverty, inequality, climate change, environmental degradation, peace, and justice.

The UN's SDGs provide a solid framework for us to assess, align, and prioritise business activities.. Our strategy is to utilise the values of the SDGs to identify opportunities to maximise impact. Bahri partners with its clients, personnel, and stakeholders to support the delivery of the SDGs and build a more resilient, inclusive, and sustainable world.

Bahri recognizes that the 17 SDGs are integrated, meaning that action in one area will affect outcomes in others and that development must balance social, economic, and environmental sustainability, and there must be methods to govern this balance. We have worked to incorporate elements of all 17 SDGs into our programmes and management systems, but we have selected 7 goals in our sustainability strategy that we have concluded can have the greatest impact:

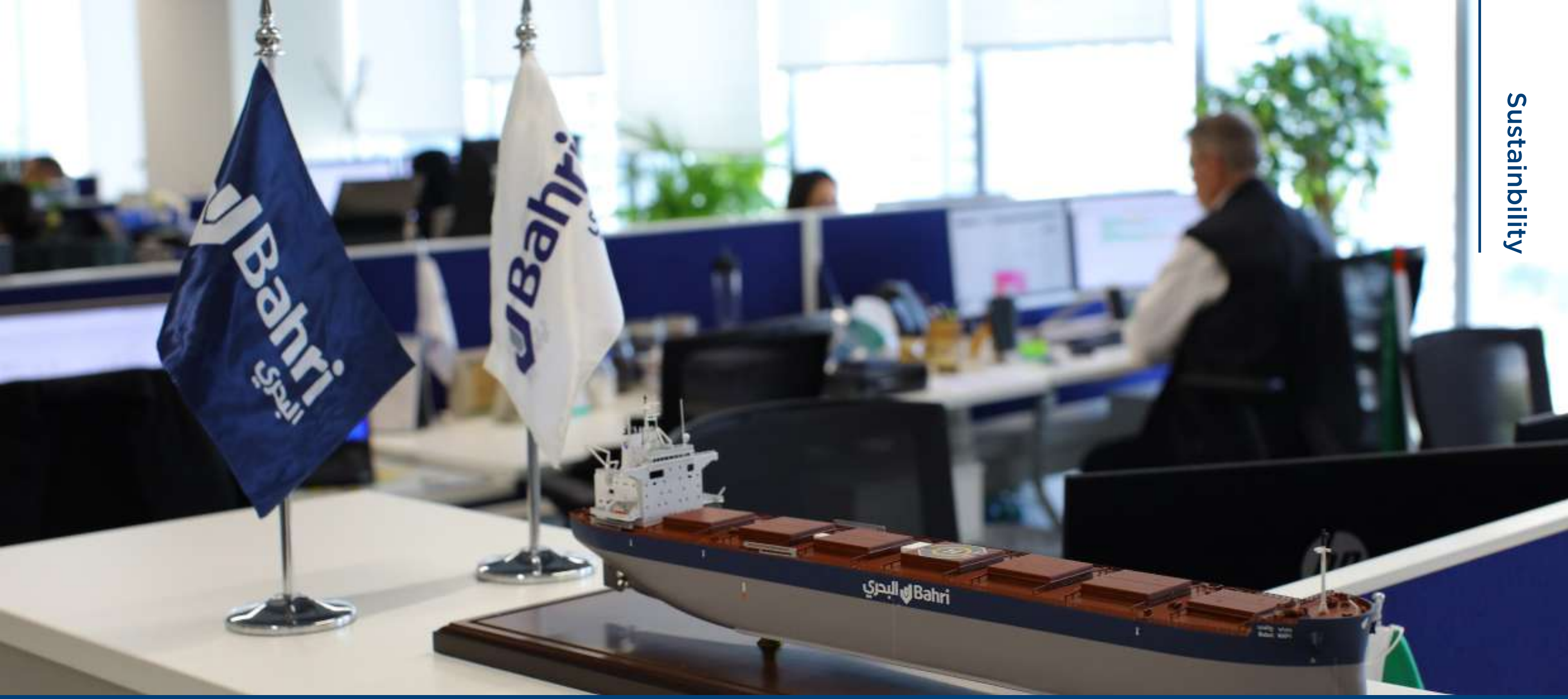
COVID-19 Response

The unprecedented global crisis caused by the COVID-19 pandemic has had major consequences for every sector of the maritime industry – and Bahri has responded to this unique challenge with a great deal of efficiency and resilience.

Bahri devised a three-pronged business continuity strategy based on people, customers, and business sustainability to respond rapidly to the shifting challenges. With the health and safety of our employees being a top priority, we launched a multichannel campaign to raise awareness of COVID-19 and general hygiene. 550 employees were quickly moved to remote working before returning to the office once it was safe to do so, with new infection control measures in place to allow for safe and effective working.

To ensure that we maintained the welfare of the crew during the pandemic, we distributed an intensive bonus to all seafarers, including those staying beyond their contracts, seafarers doing shuttle runs, and officers conducting Port State Control (PSC) inspections. We further supported seafarers by temporarily exempting them from company requirements, providing extra crew and relievers for critical cases, and arranging social activities and frequent dinners to keep the crew's morale high. The crew were also distributed over 1,300 calling cards and provided free unlimited internet to allow them to maintain contact with their families. Where it was safe for the movement of staff, we chartered several flights for seafarers, directed vessels to ports where crew change was permissible and reached out to embassies and government entities to support crew relief.

At a national level, Bahri donated SAR 10 million to back the initiatives of the Ministry of Health and also offered to place its expertise, maritime fleet, logistics services, and offices around the world at the disposal of the Ministry to support the government in the fight against COVID-19. Furthermore, to help ensure the uninterrupted supply of medical equipment to prevent the spread of the pandemic, Bahri operated cargo flights from China to Saudi Arabia to transport medical supplies to the National Company for the Unified Purchase of Medicines, Devices and Medical Supplies (NUPCO).



Transported
11.14 m
surgical masks

Transported
153,335
face shields

Transported
92,851
protective goggles

Donated
SAR 10 m
to back the initiatives of the Ministry of Health to fight the pandemic

Distributed
1,300+
free calling cards to seafarers to contact families

Transported
2.6 m
latex medical examination gloves

Activated remote working for **550** employees in KSA, UAE, US and India

Environmental Protection

Minimizing the negative environmental impacts and ensuring the highest standards of environmental management

Environmental protection is a complex and urgent matter that must be targeted by all sectors of society and all economies of the world. At Bahri, we have taken an approach to climate change, which supports the use of innovation and technology to achieve a cleaner, more energy-efficient, and sustainable global economy that is conscious of the limited natural resources. We realize that as a large international logistics and transportation company we have an important role to play in transitioning away from environmentally detrimental activities to cleaner, more sustainable alternatives, when possible. Bahri is committed to reducing not only its direct operational impact, but also the indirect emissions that may be caused through clients, partners, or our supply chain.

Bahri's environmental strategy recognizes the risks and opportunities that climate change presents to the logistics and transportation sector and the global economy. As a result, our Environmental Management Systems (EMS) are driven by environmental policy and targets. The Bahri Ship Management (BSM) offices, subsidiary oqned completely by Bahri and the entire Bahri fleet managed by BSM are ISO 14001 certified to ensure that we maintain best practices. In addition, we regularly conduct environmental impact assessments and track these impacts in a company register.

Bahri's Health, Safety, Environment, and Quality (HSEQ) Manual establishes procedures for identifying the impact of its core activity on the environment, which is also included in the company policy related to Environment Protection. Based on the evaluation of each impact, guidelines have been issued for safe, environmentally conscious operation of ships, with Key Performance Indicators (KPIs) in place to monitor compliance. We also have Environmental and Energy Management objectives with established targets that are being reviewed regularly.

The environmental management procedures ensure compliance with the International Convention for the Prevention of Pollution from Ships (MARPOL), ISO 14001 standards, and other industry standards for environmental protection.

Climate Change and Energy

We embrace our responsibility to understand and manage our own direct impact through our operations and behaviours. This is reflected in our environmental management procedures that help track and monitor our impact, including our carbon footprint. Our emissions are calculated and monitored in line with the International Maritime Organization (IMO) Data Collection System (DCS) guidelines.

We track the performance of our vessels by monitoring speed, fuel consumption, hull efficiency, and other measurable aspects of ship locomotion. Suggested actions that lead to improvement can then be implemented, such as hull cleaning, propeller polishing, and speed adjustments. Based largely on these actions, Bahri's total energy consumption in 2020 dropped by 4% in comparison to the previous year.

Energy Consumption	**2018**	**2019**	**2020**
Total energy consumption (GJ)	15,488,047	14,549,428	13,950,043
Total electricity consumption (MWH)	746,912	9,336,487	818,235
Fuel oil (tons)	1,012,219	960,308	880,325
Gas fuels (tons)	53,165	58,269	63,743

Emissions	**2018**	**2019**	**2020**
Direct greenhouse gas (GHG) emissions (Scope 1) (tons of CO2eq)*	3,267,634	3,119,774	2,942,321
SO2	72,701	59,261	11,181
NOx	61,370	56,904	54,684

* Indirect GHG emissions (Scope 2) will be negligible, as only small amounts of shore power are supplied to vessels during the drydocking period and this is not tracked from an emissions point of view.

In 2020, Bahri managed to reduce its Scope 1 and Scope 2 emissions by 6%. Other greenhouse gas emissions were also reduced, including SO2 and NOx, which were reduced by 81% and 4%, respectively, in comparison to 2019.

We have also worked to reduce emissions through a variety of measures, including:

- Optimization of fuel consumptions on vessels, by operating vessels at the most economical speeds
- Periodical underwater hull inspections and annual vessel cleaning
- Installation of shaft power management equipment to improve energy efficiency and power management
- Installation of exhaust gas cleaning devices (scrubbers) on new build bulk vessels
- Registering and submission of fleet vessels with EU MRV (Monitoring, Reporting, Verification) and IMO DCS for monitoring GHG emissions

Waste Management

2020 brought about opportunities and challenges in many environmental focus areas but particularly waste. The need for safe working environments meant challenges of increased disposable items to minimise contamination. This was, unfortunately, unavoidable and noticeable across all of society, not just our company. However, the pandemic also allowed for opportunities such as refocusing our waste efforts particularly on paper consumption, which was a major environmental KPI for our offices.

Bahri migrated away from paper filing to electronic record-keeping systems and adopted electronic signature systems to avoid printed or physical documents. The company fleet achieved similar objectives and now most documentation and reporting are electronic, greatly reducing paper usage and printing costs and impacting waste generation.

Overall, Bahri generates zero hazardous waste, and, in 2020, we reduced our non-hazardous waste generation by 17% compared to 2019; a direct result of the success of various waste reduction schemes.

	2018	2019	2020
Total waste produced (tons)	6,080	5,806	4,799

Bahri implements strict measures to prevent oil spills and has safety, management, and emergency plans for handling spillages if they do occur. We continuously train our employees, monitor the integrity of our assets, and strive to reduce the risk of oil spills, while aiming to improve our ability to respond to spills should they still happen. 2020 saw only one spill on one Bahri vessel due to an accident, causing 100 liters of fuel spillage. We continue to learn from these accidental spills to constantly improve our performance.

Oil Spills	2018	2019	2020
Total number of oil spills	2	1	1
Total volume of spills (liters)	1. 4,400 liters. (Lube Oil) 2. Minor quantity (Fuel Oil)	50 ltrs. (Fuel Oil)	100 liters. (Fuel Oil)

Water Management

Water is one of the world's most precious and vital resources. But as populations grow, so does the pressure on water resources. At Bahri, we aim to use water responsibly and sustainably and to protect our water sources.

Almost all the water consumed on Bahri's ships is generated using the onboard freshwater generators. Our vessels comply with the IMO Ballast Water Management (BWM) convention, and as a result, the Ballast Water Treatment Systems (BWTS) are being fitted on all vessels as per a designated schedule. For those vessels that are still without a ballast water treatment system, a ballast water exchange system is being used instead.

As a result of these projects, we managed to reduce our overall water consumption in 2020 by 10% compared to 2019.

Water Consumption	2018	2019	2020
Potable water consumption on vessels (m3)	414,694	389,707	352,410

Biodiversity and Ecological Impact

Bahri recognizes the importance of maintaining the biodiversity of the land and oceans and reducing its ecological impact. We are committed to implementing measures that not only benefit our business operations making us more sustainable, but also benefit and protect the wider environment.

A key programme from 2020 was implementing the Ballast Water Management Plan (BWMP) to reduce our water use. Not only does this programme greatly reduce our direct operational impact, but is also part of a larger program seeking to limit ecological impacts and protect local marine life in ports in all our shipping destinations. As part of this programme, all vessels must follow the required standards as defined by MARPOL and other IMO instruments to ensure the prevention of pollution, which helps to protect biodiversity and maintain healthy ocean ecosystems.

Bahri's comprehensive EMS encompasses all aspects of pollution that could negatively affect marine biodiversity and ecosystems. This includes limiting solid and liquid waste discharges into the sea and reducing air pollution through the use of compliant fuels and exhaust gas cleaning systems or scrubbers. All our vessels comply with the IMO cap of 0.5% sulphur emissions, and all vessels have been recently surveyed and certified for IMO's Hong Kong International Convention on the inventory of hazardous materials (IHM) used on ships.

Reduction of noise pollution is also imperative for Bahri. We use tools and equipment in accordance with IMO guidelines to reduce underwater noise. Our new-built vessels have their propellers and hull forms designed for the best efficiency and cavitation reduction.

Outlook

Bahri is committed to reducing its GHG emissions by 50% by 2050. To achieve this target, we are continually looking into implementing various innovations and technologies for reducing emissions. Promising options are reviewed and evaluated based on how they could be developed as part of a long-term strategy.

We also seek to further reduce our water impact in 2021 with a planned water desalination project that utilizes floating barges. Delivery of the first barge is expected in 2021.


قيادة
عالمية
في الخدمات
اللوجستية والنقل
Bahri
البحري

Responsible Business

Maintaining an effective and robust governance structure, fostering a highly ethical culture, conducting business with integrity, putting in place effective risk management and internal controls, and ensuring compliance with all legal and regulatory requirements to help us deliver services that add and create value.

Bahri's management approach to responsibly running the business is rooted in its core values and company morals.

Governance and Compliance

Bahri strives to continually ensure, through the management and governance of its policies, procedures, and systems of internal control, that maintain robust standards of business conduct and transparency. We understand that good governance and compliance must be at the core of every responsible business, so we work hard to ensure all areas of Bahri, from our head offices to our smallest vessels, operate with this in mind. To achieve this, we have implemented a variety of policies and procedures into every level of the business. In 2020, we worked on the following eight policies:

Audit and Risk Committee Charter	Board of Directors Charter
Disclosure and Transparency Policy	Dividend Policy
Investment Committee Charter	Nomination & Remuneration Committee Charter
Related Parties Policy	Whistle-blower Policy

As part of our commitment to good corporate practice, we joined the Maritime Anti-Corruption Network (MACN) in 2019 to promote collective anti-bribery efforts in the shipping industry.

Our Code of Conduct is our guide to doing business ethically. All employees must make themselves familiar with, follow, and commit to living our values. We recognize that simply having a policy is not enough, so we provide mandatory training on the Code of Conduct as part of the induction process for all new hires. The Code is also regularly refreshed through internal communications amongst colleagues of all levels to ensure they understand and fully comply with the policy. We will continue to take corrective measures to avoid any conduct and compliance incidents from occurring in the future.

From an environmental perspective, both the Company and its ships are periodically audited for compliance against our Environmental Protection Policy. Any breaches or non-conformities noted during these audits are then investigated to determine the root cause, and the needed corrective or preventive measures are taken. These data are being shared with stakeholders via the periodic Environmental Performance reports.

Our IT team manages all cybersecurity threats and incidents as per Bahri's Incident Response Policy, taking the appropriate corrective actions. We have implemented an ISO-certified Information Security Management System (ISMS) –ISO 27001:2013– that covers the protection of assets within Bahri. Our operations have constant security with monitoring 24 hours a day, seven days a week. Bahri complies with the National Cybersecurity Authority (NCA), the Tanker Management and Self Assessment (TMSA), and the Baltic and International Maritime Council (BIMCO) in this area.

In 2020, we had zero incidents relevant to data security breaches or security.

Data Security Breaches	2018	2019	2020
Number of data security breaches	0	0	0

Risk Management

Bahri's Enterprise Risk Management (ERM) framework ensures that we maintain a clear, systematic, transparent, and continually monitored and reviewed structure that is aligned with ISO 31000:2018 and considers the full breadth of risk sources and impacts affecting the business. In particular, risk identification considers both internal (e.g., operational) and external (e.g., economic, market, political, environmental) risk sources. For all identified risks, Bahri follows appropriate mitigation measures.

All business risks, including risks related to corruption in Bahri's operations, fall within the existing ERM framework, while all risks associated with environmental protection, including emissions reductions, have been mitigated by introducing control measures recommended within the industry guidelines.

Digitization and Innovation

Utilizing digitization and innovation is important to achieve truly responsible business practices. That is why we have implemented a variety of technological solutions to support corporate, operational, and commercial processes over the past year, including:

- Enterprise applications for many of our functional units, including Finance, HR, Admin, Strategy, EPMO, Procurement, Legal, and Corporate Communications
- Business applications for our five business units, namely Ship Management, Oil, Chemicals, Dry Bulk, and Logistics
- Reporting and Business Intelligence (BI) analytics to measure financial and operational performance
- 27 digitalisation projects in IT to enhance performance and increase efficiency

In 2019, Bahri embarked on its digital transformation journey to adopt advanced technological innovations. Bahri has launched and implemented various programs that adopt and implement ground-breaking technologies and innovative practices for its commercial business units (Oil, Chemicals, Dry Bulk) and is in the process of the same digital transformation for its Ship Management and other corporate units, which is planned to be completed in 2021.

We continuously work to reduce complexity by digitising business operations and streamlining processes across the supply chain. Many of our business applications feature portals and mobile apps such as the Bahri Seafarer Portal App and Bahri smartPAL Portal to enable greater business collaborations.

In 2020 Bahri signed an agreement with Tabadul for the implementation of Fasah Pay a platform that enables businesses to create and raise invoices for customers to be paid via a Sadad number. This portal will enable Bahri to become a more efficient business through accelerated financial trade through the billing and payment processes.

Customer Satisfaction

One of the most important business aspects for Bahri is customer satisfaction. It is one of the foundational principles of responsible business, and we take this very seriously. We regularly measure the satisfaction of our customers through surveys and seek to ensure we meet their requirements by complying with the Tanker Management and Self-Assessment (TMSA 3) standards.

	Customer satisfaction	2018	2019	2020
Bahri Chemicals	Bahri executives Survey (10 questions)	-	-	9/10
	Bahri operations survey (14 questions)			9.2/10
Bahri Oil	Customer Satisfaction Survey (out of 10)*	-	9.7	8.85
	Number of customers that took part in the survey	-	9	25

* Survey includes two sections: executive and operational

Outlook

We aim to implement 10 new IT digital transformation and optimization programs. We also plan to continue our risk awareness activities to maintain key risk-related messages.

People and Safety

The success of everything we do relies on the safety of our workplace and our human cpaital. We are committed to developing our people to reach their full potential and making health and safety an integral part of our day-to-day business and culture through driving a safe and healthy work environment led by best practices.

Bahri takes care of its people and ensures their safety at all times. We do this with a management approach that focuses directly on this principle. As a result, we were "highly commended" in the "Employer of Choice" category at the 2020 CIPD Middle East People Awards with second place. In addition, our HR team won the "GCC GOV HR Team of the Year" award at the GCC GOV HR Awards in 2020, while being shortlisted as the "Employer of the Year" in the Future Workplace Awards.

Workforce Profile	2018	2019	2020
Full-time employee equivalents (FTEs)	527	545	562
Employees by contract:			
• Permanent contracts	527	545	562
• Temporary contracts	8	6	2
Workforce by job category:			
• Senior management employees	7	8	7
• Middle management employees	39	41	38
• Non-management employees	482	495	515
Workforce (On land and at sea):			
• At sea	4327	4365	4224
• On land	527	545	562
Trainees:			
• Number of trainees	62	118	97
• Number of female trainees	1	24	19

Occupational Health and Safety (OH&S)

Bahri's HSEQ Manual ensures high standards in relation to health, safety, environment, and quality are applied at all our locations and in all our business areas. It outlines our detailed approach to Environmental Health and Safety procedures, indicators, and enforcement policies.

Considerable attention is devoted to strengthening safety culture, which directly influences the number of incidents caused by human error. Safety and cultural dynamics are continually monitored throughout our ship fleet, and regular health and safety training sessions are conducted for personnel to develop adequate emergency response skills.

The entire Bahri fleet, managed by BSM, is covered under ISO 45001:2018, and all ship staff are covered by protection and indemnity (P&I) insurance and provided adequate medical insurance during their employment period. Further legal requirements of the Safety of Life at Sea (SOLAS) Convention / International Safety Management (ISM) Code are always met with up-to-date Documents of Compliance and Safety Management Certificates on all our ships.

In 2020, Bahri achieved its lowest Lost Time Injury Frequency (LTIF) and Total Recordable Case Frequency (TRCF) figures in the past 10 years, with the number of fatalities dropping to our goal of zero.

Health and Safety	2018	2019	2020
Number of fatalities	0	3	0
Total Recordable Case Frequency (TRCF)	1.20	1.52	0.73
Lost Time Injury Frequency (LTIF)	0.60	0.71	0.42
Percentage of employees who received HSE training	100%	100%	100%

Training and Development

As part of our commitment to the Saudi Vision 2030, we are committed to fostering local talent to stimulate the growth of the maritime industry.

Through the Summer Training Program (SAIFI), the Cooperative Training Program (COOP), the Graduate Development Program (GDP), and a partnership with the Faculty of Marine Sciences at King Abdulaziz University and the MiSK Foundation, we provide training opportunities to university students and graduates in many areas of the shipping sector. In 2020, two COOPs became GDP participants before being taken on as official employees. We also provided all-expenses-paid training opportunities to 78 students onboard the Company's vessels last year.

In addition to these programs, Bahri offers 100% financial support for employees wishing to complete a university or technical degree.

In 2020, employee training was limited to online platforms due to restrictions mandated in response to the COVID-19 pandemic. This was largely responsible for the drop in training hours experienced over the past year.

Training	**2018**	**2019**	**2020**
Total training delivered (hours)	26,274	27,207	9,554
Average training per employee (hours)	55.8	47.0	3.5

Performance Reviews	**2018**	**2019**	**2020**
Number of employees who received a performance review	513	486	517

Employee Engagement	**2018**	**2019**	**2020**
Employee satisfaction score	NA	75%	74%
Employee engagement (%)	NA	71%	77%

Diversity and Inclusion:

Developing HR policies that promote inclusion, diversity, and gender equality is of the utmost importance to us. In line with the Saudi Vision 2030, Bahri is committed to increasing women's employment in its offices through different roles, ranging from technical to management. Since 2018, women's employment raised from 15.75% up to 19.22% in 2020, with an overall target to reach 30% of the workforce. Bahri provides targeted training programs to facilitate the skills development for female employees, along with initiatives to foster an open and gender-balanced workplace culture. To offer equal career opportunities and attract more females into our workforce, we redesigned our KSA offices to accommodate higher numbers of female staff.

Workforce Diversity (excluding trainees, students, and outsourced staff)	**2018**	**2019**	**2020**
Number of nationalities	41	44	53
Workforce by age:			
Employees aged 18-30	34	56	58
Employees aged 31-50	118	125	127
Employees aged 51+	22	22	18
Workforce by gender:			
Male employees	444	451	454
Female employees	83	94	108
Female employment:			
Female employees in middle management	8	8	9

New Hires	2018	2019	2020
Total number of new employee hires:	120	108	82
New hires by age:			
Ages 18-30	47	45	32
Ages 31-50	68	60	44
Ages 51+	5	3	6
New hires by gender:			
Males	98	77	57
Females	22	31	25

Human Rights

We recognise and strive to meet our corporate responsibility to respect human rights along with a duty to protect them. In 2020, Bahri implemented its Qualifying Life Event (QLE) policy and launched a new whistleblowing policy. The QLE policy was particularly ground-breaking, allowing for employees that experience changes in life situations, such as getting married or having a child, to receive additional health benefits to help cover new or expected future expenses.

Outlook

We aim to develop and implement a comprehensive mental wellbeing program for seafarers and seek to expedite the development of OH&S awareness programs for non-seafaring staff that visit Bahri's vessels. These changes are based on our membership to the International Seafarers' Welfare and Assistance Network Social Interaction Matters (ISWAN SIM) Part II project that is aimed at improving the wellbeing of seafarers.

We are currently developing an equal opportunity policy to be finalized next year and evaluating the potential for work under ISO 30414:2018 Human Capital Reporting (HCR) standards framework.

Creating Value

Contributing to the sustainable development of our community through engaged partnerships and collaborating to benefit our community through investing in initiatives that create a lasting positive impact

To achieve our visions and aims, we realize that we need a thriving economy with economic participants. To be economically active, we need a wider society to be skilled and educated so that they may contribute and engage with our business. By ensuring that we are providing wider development opportunities to society, we will be ensuring that present and future generations are able to participate to their full potential. Bahri's management approach to creating value is intertwined with having a positive impact on local communities. When we focus on these communities and their wellbeing, we create more value – not only for ourselves, but also for the communities where we operate.

Bahri's value creation and community support are underpinned by the Asset Based Community Development (ABCD) approach to creating value, which involves working with various organizations and institutions to identify and develop local talent. This helps promote self-sufficiency that allows employees to take care of their families and contribute to the development of Saudi society. Bahri's core principles support sponsorships and donations, which is aligned with our Code of Conduct and Corporate Strategy. We focus on supporting UN's SDG #4 – Quality Education and UN's SDG #5 – Gender Equality, especially in the pursuit of women empowerment in the shipping sector.

Community Investments

Our commitment to giving back is inspired and driven by the strong desire to have an enduring, positive impact on people, the planet, and the maritime industry. To this end, Bahri's CSR initiatives are largely focused on environmentally friendly practices, youth development, and women's empowerment.

In 2020, Bahri signed a cooperation agreement with the Ministry of Human Resources and Social Development to further develop the Corporate Social Responsibility (CSR) culture in Saudi Arabia. Through this partnership, both parties agreed to focus on raising awareness about the importance of CSR, including heightening their efforts to boost collaboration between the public and private sectors. As a result, our community investments began to be tracked accurately starting in 2019.

Another promising initiative launched in 2020 was a partnership between Bahri and the Computer Rehabilitation Charitable Organization (Ertiqa) in Saudi Arabia to promote the reusing and recycling of used computers within the Kingdom.

Sustainable Supply Chain

Bahri recognizes that we have a role to play to promote sustainability in wider society. We realize that the clients and connections we associate with also have a positive role to play in creating lasting value for the company, stakeholders, and the community. Whilst we accept that we cannot influence the activities of our clients; we will work to ensure that we maintain our values and standards when interacting with them. This includes making them aware of our positions on topics, including human rights, corruption, and environmental stewardship. Vendors must understand and sign our terms and conditions for procurement standard contract, which includes a clause for conflict of interest and covers anti-corruption policies with the right to terminate the contract if any breach is noticed.

To help make our supply chain more accountable and transparent, Bahri has a pre-qualification questionnaire that applies to all registered vendors. This is used as an initial assessment to gauge their tentative fit within the supply chain. Vendors require ISO certifications to ensure they comply with our stated requirements. All vendors are also expected to abide by our Code of Conduct.

At Bahri, we implement procedural requirements to apply suppliers' audits within certain categories. At present, this requires mandatory audits for any vendors categorized as "critical" in our system, which includes manning agents, security service providers, and riding squad suppliers. Suppliers in the "major" or "normal" categories are not subjected to these audits. These procedures are covered under our Vendor Management procedures. All companies are assessed based on our sourcing Code of Conduct to maintain the highest level of business integrity.

Suppliers Audit	2018	2019	2020
Number of suppliers that were subject to audit	N/A	8	13

In line with the Saudi Vision 2030, Bahri is committed to supporting and enhancing the local economy wherever it can, including through local procurement. By working with local suppliers, we can ensure that Bahri has an indirect economic and social effect in the communities that we work in by providing employment and income to local businesses. In 2020, Bahri spent more than SAR 4.9 million on local procurement and remained committed to supporting the local economy.

Local Procurement (KSA)	2018	2019	2020
Total number of suppliers engaged	662	661	679
Total number of local suppliers engaged	19	18	20
Total procurement spending (billion SAR)	0.55	0.64	0.57
Procurement spending on local suppliers (million SAR)	10.8	7.9	4.9

Humanitarian Relief

Bahri continues to maintain its commitment to creating a positive impact that goes well beyond providing industry-leading operations and services. Humanitarian relief and response are critical to all seafaring businesses, and we remain dedicated to supporting relief efforts whenever it is safe and necessary.

Responding to Distress Calls

In 2020, two Bahri ships responded to a distress call and rescue request. The first was the Bahri Arasco, which responded to a distress alert from a fishing vessel taking on water off the coast of South Africa. Though the fishing vessel sank, all the 62 crew members were rescued.

In a separate incident, the Bahri Wafi answered a distress call through a search and rescue operation for a vessel in the Arabian sea. The ship was located off the coast of Oman and had a fire reported in the engine room. The crew of the Bahri Wafi took the role of on-scene coordinator and rendered required assistance for the 18 crew members on-board.

Outlook

Our approach to corporate citizenship is a continuous journey. In 2021, we aim to roll out the revived version of our CSR strategy that engages with more stakeholders and seeks to address more areas of challenge. The updated strategy is guided by our values and aimed to continuously enhance Bahri's ethical, social, and environmental performance by embedding social responsibility into our business operations and stakeholder engagements.

Operational Review


بحري أبها
Bahri ABHA

Market Overview and Predictions

With the onset of the COVID-19 pandemic, the shipping industry experienced an incredibly unpredictable year. The global economy took a significant hit with countries implementing social distancing and other measures to deal with the crisis. Saudi Arabia's GDP experienced significant contraction, made more difficult by the volatility in oil prices and responses taken by OPEC.

Trade growth predictions were uncertain throughout 2020. The WTO disclosed that trade was marked with signs of rebound from the pandemic but forecast a 9.2% decline in the volume of world merchandise trade. This effect is expected to be less significant in 2021, with a 7.2% rise. Trade performance exceeded expectations mid-year as countries began to ease restrictions imposed as a response to the pandemic.

Global freight volume grew by just 1.2% in 2019, compared to the projection of 2.6% at the beginning of the year. Growth was projected to increase to 2.7% in 2020 according to the WTO, below their previous forecast of 3%.

In the first half of 2020, freight rates were higher compared to 2019 for most routes, with reported profits of many carriers exceeding 2019 levels. While keeping freight rates at levels that ensure economic viability for the sector may have been justified as a crisis-mitigation strategy, sustained cuts in ship supply capacity for longer periods and during the recovery phase will be problematic. It will have a negative impact on maritime transport and trade, including shippers and ports. Furthermore, on 1st January 2020, the International Maritime Organization (IMO) implemented a 0.5% sulfur cap on bunkers to ships that operate outside Emission Control Areas. There was adequate compliance with this regulation throughout the year, despite expected disruptions due to COVID-19.

This year, global maritime trade decreased by 4.1%, with new waves of the pandemic expected to further affect supply chains. Nonetheless, the global shipping industry is critical in attempts to navigate the consequences of the pandemic, as it is expected to facilitate the continued operation of international supply chains. Although many variables remain uncertain, UNCTAD predicts a positive outlook for 2021, with an expected 4.8% increase in maritime trade growth.

The pandemic has underscored the global interdependency of nations and we expect new trends in the maritime transport landscape. The sector does face both short-term concerns from COVID-19 as well as longer-term shifts in supply chain design and patterns in spending habits, sustainability and risk assessment. Nonetheless, the pandemic has made clear that maritime transport plays a critical role in these circumstances. As such, the sector aims to continuously deliver supplies and maintain global trade.

Oil sector

The oil sector similarly witnessed an unprecedented hit as a result of COVID-19. Members of OPEC+ signed agreements to reduce the amount of oil production to mitigate these impacts. The International Energy Agency (IEA) latest estimates show a drop in oil demand of 8.8 million barrels per day year-on-year in 2020. In December, OPEC cut its forecast for 2021's growth in oil demand, explaining that there remains high level of uncertainty with regards to impact of the pandemic. The forecast for world oil-demand growth was therefore reduced by 350,000 barrels a day, to 5.9 million barrels per day. In 2021, demand is expected to return to ~96% of 2019 levels.

Midway through first half of the year, market experienced a spike in oil production by OPEC+, resulting in a demand boost. While major consuming countries increased imports to take advantage of record low oil prices, traders piled in to benefit from the contango opportunity, leading to a surge in tonnage demand for both imports and storage. Owners further benefited from the low bunker prices tracking crude oil. VLCC earnings topped out in March with BITR TD3 TCE reaching USD 250,000 per day.

In the second half of the year, new waves of the pandemic were seen across the globe and a "lower for longer" demand scenario emerged. While demand recovery remained muted, tonnage availability moved into an oversupply situation as port congestions dissipated and storage vessels returned to trading fleet. This was exacerbated as new build units were delivered, while scrapping remained nominal.

US monthly crude oil exports reached historic highs of 3.7 million barrels per day in February 2020. However, this was short-lived as demand dropped with the pandemic and global lockdowns leading to significant economic slowdown. As oil prices hit historic lows midway through H1, price sensitive shale oil producers resorted to cutting production and reducing exports. US exports reached a low of 2.75 million barrels per day by June 2020, a ~25% drop from the highs of February. With demand improving during the second half, exports recovered in a gradual reversion back to near term mean levels, averaging 3.1 million barrels per day.

US Crude Exports ('000 Bbls)	
Jan	3,251
Feb	3,708
Mar	3,557
Apr	3,077
May	2,929
Jun	2,753
Jul	3,267
Aug	3,298
Sep	3,238
Oct	2,935
Nov	2,726
Dec	3,371

Continued restrictions on economic activity due to the pandemic are to keep demand growth relatively subdued in the near future. Nonetheless, global economy is expected to gradually gain pace into H2 2021 as the vaccine is rolled out and the spread COVID-19 controlled. The demand for crude oil is then expected to increase in H2 of next year, triggering more seaborne imports and tonnage requirements, benefiting the tanker market.

Logistics sector

The Kingdom's geographic location between Asia, Africa and Europe is advantageous to it becoming a global logistics hub, yet the logistics sector overall has experienced a direct impact from the onset of the COVID-19 pandemic. The combined macroeconomic factors including GDP contraction in KSA, worldwide

lockdown measures as well as oil prices and production cuts had negative impacts in 2020. Therefore, in the short to medium term, there is an effect on the supply chain that in turn influences competition and economic growth. Despite these developments, infrastructure and transportation spending is still rising. Up through Q3 of 2020, SAR 38.4b (USD 10.2b) has been spent on related projects in Saudi Arabia. The Ministry of Finance estimates that that spending on infrastructure and transportation will continue to increase, in line with the National Industrial Development and Logistics Program's (NIDLIP) objective to enhance the financial sustainability of logistics development.

According to the latest market predictions, various regions in the USA, European and Indian markets are indicating a dramatic increase on the export and import market. Major EPCs and manufactures are releasing RFQs and tenders for upcoming projects that will kick-start in the first half of 2021. The Breakbulk and RORO market is accepting the rate increase since high major rate increases are taking place in the container market, consisting of tradelines. The India and Middle East export markets remained soft for the year 2020. As such, we do not expect an increase until the end of Q1, 2021. Furthermore, as part of the market expansion plan into China, we expect the start of new business with major freight forwarders, cargo brokers and agents to begin successfully in 2021.

Chemicals sector

Worldwide maritime shipping freight rates are impacted by demand/supply dynamics, with demand driven by increased consumption associated with global economic growth, cost of bunker (oil) and new production capacity, while supply is driven by the balance of new vessels' delivery versus vessels being scrapped and removed from the global active fleet.

During 2020, the world has seen the unprecedented effect of a global pandemic, impacting all economies through various lockdowns, reductions in local international travel and an overall decrease in demand. This has resulted in an unforeseen and significant demand destruction that is expected to have a lasting impact.

Prior to the pandemic, the global economy was anticipated to grow by an estimated 3-4% annual rate (IMF/World Bank). The impact of the crisis has had a significant effect, with the global economy shrinking by about 3.5%. While the IMF and World Bank are now forecasting a 4-5% growth rate for 2021, this is highly dependent on successful vaccine adoption and re-opening of economies with full international travel in place.

Overall, the industry's demand for chemical shipping (including the demand for chemicals, clean petroleum products and vegetable oils) is expected to remain highly volatile in 2021. Rates are under pressure by large international companies as the fleet is still growing by about 3-5% annually (depending on fleet category) and following the recent OPEC's decision of production cut in the short term, increasing oil prices are driving the cost of bunkers upward.

Dry bulk sector

2020 has been dominated by the impact of COVID-19. As a result, the global seaborne of dry bulk trade volumes have declined by around 3.4% across the full year. The bulk carrier market had a very challenging 1H 2020, with earnings coming under pressure from weak Brazilian iron ore exports, a sharp fall in coal trade and minor bulk in Q2 2020 due to impact from the pandemic.

Overall, 2H 2020 has seen clear improvements compared to the first half of the year. The pandemic began to ease, and robust trade to China, which accounts for over a third of seaborne dry bulk imports, clearly gave support.

Recent indicators show signs of an improvement in global economic and industrial activity, especially in China, and it appears likely that the initial impact of COVID-19 on dry bulk trade will improve.
Looking ahead, gradual improvements are expected to be seen into 2021.

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

Future plans and decisions

Looking ahead to the future, Bahri is committed to ensuring continuous improvement of operations, implementing its strategic initiatives and adopting innovative solutions to grow business and contribute to making Saudi Arabia a leading global logistics hub. In line with Vision 2030's aim of making the Kingdom a global logistical hub that is able to leverage its geographical location, Bahri plays a key role as the exclusive maritime shipping provider for Saudi Aramco to the USA, Europe and the Far East. We are working on expanding our services and opening new trade routes to boost the national logistics sector and diversify the economy.

In the beginning of 2020, Bahri received an approval letter from the Ministry of Interior to extend the contract for transportation and shipping services for 1 year. Within the framework of reviewing Bahri's business sectors and market strategies, our partners of its affiliate, Bahri Bunge Co., agreed to liquidate the company as of March 31, 2020.

We are also developing the necessary plans to update and enhance the efficiency of our fleet as the major global operator of oil tankers and one of the largest operators and transporters of chemicals in the Middle East. In this regard, we will first receive a Very Large Crude Carrier (VLCC) with IMI in cooperation with HHI. The new VLCC is fuel-efficient, eco-friendly and has the highest standards. For Chemical tankers, the National Chemical Carriers Co., Ltd. (subsidiary) has signed a contract with the Hyundai MIPO Dockyard Co., Ltd. for the purpose of building 10 chemical tankers with a capacity of 49,999 DWT, each with a total estimated cost of USD 41 million. All tankers are expected to be delivered in batches, starting from the first quarter of 2022 until the first quarter of 2023. It is worthwhile to mention that the vessels' type is "IMO type 2", which is fuel-efficient, and can be both Chemicals and Clean Petroleum Product (CPP) carriers.

As part of Bahri's ambitious growth and development plan, it announced the signing of an agreement to establish the National Grain Company, which is a joint venture (JV) between Bahri and the Saudi Agricultural and Livestock Investment Company (SALIC). The JV aims to build and establish a terminal for handling grains at Yanbu Commercial Port, seeking to meet the future needs of the Kingdom of Saudi Arabia for major crops and cereals. It is worth noting that the project extends over an area of 313,000 sqm, and the storage capacity of the terminal is 280,000 tons, while the production capacity of the terminal ranges from 3 to 5 million tons annually. The estimated project cost is nearly USD 110 million. The project is expected to be completed by the 2nd half of 2022.

In 2021, the commercial operation will be started on transporting desalinated water from the floating stations to desalination tanks for 20 years (off take agreement). This project has 3 stations (barges). Each station will have a capacity of 50,000 cubic meters per day with a total capacity of 150,000 cubic meters a day.

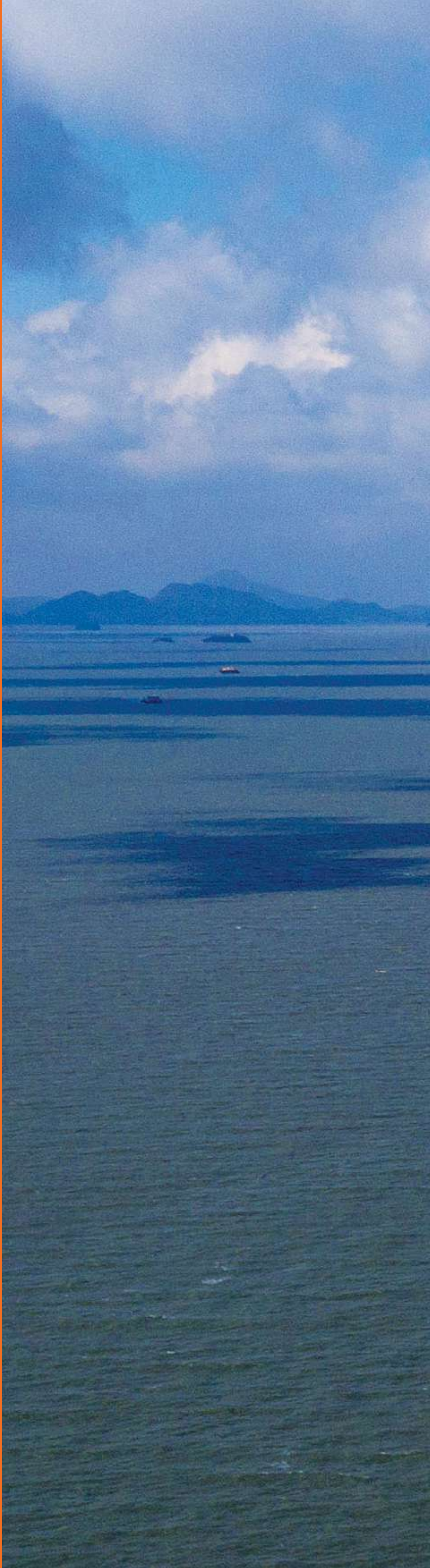
During this year which has a lot of achievements, we signed a five-year framework agreement worth SAR 300 million with Presidency of State Security (PSS), which encompasses various internal and external sea, air, and land transport and freight services. Bahri will serve as the official carrier for the Presidency of State Security and all its divisions.

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

Business Units


البحري Bahri
Bahri ABHA

Bahri Oil




Bahri

Bahri Oil is one of the world's leading owners and operators of Very Large Crude Carrier (VLCC) vessels. As of 31st December 2020, our fleet consisted of 41 vessels with deadweight tonnage (DWT) of 12.8 million tonnes, representing 5.0% of global capacity. In line with the long-term strategy to maintain a leadership position in the sector, Bahri's VLCC fleet has grown at an annualised rate of 6.5% since 2015.

A divestment process was rolled out from 2018 onwards for the phased removal of older tonnage at the end of commercially optimal operational life. Based on this plan, two of Bahri's oldest VLCCs were offloaded during 2020 after delivering high quality service for over 23 years.

As part of Bahri's commitment to continually support its customers' requirements, 4 VLCCs were successfully installed with scrubber technology and put on dedicated service to S Oil, reducing overall waiting time per voyage by around 15%. With 1,500 scrubber fitted operating days for the year, Bahri gained first-hand experience of this relatively new system. It is inherent to our culture to adopt industry relevant technological advancements, and all the latest developments are closely monitored to assess potential commercial benefits before final implementation.

Developments in 2020

During 2020, Bahri's multifaceted commercial management approach ensured optimal deployment of its VLCC fleet while continuously improving on market diversification. Many measures were adopted towards achieving this:

- Natural re-positioning of Arabian Gulf-Red Sea ships to follow up with Sidi Kerir-UKC/US Gulf cargos and subsequent backhaul to East (an effective "Quadrangulated" voyage)
- Ballast Red Sea ships for voyages out of UK Continent/USG to East
- Ballast ships from East to carry SK-USG COA cargos and follow up triangulation voyage when favorable opportunities arose
- Outcharter ships out of AG when commercially feasible
- Outcharter for West Africa cargos when economics favored

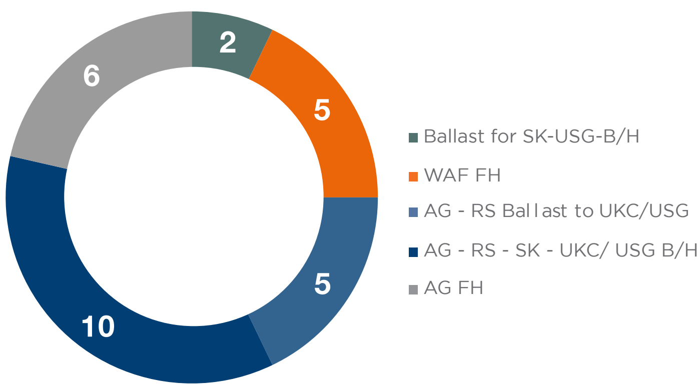
Additionally, Bahri diversified its business portfolio in the second half of the year by fixing 2 ships on short term-time charter and entering a 6 month pilot COA with Rongsheng. AG-RS voyages were appropriately covered with charter in tonnage to minimize Bab-El-Mandeb security waiting incurrence for owned ships. These proactive chartering tactics helped Bahri achieve waiting days savings of around 1,000 days for 2020.

This year was characterized by unusual volatility and a short-term squeeze on tonnage. Bahri leveraged on its longstanding presence and position in the market as a Charterer to secure quality tonnage at market competitive rates to cover the Kingdom's requirements. Rapidly changing voyage schedules were also closely monitored and coordinated to ensure timely and reliable first-class service, despite limitations of the Work from Home (WFH) situation.

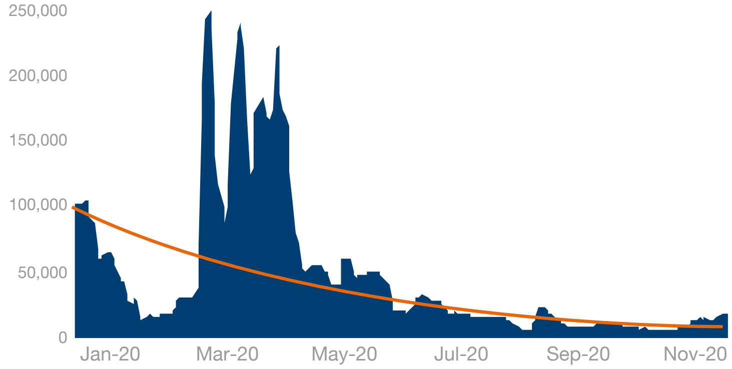
Bahri Oil VLCC Operations

Bahri successfully navigated the volatile conditions of 2020 by generating optimal commercial returns while ensuring that the highest levels of service was provided to its customers. The focus during H1 was on meeting surging COA requirements and fully capturing upside exposure. Bahri was among the top 5 VLCC spot charterers in H1 2020 with unprecedented levels of fixture activity. Our established, long-term relationships with a broad range of market participants warranted that the additional requirements were met seamlessly, by sourcing quality tonnage and delivering cargos safely to customers.

Diversified Routing Improving Utilization



VLCC BITR TD3C TCE (Day/USD)



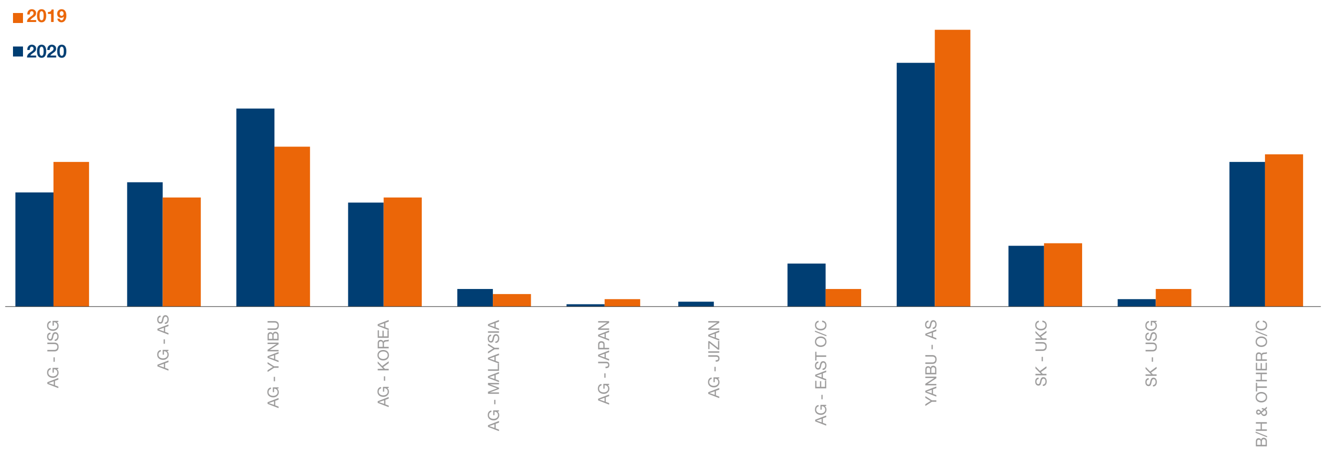
Given the elevated tonnage requirements, drydocks planned during the peak demand period were rescheduled towards the end of the drydocking window in H2. This, while providing owned tonnage for contractual requirements, also generated accretive earnings, improving the bottom line.

The tonnage deployment emphasis shifted in the latter half to actively managing downside risk as the market started down trending into lows for the year and contractual volumes decreased from H1 levels. This was achieved by diversifying the business portfolio through outcharters, short-term charters and COAs. Fronthaul outcharters more than doubled during H2 as we prioritized optimal operations and reduced waiting time. Two ships were placed on short-term time charters for 3-6 months towards end of Q3, with reputed oil majors (BP & Shell) at market competitive rates. Further, a pilot COA for 6 months was signed with Rongsheng refinery, providing an optional additional employment opportunity for Bahri VLCCs.

Bahri Oil operated 386 voyages during the year, transporting around 770 million barrels of oil around the world. AG-USG voyages, which along with triangulation is the premium route, increased 27% year-on-year while high utilization SK-USG witnessed a 100% increase over the previous year. Voyage split remained relatively even with 53% loading from the primary Arabian Gulf (AG) market and 47% loaded from other major global VLCC hubs.

A total of 2.15M b/d of crude was transported during 2020, returning robust financial results facilitated by Bahri's commercial and operational excellence, and long-term strategies.

Number & Percentage of VLCC Voyages Comparison



Route		2019 Voyages	2019 %	2020 Voyages	2020 %
(AG – USA)	Arabian Gulf – USA	41	11	52	13
(AG – AS)	Arabian Gulf – Ain Sukhna	45	12	39	10
(AG – Yanbu)	Arabian Gulf – Yanbu	72	19	58	15
(AG – Onsan)	Arabian Gulf – Onsan (S-Oil)	38	10	39	10
(AG – Malaysia)	Arabian Gulf – Malaysia	6	2	5	1
(AG – Okinawa)	Arabian Gulf – Okinawa	1	0	3	1
(AG – Jizan)	Arabian Gulf – Jizan	2	1	0	0
(Yanbu – AS)	Yanbu – Ain Sukhna	88	23	100	26
(SK – RTDM)	Sidi Kerir – Rotterdam	22	6	23	6
(SK – USA)	Sidi Kerir – USA	3	1	6	2
(USG/CBS/WAF/ Brazil/UKC – Far East)	USG/CBS/WAF/Brazil/UK Cont – Far East	52	13	45	12
(AG – East)	Arabian Gulf – East (Out Charter)	16	4	6	2
(WAF - East)	WAF-East (Outcharter)	0	0	5	1
(UKC - East)	UKC-East (Outcharter)	0	0	3	1
(USG - East)	USG-East (Outcharter)	0	0	2	1
Total		**386**	**100**	**386**	**100**

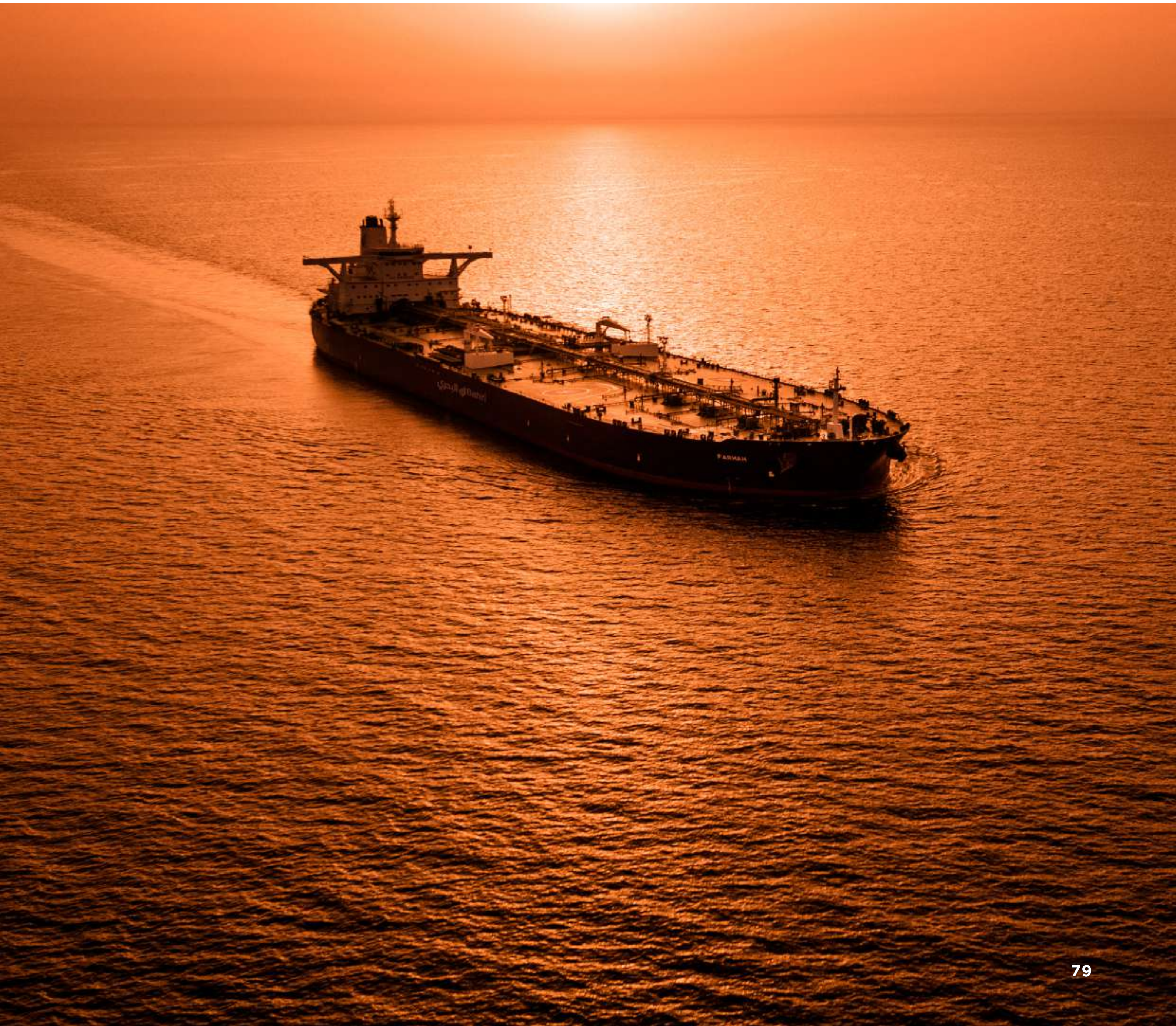
Bahri leveraged on its strong USG backhaul market presence to further enhance its share of this high utilization triangulation route. [USG backhauls as a percentage of total rose to 80% in 2020, 10% higher than previous year.] Maintaining minimal ballast leg for return voyages helped improve Bahri's overall VLCC fleet utilization. Additionally, Bahri expanded on nascent routes with voyages from the UK Continent and Brazil, accounting for 15% of the backhaul voyages.

USG backhauls as a percentage of total rose to 80% in 2020, 10% higher than previous year.

Looking ahead

Bahri Oil is driven by an unrelenting commitment to deliver the highest standard services to global customers, while generating optimal accretive value to its stakeholders. We constantly pursue our key objectives to maintain and improve our services. We plan to pursue several core objectives as we enter 2021.

Bahri Oil aims to constantly monitor markets for potential opportunities to lock in tonnage for the longer term and look towards diversifying our revenue portfolio. We will also implement a targeted approach to reduce waiting time, particularly related to security, to further enhance fleet utilization. Other plans include increasing our share of high utilization USG-East backhaul voyages and maintaining our position as the preferred crude oil transportation provider to major global players. We also continue to emphasize the importance of human capital development and will take further initiatives to promote this in 2021.



Bahri Logistics

Bahri Logistics was established in 1979 as the first strategic business unit in the Bahri group. In over 40 years of operation, we have focused on providing an optimal mix of shipping services specializing in subsurface storage capabilities. We are one of the top 10 break bulk carriers globally and among the top 5 in Europe. We have a network of offices and agents worldwide and are fully compliant with anti-corruption policies. Our strategy is in complete accord with Vision 2030 objectives of transforming Saudi Arabia into a global logistics platform by expanding internationally and maximizing our overall capabilities.

Bahri Logistics is the leading supplier of direct shipping services from eastern and Gulf Coast USA, and Canada to Jeddah, Dubai, Dammam, and Mumbai, including moorages in the Mediterranean region and European ports en route. We operate uniquely designed vessels from ports on the Red Sea and the Arabian Gulf.

Bahri Logistics is the only company providing direct service for ROCON plus cargo between the USA and Saudi Arabia, with an advanced multi-purpose fleet with an average age of less than 5 years.

We provide services to several leading global companies and Saudi public sector clients through long-term contracts. We are the exclusive carrier for the Saudi Ministry of Defence and Ministry of Interior and manage the private container yard at Jeddah Islamic Port. Relatively speaking, Bahri is the market leader in BBK and RORO cargo ex-US EC and GC into Middle East. We can still secure more cargo and improve our market share.

Developments in 2020

The COVID-19 pandemic presented considerable difficulties in 2020. International flights were suspended, and this caused a significant delay in all of MOD cargos. There was also a lack of people working in the USA and Saudi Arabia to custom clear the cargos. Rates were affected, with Saudi airlines increasing by 10% from May onwards, while rates for shipping lines are still at an increase. This was paired with temporary halts of inland transportation in the Kingdom. We also made calls in India, Salvador and Turkey with nothing loaded, while other port calls cancelled as they were closed because of the pandemic. Many charters were also cancelled.

In H2, the container lines rebounded and began experiencing record high rates. The main growth return by high volumes from China. Our expected budgeted revenue from the 3 US ports was USD 50m in 2020 and we have delivered less than USD 20m in actual revenue. Overall downfall for all ports in 2020 was USD 50m. Our volumes improved by 20% and revenue improved by 7%. However, we fell 21% short in volume and 38% in revenue compared to our primary target in 2020. Our freight rates were 11% lower than last year and 22% lower than expected, mainly due to higher RORO and Automobile volume.

Despite these challenges in an unprecedented year, Bahri Logistics took all procedures necessary to secure tangible progress towards achieving growth objectives. We are currently expanding our operational services and freight forwarding activities to include warehousing, land transportation, trucking and 2PL services, pharmaceutical medicines and home delivery.

This year, for the first time ever in liner history, we extended further to add the Iskenderun port in Turkey. Furthermore, we stretched the Westbound Route to Chennai India and Cape Town South Africa to allow Bahri to participate in adjacent trades. We also maintained the Djibouti call to support additional revenue, targeting Ethiopian cargo. On the other hand, we secured GE and Caterpillars contracts to widen our service for moving cargos.

BahriBolloré Logistics

BahriBolloré Logistics is a strategic joint venture of which 60% is owned by Bahri and the remaining 40% stake is owned by the French Bolloré Group. The project offers integrated global services in logistics and supply chain management for local and global companies operating in Saudi Arabia. It seeks to effectively contribute to the realization of the Saudi Vision 2030 objectives and to the Kingdom's global ranking with regards to logistical services.

The impact of COVID-19 on BBL was severe, but we took proactive steps to mitigate the effects. The market suffered a major decrease in general cargo, consumer goods and retail importation. The impact of this was felt two weeks following the lockdown in March. We did however see an increase in the importation of healthcare and other products in April, mainly for masks, PCR tests and raw food products. BahriBolloré achieved significant operational growth in 2020, with shipments up by 50% compared to 2019, leading to substantial increase in net profits. BBL's net income was SAR 31 m compared to roughly 11 m in 2019.

BahriBolloré achieved significant operational growth in 2020, with shipments up by 50% compared to 2019, leading to substantial increase in net profits.

Looking ahead

Bahri Logistics has several key objectives for next year. Fundamentally, we aim to expand our global presence by adding services and increased port calls – China, Brazil, Argentina, South Africa and more locally Qatar. This growth will be further enhanced by incentive calls where appropriate. Opportunities will be explored to enhance Bahri logistics with other business units. We will strive to build solid and effective partnerships with key governmental entities. In parallel there will be further expansion of the private sector business. Our aim is to get the approval for free zones and/or bonded warehouses, to facilitate the storage of customer goods and clearance processes. We will also focus on aligning and collaborating on opportunities with key players in the Kingdom's Vision 2030. We also plan to extend our service further in Europe and South America and become even more exposed on the global level.

Bahri Chemicals

Bahri Chemicals is the largest owner and operator of chemical tankers in the Middle East. It was established in 1990 under a joint venture with Saudi Basic Industries Corporation (SABIC), with 80% owned by Bahri and the remaining 20% owned by SABIC. Our focus is to provide services across more than 150 ports around the world. Our fleet of 28 tankers is designed in line with the highest global specifications and is capable of transporting a wide variety of liquid products, with a total capacity of about 1.3 million DWT. Bahri Chemicals' operations include shipping and logistical handling of liquid chemicals, clean petroleum products (CPP) and vegetable oils.

With the successful implementation of our commercial strategy, focused on providing best-in-class performance and added flexibility, we have expanded our customer base significantly in recent years, and have concluded a record number of COAs across various markets.

Developments in 2020

In August 2020, Bahri Chemicals signed an order for the delivery in 2022-2023, of 10 IMO 2 new generation (Eco-Design) chemical tankers, each with a capacity of 50,000 DWT. This new fleet will propel us further ahead of the competition in the market. In 2021, 10 vessels are planned to go to dry-docking and upgrade our vessels, further improving the performance of the fleet.

The COVID-19 pandemic has had a dramatic impact on the shipping industry due to the significant decrease in demand, that may continue in the short-term. During

Bahri Chemicals Fleet

The owned fleet of 28 Tankers includes:

22 Medium Range Chemical Tankers

IMO2 with capacity of 46,000 DWT

1 Long Range

IMO2 with capacity of 81,000 DWT

5 Medium Range Product Tankers

with capacity of 50,000 DWT

10 Tankers

for delivery in 2022/ 2023 from Hyundai MIPO Shipyard

Medium Range Chemical Tankers

IMO2 / with capacity of 50,000 DWT and lower bunker consumption / Eco-Design

2020 H1, the rates were positively impacted by the initial capacity absorption from the substantial demand for storage for crude oil and clean petroleum products. The second half of the year, however, has been marked by the combined effects of annual cyclicality and COVID-19 on demand, leading to substantially lower rates.

Despite these adverse effects, Bahri Chemicals has been able to weather the high volatility in rates and deliver a strong performance with an operating profit of SAR 162 m, up 8% compared to 2019.

Looking ahead

The slow global economic recovery expected in 2021, enabled by the distribution of the vaccine, will directly drive the increased demand for chemicals, clean petroleum products (CPP) and vegetable oils compared with 2020. At the regional level, the continued expansion of refining and chemical production capacities will sustain the demand for shipping.

The overall chemical tankers fleet growth has remained at an average of 4% during the last 4 years, and is expected to drop below 3% in the next 2 years due to a lack of new investments. In the chemical tankers (MR IMO2) sector, in which Bahri is a leading company operating chemical carriers in the world, the net rate of growth of the fleet is expected to be close to 5% in 2021 and 2022 (Bahri order representing most of this fleet growth). With the order for 10 new generation medium-range chemical tankers with larger capacity and lower bunker consumption (Eco-Design), Bahri Chemicals is ready to capture a larger share of the market as the world recovers from the pandemic.

Bahri Dry Bulk


العنود
ALANOOD
MONROVIA

Bahri Dry Bulk (BDB) is a joint venture company, established in 2010, with Bahri owning 60% and the Arabian Agricultural Services Company (ARASCO) owning 40%. Bahri Dry Bulk has remarkable success through innovation, dedication and technology. During the 10-year period of operations, BDB has become the leading Saudi Arabian dry bulk owner with a fleet of 9 Kamsarmax bulkers (81,000 MT of vessel's capacity each). They are state of the art, fuel efficient and environmentally friendly.

BDB is committed to the regional and international client base, sailing from all major ports of the Kingdom of Saudi Arabia to the rest of the world. It provides a vast network of assets with seamless and efficient supply chain management services, whilst maintaining the highest degree of ship management expertise.

Bahri Dry Bulk – Fleet employment

5 Kamsarmax ships

built with Oshima Yard, Japan

4 Kamsarmax ships

built with Hyundai Yard, Vietnam

Bahri Dry Bulk – Route

- BDB has captured significant Market presence over the years in terms of cargo volumes, customer attraction, fleet chartering and operations.
- BDB Commenced commercial vessel operations initially with 5 Kamsarmax Ships. The fleet strength was increased to 9 vessels after addition of 4 New Builds Kamsarmax in 2020. The total Deadweight of all vessels is now around 731,000MT with a plan for further fleet acquisition in the future.

Developments in 2020

Despite COVID-19 challenges, BDB received four (4) new builds kamsarmaxes. The four (4) ships have been employed on global trade with no delays, earning higher than the shipping Baltic Index. The BDB fleet optimization has also been effective despite pandemic challenges.

BDB has also cooperated with key regional and international clients including owners, charterers and operators. Further, as part of the expansion plan, Bahri Dry Bulk Riyadh registered a branch office in Dubai Multi Commodities Centre (DMCC).

Looking ahead

Bahri Dry Bulk's strategic objectives for 2021 are increasing the market presence and continue the optimal use of the fleet. In addition to the possibility of investing in different sizes of tankers and investment opportunities in grain and other dry bulk markets.

Bahri Ship Management


Seven Seas

Bahri Ship Management (BSM) was established in 1996 as a wholly owned ship management company that offers a full range of ship management and marine support services for Bahri group. This includes ships' technical services, crewing, new building, ship security, purchasing and contracting, bunkering, and operations. We operate to the highest international standards of Safety and Quality and have one of the industry's lowest accident and onboard injury rates.

We are among the leading operators working in Saudi Arabia, the US and Far East ports. Bahri Ship Management works according to the strictest ship management regulations, including the International Safety Management (ISM) Code, UN Law of the Sea (UNCLOS), Port State Control (PSC), and classification society rules.

BSM's overall quality record has been exceptional during 2020. As per a comparative study performed by market-leading consultant BCG, we are among the best in tanker fleet performance in Port State Control (PSC) inspections, compared to a peer average. We provide best in class service to our oil major customers in Vetting and Sire, conducted by oil majors around the world when, compared to our peers. We have also managed to optimize our operating costs well below the industry.

Business Results

BSM delivered important successes during 2020 despite the onset of COVID-19. The crisis resulted in the closure of ports, preventing a change of ship staff. At the peak of the pandemic, there were over 900 sea staff, of 2,400, onboard the fleet who overstayed their tour of duty by several months. In addition, service engineers could not board the vessels to complete the required repairs and annual equipment services. In response, we took immediate and effective steps to ensure the continuous safe operation of the fleet and protection of our staff. As a result, all cargoes carried by Bahri Fleet reached their customers without delay.

We follow a strategic approach that is beneficial to Bahri group and continues to build a strong trademark as a safe and quality operator. We managed the shipbuilding and successful delivery of 4 new Bulk carriers for Bahri group and continued to reduce carbon emissions by reducing fuel consumption across the fleet. BSM successfully transitioned the fleet to the IMO 2020 low sulfur fuel and improved its technical and procurement processes, making it one of the most efficient ship managers in the industry. We also completed the installation of fuel-efficient equipment and application of high performance hull coating on 9 crude oil tankers (VLCC). This is estimated to provide 3-5% savings in fuel consumption, or a savings of USD 300,000 per vessel per year.

Looking ahead

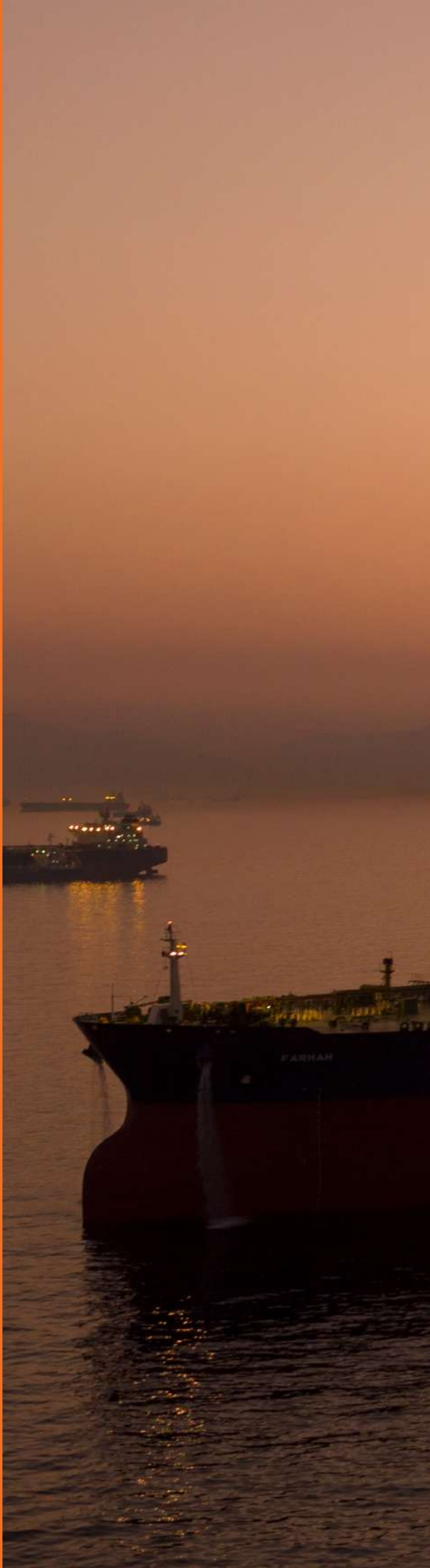
Bahri Ship Management is currently supervising the construction of one VLCC at Hyundai shipyard in South Korea and delivery is expected in September 2021. In addition, we are reviewing the drawings for building 10 chemical tankers, with expected delivery by Hyundai in 2022-2023. BSM is a pioneer in monitoring and reducing ships' fuel consumption and carbon emissions. In 2021, we will install digital equipment on more than 30 ships to provide live monitoring of navigation, machinery, and operation of the ships. In addition, we will complete the construction of a Ship Performance Control Room in 2021 at the BSM Dubai office which will be manned to optimize the ships' performance. This will be the center which receives real-time data from the ships to monitor and optimize their fuel consumption and emissions, assist in weather routing and disaster avoidance, monitor ships positions, improve maintenance and operational performance and ensure MAROPL compliance.

Crewing is a key service for us, and at the same time the biggest challenge in the coming years. As qualified crew becomes more difficult to find, we aim to grow our own officers from multinational cadets and junior officers through training and internal progression. We will invest in culture and teamwork, crew welfare and enhanced development management systems.

We aim to further enhance our technical management capabilities by improving our planned maintenance system, adopting technologies to improve ship's maintenance and operations, harmonizing the ship's dry-docking specifications, monitor and control energy consumption, and continue with condition-based maintenance through rotating equipment vibration analysis and management of hull performance.


MIDEAST

Bahri Fleet




البحري Bahri

VLCC Fleet 2020

Tanker name	Built	Length (m)	Beam (m)	Net DWT	No of tanks	No of tanks
Harad	2001	333	58	303,116	17	17
Marjan	2002	333	58	302,977	17	17
Safwa	2002	333	58	303,139	17	17
Abqaiq	2002	333	58	302,986	17	17
Tinat	2002	333	60	316,502	17	15
Hilwah	2002	333	60	316,808	17	15
Lulu	2003	333	60	316,507	17	15
Shiblah	2003	333	60	316,476	17	15
Wafrah	2007	333	60	317,788	17	17
Layla	2007	333	60	317,821	17	17
Jana	2008	333	60	317,693	17	17
Habari	2008	333	60	317,664	17	17
Shaybah	2008	333	60	319,429	17	16
Manifa	2008	333	60	319,428	17	16
Jaham	2008	333	60	319,430	17	16
Jaladi	2008	333	60	319,464	17	16
Khuzama	2008	333	60	319,423	17	16
Karan	2009	333	60	319,411	17	16
Kahla	2009	333	60	317,521	17	17
Dorra	2009	333	60	317,458	17	17
Ghazal	2009	333	60	317,388	17	17
Sahba	2009	333	60	317,563	17	17
Farhah	2010	333	60	319,302	17	16
Ghinah	2010	333	60	319,141	17	16
Niban	2010	333	60	319,286	17	16
Nisalah	2010	333	60	319,288	17	16
Kidan	2010	333	60	321,234	17	15
Wedyan	2010	333	60	321,234	17	15
Arsan	2010	333	60	314,000	17	15
Dilam	2010	333	60	314,000	17	15
Awtad	2011	333	60	309,988	17	15
Amjad	2017	333	60	299,772	17	15
Maharah	2017	333	60	299,772	17	15
Aslaf	2017	333	60	299,772	17	15
Rimthan	2017	333	60	299,772	17	15
Shaden	2017	333	60	299,772	17	15
Amad	2017	333	60	299,772	17	15
Kassab	2017	333	60	299,772	17	15
Khurais	2017	333	60	299,772	17	15
Lawhah	2017	333	60	299,772	17	15
Qamran	2017	333	60	299,772	17	15

Total DWT 12,791,185

Chemical Tankers Fleet 2020

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

RoCon Fleet 2020

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

Dry Bulk Fleet 2020

Carrier name	Built	Net DWT	Draft (m)	Beam (m)	Length (m)	Horsepower	Speed (knots)
Bahri Arasco	2013	81,855	14	32	229	9,840	15
Bahri Grain	2014	81,855	14	32	229	9,840	15
Bahri Bulk	2014	81,855	14	32	229	9,840	15
Bahri Wafi	2014	81,855	14	32	229	9,840	15
Bahri Trader	2014	81,855	14	32	229	9,840	15
Sara	2020	80,729	14	32	229	9,665	15
AlAnood	2020	80,729	14	32	229	9,665	15
AlJazi	2020	80,729	14	32	229	9,665	15
Hessah	2020	80,729	14	32	229	9,665	15

Clean Petroleum Products (CPP) Fleet 2020

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

Total Tanker DWT 1,329,460

Governance


البحري Bahri

Board of Directors

Mohammed Abdulaziz Al-Sarhan
Chairman

Dr. Abdulmalik Abdullah Al-Hogail
Vice Chairman

Eng. Ahmed Ali Al-Subaey
Board Member

Eng. Ibrahim Qassim Al-Buainain
Board Member

Khalifa Abdullatif Al-Mulhim
Board Member

Yasir Abdullah Al-Salman
Board Member

Raid Abdullah Ismail
Board Member

Abdulrahman Mohammed Al-Suhaibani
Board Member

Yasser Abdulaziz Al-Kadi
Board Member

Governance Structure

Bahri is committed to the highest corporate governance standards and applies all applicable provisions set forth in the Corporate Governance Regulations issued by the Capital Market Authority (CMA), taking into account some permitted exceptions, in addition to applying the Global Governance Principles and the best practices wherever applicable. The Company also developed a governance framework comprising regulations and policies that promote transparency, accountability, and specialization. The administrative structure of Bahri comprises the Board of Directors, 3 board committees and a team of executive officials.
The Board of Directors is responsible for setting, supervising, and reviewing Bahri's governance principles and policies to ensure compliance with relevant regulations and to promote Bahri's growth and sustainability.

The Board has instituted 3 committees to support its work. These are the Nomination and Remuneration Committee, the Audit Committee and the Strategy and Investment Committee. The performance of these committees is subject to periodic review according to many factors including the Board's requirements of continued support from the relevant committee.

Shareholders are among the most important groups in Bahri's governance framework. Board members should attend the meetings of the General Assembly and the Board, meet with the shareholders, and listen to their suggestions and notes on the Company and its performance.

Board composition and member classification

Bahri's Board of Directors is composed of 9 members – the following table outlines Board composition in 2020 and positions of its members

Membership type	Position	Name
Non-executive	Chairman	Mr. Mohammed Abdulaziz Al Sarhan
Independent	Vice Chairman	Dr. Abdulmalik Abdullah Al Hogail
Non-executive	Board Member	Eng. Ahmed Ali Al Subaey
Non-executive	Board Member	Eng. Ibrahim Qassim Al Buainain
Independent	Board Member	Mr. Khalifa Abdullatif Al Mulhim
Non-executive	Board Member	Mr. Yasir Abdullah Al Salman
Non-executive	Board Member	Mr. Raid Abdullah Ismail
Independent	Board Member	Mr. Abdulrahman Mohammed Al Suhaibani
Independent	Board Member	Mr. Yasser Abdulaziz Al Kadi

Board Meetings held during 2020 and Attendance Sheets

Name	Position	Meeting 1 2020/1/19	Meeting 2 2020/3/2	Meeting 3 2020/6/8	Meeting 4 2020/9/21	Meeting 5 2020/12/8	Meeting 6 2020/12/9
Mr. Mohammed Abdulaziz Al Sarhan	Chairman	Present	Present	Present	Present	Present	Present
Dr. Abdulmalik Abdullah Al Hogail	Vice Chairman	Present	Present	Present	Present	Present	Present
Eng. Ahmed Ali Al Subaey	Board Member	Absent	Absent	Present	Absent	Present	Present
Eng. Ibrahim Qassim Al Buainain	Board Member	Present	Present	Present	Present	Present	Present
Mr.Khalifa Abdullatif Al Mulhim	Board Member	Present	Present	Present	Present	Present	Present
Mr. Yasir Abdullah Al Salman	Board Member	Present	Present	Present	Present	Present	Present
Mr. Raid Abdullah Ismail	Board Member	Present	Present	Present	Present	Present	Present
Mr. Abdulrahman Mohammed Al Suhaibani(1)	Board Member	Present	Present	Present	Present	Present	Present
Mr. Yasser Abdulaziz Al Kadi(1)	Board Member	Present	Present	Present	Present	Present	Present
Mr. Saleh Abdullah Al Debasi(2)	Board Member	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Khalid Mohammed Al Araif(2)	Board Member	N/A	N/A	N/A	N/A	N/A	N/A

(1) Board membership valid from 16th January 2020
(2) Board membership expired on 16th January 2020

Board Committees

Board Committees and their tasks and responsibilities, and member classification during the year 2020

First: Audit Committee

Tasks and Responsibilities

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

Audit Committee Meetings and Attendance Sheet

Name	Position	Meeting 1 2019/2/29	Meeting 2 2020/2/25	Meeting 3 2020/4/22	Meeting 4 2020/6/29	Meeting 5 2020/7/20	Meeting 6 2020/10/26	Meeting 7 2020/12/2
Dr. Abdulmalik Abdullah Al Hogail	Chairman	Present	Present	Present	Present	Present	Present	Present
Mr. Yasser Abdulaziz Al Kadi	Member	Present	Present	Present	Present	Present	Present	Present
Mr. Saleh Abdullah Al Debasi(1)	Member	Present	Present	Present	Present	Present	Present	Present
Dr. Saad bin Saleh Al Ruwaiteh(2)	Member	Present	Present	Present	Present	Present	Present	Present

(1) Mr. Saleh Abdullah Al Debasi is a non-board committee member who has a BSc in Geography from Imam Muhammad Ibn Saud Islamic University and a Master's in Public Administration from the University of Pittsburgh, USA. Previous roles include:

- Financial Affairs and Logistics Vice President of the Saudi Presidency of State Security
- Head of the Military Sector of the Ministry of Finance's Agency for Budget and Regulatory Affairs.
- Assistant Undersecretary for Budget and Regulatory Affairs, Ministry of Finance

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

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

- Dr. Al Ruwaiteh is currently the Vice President of General Administration of Financial and Administrative Affairs at Prince Sultan University.
- Dr. Al Ruwaiteh's previous roles include the Head of the Accounting department at King Saud University

Company	Legal Entity	Location	Membership
Member of the Audit Committee, The National Shipping Company of Saudi Arabia (Bahri)	Joint-Stock – listed	Inside KSA	Current
Member of the Audit Committee, Saudi Industrial Investment Group	Joint-Stock – listed	Inside KSA	Current
Member of the Board of Directors, National Commercial Bank	Joint-Stock – listed	Inside KSA	Previous
Member of the Board of Directors, Saudi Printing and Packaging Company	Joint-Stock – listed	Inside KSA	Previous

Second: Nomination and Remuneration Committee

Tasks and Responsibilities

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

Nomination and Remuneration Committee Meetings and Attendance Sheet

Name	Position	Meeting 1 2020/3/1	Meeting 2 2020/6/24	Meeting 3 2020/11/12
Mr. Khalifa Abdullatif Al Mulhim	Chairman	Present	Present	Present
Mr. Mohammed Abdulaziz Al Sarhan	Member	Present	Present	Present
Mr. Raid Abdullah Ismail	Member	Present	Present	Present
Mr. Abdulrahman Mohammed Al Suhaibani	Member	Present	Present	Present

Third: Strategy and Investment Committee

Tasks and Responsibilities

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

- To study and evaluate the investment opportunities proposed by the executive management.

Strategy and Investment Committee Meetings and Attendance Sheet

Name	Position	Meeting 1 2020/3/23	Meeting 2 2020/4/15	Meeting 3 2020/5/20	Meeting 4 2020/6/21	Meeting 5 2020/9/20
Mr. Mohammed Abdulaziz Al Sarhan	Chairman	Present	Present	Present	Present	Present
Dr. Abdulmalik Abdullah Al Hogail	Member	Present	Present	Present	Present	Present
Eng. Ahmed Ali Al Subaey	Member	Present	Present	Present	Present	Absent
Mr. Yasir Abdullah Al Salman	Member	Present	Present	Present	Present	Present
Mr. Yasser Abdulaziz Al Kadi	Member	Present	Present	Present	Present	Present

Board of Directors and Board Committees' Compensations and Bonuses for 2020

A) Board Compensations and Bonuses

	Fixed bonuses							Variable bonuses								
	Fixed amount	Board meetings attendance allowance	Total committee meetings attendance allowance	In-kind benefits	Technical, administrative and advisory work compensation	Bonus of the Chairman, Managing Director or Secretary, if he/she is a Board member	Total	Percentage of the profits	Periodic bonuses	Short-term incentive plans	Long-term incentive plans	Granted shares	Total	End-of-service benefits	Grand total	Expenses allowance
First: Independent Members																
Dr. Abdulmalik Abdullah Al Hogail	500,000	30,000	55,000	-	-	-	585,000	-	-	-	-	-	-	-	585,000	-
Mr. Khalifa Abdullatif Al Mulhim	400,000	30,000	15,000	-	-	-	445,000	-	-	-	-	-	-	-	445,000	-
Mr. Abdulrahman Mohammed Al Suhaibani [(1)]	400,000	30,000	15,000	-	-	-	445,000	-	-	-	-	-	-	-	445,000	-
Mr. Yasser Abdulaziz Al Kadi [(1)]	500,000	30,000	55,000	-	-	-	585,000	-	-	-	-	-	-	-	585,000	-
Mr. Khalid Mohammed Al Araif[(2)]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**1,800,000**	**120,000**	**140,000**	**-**	**-**	**-**	**2,060,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,060,000**	**-**
Second: Non-Executive Members																
Mr. Mohammed Abdulaziz Al Sarhan	430,000	30,000	40,000	-	-	-	500,000	-	-	-	-	-	-	-	500,000	-
Eng. Ahmed Ali Al Subaey	250,000	15,000	20,000	-	-	-	285,000	-	-	-	-	-	-	-	285,000	-
Eng. Ibrahim Qassim Al Buainain	300,000	30,000	-	-	-	-	330,000	-	-	-	-	-	-	-	330,000	-
Mr. Yasir Abdullah Al Salman	400,000	30,000	25,000	-	-	-	455,000	-	-	-	-	-	-	-	455,000	-
Mr. Raid Abdullah Ismail	400,000	30,000	15,000	-	-	-	445,000	-	-	-	-	-	-	-	445,000	-
Mr. Saleh Abdullah Al Debasi [(2)]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**1,78,000**	**135,000**	**100,000**	**-**	**-**	**-**	**2,015,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,015,000**	**-**

[(1)] Board membership valid from 16th January 2020
[(2)] Board membership expired on 16th January 2020

B) Board Committees' Compensations and Bonuses

	Fixed Bonuses (excluding meetings attendance allowance)	Meetings Attendance Allowance	Total
Audit Committee Members			
Dr, Abdulmalik Abdullah Al Hogail	100,000	30,000	130,000
Mr, Yasser Abdulaziz Al Kadi	100,000	30,000	130,000
Mr, Saleh Abdullah Al Debasi	100,000	30,000	130,000
Dr, Saad bin Saleh Al Ruwaiteh	100,000	30,000	130,000
Total	**400,000**	**120,000**	**520,000**
Nomination and Remuneration Committee Members			
Mr, Khalifa Abdullatif Al Mulhim	100,000	15,000	115,000
Mr, Mohammed Abdulaziz Al Sarhan	100,000	15,000	115,000
Mr, Raid Abdullah Ismail	100,000	15,000	115,000
Mr, Abdulrahman Mohammed Al Suhaibani	100,000	15,000	115,000
Total	**400,000**	**60,000**	**460,000**
Strategy and Investment Committee Members			
Mr, Mohammed Abdulaziz Al Sarhan	100,000	25,000	125,000
Dr, Abdulmalik Abdullah Al Hogail	100,000	25,000	125,000
Eng, Ahmed Ali Al Subaey	100,000	20,000	120,000
Mr, Yasir Abdullah Al Salman	100,000	25,000	125,000
Mr, Yasser Abdulaziz Al Kadi	100,000	25,000	125,000
Total	**500,000**	**120,000**	**620,000**

C) Board of Directors and Board Committees' Compensations and Bonuses Policy:

- The charter of the Nomination and Remuneration Committee has been disclosed in the announcement published on 28th March 2018 on the Saudi Stock Exchange's (Tadawul) website inviting shareholders to attend the Company's 42nd ordinary General Assembly on 18th April 2018, without prejudice to the provisions of the Companies Law and Corporate Governance Regulations.

Interest, contractual securities or rights issue of the Board members, senior executives and their relatives on shares or debt instruments of the Company or its affiliates during 2020

Board Members	Position	No. of Shares Period Start	No. of Shares Period End	Net Change
Mr. Mohammed Abdulaziz Al Sarhan	Chairman	369,053	369,053	-
Dr. Abdulmalik Abdullah Al Hogail	Vice Chairman	180,000	180,000	-
Mr. Khalifa Abdullatif Al Mulhim	Board Member	2,634,183	2,306,956	327,227
Eng. Ibrahim Qassim Al Buainain	Board Member	-	-	-
Eng. Ahmed Ali Al Subaey	Board Member	-	-	-
Mr. Yasir Abdullah Al Salman	Board Member	-	-	-
Mr. Raid Abdullah Ismail	Board Member	-	-	-
Mr. Abdulrahman Mohammed Al Suhaibani(1)	Board Member	N/A	250	N/A
Mr. Yasser Abdulaziz Al Kadi(1)	Board Member	N/A	25,000	N/A
Mr. Saleh Abdullah Al Debasi(2)	Board Member	-	N/A	N/A
Mr. Khalid Mohammed Al Araif(2)	Board Member	-	N/A	N/A
Senior Executives				
Eng. Abdullah bin Ali Al Dubaikhi	CEO	-	-	-
Eng. Fayez Abdullah Al Asmari	Bahri CFO	-	-	-
Mr. Naser Mohammed Al Abdulkarim	President of Bahri Oil	-	-	-
Mr. Hisham bin Husain Al Khalidi	Chief Support Officer	-	800	-
Mr. Ahmed bin Muhammad Al Ghaith	President of Bahri Logistics	-	-	-
Eng. Abdulaziz Abdulrahman Sabri	President of Bahri Ship Management	-	-	-
Eng. Mubarak bin Abdullah Al Khater	Head of Strategy	-	-	-
Mr. Claus Breitenbauch	President of Bahri Chemicals	-	-	-
Mr. Chakib Abi Saab(3)	Chief Technology Officer	N/A	N/A	-

(1) Board membership valid from 16th January 2020
(2) Board membership expired on 16th January 2020
(3) Senior executive membership valid from 1st November 2020

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

Board Members' Biographies, including Current and Previous Board Memberships Inside and Outside Saudi Arabia

Mr. Mohammed Abdulaziz Al Sarhan

BSc in Mathematics and Computer Science from Oregon State University, USA. Mr. Al Sarhan has studied many specialized courses at international universities such as Harvard Business School, USA, and IMD Institute, London. Previous roles include:

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

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

Dr. Abdulmalik Abdullah Al Hogail

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

- Served as a member on boards and committees in several companies operating in various sectors, including banks and investments, energy, food and restaurants, pharmaceutical industries, consumer electronics, and medical equipment.
- Vice President and Chief Financial Officer of Al Faisaliah Group Holding (AFG)
- Faculty Member for the Institute of Public Administration

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

Eng. Ahmed Ali Al Subaey

BSc and a Master's in Electrical Engineering from the University of Arizona, USA and an Executive MBA from Stanford University, USA. Eng. Al Subaey is currently working as Saudi Aramco's Vice President for Marketing, Sales and Supply Planning. Previous roles include:

- President of Saudi Petroleum Overseas Ltd. – Tokyo
- President and Chief Executive of Saudi Petroleum International Inc. – New York
- Chief Executive and representative Director of Saudi Petroleum Overseas Ltd. (S-OL) – South Korea

Company	Legal Entity	Location	Membership
POSCO Engineering and Construction	Joint-Stock – listed	Outside KSA	Current
Bahri Dry Bulk Company	Limited Liability Company	Inside KSA	Current
Saudi Aramco Products Trading Company	Limited Liability Company	Inside KSA	Current
Saudi Aramco Base Oil Company (Luberef)	Limited Liability Company	Inside KSA	Current
Arab Petroleum Pipelines Company (SUMED)	Joint-Stock – unlisted	Outside KSA	Current
Saudi Aramco Asia Company (SAAC)	Limited Liability Company	Outside KSA	Current
Saudi Petroleum International Inc.	Limited Liability Company	Outside KSA	Current
Saudi Petroleum Overseas Ltd. (S-OL)	Limited Liability Company	Outside KSA	Current
Aramco Development Company	Limited Liability Company	Inside KSA	Previous

Eng. Ibrahim Qassim Al Buainain

BSc in Mechanical Engineering, a Master's in Global Business Administration, and Innovation and Leadership from the Massachusetts Institute of Technology (MIT), USA. Eng. Al Buainain has also achieved a certificate from the Executive Development Program, IMD, Switzerland. Currently working as CEO of Aramco Trading Company (ATC). Previous roles include:

- General Manager of Joint Venture of Saudi Aramco – South Korea
- Investment Manager of all Saudi Aramco's international joint ventures
- Director of Joint Ventures of Saudi Aramco – Asia region
- Director of Structuring and Joint Ventures at Saudi Aramco's department for new business development
- Head of Operations Development at Saudi Aramco

Company	Legal Entity	Location	Membership
Rabigh Refining and Petrochemical Company	Joint-Stock – listed	Inside KSA	Current
Saudi Aramco Products Trading Company	Limited Liability Company	Inside KSA	Current
Bahri Chemicals Company	Limited Liability Company	Inside KSA	Current
Saudi Aramco Products Trading Company	Limited Liability Company	Outside KSA	Current
Petredec Company	Limited Liability Company	Outside KSA	Current

Mr. Khalifa Abdullatif Al Mulhim

Bachelor's in Finance Administration from the University of Colorado Boulder, USA. Mr. Al Mulhim is currently CEO of Khalifa A. Almulhem Company Ltd. Previously, Mr Al Mulhim worked for the Saudi Industrial Development Fund (SIDF).

Company	Legal Entity	Location	Membership
Advanced Petrochemical Company	Joint-Stock – listed	Inside KSA	Current
AlJazira Bank	Joint-Stock – listed	Inside KSA	Current
Walaa Cooperative Insurance Company	Joint-Stock – listed	Inside KSA	Current
Saudi White Cement Company	Joint-Stock – listed	Inside KSA	Current
Al Jazeera Support Services Company (MEHAN)	Limited Liability Company	Inside KSA	Current
Saudi British Bank (SABB)	Joint-Stock – listed	Outside KSA	Previous
Saudi-Spanish Bank	Joint-Stock – listed	Outside KSA	Previous
Nama Chemicals Company	Joint-Stock – listed	Inside KSA	Previous
International General Insurance Company (IGI)	Joint-Stock – listed	Outside KSA	Previous
Al-Ittefaq Steel Products Company (ISPC)	Joint-Stock – unlisted	Inside KSA	Previous
General Organization for Social Insurance	Governmental Authority	Inside KSA	Previous

Mr. Yasir Abdullah Al Salman

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

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

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

Mr. Raid Abdullah Ismail

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

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

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

Mr. Abdulrahman Mohammed Al Suhaibani

Master's in Economics from the University of Denver, Colorado and a Bachelors in Economics and Engineering Management from George Washington University. Management Leadership from Institute of Management and International Investments in Harvard University, and Project Management from Newcastle, UK. Previous roles include:General Manager of Joint Venture of Saudi Aramco – South Korea

- Investment Manager of all Saudi Aramco's international joint ventures
- Director of Joint Ventures of Saudi Aramco – Asia region
- Director of Structuring and Joint Ventures at Saudi Aramco's department for new business development
- Head of Operations Development at Saudi Aramco

Company	Legal Entity	Location	Membership
Bahri Dry Bulk Company	Limited Liability Company	Inside KSA	Current
Saudi Real Estate Company (Al Akaria)	Joint-Stock – listed	Inside KSA	Previous
United Arab Shipping Company (UASC)	Joint-Stock – closed	Outside KSA	Previous
Insurance Company	Joint-Stock – listed	Inside KSA	Previous

Mr. Yasser Abdulaziz Al Kadi

Bachelor's in Finance Administration from University of Portland, and an MBA from Portland, USA. Previous roles include:

- Financial Analyst – Al Faisaliah Group Holding (AFG)
- Chief Business Development Officer - Al-Jeraisy Group

Company	Legal Entity	Location	Membership
Zajel Express Logistics Company	Joint-Stock – unlisted	Inside KSA	Current
Al-Kadi Group Holding	Joint-Stock – unlisted	Inside KSA	Current
Oqal Group	Joint-Stock – unlisted	Inside KSA	Previous
Derayah Financial Company	Joint-Stock – unlisted	Inside KSA	Previous

Executive Management

Eng. Abdullah Ali Al Dubaikhi

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

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

Eng. Fayez Abdullah Al Asmari

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

Company	Membership	Location	Legal Entity
Chief Financial Officer (CFO) of Bahri	Current	Inside KSA	Joint-Stock – listed
Member of the Audit Committee at Al Moammar Information Systems (MIS)	Current	Inside KSA	Joint-Stock – listed
Chief Operating Officer of the Arabian Company for Water and Power Development (ACWA Holding)	Previous	Inside KSA	Joint-Stock – unlisted
Vice President of Finance at Tasnee	Previous	Inside KSA	Joint-Stock – listed
Senior Manager at the Samba Financial Group	Previous	Inside KSA	Joint-Stock – listed
Credit Advisor at the Saudi Industrial Development Fund	Previous	Inside KSA	Governmental Authority
Member of the Audit Committee at Malath Insurance	Previous	Inside KSA	Joint-Stock – listed
Member of the Audit Committee at Watan Investment	Previous	Inside KSA	Joint-Stock – unlisted

Mr. Naser Mohammed Al Abdulkarim

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

Company	Membership	Location	Legal Entity
President of Bahri Oil	Current*	Inside KSA	Joint-Stock – listed
Saudi Aramco	Current	Inside KSA	Joint-Stock – listed
Vela International Marine Limited	Previous*	Outside KSA	Limited Liability Company
Saudi Electricity Company	Previous	Inside KSA	Joint-Stock – listed
Modern Industries Company	Previous	Inside KSA	Limited Liability Company
Board Member, United Arab Shipping Co. (UASC)	Previous	Outside KSA	Joint-Stock – listed
Chairman, Audit Committee, UASC	Previous	Outside KSA	Joint-Stock – listed
Board Member, Britannia P&I	Previous	Outside KSA	Limited Liability Company

*Seconded from Saudi Aramco

Mr. Hisham Husain Al-Khalidi

Bachelor's in Business Administration and holder of a Level-Five Certificate in Leadership from the British Institute of Leadership and Management (ILM).

Company	Membership	Location	Legal Entity
Chief Support Officer at Bahri	Current	Inside KSA	Joint-Stock – listed
Board Member and Chairman of the Nomination and Remuneration Committee – Leejam Sport Company	Current	Inside KSA	Joint-Stock – listed
Member of Human Resources and Labor Market Committee, Riyadh Chamber of Commerce	Current	Inside KSA	Semi-Governmental
Member of the Committee on the Localization of the Maritime Industry, Public Transport Authority	Current	Inside KSA	Governmental Authority
Director of Human Resources, Alshaya International Trading Company	Previous	Inside KSA	Limited Liability Company

Mr. Ahmed Muhammad Al Ghaith

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

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

Eng. Abdulaziz Abdulrahman Sabri

BSc in Mechanical Engineering from King Fahd University of Petroleum and Minerals (KFUPM) in Dhahran.

Company	Membership	Location	Legal Entity
President of Bahri Ship Management	Current	Outside KSA	Joint-Stock – listed
Board Member of the National Shipping Company of Saudi Arabia (NSCSA), USA	Current	Outside KSA	Limited Liability Company
Chairman of the DNV GL Middle East Committee	Current	Outside KSA	Limited Liability Company
Board of Trustees Member of Emirates Maritime Arbitration Centre (EMAC)	Current	Outside KSA	Independent, Non-Governmental, Non-Profit
Member of the Lloyd's Register Middle East & Africa Asia Advisory Committee	Current	Outside KSA	Limited Liability Company
Member of the delegation representing KSA at International Maritime Organization (IMO)	Current	Inside KSA	Government
Vice President – Technical Services of Bahri Ship Management	Previous	Outside KSA	Joint-Stock – listed
Fleet Operations Manager at Vela International Marine Limited Company	Previous	Outside KSA	Semi-Governmental
Site Manager in South Korea shipyard site office, Vela International Marine Limited Company	Previous	Outside KSA	Semi-Governmental

Eng. Mubarak Abdullah Al Khater

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

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

Mr. Claus Breitenbauch

Bachelor's Degree from the A.P.Moller-Maersk Shipping Academy.

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

Mr. Chakib Abi Saab

Bachelor's in Business Management and a MBA in International Business from Letourneau University, USA.

Company	Membership	Location	Legal Entity
Chief Technology Officer at Bahri	Current	Inside KSA	Listed
Technology Advisor - Singapore's Maritime Institute	Current	Outside KSA	Governmental Authority
Group Chief Technology Officer - OSM Maritime Group	Previous	Outside KSA	Limited Liability Company
Business Advisor & Growth Strategist - Telekom Malaysia	Previous	Outside KSA	Governmental Authority
Chief Digital Officer - Bumi Armada Berhad	Previous	Outside KSA	Publicly Traded
Senior IT Operations Manager - Baker Hughes	Previous	Outside KSA	Publicly Traded

Mr. Abdulaziz Mohammed Al Babtain

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

Company	Membership	Location	Legal Entity
Chief Internal Auditor at Bahri	Current	Inside KSA	Joint-Stock – listed
Audit Manager at the Saudi Hollandi Bank	Previous	Inside KSA	Joint-Stock – listed
Audit Manager at Al Rajhi Bank	Previous	Inside KSA	Joint-Stock – listed
Senior Auditor at KPMG Saudi Arabia	Previous	Inside KSA	Certified Public Accountants

Mr. Abdullah Ali Al Mousa

Bachelor's in Sharia from Al-Imam Mohammad Ibn Saud Islamic University and a Master's in International Law from Southern Methodist University, USA.

Company	Membership	Location	Legal Entity
General Counsel, Legal Affairs at Bahri	Current	Inside KSA	Joint-Stock – listed
Legal Adviser at Al-Jadaan & Partners Law Firm	Previous	Inside KSA	Saudi Professional Company
Legal Adviser at BNP Paribas	Previous	Outside KSA	Branch of the French Bank BNP Paribas
Legal Adviser at Clifford Chance Company	Previous	Outside KSA	Branch of the British Clifford Chance Company

Dividend Distribution Policy

Dividend distribution depends on net profit, cash flows and future expectations for Bahri's key investments while taking into consideration the importance of maintaining a strong financial position in order to respond to any fundamental organizational, market or economic changes, in accordance with the provisions of Article (32) of the Companies Law, which are stated as follows:

- The Company may, if so provided and permitted in its bylaws, distribute interim dividends to its shareholders on a biannual or quarterly basis on the mandate of the General Assembly renewed annually in accordance with the regulatory procedures issued by the CMA
- 10% of the net profit is to be set aside to form a statutory reserve. The Ordinary General Assembly can discontinue the deduction for the statutory reserve when such reserve reaches 30% of the Company's paid-up capital.
- The General Assembly of shareholders may, upon a Board recommendation, set aside a certain percentage of the net profits to form a voluntary reserve for one or more specific purposes agreed upon by the regular General

Assembly. The remaining amount shall be distributed among shareholders, provided that it is not less than 1% of the paid-up capital.

The Board of Directors approved at its meeting held on 21st September 2020 the Company's dividend policy for years 2020, 2021 and 2022. The policy is subject to the ratification at the next General Assembly Meeting. The policy aims to maintain a minimum dividend of SAR 2.00 per annum. The dividend policy is as follows:

Bahri targets to pay SAR 1.00 per share semiannually for the next 3 years starting from 2020. The dividend policy will remain subject to change based on any material changes in the strategy, high volatility on shipping's international prices, or any funding that the Company may be bound to follow.

With regards to 2020 dividends, the Board of Directors issued a resolution at its meeting held on 21st September 2020 on distributing cash dividends to shareholders of SAR 393.75 million for the first half of 2020, amounting to SAR 1.00 per share, and representing 10% of the capital. The Board of Directors designated a time for dividend distribution on 22nd October 2020. The Board of Directors issued a recommendation at its meeting held on 28th January 2021 on distributing cash dividends of SAR 393.75 million to shareholders for the second half of the year 2020, amounting to SAR 1.00 per share and 10% of the capital. The distribution of such dividends will be announced later.

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

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

Our commitment to investors:

In 2020, Bahri's IR team was again committed to providing its investors with a high level of clarity and dedication on its performance, goals and initiatives. Our values are transparency, openness, and approachability. Our commitment to our shareholders is irrefutable and we maintained open communication channels with them, even throughout the COVID-19 crisis. We have worked to preserve this level of interaction and trust during the challenges faced this past year. Our team is constantly self-evaluating and looking ahead at ways we can improve for our investors, and we disclose all relevant information to them.

There are 4 Bahri IR team members, and the team is highly qualified with several investor relations certifications. These include an international certificate in investor relations, "ICIR," from the UK IR society, a certificate of Middle East Investor Relations Officer, "MEIRA," and Ifsah professional exam from the Saudi stock exchange (Tadawul).

Bahri continues to disclose relevant information and make it easily accessible to regional investors and analysts. This enables the management and the investors to have continued communication and transparency. Bahri organized "Bahri Investor Day" on 09/09/2020, in addition to its participation in many investor conferences.

We ensure that our Investor Relations webpage is updated with the latest relevant information. We also have a Bahri IR app for both Android and IOS, to ensure that we are always connected to investors.

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

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

Description of any deal between the Company and related parties

The Company ships the products of its affiliates across the world via agreements signed with these companies. It also deals with stakeholders while practicing its ordinary business such as the Aramco Trading Company (ATC) owned by Saudi Aramco, which owns 20% of Bahri's capital; and the International Shipping and Transportation Company Ltd. (ISTC), a subsidiary of SABIC, which owns 20% of the National Chemical Carriers Company (NCC)'s capital, with Bahri owning the other 80%. It also deals with ARASCO, which owns a 40% stake of Bahri Dry Bulk LLC's capital with Bahri owning the other 60%. The financial details are disclosed in note in the audited financial statements for the year ended 31st December 2020.

Details of compensation and bonuses paid to five senior executives including the CEO and CFO

Item	(SAR Thousands)
Salaries and compensation	7,597,354
Annual bonuses	7,931,770
In-kind compensation and benefits	204,834
End-of-service benefits	1,615,230
Total	17,349,189

The Company has committed to disclose the remuneration of the executives in accordance with the statutory requirements mentioned in Article (93) of the Corporate Governance Regulations, and in accordance with Article (60) of the rules for offering securities and continuing obligations.

Details of stocks and debt instruments issued by each subsidiaries

Subsidiary name	No. of shares and nominal value	Debt instruments
National Shipping Company of Saudi Arabia (NSCSA), USA	1,000 shares, SR 3,750 each	-
Mideast Ship Management Ltd.	One share, SR 306,540	-
National Chemical Carriers Company	61,000,000 shares, SR 10 each	-
Bahri Dry Bulk Company	200,000 shares, SR 1,000 each	-
Bahri Bollore Logistics	300,000 shares, SR 100 each	-
Bahri Bunge Dry Bulk	18,350 shares, SR 1,022 each	-
Petredec Limited	6,111,111 shares, SR 21.47 each	-
International Maritime Industries	424,200 shares, SR 3,750 each	-

Bahri's shareholder register requests – dates and reasons:

Request No.	Date of Request	Reason of Request
1	12/01/2020	Corporate Action
2	20/04/2020	AGM
3	22/04/2020	Dividend Entitlement
4	12/07/2020	Other
5	12/07/2020	Other
6	19/08/2020	Other
7	01/09/2020	Other
8	22/09/2020	Corporate Action
9	30/09/2020	Other
10	01/10/2020	Dividend Entitlement
11	07/10/2020	Corporate Action
12	01/11/2020	Other
13	30/11/2020	Other

Statutory Payments

The following table shows government payments that are paid or payable during 2020 with a brief description and justifications

Entity	Amount in SAR	Description	Reasoning
The General Authority of Zakat and Tax (GAZT)	147,998,493	Amounts imposed as Zakat and tax expenses as per the provisions and rules for Zakat and tax	Governmental requirement
General Organization for Social Insurance (GOSI)	13,297,175	Amounts paid or imposed as social insurance as per the law	Governmental requirement

General Assemblies held in 2020

The 44th Ordinary General Assembly was held on 12th January 2020 and attended by the following Board members:

- Mr. Mohammed Abdulaziz Al Sarhan
- Dr. Abdulmalik Abdullah Al Hogail
- Mr. Saleh Abdullah Al Debasi

The 45th Ordinary General Assembly was held on 20th April 2020 and attended by the following Board members:

- Mr. Mohammed Abdulaziz Al Sarhan
- Dr. Abdulmalik Abdullah Al Hogail
- Mr. Khalifa Abdullatif Al Mulhim
- Mr. Yasir Abdullah Al Salman
- Mr. Raid Abdullah Ismail
- Mr. Yasser Abdulaziz Al Kadi

Information relating to any business or contract to which the Company is a party and in which a director of the Company, a Senior Executive or any person related to any of them

A director of the Company, a Senior Executive or any person related to any of them	Conditions	Duration	Amount	Nature of transaction
Abdulmalik Bin Abdullah Alhoghail Vice-Chairman of the Board of Directors of the National Shipping Company of Saudi Arabia and the Board Member of the Saudi Electricity Company	Within the context of regular works and it didn't give any preferential advantages	Three years	SAR 180 million	Customs clearance contract and transportation of heavy weight materials in the ordinary course of business and no preferential advantages were given
Abdulmalik Bin Abdullah Alhoghail Vice-Chairman of the Board of Directors of the National Shipping Company of Saudi Arabia and the Board Member of the Saudi Electricity Company	Within the context of regular works and it didn't give any preferential advantages	Three years		Customs clearance contract and transportation of lightweight materials in the ordinary course of business and no preferential advantages were given

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

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

Article/ Clause No.	Article/Clause Text	Non-Implementation Justification
Article 90 - Clause 19	Geographical analysis of the Company's and its affiliates' revenues	There is no geographical analysis due to the nature of the Company's and its affiliates' works; the ships and tankers are operating in the high seas and transporting shipments across a large number of local and global ports, which prevents linking revenues to one specific region.
Article 39	Training of Board members and executive management	This article is a guideline. The Company is committed to providing necessary training for the executive management as part of its plans for general employee development.
Article 41	Assessment of Board members and executive management	This article is a guideline. The Company has agreed to annually evaluate the extent of the Board members in accordance with the Company's policy.
Article 70	Composition of the Risk Management Committee	These articles are guidelines. The Company's management constantly reviews its risk management policies to ensure the implementation of approved policies and programs and prevent risks that the Company may face. Additionally, the Audit Committee ensures risk management operations and applicable systems work efficiently across all levels of the Company.
Article 71	Competencies of the Risk Management Committee	
Article 72	Meetings of the Risk Management Committee	
Article 83	Regulating the relationship with stakeholders	This article is a guideline. There is no written policy, however, Bahri's Articles of Association and the policies and regulations approved by the General Assembly and the Board, and relevant laws and regulations guarantee the protection of the rights of all stakeholders.
Article 85	Employee incentives	This article is a guideline. The Company has, as part of its policies, many other employee engagement and performance development and incentive programs.
Article 87	Social responsibility	These articles are guidelines. Bahri works constantly towards participating in different social activities aimed at developing the social and economic situation of the community We have disclosed the social responsibility and initiatives in this report.
Article 88	Social initiatives	
Article 95	In case the Board of Directors form a corporate governance committee, it shall delegate to the same the competencies set forth in Article 94 of this regulation. Such committee shall follow up any matters related to governance applications and provide the Board of Directors, at least annually, with its recommendations and reports.	This article is a guideline. The Company complies with, develops, monitors the implementation of, verifies the effectiveness and amends when necessary its corporate governance rules.

The following should be noted:

- There has been no third party to assess the performance of the Board of Directors and its committees; the evaluation is conducted internally using some evaluation methods.
- The Company has not been subject to any sanctions or penalties of any supervisory, regulatory or judicial entity during 2020.
- The Company has a dedicated internal auditing department.
- There has been no conflict between the recommendations of the Audit Committee and the Board resolutions concerning the appointment, dismissal, remuneration, and evaluation of the performance of the Company's auditor or the appointment of the internal auditor.
- Bahri prepares its financial statements in compliance with the International Financial Reporting Standards (IFRS), which contain nothing different from the standards adopted by the Saudi Organization for Certified Public Accountants (SOCPA).
- There were no private interests with regards to the class of shares carrying voting rights.
- The Company has not issued or granted any transferable debt instruments, contractual securities, memoranda on subscription rights or any similar rights during the fiscal year.
- The Company has not issued or granted any transfer or subscription rights by virtue of any transferable debt instruments, contractual securities, memoranda on subscription rights or any similar rights.
- There has been no redemption, purchase or cancellation of any redeemable debt instruments by the Company.
- There has been no arrangement or agreement pursuant to which a Board member or senior executive waived their right to receive any bonuses.
- There has been no arrangement or agreement under which a shareholder of the Company has waived any of their rights to dividends.
- No investments or reserves were created for the Company's employees.
- The Auditor's Report contained no reservations related to the annual financial statements.
- The Board of Directors issued no recommendations as to changing the auditor prior to the expiry of the period for which the same is assigned.
- There were no treasury shares kept by the Company.

Acknowledgments:

The Board of Directors hereby acknowledges the following:

- Accounting records have been prepared in a sound manner.
- The internal control system has been established on a sound basis and implemented effectively.
- The Company's ability to continue its operations is not subject to doubt.

Board of Directors
National Shipping Company of Saudi Arabia (Bahri)
March 2021

Financial Statements

KPMG

KPMG Al Fozan & Partners
Certified Public Accountants
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License No. 46/11/323 issued 11/3/1992

Independent Auditor's Report

To the Shareholders of The National Shipping Company of Saudi Arabia

Opinion

We have audited the consolidated financial statements of The National Shipping Company of Saudi Arabia ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, 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 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

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

Key Audit Matters

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

KPMG

Independent Auditor's Report

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

Impairment assessment of Vessels	
See note 4 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 89 vessels (2019: 89 vessels) that are used in transportation activities. The carrying value of the vessels, which is shown as part of property and equipment, is SAR 14.2 billion (2019: SAR 14.7 billion) representing approximately 67% (2019: 71%) of total assets as at 31 December 2020. 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 2020; - 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.

KPMG

Independent Auditor's Report

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

Other Information

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

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

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

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

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

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

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

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

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

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

KPMG

Independent Auditor's Report

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

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

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

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

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

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

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

For KPMG Al Fozan & Partners
Certified Public Accountants

KPMG Al Fozan & Partners
Certified Public Accountants
C.R. 46

Fahad Mubark Aldossari
License No: 469

Date: 20 Rajab 1442H
Corresponding to: 4 March 2021

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

Consolidated Statement of Financial Position

As at 31 December 2020

(In thousands of Saudi Riyals)

	Note	2020	2019
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	14,208,720	14,717,099
Projects under construction	7	934,426	310,142
Right of use assets	18	151,143	29,440
Intangible assets	8	497,784	622,475
Equity accounted investees	9	1,342,874	1,242,132
Other non-current financial assets	10	63,149	17,545
TOTAL NON-CURRENT ASSETS		**17,198,096**	**16,938,833**
CURRENT ASSETS			
Inventories	11	287,721	411,255
Trade receivables and contract assets	12	1,035,350	1,869,684
Prepayments and other current assets	13	608,927	658,635
Cash and cash equivalents	14	1,975,214	798,189
TOTAL CURRENT ASSETS		**3,907,212**	**3,737,763**
TOTAL ASSETS		**21,105,308**	**20,676,596**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	3,937,500	3,937,500
Statutory reserve		1,232,034	1,074,923
Share premium		1,489,103	1,489,103
Other reserves		(18,306)	(12,208)
Retained earnings		3,349,350	2,722,849
Equity attributable to equity holders of the Parent Company		**9,989,681**	**9,212,167**
Non-controlling interests	31	508,755	464,704
TOTAL EQUITY		**10,498,436**	**9,676,871**
LIABILITIES			
NON-CURRENT LIABILITIES			
Loans and borrowings	16	8,073,530	8,386,678
Employees' end of service benefits	17	65,301	70,789
Lease liabilities		85,710	20,994
Deferred tax liabilities	20	-	57,558
Derivative financial instruments		10,400	7,553
TOTAL NON-CURRENT LIABILITIES		**8,234,941**	**8,543,572**
CURRENT LIABILITIES			
Loans and borrowings - current portion	16	827,833	1,141,768
Lease liabilities - current portion		62,530	2,632
Trade and other payables	19	1,257,509	1,128,415
Provision for zakat and income tax	20	224,059	183,338
TOTAL CURRENT LIABILITIES		**2,371,931**	**2,456,153**
TOTAL LIABILITIES		**10,606,872**	**10,999,725**
TOTAL EQUITY AND LIABILITIES		**21,105,308**	**20,676,596**

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 2020 (In thousands of Saudi Riyals)

(In thousands of Saudi Riyals)

	Note	2020	2019
Revenue	21	8,393,001	6,567,015
Operating costs	22	(6,320,554)	(5,374,186)
Gross profit before bunker subsidy		**2,072,447**	**1,192,829**
Bunker subsidy		49,342	234,168
Gross profit		**2,121,789**	**1,426,997**
General and administrative expenses	23	(172,340)	(154,063)
Provision on trade receivables and contract assets	12	(63,473)	(78,853)
Other (expenses) income, net	24	(20,043)	28,937
Operating profit		**1,865,933**	**1,223,018**
Finance costs	25	(253,583)	(463,724)
Share in results of equity accounted investees	9	96,802	(23,702)
Profit before zakat and tax		**1,709,152**	**735,592**
Zakat and income tax	20	(94,329)	(92,099)
Profit for the year		**1,614,823**	**643,493**
Profit for the year attributable to:			
Equity holders of the Parent Company		1,571,112	620,702
Non-controlling interests	31	43,711	22,791
		1,614,823	**643,493**
Earnings per share (Saudi Riyal):			
Basic	26	3.99	1.58
Diluted	26	3.99	1.58

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 2020

(In thousands of Saudi Riyals)

	Note	2020	2019
Profit for the year		**1,614,823**	**643,493**
Items that will not be reclassified to profit or loss			
Re-measurement gain on employees' end of service benefits	17	1,342	1,084
Items that are or may be reclassified subsequently to profit or loss			
Equity accounted investees share of OCI	9	(7,100)	493
Total comprehensive income for the year		**1,609,065**	**645,070**
Total comprehensive income attributable to:			
Equity holders of the Parent Company		1,565,014	621,796
Non-controlling interests		44,051	23,274
Total comprehensive income for the year		**1,609,065**	**645,070**

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 2020

(In thousands of Saudi Riyals)

	Note	2020	2019
OPERATING ACTIVITIES			
Profit for the year		1,614,823	643,493
Adjustments to reconcile profit for the year to net cash flows resulted from operating activities			
Depreciation of property and equipment	6	1,015,199	968,041
Depreciation of right of use assets	18	27,237	10,818
Amortization/ derecognition of intangible assets	8	130,375	54,065
Provision on trade receivables and contract assets	12	63,473	78,853
Finance costs	25	253,583	463,724
Share in (profit)/ loss of equity accounted investees	9	(96,802)	23,702
Loss/ (gain) on disposal of property and equipment	24	3,590	(14,701)
Zakat and income tax	20	94,329	92,099
Employees' end of service benefits	17	12,723	13,625
		3,118,530	**2,333,719**
Changes in operating assets and liabilities:			
Inventories		123,534	(67,210)
Trade receivables and contract assets		792,917	(64,821)
Prepayments and other current assets		(129,751)	(167,443)
Receivables from finance lease		-	4,947
Trade and other payables		258,045	257,753
Cash generated from operations		**4,163,275**	**2,296,945**
Finance costs paid		(288,218)	(397,749)
Zakat and income tax paid	20	(95,401)	(89,616)
Employees' end of service benefits paid	17	(16,869)	(11,679)
Net cash generated from operating activities		**3,762,787**	**1,797,901**
INVESTING ACTIVITIES			
Additions of property and equipment	6	(212,593)	(125,500)
Projects under construction	7	(1,106,041)	(171,378)
Additions to intangible assets	8	(5,684)	(775)
Proceeds from disposal of property and equipment		183,940	176,015
Dividends received from equity accounted investees	9	85,227	-
Investment in equity accounted investees	9	(96,267)	-
Other non-current financial assets		(2,233)	(1,190)
Net cash used in investing activities		**(1,153,651)**	**(122,828)**
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	16	689,225	580,000
Repayment of loans and borrowings		(1,324,418)	(1,258,817)
Dividends paid		(772,105)	(785,699)
Payment of lease liabilities		(24,813)	(5,174)
Net cash used in financing activities		**(1,432,111)**	**(1,469,690)**
Increase in cash and cash equivalents		1,177,025	205,383
Cash and cash equivalents at beginning of the year	14	798,189	592,806
Cash and cash equivalents at end of the year	14	**1,975,214**	**798,189**
Significant non-cash transactions:			
Projects under construction transferred to property and equipment	7	481,757	-
Bareboat transfer to property and equipment		-	106,162

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 2020 (In thousands of Saudi Riyals)

(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 as at 1 January 2019	3,937,500	1,012,852	1,489,103	(13,302)	2,951,718	9,377,871	441,430	9,819,301
Profit for the year	-	-	-	-	620,702	620,702	22,791	643,493
Other comprehensive income	-	-	-	1,094	-	1,094	483	1,577
Total comprehensive income for the year	-	-	-	1,094	620,702	621,796	23,274	645,070
Transferred to statutory reserve	-	62,071	-	-	(62,071)	-	-	-
Dividends (note 30)	-	-	-	-	(787,500)	(787,500)	-	(787,500)
Balance as at 31 December 2019	3,937,500	1,074,923	1,489,103	(12,208)	2,722,849	9,212,167	464,704	9,676,871
Balance as at 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 30)	-	-	-	-	(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

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 2020 and 31 December 2019. 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 % 2020	Effective Ownership % 2019	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	Petrochemicals 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	36	Dry bulk transportation	UAE

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

On 31 March 2020, the partners of Bahri Bunge Dry Bulk DMCC resolved to liquidate the Company. The legal process of liquidating Bahri Bunge Dry Bulk DMCC is not yet finalized.

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

Equity accounted investee	Date of incorporation	Effective Ownership % 2020	Effective Ownership % 2019	Principal Activity	Location
Petredec Limited *	1980	30.3	30.3	Liquefied petroleum gas transportation	Singapore
International Maritime Industries Company	2017	19.9	19.9	Maritime industries	KSA

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

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2020

During August 2020, the Company entered into a joint venture ("JV") agreement to establish the National Grain Company with the Saudi Agricultural and Livestock Investment Company ("SALIC"), The JV aims to build and establish a terminal for handling grain at Yanbu Commercial Port, to meet the future needs of the Kingdom of Saudi Arabia for major crops and cereals. The legal formalities are still under process.

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 2020, the Group operated by 89 owned vessels and 2 vessels under lease contract (31 December 2019: owned 89 vessels) operating in the following sectors:

Crude oil transportation sector:

Consists of 46 vessels (31 December 2019: 48 vessels) out of which, 41 very large crude carriers (VLCCs) are operating in the spot market. The Group also owns 5 product tankers, managed commercially by NCC.

Chemicals transportation sector:

This sector is fully operated by NCC, it owns 28 vessels and 2 vessels under lease contract (31 December 2019: 30 vessels) specialized tankers distributed as follows:

- 20 tankers that operate in the spot market.
- 5 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 2019: 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 2019: 5 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 Certified Public Accountants ("SOCPA").

2.2. Preparation of financial statements

(i) Historical cost convention

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

- Derivative financial instruments are measured at fair value.
- 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 period 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, unrealized income and expenses and cash flows relating to transactions are eliminated in full on consolidation.

Non-controlling interests are measured at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition 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, the management is not aware of any factors that are expected to change the impact of the pandemic on the Group's operations during 2021 or beyond

4.2. Revenue from contracts with customers

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

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

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

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

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

Revenue is recognized when a customer obtains control of the services.

Type of service	Nature, timing of satisfaction of performance obligations, significant payment terms
Time Charter arrangement	In case of time charter arrangement, the Group measures its progress towards complete satisfaction of the performance obligation using a time-based measure. Further, because the Group 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	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	Logistics revenue excluding liner primarily comprises order fulfilment and transportation services. Logistics revenue is recognized at the point in time when the services are rendered to the customer and the customer acknowledges the same.

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

4.3. Financial instruments

i- Recognition and initial measurement

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

ii- Classification and measurement of financial assets and financial liabilities

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

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

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

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

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

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

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

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

Financial assets at Fair Value Through Profit and Loss (FVTPL)	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
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.

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.

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.

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 include 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 the 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 recognized 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 a period of 4 to 17 years.

4.9. Equity accounted investees

An equity accounted investee is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under the equity method, an equity accounted investee is initially recognized 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 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 recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the equity accounted investee. If the equity accounted investee subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

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 recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of equity accounted investee's identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in the 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 recognized in the Group's consolidated financial statements only to the extent of interests in the equity accounted investee that are not related to the Group

4.10. Leases

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

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

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

Group as a lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. 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 amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

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

Short-term leases and leases of low-value assets

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

Group as a lessor

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

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

4.11. Classification of assets and liabilities to “current” and “non-current”

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

An asset is current when it is:

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

All other assets are classified as non-current.

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 the 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 the consolidated statement of Profit or Loss, respectively).

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

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4.15. 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 sales 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.

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

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

4.17. 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 recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the year in which they occur. Remeasurements are not reclassified to profit or loss in subsequent years.

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

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

Interest is calculated by applying the discount rate to the defined benefit liability. The Group recognizes the following changes in the defined benefit obligation under 'Operating cost', and 'general and 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. An assessment is made at each reporting date to recognize contingent liabilities which are probable obligations arising from past events whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the Group.

4.21. 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 Company 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 the 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. Amendment in standards and standards issued but not yet effective

Amendment in standards

There were 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 period or prior periods and is expected to have no significant effect in future periods:

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Pronouncements issued and not yet effective

The following pronouncements are effective for annual periods beginning on or after 1 January 2021 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).

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2020
(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 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)	(42)	(6,320,554)
Bunker subsidy	38,915	1,984	8,443	-	-	49,342
Gross profit	**1,868,311**	**190,642**	**1,020**	**57,940**	**3,876**	**2,121,789**
General and administrative expenses	(13,728)	(14,189)	(23,210)	(7,067)	(114,146)	(172,340)
Provision 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)	(26,030)	(253,583)
Share in a result of 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**

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 roup'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.

(In thousands of Saudi Riyals)

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

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

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

31 December 2019	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Head office and Others	Total
Property and equipment	10,208,530	2,682,764	1,281,148	513,563	31,094	14,717,099
Total assets	12,653,030	3,177,135	2,290,810	833,568	1,722,053	20,676,596
Total liabilities	6,621,473	1,645,276	879,465	481,719	1,371,792	10,999,725

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2020
(In thousands of Saudi Riyals)

6. PROPERTY AND EQUIPMENT

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 481 million which was transferred from projects under construction (note 7).

- Certain vessels and tankers of the Group under fleet and equipment with a carrying value of SAR 8.1 billion at 31 December 2020, are pledged against some long-term loans.

31 December 2019	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 2019	**61,631**	**22,341,513**	**12,376**	**12,431**	**4,216**	**1,131**	**26,705**	**14,433**	**22,474,436**
Additions/ transfers*	2,664	226,388	12	495	175	6	1,922	-	231,662
Disposals	(121)	(802,747)	(1,451)	(1)	(6)	(205)	(9)	-	(804,540)
At 31 December 2019	**64,174**	**21,765,154**	**10,937**	**12,925**	**4,385**	**932**	**28,618**	**14,433**	**21,901,558**
Accumulated depreciation									
At 1 January 2019	**36,032**	**6,770,273**	**7,529**	**7,108**	**3,992**	**1,008**	**20,645**	**13,058**	**6,859,645**
Charge for the year	5,251	958,405	468	764	160	92	2,377	524	968,041
Disposals	(121)	(641,438)	(1,451)	(1)	(2)	(205)	(9)	-	(643,227)
At 31 December 2019	**41,162**	**7,087,240**	**6,546**	**7,871**	**4,150**	**895**	**23,013**	**13,582**	**7,184,459**
Net book value:									
As at 31 December 2019	**23,012**	**14,677,914**	**4,391**	**5,054**	**235**	**37**	**5,605**	**851**	**14,717,099**

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

(In thousands of Saudi Riyals)

7. PROJECTS UNDER CONSTRUCTIONS

The movement in projects under constructions is as follows:

	2020	2019
Beginning balance	310,142	138,764
Additions	1,106,041	171,378
Transferred to property and equipment	(481,757)	-
Ending balance	**934,426**	**310,142**

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 second half of the year 2021.

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.

The Company signed a contract on 18 September 2019 to build the first VLCC with the International Maritime Industries Company and in cooperation with Hyundai Samho Heavy Industries for a total amount of SAR 371 million. The carrier is expected to be received during the year 2021.

The balance of projects under constructions as at year ended 31 December 2020 consist of:

- SAR 466 million relating to 11 vessels under construction (31 December 2019: SAR 289 million for 5 vessels),
- SAR 372 million for Arrows project (31 December 2019: Nil),
- Other projects with balance of SAR 96 million (31 December 2019: SAR 21 million).

BDB signed contracts on 25 August 2017 with Hyundai Samho Heavy Industries to build 4 bulk cargo carriers for a total amount of SAR 472 million (USD 126 million). All 4 vessels were received and capitalized during 2020.

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2020

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.

	2020	2019
Cost		
Opening balance	940,705	939,930
Addition	5,684	775
Derecognition	(118,988)	-
Ending balance	**827,401**	**940,705**
Accumulated amortization		
Opening balance	318,230	264,165
Charge for the year	130,375	54,065
Derecognition	(118,988)	-
Ending balance	**329,617**	**318,230**
Net book value	**497,784**	**622,475**

9. EQUITY ACCOUNTED INVESTEES

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

	Note	2020	2019
Petredec Limited	9.1	1,169,954	1,094,767
International Maritime Industries Company (IMI)	9.2	172,920	147,365
		1,342,874	**1,242,132**

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

	Note	2020	2019
Share of profit/ (loss) in Petredec Limited	9.1	167,514	(2,068)
Share of loss in IMI	9.2	(70,712)	(21,634)
		96,802	**(23,702)**

(In thousands of Saudi Riyals)

9.1. Petredec Limited

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

	2020	2019
Beginning balance	1,094,767	1,096,342
Dividends received during the year	(85,227)	-
Share of:		
Profit/ (loss) for the year	167,514	(2,068)
Other comprehensive (loss) income for the year	(7,100)	493
Ending balance	**1,169,954**	**1,094,767**

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

	31 October 2020	31 October 2019
Current assets	3,220,474	2,873,881
Non-current assets	6,783,255	5,941,195
Current liabilities	(2,132,374)	(2,039,806)
Non-current liabilities	(4,233,365)	(3,394,202)
Net assets before non-controlling interest	3,637,990	3,381,068
Non-controlling interest	(38,116)	(29,308)
Net assets	**3,599,874**	**3,351,760**
Group's share in net assets (30.30%)	1,090,871	1,015,684
Goodwill	79,083	79,083
Carrying amount of investment in equity accounted investees	**1,169,954**	**1,094,767**
Revenue	15,206,100	19,850,260
Profit / (loss) before non-controlling interest	537,152	(5,305)
Non-controlling interest	(7,932)	109
Total comprehensive income / (loss) for the year	**529,220**	**(5,196)**
Group's share of total comprehensive income / (loss) (30.30%)	**160,414**	**(1,575)**

The equity accounted investees have SAR 638 million contingent liabilities and capital commitments as at 31 October 2020 (31 October 2019: SAR 1.5 billion).

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2020
(In thousands of Saudi Riyals)

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:

	2020	2019
Beginning balance	147,365	168,999
Additional paid in capital	96,267	-
Share in results of equity accounted investees	(70,712)	(21,634)
Ending balance	**172,920**	**147,365**

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

	2020	2019
Current assets	1,799,895	435,686
Non-current assets	879,450	518,419
Current liabilities	(814,114)	(210,776)
Non-current liabilities	(908,681)	(2,801)
Net assets	**956,550**	**740,528**
Group's share in net assets (19.9%)	172,920	147,365
Carrying amount of investment in equity accounted investees	**172,920**	**147,365**
Revenue	586,084	1,898
Total comprehensive loss for the year	**(259,046)**	**(108,713)**
Group's share of total comprehensive loss (19.9%)	**(70,712)**	**(21,634)**

10. OTHER NON-CURRENT FINANCIAL ASSETS

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

	2020	2019
Non-current trade receivables	47,266	-
Derivatives	8,466	10,128
Equity securities at FVOCI	7,334	7,334
Investment in government bonds	83	83
	63,149	**17,545**

(In thousands of Saudi Riyals)

11. INVENTORIES

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

	2020	2019
Fuel	238,096	360,707
Lubricant	42,440	43,943
Others	7,185	6,605
	287,721	**411,255**

12. TRADE RECEIVABLES AND CONTRACT ASSETS

Trade receivable and contract assets include the following items:

	2020	2019
Trade receivables	670,301	1,109,396
Due from related parties (note 27)	395,564	562,388
	1,065,865	**1,671,784**
Contract assets (unbilled revenue)	165,432	330,821
	1,231,297	**2,002,605**
Less: Provision on trade receivables and contract assets (note a)	(195,947)	(132,921)
Trade receivables and contract assets, net	**1,035,350**	**1,869,684**

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

	2020	2019
Opening balance	132,921	54,068
Change for the year	63,473	78,853
Write-off	(447)	-
Ending balance	**195,947**	**132,921**

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

	2020	2019
Less than 6 months	697,964	1,488,183
From 6 months to 12 months	281,882	155,383
More than 12 months	251,451	243,270
Total trade receivables and contract assets	**1,231,297**	**1,886,836**

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2020
(In thousands of Saudi Riyals)

Included in trade receivables amounts due from Government entities amounting to SAR 297 million as at 31 December 2020 (2019: SAR 591 million). These amounts represent 29% of the net trade receivables as at 31 December 2020 (31 December 2019: 34%). 59% of the amounts due for more than 12 months are amounts due from Government entities.

13. PREPAYMENTS AND OTHER CURRENT ASSETS

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

	2020	2019
Advances to suppliers	225,857	231,231
Recoverable bunker cost	135,032	161,348
Insurance claims	83,661	79,310
Prepaid expenses	76,869	139,709
Refundable deposits	15,779	2,230
Employees advances	11,104	17,176
Others	60,625	27,631
	608,927	**658,635**

14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent bank balances, cash, investments in Murabaha and short-term deposits.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise of the following:

	2020	2019
Bank balances and cash	458,040	245,840
Murabaha and short-term deposits (Note 14.1)	1,517,174	552,349
Cash and cash equivalents in consolidated statement of cash flows	**1,975,214**	**798,189**

14.1 Murabaha and Short-Term Deposits

Murabaha and short-term deposit comprise of the following:

	2020	2019
Murabaha and short-term deposits in USD	960,762	408,861
Murabaha and short-term deposits in Saudi Riyals	556,412	143,488
	1,517,174	**552,349**

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

(In thousands of Saudi Riyals)

15. SHARE CAPITAL

The Company's share capital is comprised of 393,750,000 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 2020 and 31 December 2019.

16. LOANS AND BORROWINGS

	Note	2020	2019
Sukuk	16.1	3,900,000	3,900,000
Murabaha borrowings	16.2	4,999,139	5,338,020
Commercial borrowings	16.3	54,469	90,781
Total sukuk and long-term borrowings		**8,953,608**	**9,328,801**
Less: Total current portion		(827,833)	(881,768)
Non-current sukuk and long-term borrowings		**8,125,775**	**8,447,033**
Less: prepaid financing		(52,245)	(60,355)
Net non-current sukuk and long-term borrowings		**8,073,530**	**8,386,678**
Short-term borrowings	16.4	-	260,000
Current portion of long-term borrowings		827,833	881,768
Loans and borrowings - Current Liabilities		**827,833**	**1,141,768**
Loans and borrowings - Non-Current Liabilities		**8,073,530**	**8,386,678**
		8,901,363	**9,528,446**

16.1 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).

16.2 Murabaha borrowings

The Group utilized existing long-term loans during the year ended 31 December 2020 amounting to SAR 499 million (31 December 2019: SAR 45 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 2020 is SAR 2,165 million (31 December 2019: SAR 2,555 million) and balance of loans against which profit to be paid based on SIBOR at the end of 31 December 2020 is SAR 2,834 million (31 December 2019: SAR 2,783 million). Balance in prepaid financing account related to Murabaha loans at the end of 31 December 2020 is SAR 52 million (31 December 2019: SAR 60 million).

16.3 Commercial borrowings

The Group did not obtain any additional long-term loan during year ended 31 December 2020 (31 December 2019: 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 at 31 December 2020 are SAR 54 million (31 December 2019: SAR 91 million).

(In thousands of Saudi Riyals)

16.4 Short Term Borrowings

The Group obtained a short-term loan during year ended 31 December 2020 amounting to SAR 190 million (31 December 2019: SAR 535 million). The total repayment against short-term loans during the period ended 31 December 2020 is SAR 450 million (31 December 2019: SAR 371 million). The existing loans were utilized to meet working capital requirements during the year.

16.5 Covenants

Borrowings 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 borrowings if these covenants are not met.

17. 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 the Kingdom of Saudi Arabia.

	2020	2019
Opening balance	70,789	69,927
Current service cost	10,852	10,965
Interest cost	1,871	2,660
Total cost charged for the year	12,723	13,625
Benefits paid	(16,869)	(11,679)
Re-measurement gain on defined benefit plans	(1,342)	(1,084)
Ending balance	**65,301**	**70,789**

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

	2020	2019
Discount rate	1.18%	3.00%
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	3.68%	5.50%
Future salaries increase - fourth year and after	3.68%	5.50%

(In thousands of Saudi Riyals)

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

	2020	2019
Discount rate		
0.5 % increase	(1,991)	(1,953)
0.5% decrease	2,114	2,068
Withdrawal rate		
10% increase	(890)	(846)
10% decrease	1,004	954
Future salary increases		
1% increase	4,426	4,459
1% decrease	(4,213)	(4,059)

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.

18. LEASES

Leases in which the Group is a lessee

The Group mainly leases its head office, administrative buildings, and vessels.

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

(i) Right-of-use assets

	2020	2019
Balance at 1 January	29,440	40,258
Additions	148,940	-
Depreciation charge for the year	(27,237)	(10,818)
Balance at 31 December	**151,143**	**29,440**

(ii) Lease liabilities

	2020	2019
Non-current	85,710	20,994
Current	62,530	2,632
	148,240	**23,626**

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2020
(In thousands of Saudi Riyals)

(iii) Amounts recognized in consolidated statement of profit or loss

	2020	2019
Interest on lease liabilities	488	278
Expenses relating to short-term leases	10,030	7,682

19. TRADE AND OTHER PAYABLES

	2020	2019
Due to related parties (note 27)	447,099	115,769
Trade payables	410,352	526,177
Accrued expenses	296,818	352,842
Unclaimed dividend	64,995	49,601
Others	38,245	84,026
	1,257,509	**1,128,415**

20. 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 General Authority of Zakat and Tax ("GAZT') 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:

	2020	2019
Zakat and income tax	155,342	58,052
Deferred tax charged	7,000	34,047
Reversal of deferred tax*	(68,013)	-
Ending balance	**94,329**	**92,099**

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

	2020	2019
Opening balance	183,338	214,902
Provided for the year	155,342	58,052
Payments during the year	(95,401)	(89,616)
Reclassified to other payables	(19,220)	-
Ending balance	**224,059**	**183,338**

(In thousands of Saudi Riyals)

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

	2020	2019
Opening balance	57,558	23,511
Provided for the year	7,000	34,047
Reversal*	(68,013)	-
Reclassified to other current assets	3,455	-
Ending balance	**-**	**57,558**

*Pursuant to Royal Decree M\153 amending Article 2(a) of the Saudi Arabian Income Tax Law, 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 has 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 2019 and obtained the zakat certificate, however, no assessment has been received from GAZT for the year 2019.

The Company has received the final assessment for the years 2015 to 2017, claiming additional zakat differences of SAR 67.8 million despite closing the mentioned years previously through the fast track initiative. The Company submitted an appeal against GAZT assessment and awaiting their response.

GAZT has raised the zakat assessment for the year 2018 claiming additional zakat differences of SAR 27.9 million. The Company has submitted an appeal against the assessment, GAZT has partially accepted the appeal and issued a revised assessment which has been escalated to the General Secretariat of Tax Committees ("GSTC") by the Company and awaiting their response. The Company believes that adequate provision has been made against any potential zakat and tax liabilities.

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

NCC has submitted its zakat returns for all fiscal years up to 2019 to the General Authority of Zakat and Tax (the "GAZT"), zakat assessments have been agreed with the General Authority of Zakat and Tax ("GAZT") for all the years up to 2004. NCC has received the zakat assessment for the years from 2005 to 2008 claiming additional payments of SAR 4.4 million. Further to an appeal, NCC received a revised assessment claiming additional liability of SAR 2.8 million. NCC has filed an appeal with the Higher Appeal Committee and awaiting their feedback. NCC has also 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 GAZT.

NCC has also received the zakat assessment for the year 2018 and submitted its appeal with GAZT then transferred the appeal to GSTC and awaiting their feedback.

NCC did not receive from GAZT the zakat assessments for the years from 2013 to 2017 and 2019. NCC 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 for the years up to 2019. The GAZT has not issued any zakat assessments since 2010 (date of incorporation). BDB 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 and tax returns for the years up to 2019 and finalized the assessment of year 2018 with GAZT.

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2020
(In thousands of Saudi Riyals)

21. REVENUE

	2020	2019
Spot	5,159,280	4,223,949
Charter hire	1,805,616	764,895
Freight forwarding	832,800	728,735
Time Charter	423,932	556,555
Others	171,373	292,881
	8,393,001	**6,567,015**

22. OPERATING EXPENSES

	2020	2019
Ship running expenses	1,913,173	1,153,832
Fuel and lubricants	1,266,226	1,529,085
Depreciation and amortization	956,200	872,561
Employees' salaries and benefits	647,833	581,798
Freight forwarding expenses	453,114	113,980
Ports and Agencies charge	437,999	476,895
Repairs and maintenance	410,800	354,662
Other operating expenses	235,209	291,373
	6,320,554	**5,374,186**

23. GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
Employees' salaries and benefits	121,889	110,333
Professional, legal and consultation fees	13,289	11,734
Marketing and communication	6,444	8,971
Rent	10,030	7,682
Maintenance	7,108	6,319
Depreciation	4,870	5,974
Others	8,710	3,050
	172,340	**154,063**

(In thousands of Saudi Riyals)

24. OTHER (EXPENSES) INCOME, NET

	2020	2019
(Loss)/ gains on disposal of property and equipment	(3,590)	14,701
Finance income	1,324	8,594
Donations	(9,997)	-
Others	(7,780)	5,642
	(20,043)	**28,937**

25. FINANCE COSTS

	2020	2019
Murabaha financing	143,090	245,734
Saudi Riyal sukuk	101,877	146,506
Drivatives re-valuation	6,741	67,822
Commercial loans	1,387	3,384
Lease liabilities	488	278
	253,583	**463,724**

26. EARNINGS PER SHARE

	2020	2019
Profit for the year attributable to equity holders of the Parent Company	1,571,112	620,702
Weighted average number of ordinary shares outstanding during the year	393,750,000	393,750,000
Earnings per share – basic	**3.99**	**1.58**
Earnings per share – diluted	**3.99**	**1.58**

27. RELATED PARTIES

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

Operating revenues that generated from related parties as follows:

	2020	2019
ARAMCO and its subsidiaries - shareholder	3,806,407	2,239,962
SABIC and its subsidiaries - affiliate	460,894	597,569
Saudi Electricity Company - affiliate	180,001	20,112
Arabian Agricultural Services Company (ARASCO) - affiliate	113,030	106,959

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2020
(In thousands of Saudi Riyals)

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

	2020	2019
ARAMCO and its subsidiaries	344,400	468,191
SABIC and its subsidiaries	30,155	59,220
Saudi Electricity Company	21,002	30,898
Arabian Agricultural Services Company (ARASCO)	7	4,079
	395,564	**562,388**

Long-term loans and payables due to related parties is as follows:

	2020	2019
Loan from Public Investment Fund (PIF) – shareholder	183,844	265,156
ARAMCO and its subsidiaries (note 19)	447,099	115,769

Compensation of key management personnel:

	2020	2019
Salaries and compensations	23,259	12,073
End of service award	2,493	613
Total compensation	**25,752**	**12,686**

28. FINANCIAL INSTRUMENTS

28.1. Financial Assets

	Note	2020	2019
Financial assets at fair value			
Derivatives not designated as hedging instruments:			
CAP commission options	10	8,466	10,128
Financial assets at fair value through OCI			
Unquoted equity shares	10	7,334	7,334
Total financial assets at fair value		**15,800**	**17,462**
Financial assets at amortized cost			
Other non-current financial assets	10	47,349	83
Trade receivables and contract assets	12	1,035,350	1,869,684
Other current financial assets		150,811	163,578
Cash and cash equivalent	14	1,975,214	798,189
Total financial assets at amortized cost		**3,208,724**	**2,831,534**
Total financial assets		**3,224,524**	**2,848,996**

(In thousands of Saudi Riyals)

28.2. Financial Liabilities

	Note	2020	2019
Financial liabilities at fair value			
Derivative financial instruments		**10,400**	**7,553**
Financial liabilities at amortized cost			
Loans and borrowings	16	8,901,363	9,528,446
Trade and other payables	19	1,257,509	1,012,646
Lease liabilities		148,240	23,626
Total financial liabilities at amortized cost		**10,307,112**	**10,564,718**
Total financial liabilities		**10,317,512**	**10,572,271**

28.3. Fair values of financial instruments

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

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

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

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

The fair value hierarchy is as follows:

	2020			
	Quoted prices in the active market (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
FVOCI – equity instrument:				
Unquoted equity shares	-	-	7,334	7,334
Derivatives measured at fair value through statement of profit or loss				
CAP commission option				
Assets	-	8,466	-	8,466
Liabilities	-	10,400	-	10,400

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

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

28.4. Financial Risk Management

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

The financial instruments in the consolidated statement of financial position are comprised primarily of cash and cash equivalent, other 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:

28.4.1. Credit risk

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

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

(In thousands of Saudi Riyals)

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

	Weighted average loss rate		Gross carrying amount		Impairment allowance	
	2020	2019	2020	2019	2020	2019
Less than 6 months	2%	1%	697,964	1,488,183	15,182	14,720
From 6 months to 12 months	2%	9%	281,882	155,383	5,782	14,287
More than 12 months	55%	43%	251,451	243,270	174,981	103,914
Total			**1,231,297**	**1,886,836**	**195,945**	**132,981**

Cash and cash equivalents

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

Limits are designed to minimize risk concentration and decrease financial loss through the inability of the counterparty to make the payments. The maximum exposure to credit risk for the components of the consolidated statement of financial position is the carrying amounts shown in (note 28) except for financial guarantees and derivative financial instruments.

28.4.2. Liquidity risk

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

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

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	8,604	10,088	638	846	6,770	1,834
	10,315,716	**10,383,340**	**232,824**	**1,918,416**	**6,872,185**	**1,359,915**

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2020
(In thousands of Saudi Riyals)

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

The Group has unutilized credit facilities of SAR 2,350 million as at 31 December 2020 (31 December 2019: SAR 2,019 million) to meet liquidity requirements.

28.4.3. Market risk

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

Currency risk

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

Commission rate risk

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

Sensitivity analysis for variable rate financial instruments

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

	2020	2019
Profit rate		
Increase by 100 base points	89,536	97,502
Decrease by 100 base points	(89,536)	(97,502)

(In thousands of Saudi Riyals)

Price risk

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

28.4.4 Capital management

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

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

	2020	2019
Loans and borrowings (note 16)	8,953,608	9,328,801
Trade and other payables (note 19)	1,257,509	1,128,415
Lease liabilities (note 18)	148,240	23,626
Less: Cash and cash equivalent (note 14)	(1,975,214)	(798,189)
Net Debt	**8,384,143**	**9,682,653**
Total equity	10,498,436	9,676,871
Total capital	**10,498,436**	**9,676,871**
Capital and net debt	**18,882,579**	**19,359,524**
Gearing ratio	44%	50%

Capital commitments

The Group's capital commitment related to ships under construction and the purchase of property and equipment was SAR 1,795 million as at 31 December 2020 (31 December 2019: SAR 575 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 a maritime yard in Ras Al Khair City named International Maritime Industries Company (IMI). The partners injections will total to SAR 2.625 billion (USD 700 million) of the project cost. As of 31 December 2020, the injected capital from partners was SAR 1.591 billion (USD 424 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.

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2020
(In thousands of Saudi Riyals)

Contingencies

The Group has outstanding bank letters of guarantee for SAR 344 million as at 31 December 2020 (31 December 2019: SAR 287 million) issued for the Group's normal course of business.

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

Operating lease - Group as a lessor

The Group, as a lessor, lease certain vessels to a related party based on time charter agreement.

The future amounts receivable under this lease agreement are as follows:

	2020	2019
Within one year	359,968	359,968
After one year but not more than five years	949,752	949,752
More than five years	65,549	65,549
	1,375,269	**1,375,269**

Income from time charter agreements under operating lease amounted to SAR 424 million for the year ended 31 December 2020 (31 December 2019: SAR 557 million).

30. DIVIDENDS

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

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

The 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.

(In thousands of Saudi Riyals)

31. NON-CONTROLLING INTERESTS IN SUBSIDIARIES

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

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**

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

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

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2020
(In thousands of Saudi Riyals)

32. CHANGE IN ACCOUNTING ESTIMATE

During 2020, the Group reviewed the estimated useful life and residual value of its oil fleet. Accordingly, the Board resolved to reduce the useful life of its oil fleet from 25 years to 22 years; and reflect the changes prospectively. The effect on depreciation charge has been reflected in the consolidated statement of profit or loss for the year ended 31 December 2020 and has an impact of SAR 61 million relating to additional depreciation charge.

33. SUBSEQUENT EVENTS

The Board of Directors decided in its meeting held on 28th of January 2021 to recommend to the General Assembly of the Company the distribution of cash dividends of SAR 394 million to the shareholders for the 2nd half of the financial year ended 31 December 2020 amounted to SAR 1 per share.

In the opinion of management, except for the above there have been no significant subsequent events since the year ended 31 December 2020 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 2020 at their meeting held on 16 Rajab 1442H (corresponding to 28 February 2021).

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