

# THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Condensed Consolidated Interim  
Financial Statements (Unaudited)

and review report for the three-month  
period ended 31 March 2024

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## KPMG Professional Services

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Commercial Registration No 1010425494

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

والجهة روشن، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

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

To the Shareholders of The National Shipping Company of Saudi Arabia

## Introduction

We have reviewed the accompanying 31 March 2024 condensed consolidated interim financial statements of The National Shipping Company of Saudi Arabia ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 31 March 2024;
- the condensed consolidated statement of profit or loss for the three-month period ended 31 March 2024;
- the condensed consolidated statement of other comprehensive income for the three-month period ended 31 March 2024;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2024;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2024; and
- the notes to the condensed consolidated interim financial statements.

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

## Scope of review

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

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR 40,000,000 (previously known as KPMG AlFozan & Partners Certified Public Accountants) and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للفرزان وشركاه محاسبين ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية للشركات كي بي إم جي المستقلة والعلامة التجارية كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

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

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2024 condensed consolidated interim financial statements of The National Shipping Company of Saudi Arabia and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services



**Fahad Mubark Aldossari**  
License No: 469

Riyadh, 06 May 2024  
Corresponding to 27 Shawwal 1445H



THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Condensed consolidated statement of financial position  
As at 31 March 2024  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	31 March 2024 (Unaudited)	31 December 2023 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	6	13,861,040	14,009,488
Projects under construction	7	1,482,974	905,035
Right of use assets		1,012,415	661,384
Intangible assets		314,732	324,537
Equity accounted investees		1,874,185	1,833,985
Other non-current financial assets		54,074	74,958
<b>TOTAL NON-CURRENT ASSETS</b>		<b>18,599,420</b>	<b>17,809,387</b>
<b>CURRENT ASSETS</b>			
Inventories		539,960	498,376
Trade receivables and contract assets		1,512,575	1,298,001
Prepayments and other current assets		711,798	587,364
Cash and cash equivalents		2,363,141	2,913,117
<b>TOTAL CURRENT ASSETS</b>		<b>5,127,474</b>	<b>5,296,858</b>
<b>TOTAL ASSETS</b>		<b>23,726,894</b>	<b>23,106,245</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	1	7,382,812	7,382,812
Share premium		1,489,103	1,489,103
Other reserves		14,586	14,493
Retained earnings		3,405,101	2,952,169
<b>Equity attributable to equity holders of the Parent Company</b>		<b>12,291,602</b>	<b>11,838,577</b>
Non-controlling interests		851,745	803,659
<b>TOTAL EQUITY</b>		<b>13,143,347</b>	<b>12,642,236</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	8	6,736,931	7,060,164
Employees' end of service benefits		102,493	100,325
Lease liabilities		840,675	498,840
Derivative financial instruments		3,540	4,168
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>7,683,639</b>	<b>7,663,497</b>
<b>CURRENT LIABILITIES</b>			
Loans and borrowings	8	476,756	609,117
Lease liabilities		196,196	188,028
Trade and other payables		1,954,318	1,752,378
Provision for Zakat and income tax	11	272,638	250,989
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,899,908</b>	<b>2,800,512</b>
<b>TOTAL LIABILITIES</b>		<b>10,583,547</b>	<b>10,464,009</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>23,726,894</b>	<b>23,106,245</b>

  
Chief Financial Officer

  
Chief Executive Officer

  
Authorized Board Member

The accompanying notes 1 to 14 form an integral part of these condensed consolidated interim financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Condensed consolidated statement of profit or loss  
For the three-month period ended 31 March 2024  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended 31 March	
		2024 (Unaudited)	2023 (Unaudited)
Revenue		2,313,078	2,375,218
Operating costs		(1,727,328)	(1,775,644)
<b>Gross profit before bunker subsidy</b>		<b>585,750</b>	<b>599,574</b>
Bunker subsidy		77,335	15,663
<b>Gross profit</b>		<b>663,085</b>	<b>615,237</b>
General and administrative expenses		(54,223)	(43,013)
(Provision)/ reversal on trade receivables and contract assets		(5,758)	4,390
Other income		22,852	20,815
<b>Operating profit</b>		<b>625,956</b>	<b>597,429</b>
Finance costs		(169,182)	(152,604)
Finance income		28,893	11,806
Share of results of equity accounted investees		39,826	107,288
<b>Profit before Zakat and income tax</b>		<b>525,493</b>	<b>563,919</b>
Zakat and income tax	11	(24,475)	(19,533)
<b>Profit for the period</b>		<b>501,018</b>	<b>544,386</b>
<b>Profit for the period attributable to:</b>			
Equity holders of the Parent Company		452,932	492,492
Non-controlling interests		48,086	51,894
		<b>501,018</b>	<b>544,386</b>
<b>Earnings per share (Saudi Riyal):</b>			
Basic & diluted	9	0.61	0.67

  
Chief Financial Officer

  
Chief Executive Officer

  
Authorized Board Member

The accompanying notes 1 to 14 form an integral part of these condensed consolidated interim financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Condensed consolidated statement of other comprehensive income  
For the three-month period ended 31 March 2024  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	For the three-month period ended 31 March	
	2024 (Unaudited)	2023 (Unaudited)
<b>Profit for the period</b>	<b>501,018</b>	<b>544,386</b>
<b>Items that will not be reclassified to profit or loss</b>		
Re-measurement of employees' end of service benefits	(281)	128
<b>Items that are or may be reclassified subsequently to profit or loss</b>		
Equity accounted investees-share of OCI	374	-
<b>Total comprehensive income for the period</b>	<b>501,111</b>	<b>544,514</b>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Parent Company	453,025	492,620
Non-controlling interests	48,086	51,894
<b>Total comprehensive income for the period</b>	<b>501,111</b>	<b>544,514</b>

  
Chief Financial Officer

  
Chief Executive Officer

  
Authorized Board Member

The accompanying notes 1 to 14 form an integral part of these condensed consolidated interim financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Condensed consolidated statement of cash flows  
For the three-month period ended 31 March 2024  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

		For the three-month period ended 31 March	
	Note	2024 (Unaudited)	2023 (Unaudited)
<b>OPERATING ACTIVITIES</b>			
Profit for the period		501,018	544,386
<b>Adjustments for non-cash items:</b>			
Depreciation of property and equipment		276,920	283,464
Depreciation of right of use assets		97,727	33,946
Amortization/ derecognition of intangible assets		11,004	11,220
Provision/ (reversal) on trade receivables and contract assets		5,758	(4,390)
Finance costs		169,182	152,604
Share of results of equity accounted investees		(39,826)	(107,288)
Gain on disposal of property and equipment		(21,653)	(16,757)
Zakat and income tax		24,475	19,533
Employees' end of service benefits		2,751	4,994
		1,027,356	921,712
<b>Changes in operating assets and liabilities:</b>			
Inventories		(41,584)	21,938
Trade receivables and contract assets		(220,332)	511,317
Prepayments and other current assets		(115,706)	(116,615)
Trade and other payables		313,798	5,692
<b>Cash from operating activities</b>		963,532	1,344,044
Finance costs paid		(244,479)	(190,437)
Zakat and income tax paid		(2,826)	(56)
Employees' end of service benefits paid		(864)	(431)
<b>Net cash flows generated from operating activities</b>		715,363	1,153,120
<b>INVESTING ACTIVITIES</b>			
Additions of property and equipment	6	(34,921)	(86,327)
Additions of projects under construction	7	(717,941)	(1,048,490)
Additions of intangible assets		(1,199)	(1,480)
Proceeds from disposal of property and equipment		68,104	68,941
Investment in equity accounted investee		-	(22,500)
Other non-current financial assets		(627)	5,145
<b>Net cash flows used in investing activities</b>		(686,584)	(1,084,711)
<b>FINANCING ACTIVITIES</b>			
Proceeds from loans and borrowings	8	585,827	211,800
Repayment of loans and borrowings	8	(1,050,149)	(414,252)
Payment of lease liabilities		(114,433)	(39,888)
<b>Net cash flows used in financing activities</b>		(578,755)	(242,340)
Net decrease in cash and cash equivalents		(549,976)	(173,931)
Cash and cash equivalents at beginning of the period		2,913,117	2,529,358
<b>Cash and cash equivalents at end of the period</b>		2,363,141	2,355,427
<b>Details of other non-cash transactions:</b>			
Projects under construction transferred to property and equipment	6&7	140,002	1,148,815
Additions to right of use assets		448,758	151,177

  
Chief Financial Officer

  
Chief Executive Officer

  
Authorized Board Member

The accompanying notes 1 to 14 form an integral part of these condensed consolidated interim financial statements.



THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Condensed consolidated statement of changes in equity

For the three-month period ended 31 March 2024

(All amounts in thousands of Saudi Riyals unless otherwise stated)

	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 2023 (Audited)	4,921,875	351,750	1,489,103	34,403	3,694,023	10,491,154	624,196	11,115,350
Profit for the period	-	-	-	-	492,492	492,492	51,894	544,386
Other comprehensive income	-	-	-	128	-	128	-	128
Total comprehensive income for the period	-	-	-	128	492,492	492,620	51,894	544,514
Balance as at 31 March 2023 (Unaudited)	4,921,875	351,750	1,489,103	34,531	4,186,515	10,983,774	676,090	11,659,864
Balance as at 1 January 2024 (Audited)	7,382,812	-	1,489,103	14,493	2,952,169	11,838,577	803,659	12,642,236
Profit for the period	-	-	-	-	452,932	452,932	48,086	501,018
Other comprehensive income	-	-	-	93	-	93	-	93
Total comprehensive income for the period	-	-	-	93	452,932	453,025	48,086	501,111
Balance as at 31 March 2024 (Unaudited)	7,382,812	-	1,489,103	14,586	3,405,101	12,291,602	851,745	13,143,347



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

The accompanying notes 1 to 14 form an integral part of these condensed consolidated interim financial statements

**THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial statements**  
**For the three-month period ended 31 March 2024**

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

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

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

The Company’s share capital amounting to SAR 7,382,812,500 as at 31 March 2024 is divided into 738,281,250 shares (31 December 2023: SAR 7,382,812,500 divided into 738,218,250 shares) with a par value of SAR 10 each.

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

Subsidiary	Date of incorporation	Effective Ownership %		Principal Activity	Location
		31 March 2024	31 December 2023		
NSCSA Inc. – USA	1991	100	100	Company's ship agent	USA
Mideast Ship Management Limited (JLT)	2010	100	100	Ships technical management	UAE
Bahri Logistics Company	2017	100	100	Logistics services	KSA
National Chemical Carriers Company limited (NCC)	1990	80	80	Petrochemical transportation	KSA
Bahri Dry Bulk Company (BDB)	2010	60	60	Dry bulk transportation	KSA

The equity accounted investee companies’ financial information incorporated in these condensed consolidated interim financial statements are as follows:

Equity accounted investees	Nature of relationship	Date of incorporation	Effective Ownership %		Principal Activity	Location
			31 March 2024	31 December 2023		
Petreddec group limited (note a)	Associate	2012	40.08	40.08	Liquefied petroleum gas transportation	BVI
International Maritime Industries Company (note b)	Associate	2017	19.9	19.9	Maritime industries	KSA
National Grain Company (note c)	Joint Venture	2021	50	50	Packing and storage of grain	KSA

**THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial statements (continued)**  
**For the three-month period ended 31 March 2024**

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

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

The Group share of Petredec results for the financial period are recorded as per the latest financial statements prepared by Petredec. The difference between the latest financial statements prepared by Petredec and the Group condensed consolidated interim financial statements is two months.

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

c) During August 2020, the Company entered into a joint venture ("JV") agreement to establish the National Grain Company with United Farmers Investment Company ("UFIC"). The JV aims to build and establish a terminal for handling grains at Yanbu Commercial Port, to meet the future needs of the Kingdom of Saudi Arabia for major crops and cereals. The legal formalities were finalized, and the commercial register was issued on 18 Shaaban 1442H (equivalent to 31 March 2021). The JV has not yet commenced operations.

The Company operates through the following branches:

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

**Group Fleet:**

As at 31 March 2024, the Group operated 88 owned vessels and 13 vessels under lease contract (31 December 2023: 88 owned vessels and 10 vessels under lease contract) operating in the following sectors:

**Oil transportation sector:** Consists of 38 vessels (31 December 2023: 39 vessels) out of which 38 very large crude carriers (VLCCs) are operating in the spot market.

**Chemicals transportation sector:** This sector is fully operated by NCC. It owns 32 vessels and 13 vessels under lease contract (31 December 2023: owned 32 vessels and 10 vessels under lease contract). Specialized tankers distributed as follows:

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

**Logistics sector:** This sector consists of 7 RoCon vessels (31 December 2023: 6 RoCon vessels) operating on commercial lines between North America, Europe, Middle East, the Indian Subcontinent and Asia.

**Dry bulk transportation sector:** This sector is fully operated by BDB and it owns 11 vessels (31 December 2023: 11 vessels) specialized in transporting dry bulk cargo. 5 of them are chartered to the Arabian Agricultural Services Company (ARASCO) and 6 vessels are operating in the spot market.

**2. BASIS OF PREPARATION**

**2.1. Statement of Compliance**

These condensed consolidated interim financial statements of the Group have been prepared in accordance with International Accounting Standard 34 ("IAS 34") Interim Financial Reporting as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

# THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA

(A Saudi Joint Stock Company)

Notes to the condensed consolidated interim financial statements (continued)

For the three-month period ended 31 March 2024

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## 2. BASIS OF PREPARATION (continued)

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

The condensed consolidated interim financial statements do not include all of the information and disclosures required in a full set of annual consolidated financial statements and should therefore be read in conjunction with the last annual consolidated financial statements for the year ended 31 December 2023 ("last annual consolidated financial statements"). However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group financial position and performance since the last annual consolidated financial statements. The interim results may not be an indicator of the annual results of the Group.

#### (i) Historical cost convention

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

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

#### (ii) Functional and presentation currency

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

## 3. BASIS OF CONSOLIDATION

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

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

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

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

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

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

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

If the Group loses control over a subsidiary, it:

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

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the condensed consolidated interim financial statements (continued)  
For the three-month period ended 31 March 2024

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**4. MATERIAL ACCOUNTING POLICIES**

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended 31 December 2023.

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

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

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

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

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

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

There are no new standards issued which are applicable on the Group, however, there are a number of amendments to standards which are effective from 1 January 2024 and are explained in the Group's annual consolidated financial statements, but they do not have a material effect on the Group's condensed consolidated interim financial statements.

THE NATIONAL SHIPPING COMPANY OF SAUDI ARABIA  
(A Saudi Joint Stock Company)  
Notes to the condensed consolidated interim financial statements (continued)  
For the three-month period ended 31 March 2024  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**5. OPERATING SEGMENTS**

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

a) The following schedule illustrates the Group's activities according to the operating segments for the period:

<b>31 March 2024 (Unaudited)</b>	<b>Transportation of oil</b>	<b>Transportation of chemicals</b>	<b>Logistics</b>	<b>Transportation of dry bulk</b>	<b>Subtotal</b>	<b>Others</b>	<b>Total</b>
Revenue	1,234,238	800,545	192,880	83,304	2,310,967	2,111	2,313,078
Operating costs	(911,759)	(516,700)	(223,765)	(66,130)	(1,718,354)	(8,974)	(1,727,328)
Bunker subsidy	66,783	3,747	6,805	-	77,335	-	77,335
Gross profit/ (loss)	389,262	287,592	(24,080)	17,174	669,948	(6,863)	663,085
General and administrative expenses	(3,094)	(3,588)	(6,277)	(4,082)	(17,041)	(37,182)	(54,223)
Reversal/ (provision) on trade receivables and contract assets	6,461	(1,988)	(9,342)	(889)	(5,758)	-	(5,758)
Other income	21,749	137	415	44	22,345	507	22,852
Share of results of equity accounted investees	-	-	-	-	-	39,826	39,826
Finance income	-	4,515	-	591	5,106	23,787	28,893
Finance costs	(88,395)	(36,474)	(3,293)	(7,745)	(135,907)	(33,275)	(169,182)
Profit/ (loss) before Zakat and income tax	325,983	250,194	(42,577)	5,093	538,693	(13,200)	525,493

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

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

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**5. OPERATING SEGMENTS (continued)**

31 March 2023 (Unaudited)	Transportation of oil	Transportation of chemicals	Logistics	Transportation of dry bulk	Subtotal	Others	Total
Revenue	1,354,751	718,975	225,406	71,406	2,370,538	4,680	2,375,218
Operating costs	(1,059,007)	(465,906)	(190,667)	(42,954)	(1,758,534)	(17,110)	(1,775,644)
Bunker subsidy	14,302	561	800	-	15,663	-	15,663
Gross profit/ (loss)	310,046	253,630	35,539	28,452	627,667	(12,430)	615,237
General and administrative expenses	(3,809)	(4,112)	(5,759)	(3,348)	(17,028)	(25,985)	(43,013)
Reversal/ (provision) on trade receivables and contract assets	4,354	(7,008)	6,867	177	4,390	-	4,390
Other income/ (expense)	7,475	16,980	945	(3)	25,397	(4,582)	20,815
Share of results of equity accounted investees	-	-	-	-	-	107,288	107,288
Finance income	-	304	-	1,107	1,411	10,395	11,806
Finance costs	(89,813)	(34,133)	(4,006)	(7,103)	(135,055)	(17,549)	(152,604)
Profit before Zakat and income tax	228,253	225,661	33,586	19,282	506,782	57,137	563,919

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**5. OPERATING SEGMENTS (continued)**

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

<b>31 March 2024 (Unaudited)</b>	<b>Transportation of oil</b>	<b>Transportation of chemicals</b>	<b>Logistics</b>	<b>Transportation of dry bulk</b>	<b>Others</b>	<b>Total</b>
<b>Property and equipment</b>	<b>8,392,042</b>	<b>3,160,709</b>	<b>1,186,845</b>	<b>1,103,638</b>	<b>17,806</b>	<b>13,861,040</b>
<b>Other assets</b>	<b>2,357,429</b>	<b>2,274,213</b>	<b>708,636</b>	<b>172,989</b>	<b>4,352,587</b>	<b>9,865,854</b>
<b>Total assets</b>	<b>10,749,471</b>	<b>5,434,922</b>	<b>1,895,481</b>	<b>1,276,627</b>	<b>4,370,393</b>	<b>23,726,894</b>
<b>Total liabilities</b>	<b>5,434,289</b>	<b>2,420,381</b>	<b>493,962</b>	<b>654,535</b>	<b>1,580,380</b>	<b>10,583,547</b>

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



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**6. PROPERTY AND EQUIPMENT**

<b>31 March 2024 (Unaudited)</b>	<b>Buildings and improvements</b>	<b>Fleet and equipment</b>	<b>Containers and trailers</b>	<b>Furniture and fixtures</b>	<b>Tools and office equipment</b>	<b>Motor vehicles</b>	<b>Computer equipment</b>	<b>Container yards - equipment</b>	<b>Total</b>
<b>Cost</b>									
<b>At 1 January 2024</b>	<b>29,030</b>	<b>22,854,930</b>	<b>7,962</b>	<b>7,775</b>	<b>1,376</b>	<b>3,067</b>	<b>20,295</b>	<b>5,954</b>	<b>22,930,389</b>
Additions/ Transfer*	2,686	169,758	20	1,399	-	-	1,060	-	174,923
Disposals	-	(111,987)	-	-	-	-	(24)	-	(112,011)
Transfer**	-	-	(1,777)	-	-	-	-	1,777	-
<b>At 31 March 2024</b>	<b>31,716</b>	<b>22,912,701</b>	<b>6,205</b>	<b>9,174</b>	<b>1,376</b>	<b>3,067</b>	<b>21,331</b>	<b>7,731</b>	<b>22,993,301</b>
<b>Accumulated depreciation</b>									
<b>At 1 January 2024</b>	<b>19,865</b>	<b>8,867,425</b>	<b>4,133</b>	<b>5,040</b>	<b>1,135</b>	<b>2,902</b>	<b>14,515</b>	<b>5,886</b>	<b>8,920,901</b>
Charge for the period	591	275,185	126	233	37	13	645	90	276,920
Disposals	-	(65,536)	-	-	-	-	(24)	-	(65,560)
Transfer**	-	-	599	-	-	-	-	(599)	-
<b>At 31 March 2024</b>	<b>20,456</b>	<b>9,077,074</b>	<b>4,858</b>	<b>5,273</b>	<b>1,172</b>	<b>2,915</b>	<b>15,136</b>	<b>5,377</b>	<b>9,132,261</b>
<b>Net book value:</b>									
<b>At 31 March 2024</b>	<b>11,260</b>	<b>13,835,627</b>	<b>1,347</b>	<b>3,901</b>	<b>204</b>	<b>152</b>	<b>6,195</b>	<b>2,354</b>	<b>13,861,040</b>

\* During 2024, 1 new vessel was received, and other projects were completed and capitalized amounting to SAR 140 million which was transferred from projects under construction (refer note 7).

\*\* During 2024, there was a reclassification of SAR 1,777 thousand cost and SAR 599 thousand accumulated depreciation from containers and trailers to container yards – equipment, according to the nature of the class of assets.

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

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

\* During 2023, 5 new vessels were received, and other projects were completed and capitalized amounting to SAR 1,409 million which was transferred from projects under construction (refer note 7).

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## 7. PROJECTS UNDER CONSTRUCTION

The movement in projects under construction is as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Beginning balance	905,035	935,512
Additions	717,941	1,387,637
Transferred to property and equipment	(140,002)	(1,418,114)
Ending balance	1,482,974	905,035

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

Projects under construction include SAR 4.7 million of borrowing costs capitalized during the period (31 December 2023: SAR 20 million).

## 8. LOANS AND BORROWINGS

	Note	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Sukuk	8.1	3,900,000	3,900,000
Murabaha loans	8.2	3,338,040	3,802,362
<b>Total loans and borrowings</b>		<b>7,238,040</b>	<b>7,702,362</b>
Less: total current portion		(476,756)	(609,117)
<b>Non-current loans and borrowings</b>		<b>6,761,284</b>	<b>7,093,245</b>
Less: prepaid financing		(24,353)	(33,081)
<b>Net non-current loans and borrowings</b>		<b>6,736,931</b>	<b>7,060,164</b>
<b>Loans and borrowings - Current Liabilities</b>		<b>476,756</b>	<b>609,117</b>
<b>Loans and borrowings - Non-Current Liabilities</b>		<b>6,736,931</b>	<b>7,060,164</b>
		<b>7,213,687</b>	<b>7,669,281</b>

### 8.1. Sukuk

On 6 Dhul-Hijjah 1443H (corresponding to 5 July 2022), the Company completed the issuance and offering of a local Sukuk denominated in Saudi Riyal for public offering with nominal value amounting to SAR 3,900 million, and a nominal value of SAR 1 million for each Suk. The Sukuk issuance bears a variable rate of return at SIBOR plus a predetermined margin, payable semi-annually. The Sukuk is due to mature at par value on its expiry date of 27 Safar 1451H (corresponding to 5 July 2029). The balance in the prepaid financing account related to Sukuk at the end of 31 March 2024 is SAR 5.4 million (31 December 2023: SAR 5.8 million).

### 8.2. Murabaha borrowings

The Group obtained Murabaha long term loans during the period ended 31 March 2024 for a total of SAR 586 million (31 December 2023: SAR 887 million). Loans are secured by promissory notes and mortgages against vessels. These loans are repayable over 10 years on a quarterly or semi-annual basis and a repayment of SAR 1,050 million was made for the period ended 31 March 2024 (31 December 2023: SAR 2,755 million). The loans carry commission at normal commercial rates. The balance of loans against which profit is to be paid based on SIBOR as of 31 March 2024 totaled to SAR 3,338 million (31 December 2023: SAR 3,802 million). The balance in the prepaid financing account related to Murabaha loans at the end of 31 March 2024 is SAR 19 million (31 December 2023: SAR 27.2 million).

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## 8. LOANS AND BORROWINGS (continued)

### 8.3. Covenants

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

## 9. EARNINGS PER SHARE

	For the three-month period ended 31 March (Unaudited)	
	2024	2023
Profit for the period	452,932	492,492
Average number of share outstanding during the period	738,281	738,281
Earnings per share - Basic and Diluted (Saudi Riyals)	0.61	0.67

The basic and diluted earnings per share is calculated by dividing the profit of the period for ordinary shareholders of the parent company by the weighted average number of ordinary shares in place during the period.

## 10. FINANCIAL INSTRUMENTS

### Fair values of financial instruments

	31 March 2024 (Unaudited)			
	Quoted prices in the active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
<b>FVOCI – equity instrument:</b>				
Unquoted equity shares	-	-	16,352	16,352
<b>Financial instruments measured at FVTPL</b>				
CAP commission option				
Assets	-	37,639	-	37,639
Liabilities	-	3,540	-	3,540
	31 December 2023 (Audited)			
	Quoted prices in the active market (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
<b>FVOCI – equity instrument:</b>				
Unquoted equity shares	-	-	16,352	16,352
<b>Financial instruments measured at FVTPL</b>				
CAP commission option				
Assets	-	58,523	-	58,523
Liabilities	-	4,168	-	4,168

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

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

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## 11. ZAKAT AND INCOME TAX

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

The Company has filed its Zakat returns up to 2023 and obtained the Zakat certificate for the year 2023.

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

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

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

Management believes that adequate provisions have been made against any potential zakat and tax liabilities.

The Company did not receive the Zakat assessments for the years 2021 to 2023 from ZATCA.

## 12. RELATED PARTIES

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

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

### Trading transactions and balances with related parties

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

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

Related parties	Nature of the transaction	For the three-month period ended 31 March	
		2024 (Unaudited)	2023 (Unaudited)
ARAMCO and its subsidiaries – shareholder	Operating revenue	1,088,725	914,567
ARAMCO and its subsidiaries – shareholder	Bunker purchase	274,488	28,749
SABIC and its subsidiaries – government related	Operating revenue	99,138	90,449
International Maritime Industries (IMI) – associate	Operating revenue	1,469	894

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**12. RELATED PARTIES (continued)**

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

	<b>31 March 2024</b> <b>(Unaudited)</b>	<b>31 December 2023</b> <b>(Audited)</b>
ARAMCO and its subsidiaries	<b>617,409</b>	496,065
SABIC and its subsidiaries	<b>25,533</b>	37,931
International Maritime Industries (IMI)	<b>1,552</b>	3,520
	<b>644,494</b>	<b>537,516</b>

Payables due to related parties are as follows:

	<b>31 March 2024</b> <b>(Unaudited)</b>	<b>31 December 2023</b> <b>(Audited)</b>
ARAMCO and its subsidiaries	<b>619,828</b>	526,031

**13. CAPITAL COMMITMENTS**

The Group's capital commitment related to projects under construction and the purchase of property and equipment was SAR 432 million as of 31 March 2024 (31 December 2023: SAR 65 million).

**14. DATE OF AUTHORIZATION**

These condensed consolidated interim financial statements were authorized for issuance on 23 Shawwal 1445H (corresponding to 2 May 2024).