

THE JOURNEY TO EXCELLENCE



ANNUAL REPORT
2015







Balance Transparency Perseverance Passion

By consistently focusing on our Values and responsible business fundamentals, we shall be a leading service provider applying best practices to run a world-class fleet, whilst building mutually beneficial relationships with all stakeholders.

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Abdulrahman Mohammed AlMofadhi
Chairman



Mohammed Abdulaziz AlSarhan
Vice Chairman



Farraj Mansour Abothenain
Board Member



Saleh Abdullah AlDebasi
Board Member



Esam Hamad Al-Mubarak
Board Member



Said Abdullatif AlHadrami
Board Member



Saleh Nasser Al-Jasser
Board Member



Abdullah Ali Al-Ajaji
Board Member



Ahmed Ali Al-Subaey
Board Member

CHAIRMAN'S MESSAGE



"Completion of the comprehensive five year strategy... and the journey continues"

Dear Shareholders,

May Peace, Mercy, and Blessings of Allah be upon you.

On behalf of the board members, I am pleased to present you with the "Annual Report of the Business performance of The National Shipping Company of Saudi Arabia (Bahri) for the year 2015". I would like to begin by congratulating my colleagues, the executive management and owners of the Company for the great successes achieved. This year was full of many quantum leaps for the Company's business, which resulted in achieving the net profit of SAR (1,817,583,442), recording the highest profit in its history.

2015 was marked with many achievements, which included:

- Bahri board of directors has approved the comprehensive strategy, which focuses on the detailed study of the current status of Bahri, reviewing the strengths and areas for improvement and ways of addressing them, study of the global markets and analysis of the spot market. It also includes many initiatives to create sustainable value for the Company, to benefit from the existing relationships and to grow in order to add new customers. In realizing these achievements, the Company has taken into account application of the best global practices to consolidate transparency and confidence and maintain the shareholders' equity.
- The Company has signed an agreement with Hyundai Samho Heavy Industries Company to build (10) ten Very Large Crude Carriers, with the first one to be received in January 2017.
- The Company has entered into long-term shipping agreement with a Korean Company (S-Oil), whereby the Company will transport the crude oil from Kingdom of Saudi Arabia to the Korean Company petroleum refineries in Korea.
- The company has expanded its maritime fleet by buying (4) secondhand very large crude carriers and (2) secondhand chemical carriers, 5 years old each, so as total fleet becomes (78) carriers and ships.
- The Company has signed a memorandum of understanding on 25th January 2016 with Saudi Arabian Oil Company (Aramco), Hyundai Heavy Industries Company (Southern Korean Company) and Lamprell Energy Limited Company (UAE Company), for the purpose of continuing the negotiations regarding the development of a global sea basin in order to manufacture offshore platforms and ships in the Kingdom of Saudi Arabia.
- On 22nd February 2015, Bahri has signed an agreement with the Ministry of Interior whereby Bahri has become the official carrier of The Ministry for a period of five years with a total value of (400) million Saudi Riyals.

Finally, I would like to extend my deepest appreciation and gratitude to the Custodian of the Two Holy Mosques, the Crown Prince, Deputy Crown Prince, and the Saudi Government. I would also like to thank members of the Board of Directors for their continued efforts to help the Company meeting its planned objectives. Similarly, I would like to thank the Company's owners, clients, as well as staff for their dedication to meet the inspirations and expectations of the shareholders and clients.

Wishing you all success and May Allah guide you.

May Peace, Mercy, and Blessings of Allah be upon you.

Abdulrahman Mohammed AlMofadhi
Chairman



“Profit growth doubled as a result of concerted efforts among various sectors of Bahri”

Dear Shareholders,

May Peace, Mercy, and Blessings of Allah be upon you.

The efforts of The National Shipping Company of Saudi Arabia (Bahri) in 2015 have resulted in distinct results, whereby it has become one of the few companies in Saudi Arabia, whose net profits exceed the amount of one billion Saudi Riyal, by achieving the net profit of more than (1,817,583,442 Saudi Riyal). On this occasion, I congratulate the Company owners, members of the Board of Directors and executive management for this performance, forming a quantum leap in the Company’s business and bestowal. These record profits and distinct financial standing would not be achieved without the success given by God and then the collaborative efforts exerted by Bahri Group entirely.

Based on the foregoing, I will review some factors that resulted in the distinct financial performance of the Company in 2015.

- Expanding the fleet, where it increased by adding a number of carriers during 2015.
- Increasing the customer base, where many influential new customers have been attracted.
- Focusing on improving operational performance of ships and carriers.
- Working on getting a market share larger than the previous one.
- Focusing on quality in all the company’s transactions.
- Adopting Programs of key performance indicators for all Bahri employees, with the aim of motivating staff performance through development of smart strategic objectives linked to strategic objectives of the sectors and departments of the company and which are linked to the strategic objectives of the company as a whole.
- In 2015, the company has focused on attracting high-efficient human resources in the general cargo transportation sector and shifted from just being just a sea carrier to being an integrated logistics services provider for the great customers, including all sea, land and air transportation solutions. In addition, Bahri has improved internal performance of all the Company’s offices in Riyadh, Dammam, Jeddah, India and America, as well as strengthen and expanded the external agents network. Consequently, the Company has signed many new agreements and expanded the shipping activities with the current customers, resulting in higher operating income and net profit of this sector.

Finally, on behalf of the executive management of Bahri and its employees, and I express my deepest appreciation to all those who have contributed to this achievement through their dedication, commitment and distinct performance. I have great confidence that the concerted efforts and teamwork spirit will lead to further success and growth in the coming years.

We ask Allah to help and guide.

Ibrahim Abdulrahman Al-Omar
CEO

ABOUT THE COMPANY

About The Company

The National Shipping Company of Saudi Arabia (Bahri), was established by Royal Decree No. M/5 dated Safar 12, 1398 AH corresponding to January 22, 1978 AD as a Saudi Joint Stock Company, headquartered in Riyadh, Kingdom of Saudi Arabia, with branches inside and outside Saudi Arabia.

Bahri began its operations in the general cargo transportation sector 1983. In 1985, Bahri entered the petrochemicals shipping market. In the mid-90s, it expanded its operations to include oil transportation, followed by investing in the business of liquefied petroleum gas (LPG), by acquiring a share in Petredec Ltd. In 2010, Bahri added dry bulk cargo as a new line of business.

Due to the expansion of its activities and fleet, the Company incorporated the Mideast Ship Management Ltd in 1996 to provide technical services to the vessels and tankers of Bahri and its subsidiaries.

It is worth noting that The National Shipping Company of Saudi Arabia (Bahri) represents the developed maritime transportation industry in the kingdom, and it works hard with distinct efforts in all the services that cover multiple markets around the world using its huge fleet of carriers and ships in different sectors, cruising the world seas. Furthermore, Bahri is among the leading maritime transportation companies in the world, wherein the Public Investment Fund (PIF) holds 22% of its shares followed by Saudi Aramco with (20%), while the remaining shares are owned by individuals and corporate investors.

Bahri has received several certificates and awards reflecting its excellence and client confidence. Bahri has reinforced this position by adopting a policy of comprehensive disclosure and transparency in all of its operations, especially with respect to its operational results. Bahri implements very high safety standards and takes environmental considerations into account.

Vision

Connecting Economies, Sharing Prosperity and Driving Excellence in Global Logistics Services.

Mission

By consistently focusing on our Values and responsible business fundamentals, we shall be a leading service provider applying best practices to run a world-class fleet, whilst building mutually beneficial relationships with all stakeholders

Values

Driven, Relentless, Transparent, Considered.

Commitment

All of the company's employees are committed to support and serve all its customers, and fulfilling the company's mission toward its shareholders and society.

Efficiency

The company's efficiency lies in its business ethics, full commitment toward customers and operational credibility.

Information about the Subsidiaries

The following table shows the companies that are wholly or partially owned by Bahri:

Company Name	Core Activity	State Of Incorporation	Geographic Scope Of Activity	Incorporation Date	Ownership (2015)
NSCSA (America) Inc.	Agent	USA	Global	1991	100%
Mideast Ship Management Ltd.	Technical Ship Management	UAE	Global	1996	100%
National Chemical Carriers Ltd. Co. (NCC) *	Chemical Transportation	KSA	Global	1990	80%
Bahri Dry Bulk Co. (BDB)	Dry Bulk Cargo Transportation	KSA	Global	2010	60%
Petredec Ltd.	LPG Transportation and Trading	Bermuda	Global	1980	30.3%
Arabian United Float Glass Co.	Flat Glass Manufacturing	KSA	local	2006	4.69%

* It owns a subsidiary in the UAE under the name of «National Chemicals Carriers JLT» since 2013 that manages operations of NCC fleet commercially.

Company Strategic Orientation

Bahri intends to keep on continue enhancing its competitiveness in the global markets through expanding its business activities, increasing its fleet, and consolidating its financial and operational position by diversifying and managing the investments in accordance with the Company's strategic plans.

Main achievements 2015

Bahri board of directors has approved the comprehensive strategic plan focused on the detailed study of Bahri current status, reviewing the strengths and weaknesses and ways of addressing them, study of the global markets and analysis of the spot market. It also includes many initiatives to create sustainable value for the Company, to benefit from the existing relationships and to grow in order to add new customers. In realizing these achievements, the Company has taken into account application of the best global practices to consolidate transparency and confidence and keep the shareholders' equity.

The Company has signed an agreement with Hyundai Samho Heavy Industries Company to build ten (10) Very Large Crude Carriers, the first one is to be received in January 2017.

The Company has entered into long-term shipping agreement with a Korean Company (S-Oil), whereby the Company will transport the crude oil from Kingdom of Saudi Arabia to the Korean Company petroleum refineries in Korea.

The company has expanded its maritime fleet by buying (4) secondhand very large crude carriers and (2) secondhand chemical carriers so as total fleet becomes (78) carriers and ships.

The Company has signed a memorandum of understanding on 25th January 2016 with Saudi Arabian Oil Company (Aramco), Hyundai Heavy Industries Company (Southern Korean Company) and Lamprell Energy Limited Company (UAE Company), for the purpose of continuing the negotiations regarding the development of a global sea basin in order to manufacture offshore platforms and ships in the Kingdom of Saudi Arabia.

On 22nd February 2015, Bahri signed an agreement with the Ministry of Interior whereby Bahri has become the Ministry's official carrier for a period of five years, with a total value of (400) million Saudi Riyals.

STRATEGIC BUSINESS UNITS AND SUPPORT DEPARTMENTS

Support





Bahri Oil Transportation Sector

After completion of the merger of Vela's Fleet and Operations with Bahri, the maritime oil transportation sector has made a comprehensive review and restructuring of all its procedures, including the new practical procedures and methods as well as providing a solid and sustainable foundation for the development of its business.

Seeking to improve and raise level of performance in this sector, it has implemented key performance indicators program starting from head of the oil maritime transport sector to all employees in the sector. This program is expected to facilitate process of reviewing the staff's performance in a professional and consistent manner. For this purpose, performance indicators at the functional level have been developed that can be measured regarding completion of the business, and applying them to all sections. In the light of these indicators, each and every employee has become is able to work with others in order to achieve the goals.

The Oil Transportation Sector has established Quality & Compliance Department whereby it seeks to develop a system for quality control and monitoring, and that such department shall work to ensure adherence to international standards in accordance with ISO (ISO 9001: 2008) requirements, and therefore, to work on improving service, focusing and responsiveness to the customers.

"DNV-GL" Company has recently renewed ISO certificate (ISO 9001: 2008) obtained by oil transportation sector for the coming three years.

Oil Transportation Activities during 2015

In keeping with Bahri strategy, the maritime sector of oil transportation has pursued the growth plans by expanding the fleet size, and therefore, expanding the customer base. In this context, oil transportation sector has completed the issues below:

- The Company has signed an agreement with Hyundai Samho Heavy Industries Company to build ten (10) Very Large Crude Carriers, designed in accordance with the latest international technical specifications, and provided with the specifications for environment preservation, in addition to fuel economy. It is planned that the first one is to be received January 2017.
- Oil Transportation Sector has entered into long-term shipping agreement (COA) – for ten (10) years -with S-Oil Company, whereby the Company will transport the crude oil from Kingdom of Saudi Arabia to the Korean Company petroleum refineries in Korea. It will transport the cargoes of two or three very large crude carriers from the Arabian Gulf to Onsan in Korea on a monthly basis. One of the results of this contract is to secure operation of (4-5) very large crude carriers.
- The sector has completed purchase of four Korean-manufactured very large crude carriers aged five years, which have been named "Kedan" and "Wedian". These four carriers will be used for the alternative voyages currently done by leased carriers. This will lead to increase of level of control on the working fleet and improvement in the main performance starting from early 2016.
- Oil Transportation Sector was able to secure a long-term agreement – for (10) years – with Saudi Aramco, including (5) carriers, as part of efforts to diversity in kinds of carriers and focus on the current clean petroleum products fleet. The sector is currently following up on the purchase of these carriers from the market to implement this agreement which will lead to diversifying and growing revenues.

Oil Transportation Sector Projects in 2015

The Oil Transportation Sector will continue to achieve its current objectives to ensure more additional cargoes from the existing customers, as well as new customers in the existing and emerging markets, and the sector will in this regard undertake a number of actions, including:

- This sector will raise margins of leased shipments by setting up initiatives whereby it seeks to secure a reasonable control over vessels doing those voyages. It will make partnerships with investment entities and / or secure shipping contracts with large landowners of fleets, leading to achieve those margins. In order to support those efforts, it will focus on the recent developments in the technical areas such as large database to develop a short-term expectations model, which would help carrier lessors to raise the control level on the timing of market entry, in order to achieve the desired goals. The oil transportation sector will also continue its efforts to acquire a larger market share, particularly for amounts of shipments transported from the Arabian Gulf to the east. It is currently making positive discussions with the old and new customers to ensure securing greater cargo volumes. Given the potential of this sector and commercial rivalry, the outlook to obtain a larger market share is a promising forecast.
- Oil Transportation Sector is currently developing the necessary plans to ensure the long-term commitment on the main strategic lines, such as Caribbean lines towards the east. It will continue discussions with the key players such as "Reliance" and "PetroChina" in order to secure a good percentage of the current cargo volumes based on "Shipping agreements". It will also monitor the market in new transportation lines to obtain additional shipping agreements opportunities.
- Oil Transportation Sector seeks to secure more contracts for the expansion of the clean petroleum products (CPP) transportation fleet and introduction of the largest carriers in those contracts.
- This sector will increase the use of technology in its activities through the development of software solutions for data collection, which are intended to enhance the business and raise the overall performance level of the fleet.

Activities Tables

NUMBER OF VOYAGES PERFORMED BY VLCCS (2015-2014)

Type of operation	2014		2015	
	No. of VLCCs	No. of Voyages	No. of VLCCs	No. of Voyages
VLCCs operating on the CoA and spot market	31	177	31	247
VLCCs operating on time charter agreements	-	3	-	-
Total	31	180	31	247

NUMBER OF VLCS CHARTERED IN FROM THE SPOT MARKET (2015-2014)

Type of operation	2014		2015	
	No. of VLCCs	No. of Voyages	No. of VLCCs	No. of Voyages
VLCCs chartered-in from the spot market	-	10	-	155
Total	-	10	-	155

NUMBER OF VLCC VOYAGES BY ROUTE (2014-2015)

Route	2014		2015	
	Total number of voyages	(%) of total	Total number of voyages	(%) of total
Arabian Gulf – USA	63	35	68	28
Arabian Gulf – Ain Sukhna	11	6	9	4
Arabian Gulf – Yanbu	-	-	8	3
Arabian Gulf – Onsan (S-Oil)	-	-	9	4
Arabian Gulf - Okinawa	2	1	0	0
Yanbu - Ain Sukhna	43	24	55	22
Sidi Kerir - Rotterdam	8	4	28	11
The Caribbean (WAF) – Asia - Far East	53	29	70	28
Total	180	-	247	100

NUMBER OF VLCC FROM THE SPOT MARKET (2014-2015)

Route	2014		2015	
	Total number of voyages	(%) of total	Total number of voyages	(%) of total
Arabian Gulf – USA	5	50	55	35
Arabian Gulf – Ain Sukhna	3	30	51	33
Arabian Gulf – Yanbu	-	-	30	19
Arabian Gulf – Onsan (S-Oil)	-	-	3	2
Arabian Gulf - Okinawa	-	-	6	4
Yanbu - Ain Sukhna	-	-	0	0
Sidi Kerir - Rotterdam	2	20	10	6
Total	10	-	155	0

OIL QUANTITIES TRANSPORTED BY DESTINATION FOR OWNED VLCCs (2014-2015)

Route	2014		2015	
	Total number of voyages	Quantity (Millions)	Total number of voyages	Quantity (Millions)
USA	63	132.3	68	142.9
Egypt (Ain Sukhna)	54	111	64	134.5
India	35	67	45	85.2
Singapore/ China	18	34	25	47.8
Saudi Arabia (Yanbu)	0	0	8	17.2
Northern West Europe (Rotterdam)	8	17	28	57.2
South Korea (Onsan)	0	0	9	17.6
Far East / Japan	2	4	0	0.0
Total	180	365.3	247	502.4

OIL QUANTITIES TRANSPORTED BY DESTINATION FOR VLCCs TAKEN FROM THE SPOT MARKET (2014-2015)

State of Delivery	2014		2015	
	Total number of voyages	Quantity (Million) / barrel	Total number of voyages	Quantity (Million) / barrel
USA	5	10.5	55	115.4
Egypt (Ain Sukhna)	3	6	51	106.8
Saudi Arabia (Yanbu)	-	-	30	64.0
Northern West Europe (Rotterdam)	2	4	10	18.7
South Korea (Onsan)	-	-	3	5.8
Far East / Japan	-	-	6	12.2
Total	10	20.5	155	322.9

VLCCs OPERATING IN 2015

VLCC name	Year built	Type	Length (m)	Beam (m)	DWT	No. of	Speed (knot)
1 Ramlah	1996	Doublehull	340	56	300,361	17	15
2 Ghawar	1996	Doublehull	340	56	300,361	17	15
3 Watban	1996	Doublehull	340	56	300,361	17	15
4 Hawtah	1996	Doublehull	340	56	300,361	17	15
5 Safaniyah	1997	Doublehull	340	56	300,361	17	15
6 Harad	2001	Doublehull	333	58	302,700	17	17.1
7 Marjan	2002	Doublehull	333	58	302,700	17	17.1
8 Safwa	2002	Doublehull	333	58	302,700	17	17.1
9 Abqaiq	2002	Doublehull	333	58	302,700	17	17.1
10 Tinat	2002	Doublehull	333	60	316,502	17	15
11 Hilwa	2002	Doublehull	333	60	316,502	17	15
12 Lulu	2003	Doublehull	333	60	316,502	17	15
13 Shiblah	2003	Doublehull	333	60	316,502	17	15
14 Wafrah	2007	Doublehull	333	60	318,000	17	16.7
15 Layla	2007	Doublehull	333	60	318,000	17	16.7
16 Jana	2008	Doublehull	333	60	318,000	17	16.7

VLCC name	Year built	Type	Length (m)	Beam (m)	DWT	No. of	Speed (knot)
17 Habari	2008	Doublehull	333	60	318,000	17	16.7
18 Shaybah	2008	Doublehull	333	60	319,428	17	16
19 Manifah	2008	Doublehull	333	60	319,428	17	16
20 Jaham	2008	Doublehull	333	60	319,428	17	16
21 Jaladi	2008	Doublehull	333	60	319,428	17	16
22 Khuzama	2008	Doublehull	333	60	319,428	17	16
23 Karan	2009	Doublehull	333	60	319,428	17	16
24 Kahla	2009	Doublehull	333	60	318,000	17	16.7
25 Dorra	2009	Doublehull	333	60	318,000	17	16.7
26 Ghazal	2009	Doublehull	333	60	318,000	17	16.7
27 Sahba	2009	Doublehull	333	60	318,000	17	16.7
28 Farha	2010	Doublehull	333	60	319,300	17	16
29 Ghinah	2010	Doublehull	333	60	319,300	17	16
30 Niban	2010	Doublehull	333	60	319,300	17	16
31 Nisalah	2010	Doublehull	333	60	319,300	17	16
32 Kedan *	2010	Doublehull	333	60	321,234	17	15
Total DWT					10,036,048		

*Kedan was delivered to Bahri on 29th December 2015.

Bahri Gas & Marine Sector



Gas

The Gas And Marine Business Sector supervises Bahri's investments in Petredec Liquefied Gas Trading and Transportation Company, the largest independent company for gas trading and transportation in the world. Bahri owns (30.3%) of its capital. It also owns a naval fleet of 32 carriers of different sizes. The company shares in Petredec significantly contributed to Bahri's profits during the past ten years.

Marine Services

A memorandum of understanding between Saudi Arabian Oil Company (Saudi Aramco), Bahri, and Hyundai Heavy Industries Company (Southern Korean Company) and Lamprell Energy Limited Company (UAE Company), in 25th January 2016, for the purpose of continuous negotiation about the development of global Sea Basin for manufacturing the offshore platforms and shipbuilding in Kingdom of Saudi Arabia.



Chemical Transportation Sector

In 1990, Bahri established the National Chemicals Transportation Company Ltd as a limited liability company in a joint venture with the Saudi Arabian Basic Industries (SABIC) with 20% - 80% ownership and with capital reaching SR 200 million, and eventually reached SR 500 million in 1992 then SR 610 million. The company's purpose is to buy, rent, and transport chemical and other related materials. The National Chemicals Transportation Company Ltd became one of the biggest in its field worldwide, and serves 150 ports around the world and transports a variety of chemical products that serve as a base for many industrial sectors.

Chemical Transportation Sector Activities in 2015

In keeping with the Bahri strategy, the chemical transportation sector pursues the growth plans through two main elements, namely the expansion of the fleet size and the provision of logistics services, and thus the expansion of the customer base, and in this context, the sector performed the following:

- Purchase of two specialized Korean-made chemical carriers, aged five (5) years, named "Qamar" and "Maha", which were used for shipping service contracts and the spot market.
- Execution of participation in the revenue agreement with one of the regional companies, which owns 8 vessels (and another one to be added on May 2016). The aim is to form an alliance to serve the interests of both companies, by increasing the number of days to operate the carriers and provide services for new customers around the world, which will be positively reflected on the income of these carriers.
- Execution of several short-term shipping contracts (COA) with many manufacturers around the world. The company also entered into a (Time Charter) lease agreement for ten years with Aramco to transport refined petroleum products.

Main Routes Of NCC Fleet Around The World In 2014

- Middle East – Far East
- Middle East – Europe
- Middle East Region
- Far East – East (Regional)
- Europe – Middle East
- Far East – Europe

GROWTH OF NCC FLEET IN 2015

Description	Fleet Capacity (DWT)	Number of Carriers
The Fleet in 2015	1.136.100	26

VOYAGES PERFORMED BY NCC CARRIERS IN 2015 COMPARED TO 2014

Type of Operation	No. Of Voyages in 2015	No. Of Voyages in 2014
Carriers Operating In The Spot Market	136	145
Carriers Operating Under Time Charter Agreements	72	58
Total	208	203

VOLUME OF CARGO TRANSPORTED BY NCC IN 2015 COMPARED TO 2014

Type of Operation	Volume of Transported Cargo in 2015 (million metric tons)	Volume of Transported Cargo in 2014 (million metric tons)
Carriers Operating In The Spot Market	4.34	5.12
Carriers Operating Under Time Charter Agreements	2.88	2.74
Total	7.22	7.86

OPERATING NCC FLEET OPERATING AS AT DECEMBER 31, 2015

Carriers	Year built	Length (m)	Beam (m)	DWT	No. of Tanks	Speed (knot)
1 NCC MEKKA*	1995	183.10	32.2	37.500	52	16
2 NCC RIYAD*	1995	183.10	32.2	37.500	52	16
3 NCC ALJUBAIL*	1996	183.10	32.2	37.500	52	16
4 NCC NAJD	2005	183.02	32.2	46.200	22	15
5 NCC HIJAZ	2005	183.02	32.2	46.200	22	15
6 NCC TIHAMA	2006	183.02	32.2	46.200	22	15
7 NCC ABHA	2006	183.02	32.2	46.200	22	15
8 NCC TABUK	2006	183.02	32.2	46.200	22	15
9 NCC QASSIM	2006	183.02	32.2	46.200	22	15
10 NCC RABIGH	2007	183.02	32.2	46.200	22	15
11 NCC SUDAIR	2007	183.02	32.2	46.200	22	15
12 NCC DAMMAM	2008	183.02	32.2	46.200	22	15
13 NCC HAIEL	2008	183.0	32.2	46.200	22	15
14 NCC NOOR	2011	183.00	32.2	45.000	22	15
15 NCC HUDA	2011	183.00	32.2	45.000	22	15
16 NCC AMAL	2011	183.00	32.2	45.000	22	15

VESSEL Name	Year built	Length (m)	Beam (m)	DWT	No. of Tanks	Speed (knot)
17 NCC SAFA	2011	183.00	32.2	45.000	22	15
18 NCC DANAH	2011	183.00	32.2	45.000	22	15
19 NCC NESMAH	2011	183.00	32.2	45.000	22	15
20 NCC SHAMS	2012	183.00	32.2	45.000	22	15
21 NCC NEJEM	2012	183.00	32.2	45.000	22	15
22 NCC REEM	2012	183.00	32.2	45.000	22	15
23 NCC SAMAA	2012	183.00	32.2	45.000	22	15
24 NCC FAJR	2013	228.00	36.8	75.000	30	14
25 NCC QAMAR	2009	183.00	32.2	46.195	22	15
26 NCC MAHA	2009	183.00	32.2	46.265	22	15
Total DWT				10,136,100		

* Carriers NCC Makkah, NCC Riyadh and NCC Jubail are chartered to ODFJELL as bare-boats charters for 10 years under a bareboat agreement, which include the right to purchase the carriers after the third year according to specified prices.

General Cargo Transportation Sector



General cargo transportation sector currently owns 6 new vessels in lieu of the four vessels whose longevity ended. These new vessels are used for the general cargo transportation of “RoCon” type (DWT 26,000 each). These vessels represent the latest designs and have specialized features for specific types of transportation. Each vessel has 2 heavy-lift cranes with a total capacity of 240 tons, providing them more capacity and options to lift cargo. To augment its utility, each vessel is also equipped with a stem loading ramp with a capacity of 250 tons, making each vessel truly a multi-purpose vessels and able to meet the varied needs of our clientele ranging from Project, heavy-lift, Ro/Ro, break bulk and container cargo in a single shipment.

By increasing the number of vessels from 4 to 6, the Bahri General Cargo was able to provide its clients with more efficient and speedy transportation service.

Bahri General Cargo sector was engaged in several transportation activities, aiming to improve the services provided to its customers.

This sector manages the storage and container service yard at Jeddah Islamic port, which is a main location to provide container storage services under contracts for other marine companies. The yard is equipped with a new inventory management system to provide timely storage and handling services for both full and empty containers.

The General Cargo sector Jeddah Islamic Port container service yard is making a comprehensive development for its systems and equipment. This project began on November 2015, and it is scheduled to be completed on February 2016, which will improve the capacity of the yard to keep pace with the growing needs of customers services. Moreover, the project will include the revitalization of the container service workshop so that it can provide the service and repair for the containers in the store. The new equipment will also help handling the containers of 20 and 40 feet, which can be stored in four levels and five levels for empty containers. The software system to be developed locally with interphase capabilities will ensure the safety in storing and monitoring the containers.

The General Cargo sector clearance and shipping services provides vital services in the field of cargo transportation to various world ports by sea, land and air, and on third party vessels and other means of transportation, enabling the sector to provide integrated logistics services to its customers. In addition, in this area, the company is seeking to contribute to the infrastructure development of the Kingdom, by enhancing its reputation as the first option for transportation in the Kingdom under the fierce competition with other companies. In 2015, significant achievements were achieved by obtaining new contracts for the cargo transportation for many projects, including the means of movable transportation, rail cars, trains, and equipment for water desalination, power generation and military equipment.

The General Cargo sector focuses on strengthening human resources and expertise in the general cargo sector, so as it resulted in the recruitment of a number of professionals highly qualified in the field of vessels, shipping and special projects centers in Saudi Arabia and overseas lines.

The General Cargo sector participated in regional and international conferences, including “Brick PLC” in Houston and Antwerp and Abu Dhabi. These participations were successful to a large degree, in the presence of a number of visitors of about 4,000 visitors at each site. The company seized all the chances to display its capabilities in customer service in all locations and including multiple cargo categories.

In 2015, the Company signed memorandums of understanding with Saudi Electricity Company, Saudi Arabian Mining Company and Red Crescent, whereby it opens the road for large participation with them towards expansion in the services.

There is a strong desire among the general cargo sector to establish strong partnerships with marine lines operating in the market, as this will make it possible to maximize the effectiveness of the transportation network, and to take advantage of expected cooperation and support it. The lines that have been identified for this purpose include, but not limited to, Hoegh Autoliners, Iganazio Messina & Co, Liberty Global Logistics, Eastern Car Liner, NYK and NMT.

Marine general cargo sector along with Dammam port authorities work to establish a storage yard at King Abdul Aziz Port, and the same will be as part of Bahri logistics service network all over the Kingdom.

Regardless of the challenges and the competitive conditions prevailing during 2015, especially the first half of the year, the general cargo sector confirms that all Bahri departments of general cargo recorded good revenues at the end of the fiscal year.

Meanwhile Bahri general cargo was seeking to increase its growth; it was at the same time undertaking studies to monitor the prevailing prices. One of these procedures was the revision of the suppliers’ agreements in all areas to determine the provision strategies by suppliers, and reviewing service contracts.

Memberships

- TRAK Membership, to meet the needs of professional conduct in the business areas.
- DMS member related to the provision of the main data about the general state of the local, regional and international projects in the pipeline.

SPECIFICATIONS OF GENERAL CARGO TRANSPORTATION FLEET AS AT DECEMBER 31, 2015

VESSEL Name	Year built	DWT	Draft	Length (m)	Beam (m)	Capacity (TEU container)	Horse Power	Speed (knot)
1 Bahri ABHA	2013	26.000	9.5	225	32.30	2.500	8.907	17
2 Bahri HOFUF	2013	26.000	9.5	225	32.30	2.500	8.907	17
3 Bahri TABUK	2013	26.000	9.5	225	32.30	2.500	8.907	17
4 Bahri JAZAN	2013	26.000	9.5	225	32.30	2.500	8.907	17
5 Bahri JEDDAH	2014	26.000	9.5	225	32.30	2.500	8.907	17
6 Bahri YANBU	2014	26.000	9.5	225	32.30	2.500	8.907	17

STATEMENT OF GENERAL GOODS TRANSPORTATION EQUIPMENT AS AT DECEMBER 31, 2015

Type	2015	2014	2013
1 20 ft. standard container	2118	2604	2955
2 20 ft. open top container	43	62	79
3 40 ft. standard container	268	534	582
4 40 cubic ft. container	1039	1282	1304
5 40 ft. open top container	129	126	87
6 20 ft. flat bed	5	5	6
7 40 ft. flat bed	87	116	143
8 20 ft. trailer (chassis)	0	12	12
9 40 ft. trailer (chassis)	10	38	38
10 20 ft. Mafi- 30 tons	4	4	4
11 40 ft. Mafi- 60 tons	77	67	69
12 40 ft. Mafi- 80 tons	11	10	8
13 40 ft. Mafi- 100 tons	477	482	361
14 62 ft. Mafi- 80 tons	9	14	29
15 62 ft. Mafi- 90 tons	13	5	0
16 62 ft. Mafi- 100 tons	30	30	0

Dry Bulk Cargo Sector



In 2015, the new organizational structure of Bahri Dry Bulk Company LLC was updated, developed and implemented, in addition to attracting many qualified cadres in this field.

Bahri Dry Bulk Company LLC made a number of strategic initiatives, which included the expansion of the fleet, entrance of different markets, and identification of potential business areas, along with the development of the style of work with the main customers in the markets by building lasting strategic relationships. In addition, the company seeks to maintain activities of the business development with existing customers and increasing customers' base. Therefore, it was able to develop a successful growth methodology for its business with the leading bulk cargo suppliers and importers.

Bahri Dry Bulk Company LLC offers the operator services for shipping. This new offering of business gives the company an extra dimension, being the owner and operator in this area, and by running the chartered vessels in addition to the current fleet and providing services for a wider customers' base.

It is worth noting that the company during 2015 developed both the policies, systems as well as operational and financial procedures, in order to raise production efficiency.

In this sense, Bahri Dry Bulk Company LLC takes into account the expansion of its fleet by (100%) and the discussions is still ongoing with a number of global shipbuilding yards.

The company's activities during this year increased in the shipping volumes for customers with expansion in the operation services to increase shipping volumes so that the growth in shipping volumes is almost 30%. Furthermore, total cargo of Bahri Dry Bulk Company LLC reached during 2015 approximately (1.3) million tons from existing customers for chartered ships.

SPECIFICATIONS OF DRY BULK CARGO TRANSPORTATION FLEET AS AT DECEMBER 31st, 2015

	VESSEL Name	Year Built	DWT	Draft	Length (m)	Beam (m)	Horse Power	Speed (knot)
1	Bahri ARASCO	2013	81.855	14.45	228.99	32.26	9.840	14.5
2	Bahri GRAIN	2014	81.855	14.45	228.99	32.26	9.840	14.5
3	Bahri BULK	2014	81.855	14.45	228.99	32.26	9.840	14.5
4	Bahri WAFI	2014	81.855	14.45	228.99	32.26	9.840	14.5
5	Bahri TRADER	2014	81.855	14.45	228.99	32.26	9.840	14.5

Mideast Ship Management Limited

Ship Technical Management

Mideast Ship Management Ltd., a wholly owned subsidiary of Bahri, is responsible for the technical management of the company and its subsidiaries' vessels. It provides comprehensive services for the ship management for all Bahri strategic sectors. The sailors (exceeding 2000 sailors) work to guarantee the provision of the highest level of services to the customers, supported by a team consisting of more than one hundred (100) maritime technicians, supervisors, engineers, safety and quality inspectors, as well as a great support team.

In 2015, Mideast Ship Management Ltd provided ship management and crew services to Bahri fleet of 69 vessels, which were distributed as followed:

- 32 VLCC Giant Oil Carriers
- 5 Clean Petroleum Products Carriers.
- 21 Chemical Carriers
- 6 General Cargo Vessels (ROCON)
- 5 Dry Cargo Vessels

In December 2015, another VLCC joined the fleet, and there will be another three (3) VLCC that will join the fleet on January 2016.

Mideast Ship Management Ltd Achievements during 2015

Safety and Quality

Attention during 2015 is based on excellence in safety and quality field, where (13) safety campaigns were launched on the entire fleet level, in addition to "Best Idea for Safety" Program and "Best Practices" Award. Moreover, (89) inspection processes on the surface of the vessels under Mideast management were implemented. These efforts resulted in reducing big accidents by (31%), together with an increase by 28% in the viability of relying on the ships, and 25% in the rate of exceeding the global limits.

Mideast Ship Management Ltd holds ISO 9001 and 14001 certificates and is fully committed to the maritime legislations and laws.

Operational Efficiency

The focus during 2015 was to improve the operational efficiency in fuel consumption and all operation costs in all ships under the Company's management. This was achieved by determining the optimal situation for the speed of chartered vessels to meet the operational and commercial requirements, and by discussing the supply contracts of high values for lubricants, paints and dry dock, and in return increasing the number of suppliers participating in rebates on large quantities.

In order to raise the level of productivity of the fleet, Mideast adopted modern techniques, namely:

- Installation of "Mewis Duct" system, which works to reduce fuel consumption, on one of the VLCCs, as a preliminary program to explore the impact of the system. Its effectiveness was tested by the experts in this industry, and the results were satisfactory.
- Electric heaters were installed on the chemical transportation carriers, which will reduce combustion requirements in the boilers when the ship is parked in the port, it is expected that the result of that will be the reduction of 2 metric tons per day.
- Implementation of a system to monitor performance on fuel consumption and performance of the hull to ensure that the aspects that require improvement is going well.
- Application of high quality coating to the bottom of the ships and carriers structures, leading to improved fuel efficiency, and painting of silicon to help avoiding the accumulation of seaweed and starting smoothly.

Human Resources

We believe that employees are our most important assets. In order to keep up with the latest developments in the field of human resources and being able to attract and retain top talent for both at sea and ashore, we participated in various Maritime Human Resources forums and benchmarks.

A Saudi National Crew Training Program was also developed and approved by Bahri Management. Its aim is to sponsor maritime education for young Saudi seafarers and to help them obtain Officers' Competency Certificates. This program will commence in 2016 and will initially cover the training of six crewmembers per year.

Facing the growth of seafarers global shortage, we continuously explore new sources and pools of talent to ensure that Bahri vessels are manned efficiently and cost effectively at all times.



Financial Department

Finance Division plays a significant role in controlling and recording the financial transactions of the Company. In addition, it conducts its related tasks under the overall strategic plan through performing different financial activities such as preparation of annual estimated budgets under supervision of the senior management and Board of Directors. This division also monitors achieving the targets set for all business units and departments, and updates such targets regularly through exercising effective financial control over all financial activities of the Company. It also develops all types of financial reports, helping the executive management to take appropriate decisions in a timely manner and disclose the Company's operations through regular annual and quarterly financial reports developed in accordance with the accepted accounting standards in Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (SOCPA). The Finance Division always complies with requirements of the Capital Market Authority (CMA) and duly responds to inquiries received from the General Audit Bureau (GAB), external auditors, internal auditors or any other controlling bodies

Below Is A Description Of The Basic Roles Undertaken By The Finance Division:

1. Develop reports and publish regular financial statements.
2. Prepare annual estimated budgets.
3. Monitor business unit performance and control revenue and expenditures.
4. Analyze the Company's financial performance.
5. Oversee internal control and audit system.
6. Contribute to the optimal financial planning and consider growth potentials and ways of improving performance.

1 Develop Reports and Publish Regular Financial Statements

Finance Division develops the policies, mechanisms and controls necessary at the different levels of the Company and various business units, inside and outside the Kingdom, in order to record all financial transactions under the accepted accounting standards in Saudi Arabia and utilizes the best international practices. In addition, it ensures accuracy and transparency of the information, enabling users of the financial statements to understand the Company's performance and its evaluation.

2 Prepare Annual Estimated Budgets

Estimated budgets are regularly prepared under the Finance Division's supervision in coordination with all other departments and business units of the Company after analyzing the economic and commercial conditions as well as best available information, taking into account profit maximization and expenditure control strategies adopted by the Company. The process begins with preparing the estimated budget of each business unit prior to each fiscal year. The draft budgets are reviewed by the senior management and submitted to the Board of Directors for approval. Such estimates are updated on a quarterly basis through considering changes in the market conditions. These changes are reflected on performance projections in order to provide information in a timely manner, helping the Company to make appropriate decisions in light of such changes.

3 Monitor Business Unit Performance and Control Revenue and Expenditures

The Division regularly monitors the performance and compares it to the estimated figures in order to ensure ability to generate the targeted revenue and control expenditures. Significant deviations are analyzed and addressed if any, by monitoring the financial results of all business units and supporting them, in order to achieve the company's general objectives and seize potential opportunities appropriately.

4 Analyze Company's Financial Performance

At different intervals throughout the year, the Company's financial performance is analyzed from different perspectives, including performance analysis and comparison with previous periods or existing budgets; or analysis of financial ratios and soundness of the financial position of the Company or performance for each period. Findings of the financial analysis are considered and recommendations are made to the senior management to take appropriate decisions.

5 Oversee Internal Control and Audit System

Finance Division applies information systems and the best international practices to control the financial transactions internally and ensure development of accurate financial reports in a timely manner. Moreover, the Company has an effective internal control and audit system which is constantly updated, where the Finance Division puts the internal audit and control as one of its priorities.

6 Conduct Financial Planning And Consider Growth Potentials And Ways Of Improving Performance

Finance Division considers growth and investment opportunities on the mid-to-long-term. This includes analyzing and planning for investment opportunities in new vessels or other growth opportunities, taking into account the economic and commercial conditions, as well as the Company's capacity to seize such opportunities for the interest of the investors and the company.

Financing and Investment

The Treasury Department is responsible for cash management and provision of funding for the different projects of the Company. Cash is managed on a daily basis, and the surplus funds are invested in short-term Murabaha agreements depending on the Company's financial needs and obligations. Should the Company need cash; it will use operating capital financing or it will liquidate short-term investments. Moreover, The Treasury Department is also responsible for processing payments of all divisions and business units of the Company after being reviewed and audited. The Department also oversees the Company's bank accounts and banking relations, working as a link between various banks and companies. The Treasury Department manages long-term financing obligations of the existing companies by following up with them, ensuring availability of cash to meet regular obligations.

Bahri focuses on low-risk secure investments. In this respect, it invested part of its cash surplus in Sukuk and Murabaha agreements. The Company is also committed to develop its investment and financing policies in line with Islamic Sharia, as around 99% of the Company's financing facilities are made in line with Islamic Sharia.

Shipbuilding Investment requires significant capital. Bahri finances an average 20% by its own resources, while the remaining 80% comes from external sources.

Bahri successfully completed, on July 30, 2015, the issuance of Sukuk, with the total nominal value of (3.9) billion (three billion nine hundred million Saudi Riyals, maturing on July 2022. The received value for the subscription exceeded the total nominal value of the issuance. The first issuance of these Sukuk was limited to investment companies and bodies. The expected revenue on these Sukuk was determined to be the margin of (80) basis points added to the base rate (SIBOR) for each periodic distribution period (semi-annual), according to the details mentioned in the prospectus of these Sukuk, available for the public on the Capital Market Authority website (CMA.org.sa) and the Company website (bahri.sa). Proceeds of these Sukuk were used in the payment of Murabaha sore finance, which was used to finance the cash exchange for the merger of the fleet and operations of Vela Company and to finance the expenses related to the merger process. The remaining proceeds will be used in financing the capital and operational projects and plans of the company.

Moreover, the Company has adopted a hedging policy against fluctuations in financing expenses. To this end, the Company signed a number of hedging agreements to reduce impact of unexpected rise in financing costs. The Company's total facilities subject to the hedging policy against risks of fluctuating financing costs amount to SAR 1.945 million, and the Company looks forward to future expansion in many hedging products.

Operational Risks Management

Bahri's Risk Management Concept lies in providing safety in all its operations and works on preventing major and minor accident risks within the framework of its strategic objectives and internal controls. Undoubtedly, offshore transportation involves different types of risks, especially operational risks, such as terrorist attack threats, wars, piracy, ship accidents, cargo damage, sailor injuries, etc.

Accordingly, the Company pays extreme attention to mitigate such risks by using appropriate risk management systems, issuing certificates, classifying equipment and procedures and delivering related trainings. The aim here is to maintain safety of the staff and cargo, ensure quality and utilize the available resources optimally.

That being said, the Company has concluded insurance agreements to protect its carriers, cargo, crew and staff from the relevant risks. The insurance service provider is selected through monitoring and assessing the provider's affordability, technical capacity, and obligations prior to and during the period of insurance to get the best offers.

- The Company is a member of a group of Protection and Indemnity clubs (i.e. non-profit insurance associations). These clubs represent a strong voice for the members. During the club meetings, significant issues related to shipping industry are discussed. The clubs also participate in drafting the international legislation and agreements in coordination with the governments and international agencies (e.g. International Maritime Organization, EU, OCED, United Nations Commission on International Trade Law (UNCITRAL), etc.). Furthermore, such clubs provide opportunities to exchange experience among the members regarding operational and offshore transportation risks such as oil pollution, maritime security, as well as other potential risks.
- In addition, the Company provides insurance coverage to its fleet against damage, especially to vessel hull, machinery and general liability for collisions, and other maritime accidents. The insurance coverage also includes ship equipment such as forklifts, cranes and containers.
- Implementing its strategic plans, the Company decided to contract the best international insurance companies rated "A" at least by S&P, and the Company obtained the best insurance coverage in terms of benefits and price.
- The Company expanded the insurance coverage to include demurrage and defense, an insurance policy covering the Company's representation with various entities such as shipyards as well as sale, purchase and repair of ships.
- The Company also insures its other assets such as buildings, offices, equipment and vehicles.

Pursuant of the Company's mission to provide due care to its employees, the Company provides medical insurance to its employees and their dependents with the best benefits and Takaful insurance is provided to all staff covering death or disability.



Strategy

Bahri, in 2015, reviewed its strategic plan and a new comprehensive strategy has been developed. It is known that the Bahri strategy put its focus on customers, which establishes the creation of sustainable value for all stakeholders of Bahri. This can be achieved by raising the current level of leadership in Saudi Arabia, and the development of a network of new customers and business related to the business of the company. This is due to what differentiates Bahri in customer care, and dealing with customers as partners to overcome issues related to shipping.

Bahri takes into account that the key success factors are to know your customers and your relationship with them; good reliability, quality of services, focusing on good performance and flexibility in service offers provided by the company to its customers.

In this sense, the growth strategy will be based on two main pillars, namely, the growth of the current business (and the consequent increase in investment in additional ships) and diversity of services.

A comprehensive set of strategic initiatives required to implement this strategy were developed, and these initiatives are currently being implemented.

This strategy takes into account a range of factors that include the development of key performance indicators for each unit of the business units, so that they cover all dimensions of strategy and set its goals, and that means increasing growth in the volume of the company business.



Communications Department

Communications Department is the basic link between the company and its internal and external audiences, and assumes responsibility for raising the perception of the Bahri identity. The information activities and relations programs combined to promote the vision, mission and values of Bahri. The department worked on many programs that reinforce this image in line with the new strategy of the company. In this context, 2015 was marked by many of the important events that the communications department took over, with the supervision of their organization, to be in the honorable form befitting Bahri. The most important achievements of the communications department's activities in 2015 was the participation in the celebrations of the signing of memorandums and agreements executed by the company, including:

- Ceremony of signing a Memorandum of Cooperation with Suez Canal Authority.
- Ceremony of signing a Memorandum of Understanding with the Ministry of Interior.
- Ceremony signing Memorandum of Understanding with the Saudi Red Crescent Authority.
- Ceremony of signing a Memorandum of Understanding with Saudi Arabian Mining Company.
- Ceremony of signing a Memorandum of Understanding with Electricity Company.
- Ceremony of signing an agreement to build VLCCs with Hyundai Heavy Industries Company in Dubai.

Furthermore, the activities undertaken by Communication Department during this year included a number of exhibitions and forums, such as:

- Participation in Breakbulk Exhibition in the United States
- Participating in the Breakbulk Exhibition in the Middle East, Abu Dhabi
- Participating in the Job Opportunities Exhibition in Washington, US
- Participation in the Eleventh Annual Gulf Forum of Finance
- Participating in Employment Exhibition, at King Fahd University of Petroleum and Minerals.

The company is a member of local and international organizations, such as:

- Organization of the Islamic Ship-Owners Association.
- Membership of the National Committee of Joint Stock Companies
- Membership of the US-Saudi Arabian Business Council.

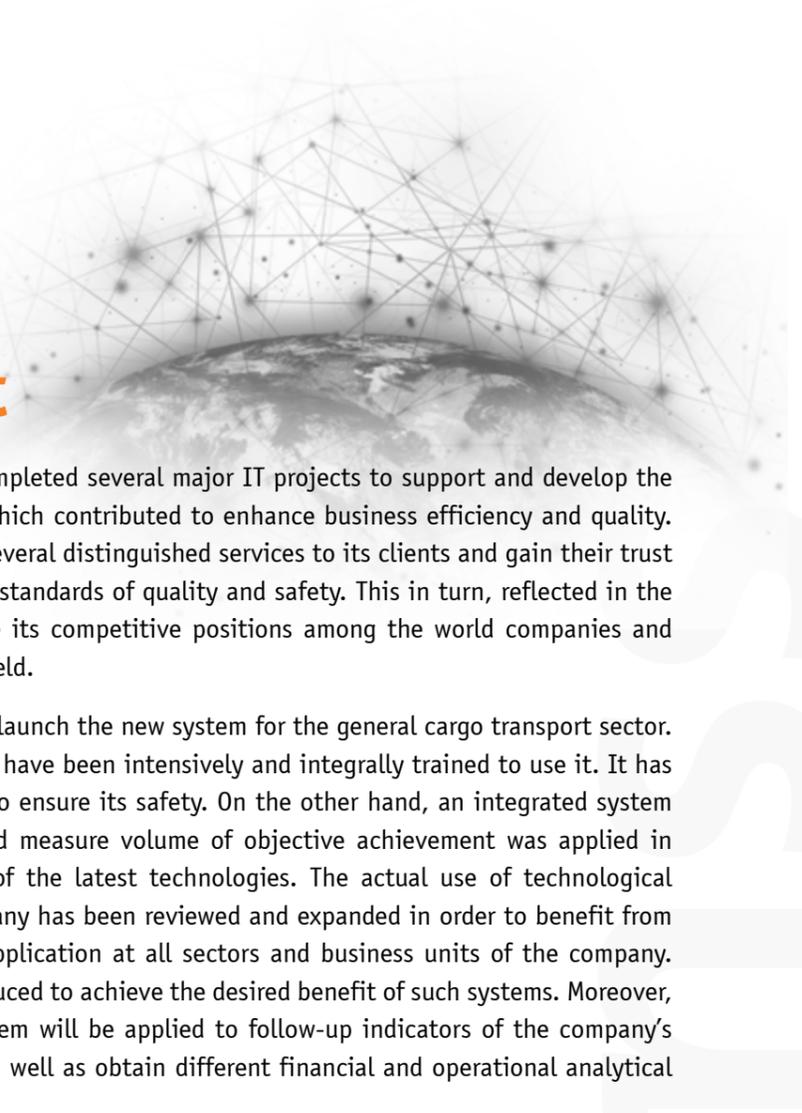
In addition to these achievements, Bahri got Best General Cargo Carrier Award for 2015 in India, provided by IMO and Indian logistics services (Mala)df.



Corporate Social Responsibility

Bahri supports social responsibility programs based upon its plan to serve the society in general, and contribute to serve people with special needs in particular. In this regard, the Company has made qualitative strides to achieve the desired goals under a clear vision by focusing on the urgent development needs in a transparent framework and stemming from being a national company that believes in the national role to be played by the private sector companies towards the society. Bahri's strategic vision to support CSR programs was translated into a number of agreements signed by some concerned bodies and ventures, such as:

- Sponsorship of the Disabled Children' Drawings and Innovations Program - Disabled Children's Association (DCA).
- Participation in the National Festival for Heritage and Culture (30th).
- Participation in the 84th National Day of the Kingdom of Saudi Arabia.
- Sponsorship of a ceremony for talented participants at the Blind Charity Association.
- Sponsorship of Asian Federation for the Blind Hosting Event.
- Sponsorship of Society Dental Health Program, King Saud University.



Information Technology Management

In 2015, the Company successfully completed several major IT projects to support and develop the Company's business in several fields which contributed to enhance business efficiency and quality. This enables the Company to provide several distinguished services to its clients and gain their trust while being committed to the highest standards of quality and safety. This in turn, reflected in the Company's performance to consolidate its competitive positions among the world companies and leading role in the marine transport field.

One of the major achievements was to launch the new system for the general cargo transport sector. The system has been tested, and users have been intensively and integrally trained to use it. It has been run in line with the old system to ensure its safety. On the other hand, an integrated system to monitor personnel performance and measure volume of objective achievement was applied in continuation of the optimal benefit of the latest technologies. The actual use of technological systems currently applied in the company has been reviewed and expanded in order to benefit from them and continue expanding their application at all sectors and business units of the company. Several enhancements were also introduced to achieve the desired benefit of such systems. Moreover, the first stage of smart reporting system will be applied to follow-up indicators of the company's performance and its Business Units, as well as obtain different financial and operational analytical reports.

The Company's developed website has been launched on the internet in line with the Company's expansion and growth to meet requirements of its clients and shareholders, and to ensure IT security. The applicable policies and procedures were also reviewed to ensure safety of infrastructure and applications. Moreover, a new integrated information center was established in the Company's new headquarters in Riyadh. All IT infrastructure needs were completely installed and updated, as necessary, to keep abreast with changes in the field, and to meet the increasing work requirements.

The Company has also launched Live Stream Online service targeting the company's employees and clients in order to improve and facilitate safe and easy communication with everyone to meet their needs and share relevant updates with them.

Completion of the remaining stages of some projects in the IT field will be continued during 2016. New projects will begin according the Company's approved IT strategies and action plans including the application of an integrated overall system of the activity of Freight forwarders of the General Cargo Transportation Sector. This will happen in addition to the application of an integrated system for the Bulk Cargo transportation activity (LMOS). The second stage of Big Data application will be completed across the Company sectors.

In continuation of the development process, the Company primary financial and administrative system (EPR) will be updated to cope with financial standards changes and HR procedures and regulations to benefit from the latest approved editions. Besides, the Company's internal online portal will be updated to be in line with the latest technologies in the field. The Reserve Data Center (DR) made for emergencies, God Forbid, will be reviewed and redesigned when maintenance works are necessarily required.



Internal Audit Department

The Company Internal Audit Department is an independent department related directly to the Audit Committee and Board of Directors in line with the Company's governance. The Department consists of top qualified and highly experienced employees in the audit field. It also prepares and carries out its annual action plans after the approval of Audit Committee.

The 2016 Audit Plan has been made more efficient by adopting an audit plan focusing on risk preceded by the Company's general risk assessment along with risk of business sector and support units.



Human Resources Department

The Human Resources Department believes that its employees represent its most valuable assets. The Company participated in several forums of human resources and objectives to cope with the latest developments in the HR field, and to attract and maintain the most qualified personnel, whether on land and sea. As a result, a program to train Saudi employees has been introduced. It aims at sponsoring Saudi youth and training them as sailors which enables them to acquire (Certificates of Competence) in this field. The program will be phased in 2016, starting with training six (6) people of crew.

Facing the growing shortage in number of sailors, the Company continuously explores new sources and centers of staff pools to ensure Bahri ships are highly operated with the least expense at all times.

Bahri diligently seeks excellence. As a result, it encourages teamwork at all levels, on land and in the sea, to continue its successful journey on a (one maritime) basis.

The Human Resources Department plays a major role in the realization of the Company's objectives through developing the staff's capacity and competency. This will have a direct impact on the Company's performance. The Department's role in the Company covers the areas below:

HR Strategic Planning

Set long or short term plans in line with the company's HR strategy.

HR Role Development

Activate direct participation with HR departments in other sectors of the Company whether internally or externally, by focusing on 4 main areas:

- Employment and Selection Supervision
- Annual Performance Review System Management
- Rewards and Incentives Management
- Competencies and Talents Development Management

Workforce Planning

Meet Organizational work force requirements based on selection and attraction criteria. The Company applies certain criteria through character and skills analysis test. The Human Resources deals with specific parties and channels to look for the appropriate candidates, based on the specialty and job level. For example, the Department deals with universities and Scholarship programs when looking for future staff and leaders. On the other hand, it deals with specialist Recruitment companies when looking for executives to fill current vacancies. Saudization is one of the major fields whereby Bahri sources more Saudi employees to the Company according to the national objectives in the Kingdom which encourages employing Saudi citizens. The Saudization ratio of the Company in the Kingdom of Saudi Arabia has increased to (68%) from (3%) in 2014.

Capabilities and Competencies Development

The Human Resource Department designs and organizes continuous training and development programs to build capacities that enhance the performance and achieve the expected targets. The training follows specific strategy to develop competencies in Bahri where it focuses on the following:

Developing technical competencies by focusing on building experienced and professional capabilities in the different departments by receiving training by certified institutions to improve the technical skills of the staff.

Developing personal (behavioral) aspects: Focusing on certain competencies within the framework of competencies and skills adopted by the Company. The related programs focus on leadership, communication, analytical skills, etc.

Policies and Procedures Application

One of the Company's main tasks is to ensure that adopted policies and procedures, whether internal or external, are applied, such as the labor regulation, social insurance regulation, Health Insurance Council Regulation, as well as other related regulations.

High Performance Culture Reinforcement

Continuing the dissemination of high performance culture through redesigning the annual performance review program to be more effective and accurate with respect to the expected objectives. Additionally, by linking review results through rewards and incentives such as bonus, annual increase, and promotions. Most of the employee training needs depend on the followed system of performance.

Incentives and Boost Staff Morale Enhancement

Developing effective communication among the employees in general or between the employees and executive management through regular meetings.

Projects Completed In 2015

Performance Management System

Introducing «Performance Management System» for All Bahri business units including key performance indicators based on the main department duties related to all business units and departments to the employee level through specific performance targets.

Restructuring the Incentive System

Annual Bonus: The annual bonus system has been redesigned to link directly to the business units' performance to improve performance levels and build the high performance culture.

Sales persons commissions (General Cargo Sector): The commission system has been designed and bonuses were linked to the required sales ratio of sales persons.

New Work Environment

Establishing a new work environment that increases efficiency and motivates high performance by moving into a new headquarters of the Main Department, Bahri Chemicals and Bahri Dry Bulk Cargo.

Employees Questionnaire

The questionnaire aims at recognizing employee's impression on Bahri initiatives and programs.

Recruitment Fair

Participation in Recruitment Fair held in the United States of America and at King Fahd University of Petroleum and Minerals, and selecting competencies to the Fresh Graduates Program.

Evaluation Center

Establishing Evaluation Centers to select competencies among fresh graduates

Review & Reorganize

Reviewing and reorganizing some HR procedures to boost work efficiency

Projects Completed In 2016

Reorganizing departments and reviewing the distribution of workforce and its requirements to ensure the correct planning of task distribution and achieving the expected targets.

Reviewing the job description of all positions

Considering salaries and allowances and comparing it to the labor market in order to ensure that the Company can attract and retain high competences.

Designing a Unified Job Grade System to sectors and business units.

Reviewing jobs and updating the pay scale.

Launching Competency Control Programs:

- Building the Job Succession Framework
- Setting Training and Development Plans
- Designing Executives Training Programs by focusing on the requirements that serve the Company's vision and strategy.
- Launching programs specialized in supporting the One Company Culture.

Participating in the Professional Days held outside and inside KSA to attract fresh graduates

Quality Management

Bahri continuously holds meetings to review the work of its department with a view to review the performance and level of the whole management. Thus, it performs internal reviews to ensure its Quality Management System to be efficiently implemented at all levels and in all departments. Furthermore, the Company performs internal quality reviews with the aim of supervising the performance of agents and suppliers. With such actions, the role of re-engineering works made by the Company to unify and update its operation procedures surfaces. This aims at supervising and monitoring all procedures, standards and service quality level. It also includes continuous reviewing of quality policies and objectives in order to improve the quality management system. The Company will make sure to provide appropriate training to all its employees so that they are always aware of their job positions to take part in improving the quality level.

Quality Management System Strategy

The unified Department Systems gets a great deal of interest in Bahri Company where it continues to implement a number of systems (QMS, EMS & OHSAS). This year, the Company managed to win ISO Certificates from (ISO 9001:2008) to (ISO 9001:2015) by the effective planning, resources management and building its capacities at all levels and in all departments.

2015 Major Achievements

Expansion in the area of quality management system is one of the most important achievements of the Company in 2015. This was translated into winning (ISO 9001).

Environment & Safety

Bahri's vessels and tankers ships sail across the world seas, resulting in potential impacts that can affect the safety of the sea environment and climate changes due to ship engines and equipment used in the fleet. To avoid such impacts, the company makes sure that when building its vessels and tankers, they use the best new technologies to preserve the environment. Additionally, they will build its vessels and tankers in accordance with the international standards adopted by world environment organizations and bodies. This reduces negative impacts on the environment as much as possible.

Furthermore, the Company takes all measures necessary to protect the safety and health of their employees including those working onboard. The company also conducts periodic inspections of the fleet and equipment, and adopts the latest safety measures in order to protect the safety of its employees and the environmental safety in cooperation with international consultancies firms specialized in the field.

Financial Statements and Business Results



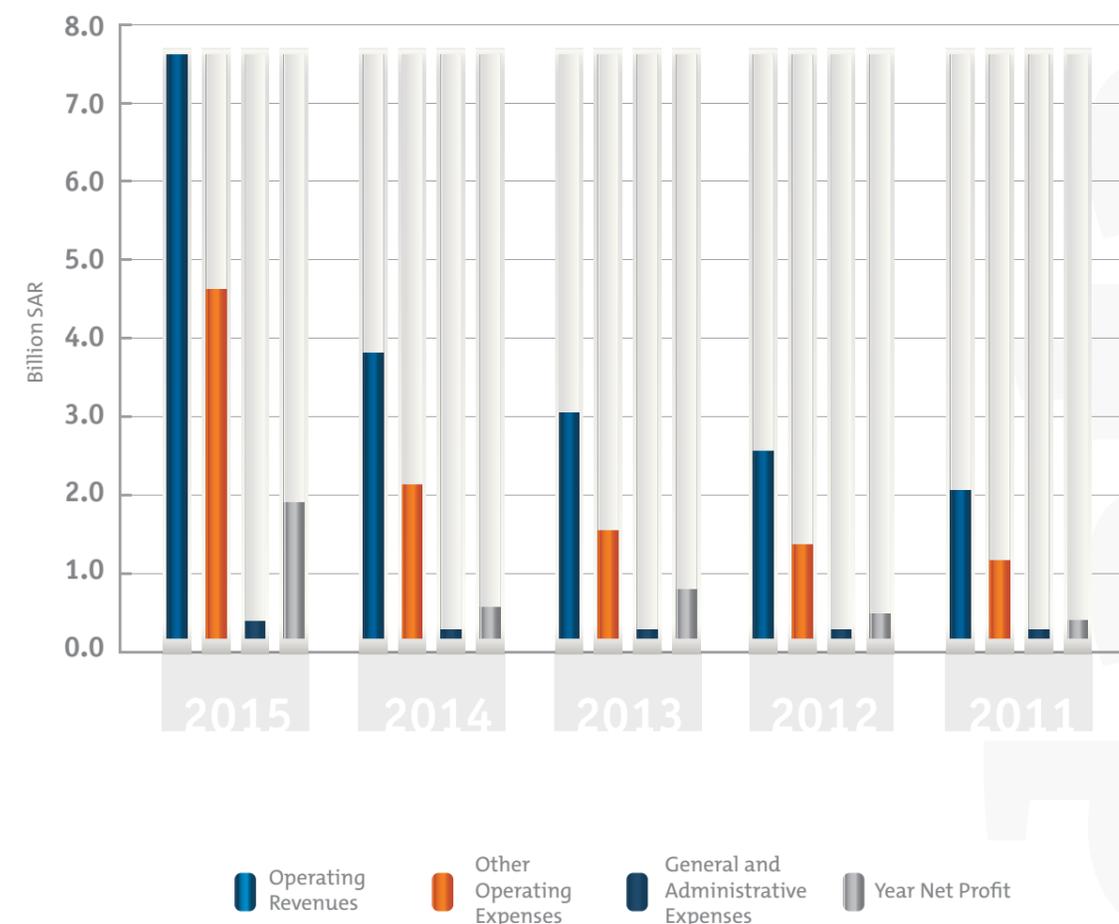
Financial Results Of The Company's Performance And Business And Its Subsidiaries

The Company's financial statements, business results for the 2015 year, statements of assets and liabilities and revenues will be presented. In addition, summary of the Subsidiaries' financial results in 2015 will be presented along with the regulatory payments and the Company's dividends distribution policy.

FINANCIAL RESULTS FOR THE PAST 5 YEARS (IN THOUSANDS SAR)

ITEM	2015	2014	2013	2012	2011
Operating Revenue	7,502,120	3,626,412	2,846,698	2,464,628	1,991,084
Bunker Costs	(1,081,099)	(1,206,749)	(943,406)	(875,097)	(801,163)
Other Operating Expenses	(4,404,412)	(1,963,373)	(1,494,838)	(1,253,254)	(1,063,269)
Total Operating Income Without Bunker Subsidies	2,016,609	456,290	408,454	336,277	126,652
Bunker Subsidies	179,910	217,936	171,108	200,572	176,465
Gross Operating Income	2,196,519	674,226	579,562	536,849	303,117
General & Administrative Expenses	(216,489)	(98,875)	(79,123)	(83,063)	(73,605)
Other Revenues (Expenses), Net	63,130	24,429	338,544	108,023	108,375
Zakat And Tax	(181,354)	(37,436)	(49,858)	(36,299)	(25,497)
Non-Controlling Interest	(44,223)	(28,504)	(36,863)	(21,517)	(24,622)
Year Income, Net	1,817,583	533,840	752,262	503,993	287,768
Earnings Per Share From The Net Profit SAR	4,62	1,58	2,39	1,60	0,91

Financial Results of the Last Five Years



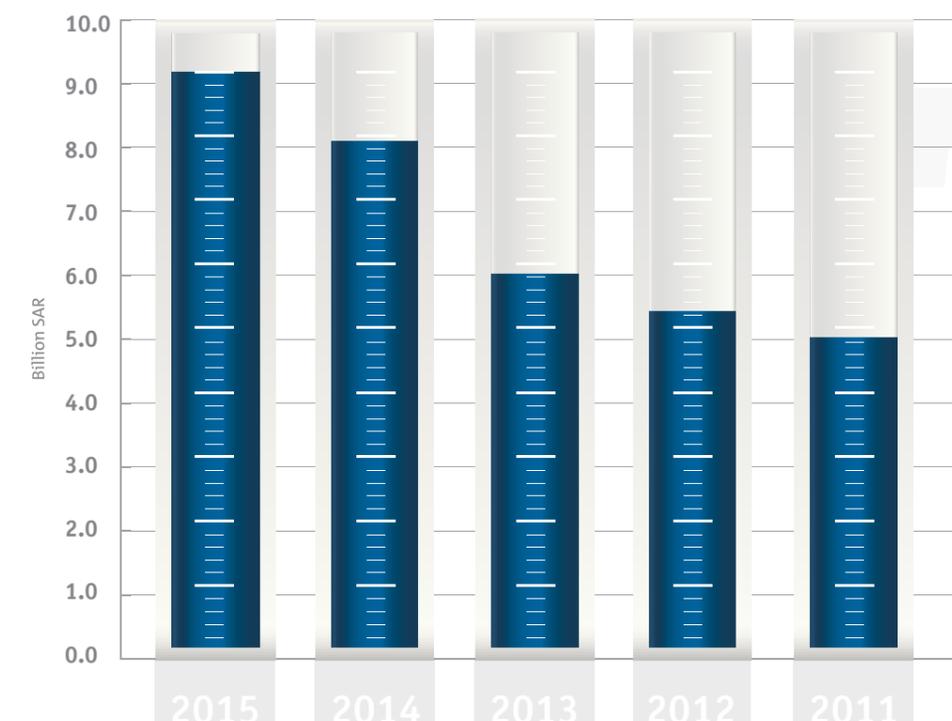
STATEMENT OF ASSETS AND LIABILITIES AS AT DECEMBER 31st, 2015 (IN THOUSANDS SAR)

ITEM	2015	2014	2013	2012	2011
Total Current Asset	2,840,531	1,838,528	1,453,027	1,143,109	1,042,280
Net Fixed Assets	12,798,271	12,980,017	8,512,152	7,503,701	7,252,854
Other Non-Current Assets	3,457,849	2,325,866	2,057,534	2,415,748	2,328,077
Total Assets	19,096,651	17,144,411	12,022,713	11,062,558	10,623,211
Total Current Liabilities	1,837,952	4,722,716	1,381,237	1,006,117	944,248
Murabaha Financing For Long-Term Loans	7,505,847	4,152,888	4,376,589	4,253,733	4,294,968
Other Non-Current Liabilities	53,774	83,538	77,464	76,963	28,058
Total Liabilities	9,397,573	8,959,142	5,835,290	5,336,813	5,267,274
Paid-Up Share Capital	3,937,500	3,937,500	3,150,000	3,150,000	3,150,000
Reserves And Retained Earnings	5,347,158	3,877,572	2,695,729	2,260,914	1,912,623
Non-Controlling Minority Interest	414,420	370,197	341,694	314,831	293,314
Total Equity	9,699,078	8,185,269	6,187,423	5,725,745	5,355,937
Total Liabilities & Equity	19,096,651	17,144,411	12,022,713	11,062,558	10,623,211

SHAREHOLDER'S EQUITY AS AT DECEMBER 31st, 2015 (IN THOUSANDS SAR)

YEAR	Shareholders' Equity	Increase/(Decrease)	%
2015	9,284,658	1,469,586	18.80 %
2014	7,815,072	1,969,343	33.69 %
2013	5,845,729	434,815	8.04 %
2012	5,410,914	348,291	6.88 %
2011	5,062,623	75,103	1.51 %

Growth in Shareholders' Equity

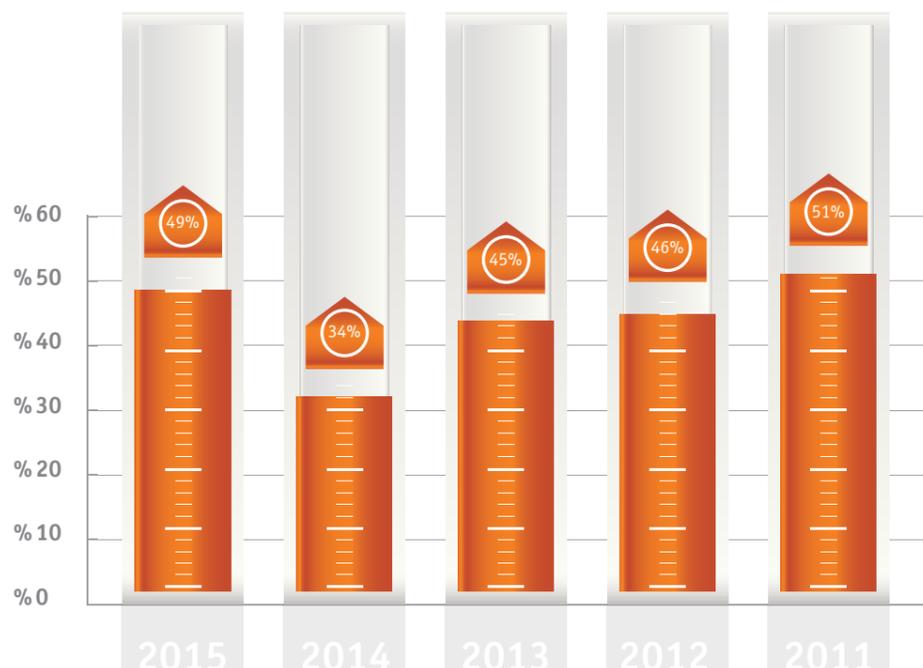


Shareholders' Equity

SHAREHOLDER'S EQUITY RATIO TO ASSETS AS AT DECEMBER 31st, 2015 (IN THOUSANDS SAR)

YEAR	Shareholders' Equity	Total Assets	%
2015	9,284,658	19,096,651	49 %
2014	5,845,729	17,144,411	34 %
2013	5,410,914	12,022,713	45 %
2012	5,062,623	11,062,558	46 %
2011	5,089,691	10,623,211	51 %

Shareholders' Equity to Assets



Shareholders' Equity to Assets Ratio

The Company operates through strategic business units that generate revenues and cash flows. These are the crude oil transportation sector, chemicals transportation sector, general cargo transportation sector and dry bulk transportation sector. The chemicals transportation and dry bulk transportation sectors operate through the National Chemicals Company and Bahri Dry Bulk because there are strategic partners in these two sectors. In addition, the Company has shares in some companies, most importantly, Petredec LTD.

REVENUE OF THE COMPANY'S CORE SECTORS FOR FISCAL YEAR 2015 (IN THOUSAND SAR)

Sector	Operating Revenue	Fuel Cost	Other Operating Expenses	Total Operating Expense	Fuel Subsidies	Total Operating Income	Operating Income Ratio By Sector From Total
Oil Transportation	5,764,525	(878,243)	(3,286,100)	(4,164,343)	146,555	1,746,737	80%
Chemicals Transportation	774,610	(123,740)	(457,740)	(581,480)	19,850	212,980	10%
General Cargo Transportation	848,426	(78,392)	(598,507)	(676,899)	13,505	185,032	8%
Dry Bulk Transportation	114,559	(724)	(62,065)	(62,789)	—	51,770	2%
Total	7,502,120	(1,081,099)	(4,404,412)	(5,485,511)	179,910	2,196,519	100%



- Oil Transportation Sector
- Chemicals Transportation Sector
- General Cargo Transportation Sector
- Dry Bulk Transportation Sector



- Oil Transportation Sector
- Chemicals Transportation Sector
- General Cargo Transportation Sector
- Dry Bulk Transportation Sector

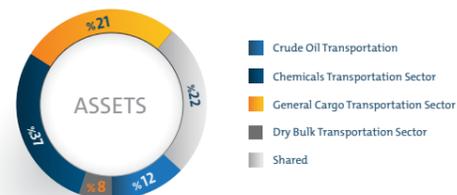
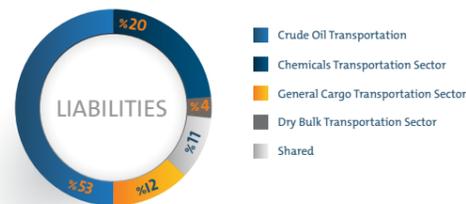


- Oil Transportation Sector
- Chemicals Transportation Sector
- General Cargo Transportation Sector
- Dry Bulk Transportation Sector

FUNDAMENTAL DIFFERENCE IN THE FINANCIAL RESULTS FOR THE YEAR 2015 AD

BREAKDOWN OF ASSETS AND LIABILITIES AS PER COMPANY'S SECTORS AS AT DECEMBER 31st, 2015 (IN THOUSANDS SAR)

	Oil Transportation	Chemicals Transportation	General Cargo Transportation	Dry Bulk Transportation	Shared	Total
Assets	1,130,741	3,330,214	1,874,699	707,543	2,054,454	19,096,651
Percentage of total Assets	6%	17%	10%	3,7%	11%	100%
Liabilities	5,001,143	1,857,337	1,120,809	407,934	1,010,350	9,397,573
Percentage of Liabilities	53%	20%	12%	4%	11%	100%



THE MOST PROMINENT ITEMS OF THE INCOME STATEMENT FOR THE LAST FIVE YEARS (IN THOUSANDS SAR)

Item/year	2015	2014	2013	2012	2011
Operating Revenues	7.502.120	3.626.412	2.846.698	2.464.628	1.991.084
Total Operating Revenues	2.196.519	674.226	579.562	536.849	303.117
Net Income For The Year	1.817.263	533.840	752.262	503.993	287.768

Operational Revenues

The operational revenues of the company amounted to SAR 7.502 million compared to SAR 3.626 million achieving an increase of 107%. This increase is attributed to:

- Full operation of giant oil tankers fleet after the completion of the integration of assets and transactions of Vela International Marine with the same of the Company, decreasing the rate of fuel prices and delivering of giant oil tankers and Petrochemical tankers during 2015.
- Increasing the average prices of transporting crude oil by 56% in the spot market.
- Increasing the operational revenues of general cargo sector due to the increase of movables and the number of voyages, reaching SAR 848 million in 2015 compared to SAR 550 million in 2014 achieving an increase of 54%.

Total Operating Income

The total operating income increased by 221% amounting to SAR 2.165 million in 2015 compared to SAR 674 million in 2014. This increase is attributed to:

- Full operation of giant oil tankers fleet after the completion of the integration of assets and transactions of Vela International Marine with the same of the Company, decreasing the rate of fuel prices, purchasing, and delivering of giant oil tankers and Petrochemical tankers during 2015.
- Increasing of the average prices of transporting crude oil by 56% in the spot market.
- Decreasing of the average cost rate of bunker for all the Company departments by 107%.

Net Income

The net income of the Company in 2015 reached SAR 1.817 million compared to SAR 534 million in 2014, achieving an increase of 240%. This is attributed to:

- Increasing of the net income of the Oil Transport Sector to SAR 1.163 million (2015: SAR 1.576 million – 2014: SAR 413 million). This is due to the full operation of giant oil tankers fleet after the completion of the integration of assets and transactions of Vela International Marine with the same of the Company, decreasing the rate of fuel prices, purchasing, and delivering of two giant oil tankers in 2015.
- Increasing the net income of general cargo transport due to the increase of number of voyages from 17 voyages in 2014 to 20 voyages in 2015, decreasing the fuel cost rate by 107% and increasing the size of movables by 16%.
- The Company's profits of its share in Petredec Co., Ltd. (owned by 30.3%) by SAR 53 million (SAR 185 million in 2015 & SAR 132 million in 2014).

Transition to International Financial Reporting Standards (IFRS):

According to the decision of the Board of Saudi Organization for Certified Public Accountants (SOCPA) concerned with the application of the IFRS, approved in its 10th meeting for the 6th session held on 26/3/1433 AH corresponding to 18/2/2012 AD, headed by His Highness the Minister of Trade and Commerce Dr. Tawfiq Al-Rabiah, the Board agreed to apply the decision on the joint stock companies for the financial periods starting from 1/1/2014. The Capital Market Authority (CMA) requested the joint stock companies to adhere to such decision.

Therefore, the Company created an integrated plan in order to convert its accounting records pursuant to the IFRS through forming a specialized team supported by an external consultant to discuss and review all financial clauses of the Company and to evaluate the potential changes that may result from the transition the current accounting standards to the IFRS. This includes the method of financial accounting and its presentation and necessary technology systems for this transition. The discussion began in 2015, provided that this discussion shall explain the necessary changes and implementation plan which will start in 2016. This project aims to lay down the necessary foundation for the Company in order to present its annual and quarterly statements according to the IFRS, including the figures of comparison of 2016. According to the current plan, the Company will finalize this discussion before the end of the year, enabling it to completely adhere to the presentation of the financial statements according to the IFRS and its application starting from 1/1/2017 pursuant to the requirements of the SOCPA and CMA.

ASSOCIATES & SUBSIDIARIES CAPITAL AS OF END OF 2014 & 2015

Company	Legal Status	Incorporation Date	Capital in 2015	Capital in 2014	Ownership in 2015 (%)	Ownership in 2014 (%)	Details of Shares
NSCSA Inc.	LLC	1991	3.750.000	3.750.000	100%	100%	1.000
Mideast Ship Management Ltd.	LLC	2010	306.540	306.540	100%	100%	1
National Chemical Carriers Ltd. Co. (NCC)	LLC	1990	610.000.000	610.000.000	80%	80%	61.000.000
Bahri Dry Bulk (BDB)	LLC	2010	200.000.000	200.000.000	60%	60%	200.000
Petredec Co. Ltd.	LLC	1980	22.916.666	22.916.666	30.3%	30.3%	6.111.111
United Arab for Flat Glass Co.	LLC	2006	264.048.410	264.048.410	4.69%	4.69%	26.304.841

SUMMARY OF FINANCIAL RESULTS OF SUBSIDIARIES IN 2015 (IN THOUSANDS OF SAUDI RIYALS)

Company	Operating Revenue	Operating Expenses	Fuel Subsidies	Total Operating Income	General & Administrative Expenses	Other Revenue (Expenses)	Net Profit (loss)	Contribution to Bahri's net profit (%)
NSCSA (America) Inc.*	20.503	(22.915)	-	(2.411)	-	941	(1.471)	0.08%
Mideast Ship Management Ltd. (JLT)**	82.502	(77.667)	-	4.834	-	(1.553)	3.282	0.18%
National Chemical Carriers Ltd. Co. (NCC)	774.610	(581.480)	19.850	212.980	(14.334)	(53.823)	144.824	7.97%
Bahri Dry Bulk (BDB)	114.559	(62.788)	-	51.771	(5.978)	(7.648)	38.145	2.10%

*It depends in its complete income on the parent Company.

** It depends in its complete income on the parent Company and subsidiaries.

MURABAHA FINANCING AND LONG-TERM LOANS IN 2015* (IN THOUSANDS OF SAR)

Company	Principal Loans	Balance of loans at year-start	Average loan term (years)	Addition during the year	Repayments during the year	Balance of loans at year-end
The National Shipping Company of Saudi Arabia (Bahri)	7,350,535	2,412,713	5.1	3,900,000	(328,975)	5,983,738
National Chemical Carriers Ltd. Co. (NCC)	2,701,875	1,885,829	5.6	-	199,954.10	1,685,875
Bahri Dry Bulk (BDB)	11,250	11,250	3.9		(2,250)	9,000
Mideast Ship Management Ltd. (JLT)	420,000	412,650	8.6		(29,400)	383,250
Total	10,483,660	4,722,442	5.8	3,900,000	(560,579)	8,061,863

*In addition to the financing received from the Public Investment Fund, the Company and its subsidiaries also receive financing from several banks, mainly: Samba Financial Group, Saudi Fransi Bank, Saudi British Bank (SABB), National Commercial Bank, Riyadh Bank, Gulf International Bank, BNP Paribas (Paris), and JPMorgan Chase and Standard Chartered Bank.

INSTALLMENTS OF OUTSTANDING MURABAHA AGREEMENTS AND LONG-TERM LOANS AS OF DECEMBER 31st, 2015 (IN THOUSANDS OF SAR)

Company	2016	2017	2018	2019	2020	Total
The National Shipping Company of Saudi Arabia (Bahri)	317,663	416,593	450,857	263,384	104,058	5,983,738
Bahri Dry Bulk (BDB)	29,400	29,400	29,400	29,400	29,400	383,250
National Chemical Carriers Ltd. Co. (NCC)	216,729	417,697	149,494	148,512	301,183	1,685,575
Mideast Ship Management Ltd. (JLT)	2,250	2,250	2,250	2,250	-	9,000
Total	349,313	448,243	482,507	295,034	133,458	6,375,988

Regulatory Payments

Zakat & Withholding Tax

The Company submitted all Zakat returns up to 2014. Zakat assessments were approved by the Department of Zakat and Income Tax (DZIT) for all years up to 2000. DZIT conducted assessments of Zakat, withholding tax from 2001 until 2007, and ordered Bahri to pay additional amount of SAR 22 million, as well as the Company allocated the provisions necessary for the same. The Company believes that it has made adequate allocations for Zakat and withholding tax as of December 31, 2015.

Zakat & Tax Position of NCC

National Chemical Carrier Ltd. Co. (NCC) filed all Zakat returns up to 2013 and the withholding tax until November 2014. NCC paid all Zakat and withholding tax according to the said returns. Its subsidiary received assessments of Zakat and tax for the period from 1991 to 2004. The Subsidiary filed an appeal with DZIT against some of the items in such assessments and reached a settlement with DZIT on April 2010. According to the settlement, the Zakat due was SAR 54 million of which the Subsidiary paid SAR 26 million in 2011. While the remaining amount would be paid in installments as of July 2013 for five years. In addition, the Subsidiary received assessments of Zakat and withholding tax for the period from 2005 until 2008, and the Subsidiary filed an appeal with DZIT regarding some items in the assessments and its settlement. The appeal is still in progress with DZIT. The Subsidiary believes that it has made adequate allocations for Zakat and withholding tax as of December 31, 2015.

Zakat & Tax Position of BDB

Bahri Dry Bulk (BDB) filed all Zakat returns until 2014 and has not received Zakat assessments from DZIT. The Subsidiary believes that it has made adequate allocations for Zakat and withholding tax as of December 31, 2015.

STATEMENT OF ACCRUED REGULATORY PAYMENTS AS AT DECEMBER 31st, 2015

Description	Bahri	NNC	BDB
Zakat	(55,450,471)	(13,334,214)	(2,225,255)
Withholding Tax	(99,689,048)	(10,689,097)	(118,768)
Social Insurance Provision	(3,520,873)	(378,275)	(54,394)

Dividend Distribution Policy

The share profit is calculated from the operating income of the year, sub-businesses, and net profit of the year based on the weighted average of the existing share during the year. The dividends to be distributed after the end of the year are treated as retained earnings rather than liabilities unless the distribution is approved by the General Assembly prior to the end of the period. Such dividends are recorded within the obligations of the year in which the General Assembly approves them until being distributed.

The share profit was calculated based on the weighted average of the existing shares for the two years ending on December 31, 2014 & 2015 (i.e. 393.75 million shares and 338.41 million shares, respectively).

On April 15, 2015, the Company distributed the profits of the year at the rate of 10 percent of the capital at SAR 1 per share for 2014 after the approval of the General Assembly.

During its meeting held on December 24, 2015, the Board of Directors recommended to the General Assembly to distribute cash dividends to the shareholders amounting to SAR 393.75 million for the financial year ended December 31, 2015 at the rate of SAR 1 per share. It also decided to recommend to the General Assembly to distribute cash dividends to the shareholders amounting SAR 590.63 million for the financial year ended December, 31 2015, at the rate of SAR 1 per share. Accordingly, the total cash dividends for the financial year ended on December 31, 2015 are SAR 984.38 million. The total cash dividends of the share is SAR 2.5 per share representing (25%) of the nominal share value.

THE FOLLOWING TABLE SHOWS THE NET PROFIT, CASH DIVIDENDS REALIZED, THEIR RATIO TO NET PROFIT (57% ON AVERAGE), AND AVERAGE RATIO OF DIVIDENDS PAYOUT TO CAPITAL WHICH AMOUNTED TO 12% DURING THE LAST 5 YEARS (2011-2015).

Fiscal Year	Net Profit (In Thousands SAR)	Cash Dividends (In Thousands SAR)	Dividends Payout Ratio (%)	Dividends To Capital Ratio (%)
2015	1.817.263	*984.375	54%	25%
2014	533.840	393.750	74%	10%
2013	752.262	315.000	42%	10%
2012	5.3.993	315.000	63%	10%
2011	287.768	157.500	55%	5%
Total	3.895.126	2.165.625	57%	12%

*subject to the approval of the ordinary General Assembly.

Disclosure & Transparency

Disclosure & Transparency

The Company adopts a policy of disclosure and transparency as stipulated in the corporate governance regulations and the requirements of presentation and disclosure while preparing this report in order to ensure that the correct information is delivered to its intended audience such as shareholders, financiers, regulators, etc. This chapter describes some information related to accounting disclosure, the extent of compliance with corporate governance standards, details related to the Board of Directors and its committees, as well as information about the executive management and their relevant tasks.

Shareholders' Rights & Communication

The Company's shareholders have all rights and privileges stated in the Company's Articles of Association, which is in line with the Company's Law and corporate governance regulations issued by the Capital Markets Authority. The Board of Directors and executive management are always keen on creating a healthy environment for the shareholders to enable them to exercise all their rights in a convenient and straightforward manner through communications with the Company's management. Shareholders who meet the regulatory conditions have the right to run for the Board's membership. They are invited through local newspapers, the Company's website, and "Tadawul" website to attend the General Assembly meetings to exercise their rights to vote and choose their representatives in the Board of Directors. A large number of shareholders participate in the discussions related to the Company's activities and plans during the General Assembly meetings. Upon approval by the General Assembly to the payment of dividends, the decision is immediately announced and procedures for payment to the shareholders registered in the records of the Securities Depository Center as at the end of the trading day on the day of the General Assembly meeting is held. Payments are made through local banks within 30 days from the date of the General Assembly's approval in this respect.

The Company participates in investment forums organized by some investment companies. The Company has also approached prospective investors and current shareholders through meetings organized by various agencies interested in investment activities. In addition, the Company has received a number of officials from investment agencies. It is worth noting that the information provided by the Company is limited to public information that had already been disclosed through the official channels of communication and is consistent with the directives of the Capital Markets Authority and Ministry of Commerce and Industry.

Through the Company's website (www.bahri.sa), the Company provides a forum for its shareholders and all other users to communicate with the Company on an ongoing basis. This website can be used to search for any information required, and any updated information related to the Company, which includes annual, quarterly, and operational reports, as well as the Company's publications, announcements, and information about current and former shareholders.

The Company also provides all news about its performance and activities through the official channels, such as "Tadawul" website, in accordance with the directives of the Capital Markets Authority and the disclosure policy adopted by the Company as part of the corporate governance regulations.

Disclosure

The Company discloses all necessary information in a transparent manner, especially with regards to its activities and results in such a way that does not affect the activities.

Departure from the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA):

There is no departure from the accounting standards released by SOCPA.

Description of any interest in a class of voting shares held by persons (other than the Company's Board of Directors, senior executives, and their relatives) that have informed the Company of their holdings pursuant to Article (45) of the Listing Rules of the Capital Markets Authority, together with any change to such interest during the last fiscal year:

The Company has not received any notification regarding any interest in a class of voting shares.

Description of the categories and numbers of any transferrable debt instruments any contractual securities or offering memoranda on subscription rights offers or similar rights issued or granted by the Company during the fiscal year with explanations for any compensation acquired by the Company for that:

The Company does not have any categories of transferrable debt instruments, nor any contractual securities, offering memoranda on subscription rights, or any similar rights issued or granted by the Company during the fiscal year.

Description of any transfer or subscription rights under transferrable debt instruments or any contractual securities or any subscription rights or similar rights issued or granted by the Company:

The Company does not have any transfer or subscription rights under transferrable debt instruments or any offering rights memos or similar rights issued or granted by the Company.

Description of any redemption, purchase, or cancellation by the Company of any redeemable debt instruments and the value of the remaining securities, with a distinction between the listed securities purchased by the Company and those purchased by the subsidiaries:

The Company and its subsidiaries do not have any such recovery, purchase, or cancellation of any recoverable debt instruments.

Description of any transaction between the Company and any related party:

There is no transaction between the Company and any related party.

Information on any business or contracts where the Company is a party thereof and there is an interest for a Board member, CEO, CFO, or any person related to them:

The Company acknowledges that there is no contract where the Company is a party thereof and where there is an interest for a Board member, CEO, CFO, or any person related to them.

Description of any arrangements or agreement under which a Board member or senior executive has waived any rights to salary or compensation:

None of the Board members or senior executives has waived any rights to salary or compensation.

Description of any arrangements or agreement under which a shareholder of the Company has waived any rights to dividends:

There is no arrangement or agreement where a shareholder of the Company has waived any rights to dividends.

Description of the value of any investments or reserves created for the Company's employees:

There are no specific investments or reserves set aside for the Company's employees, except those for the severance payment provisions as provided for in the Saudi Labor Law and similar laws in the countries where there are companies wholly owned by Bahri such as the USA and UAE.

The Board of Directors hereby acknowledges the following:

The accounting records have been prepared in a sound manner.

The internal control system has been established on a sound basis and implemented effectively.

The Company's ability to continue its operations is not subject to doubt.

The external auditor's reservation over the financial statements:

The external auditor has no reservations over the Company's financial statements.

The Board of Directors recommendation to replace the external auditor prior to the end of the agreed term:

The Board of Directors did not recommend replacing the external auditor prior to the end of the agreed term.

Penalties, sanctions, or precautionary attachment imposed on the Company by the regulatory, supervisory, or judicial authorities:

A penalty of SAR 10,000 was imposed on the Company by Capital Market Authority for violating paragraph (A) of article (46) of Capital Market Regulation and paragraph (A) of article (41) of Registration and Listing Rules as the Company was late in announcing to the Authority and audience at the scheduled time concerning the approval of the BOD on the issuance of long-term instruments for a maximum of ten years during its meeting held on 23/2/2015. While it did not announce the same except on 4/3/2015.

Results of the Annual Audit and Internal Control Procedures of the Company:

The Internal Audit and Control Department performs the audits on a constant basis and implements an annual audit plan based on a risk assessment system for the Company and its subsidiaries. The audit committee approves the audit plan after ensuring it includes all necessary programs to be examined and assessed, and that it is in line with the internal control and audit standards.

To verify effectiveness of the internal audit system with regard to protection of assets, risk assessment, and evaluation of the adequacy of performance, the Internal Audit and Control Department submits regular reports to the audit committee. These auditing processes have not revealed any material deficiency in the internal control system of the Company. Moreover, within the scope of its review of the Company's final accounts on a quarterly basis, the external auditor reviews all reports of the Internal Audit and Control Department for the relevant financial period. The external auditor shall also have the right to review the minutes of the audit committee meetings in order to provide a professional opinion. In turn, the audit committee will discuss all the observations made and ensure that all relevant departments take the necessary corrective actions to this effect within the planned timeframe.

Corporate Governance

The Company complies with corporate governance standards, conducts regular review of its policies and procedures, and establishes policies and procedures that promotes transparency and disclosure.

The Company also implements all obligatory provisions stated in the corporate governance regulation issued by the Capital Markets Authority and its Articles of Association, as well as all its policies with exception of the following:

Article	Provision	Reasons for Non-Compliance
27/4	Geographic analysis of the source's total revenue and of the total revenue of its subsidiaries abroad.	Due to the nature of the Company's business, the vessels of the Company and its subsidiaries operate in the high seas and carry shipments between multiple ports worldwide.
6/B	Cumulative voting method should be applied when voting to select the Board members in the General Assembly.	The Company's basic regulation was amended, so that the cumulative voting method will be applied at the end of the current Board's term ending on December 31, 2016, in accordance with the corporate governance regulation issued by the Capital Market Authority and any amendments in force from time to time.
6/D 12/I	How the Company applies paragraph (D) of article (6) and paragraph (I) of article (12) of the corporate governance regulation.	It is not applicable because the disclosure of voting policy to investors of people with legal status (such as investment funds) related to them. As for paragraph (I) of article 12 of the corporate governance regulation, article (15) of the articles of association stipulates the following: "A board of directors, consisted of nine members, operates the Company. The Government (Public Investment Fund) appoints three of them, the shareholder - Saudi Aramco Development - two members, and the General Assembly elect the rest members, provided that the government shall not vote for them (Public Investment Fund) or shareholder, Saudi Aramco Development.
14 (C - 8)	Did the Audit Committee investigate the preliminary and annual financial statements of the company?	Yes, the Board of Directors approved the annual financial statements of the company for the fiscal year 2015 in its meeting on 23/02/2016. However, the preliminary and annual financial statements shall be approved by the Audit Committee of the company, which shall submit its recommendations to the Board of Directors.
Article (42) of registration and listing rules (A)	Did the Board of Directors approve the preliminary and annual financial statements of the company?	Yes, the Board of Directors approved the annual financial statements of the company for the fiscal year 2015 in its meeting on 23/02/2016. However, the preliminary and annual financial statements shall be approved by the Audit Committee of the company, which shall submit its recommendations to the Board of Directors.
(17)	The board's report did not include dealing with related parties (Aramco, International Cargo and Transportation Ltd) as shown in the financial statements (Note 20)	Bahri, during the exercise of its normal business, deals with related parties, such as Saudi Aramco Development Company, which in turn owns 20% of the company's capital, and International Cargo and Transportation Ltd owned by SABIC, which owns 20% of the capital of National Chemical Transportation Company, 80% owned by Bahri. It deals also with South Korea's S-Oil company, which Saudi Aramco owns part of its capital.

Board of Directors

The Board of Directors for the 2014-2016 terms consists of 9 members. The Board is vested with the responsibility to lead the Company in terms of guidance, control, and strategy, while the executive management leads the business within the policies, plans, controls and regulations approved by the Board and General Assembly.

In 2015, the Board held 6 meetings.

DETAILS OF ATTENDANCE OF THE CHAIRMAN AND BOARD MEMBERS IN THE BOARD MEETINGS DURING 2015

Name	Title	Meeting No.						Total
		1	2	3	4	5	6	
Abdulrahman Mohammed Almfadhi	Chairman	√	√	√	√	X	X	4
Mohammed Abdulaziz AlSarhan	Vice Chairman	√	√	√	√	√	√	6
Esam Hamad Al-Mubarak	Member	√	√	√	√	√	√	6
Saleh Abdullah AlDebasi	Member	X	√	√	√	X	√	4
Faraj Mansour Abothenain	Member	√	√	√	√	√	√	6
Abdullah Ali Al-Ajaji	Member	√	√	√	√	√	√	6
Saleh Nasser Al-Jasser	Member	√	X	√	√	√	√	5
Said Abdullatif Al-Hadrami	Member	√	√	√	√	√	√	6
Bader Abdulqader Ghouth *	Member	√	X	√	-	-	-	2
Ahmad Ali Al Sibii **	Member	-	-	-	√	√	√	3

*Resigned from the board on 11 October 2015.

**Joined the board on 11 October 2015

CLASSIFICATION OF THE BOARD OF DIRECTORS FOR 2014-2016 IN TERMS OF INDEPENDENCE: INDEPENDENT/NON-EXECUTIVE

Name	Classification
Abdulrahman Mohammed Almofadhi	Non-executive
Mohammed Abdulaziz ALSarhan	Independent
Esam Hamad AL-Mubarak	Non-executive
Saleh Abdullah ALDebasi	Non-executive
Farraj Mansour Abothenain	Independent
Abdullah Ali AL-Ajaji	Independent
Saleh Nasser AL-Jasser	Non-executive
Said Abdullatif AL-Hadrami	Non-executive
Ahmad Ali AL Sibii	Non-executive

DETAILS OF MEMBERSHIP OF BOARD OF DIRECTOR COMPANIES FOR 2014-2016 TERM IN ORDER SHAREHOLDING

Name	Membership In Other Shareholding Companies
Abdulrahman Mohammed Almofadhi	National Commercial Bank Saudi Real Estate Co. Saudi Stock Exchange (Tadawul)
Mohammed Abdulaziz ALSarhan	Al Faisaliyah Group Al Sahrq Ready Mix Co.
Esam Hamad AL-Mubarak	-
Saleh Abdullah ALDebasi	Marafiq Company Terrorism and architectural heritage Authority
Farraj Mansour Abothenain	Astra Industrial Group "Astra" National Petrochemical Company (Petrochem) Bawan Co.
Abdullah Ali AL-Ajaji	Qassim Cement Co.
Saleh Nasser AL-Jasser	Saudi Airlines Procurement Company until 30/12/2015 Saudi Arabian Land Services Company until 30/12/2015
Said Abdullatif AL-Hadrami	-
Bader Abdulqader Ghouth	-
Ahmad Ali AL Sibii	-

DETAILS OF BOARD OF DIRECTORS' COMPENSATIONS AND BONUSES IN 2015

Name	Meeting Attendance Fee	Committee Remuneration	Bonus After Distribution Of Dividends	Total
Abdulrahman Mohammed Almofadhi	21000	100000	200000	321000
Mohammed Abdulaziz ALSarhan	34500	200000	200000	434500
Esam Hamad AL-Mubarak	37500	200000	200000	451500
Saleh Abdullah ALDebasi	33000	200000	200000	433000
Farraj Mansour Abothenain	28500	200000	200000	428500
Abdullah Ali AL-Ajaji	40500	100000	200000	340500
Saleh Nasser AL-Jasser	19500	100000	200000	319500
Said Abdullatif AL-Hadrami	37500	200000	200000	437500
Ahmad Ali AL Sibii	22500	200000	200000	422500

The Board of Directors declares that apart from the shares owned by the Board members as shown in the following table, they do not have any personal interest, option rights, rights of subscription, or affiliations by the members of the Board, their spouses, or minor children to the Company or its subsidiaries, whether in the form of corporate shares, or direct or indirect connections through contracts of employment, etc.

STATEMENT OF THE OWNERSHIP OF THE BOARD MEMBERS, THEIR PARTNERS AND INDEPENDENT CHILDREN IN THE COMPANY SHARES IN 2015

Name of Board Member	Title	Ownership At The Beginning Of The Year	Ownership At The End Of The Year	Change During The Year	Change (%)
Abdulrahman Mohammed Almofadhi	Chairman	-	-	-	-
Mohammed Abdulaziz ALSarhan	Vice Chairman	202000	363234	161234	80%
Esam Hamad AL-Mubarak	Member	80,000	80,000	-	0%
Saleh Abdullah ALDebasi	Member	2,500	2,500	-	0%
Farraj Mansour Abothenain	Member	25,000	25,000	-	0%
Abdullah Ali AL-Ajaji	Member	-	-	-	-
Saleh Nasser AL-Jasser	Member	82000	200000	118000	144%
Said Abdullatif AL-Hadrami	Member	-	-	-	-
Bader Abdulqader Ghouth	Member	-	-	-	-
Ahmad Ali AL Sibii	Member	-	-	-	-

Board Committees

Three committees emanate from the Board of Directors: Strategy and Investment; Audit; and Nomination and Remuneration, with powers specified by the Board of Directors.

1 Strategy and Investment Committee

This committee is responsible for setting the basic principles of the Company's strategies. It reviews them periodically, ensuring optimum use of the Company's resources, maximizing returns on investment, and deliberating issued refer thereto by the Board of Directors.

ATTENDANCE DETAILS OF THE CHAIRMAN AND MEMBERS OF THE STRATEGY AND INVESTMENT

Name	Title	Meeting No. And Date		
		I 23/2/2015	II 26/10/2015	Total
Farraj Mansour Abothenain	Chairman	√	√	2
Abdulrahman Mohammed Almofadhi	Member	√	√	2
Esam Hamad AL-Mubarak	Member	√	√	2
Said Abdullatif AL-Hadrami	Member	√	√	2
Bader Abdulqader Ghouth *	Member	√	-	1

*Resigned from the committee membership on 11 October 2015

2 Audit Committee

The audit committee is responsible for verifying adequacy of the internal controls in a manner that achieves the specified objectives of the Company and protects the interests of the shareholders. This committee has the powers to have an access to all information, data, reports, records, and any other details it deems important. In addition, it examines the annual and interim financial statements prior to submitting them to the Board of Directors. The committee is also responsible for examining the accounting policies and recommending to the Board the appointment and remuneration of the Company's CPA, and verifying independence of the internal auditors.

After reviewing the existing internal controls as manifested in the systems approved by the Internal Audit Department, the committee confirms soundness and effectiveness of the internal audit and controls systems used by qualified auditors specialized in risk management and quality control. The committee did not find any material observations. The General Assembly has approved the selection rules of the audit committee members, their term and work methods. In addition, the Board of Directors has set the remuneration of the committee members.

ATTENDANCE DETAILS OF THE CHAIRMAN AND MEMBERS OF THE AUDIT COMMITTEE IN 2015

Name	Title	Meeting No. And Date					Attendance
		I 20/1/2015	II 22/2/2015	III 15/4/2015	IV 13/7/2015	V 31/10/2015	
Salih Abdulla Al Dabasi	Chairman	√	√	X	X	√	3
Nasir Mohammed Al Qahtani	Member	√	√	√	√	√	5
Abdulla Ali Al Ajaji	Member	√	√	√	√	√	5
Saad Salih Al Ruwait'a	Member	√	√	√	√	√	5

3 Nomination and Remuneration Committee

This committee is responsible for making nominations for membership of the Board of Directors for the next term, conducting the annual review of the needs and the skills required for Board membership. In addition, the committee is tasked with reviewing the Board's structure; making recommendations on necessary changes; identifying weaknesses and strengths of the current Board and finding ways to address inadequacies in the coming term; developing clear policies of compensation and remuneration of the Board of Directors and senior executives based on their performance. The ordinary General Assembly of the Company approved the selection rules of the nomination and remuneration committee members, their term and work methods. In addition, the Board of Directors has set the remuneration of the committee members.

ATTENDANCE DETAILS OF THE CHAIRMAN AND MEMBERS OF THE NOMINATION AND REMUNERATION COMMITTEE IN 2015

Name	Title	Meeting No. And Date			
		1st Meeting	2nd Meeting	3rd Meeting	Total
Mohammed Abdulaziz Al Sarhan	Chairman	√	√	√	3
Saleh Abdullah AlDebasi	Member	√	√	√	3
Said Abdullatif Al Hadrami	Member	√	√	√	3

Executive Management

The Company's executive management is delegated by the Board of Directors to manage the Company's business. This role is performed by the Chief Executive Officer assisted by deputies and heads of business sectors and subsidiaries. This executive management is responsible for the financial, administrative, technical, operational, information technology and risk management activities, as well as all activities related to the Company's business. Committees are also established as needed to provide assistance in implementing certain activities and contingent tasks.

Pursuant to the powers delegated by the Board of Directors, the executive management is committed to act in line with the approved policies and implementing the strategic and operational plans to develop the Company's business and to serve for the interests of the shareholders, without reserving any investment for the benefit of the Company's employees other than their legal entitlements. It is worth noting that the five senior executives, including the CFO, do not own any share options, subscription rights, or debt instruments in the holding Company or any of its subsidiaries according to Tadawul records as of December 31, 2015, except those stated in the executive management ownership table below.

STATEMENT OF COMPANY SENIOR EXECUTIVES IN 2015

Name	Title
Ibrahim Abdulrahman Al Omar	CEO
Ali Abdullah Al Harbi	Finance
Ahmad Soliman Aledan	Vice CEO for Board Secretary and Communications
Majed Hamad Alsheneber	Vice CEO for supporting services
Abdullah Ali Almousa	Legal Department Head

DETAILS OF OWNERSHIP OF SENIOR EXECUTIVES, THEIR SPOUSES AND MINOR CHILDREN IN THE COMPANY'S SHARES IN 2015

Name	Ownership At The Beginning Of The Year	Ownership At The End Of The Year	Change During The Year	Change %
Ibrahim Abdulrahman Al Omar	-	-	-	-
Ali Abdullah Al Harbi	-	-	-	-
Ahmad Soliman Aledan	-	-	-	-
Majed Hamad Alsheneber	-	-	-	-
Abdullah Ali Almousa	-	-	-	-

DETAILS OF COMPENSATIONS AND REMUNERATIONS FOR THE FIVE EXECUTIVE MANAGEMENT MEMBERS IN 2015*

Description	Amount (In Thousands SAR)
Salaries and remunerations	4,960,656
Allowances	1,744,632
Annual bonuses	13,471,907
Incentives	-
In-kind compensations and other benefits	-
Total	20,177,195

* The CEO and CFO are included in the list of five top executives.

CONSOLIDATED FINANCIAL STATEMENTS



٤١٦٦ ١١ ٣٣٣ ١٧٤٠ - فاكس
٤١٦٦ ١١ ٣٣٣ ١٧٤٠ - هاتف
www.ey.com

إرنست و يونغ وشركاهم (محللون قانونيون)
الطابق ١٠ - برج الجزيرة
مبنى بريد ٢٧٢٢
شارع الملك فهد
الرياض ١١٥٦١
المملكة العربية السعودية
رقم التسجيل: ٤٥



تقرير مراجعي الحسابات إلى السادة المساهمين في
الشركة الوطنية السعودية للنقل البحري
(شركة مساهمة سعودية)

نطاق المراجعة

لقد راجعنا قائمة المركز المالي الموحدة المرفقة للشركة الوطنية السعودية للنقل البحري - شركة مساهمة سعودية ("الشركة")، والشركات التابعة لها ("المجموعة") كما في ٣١ ديسمبر ٢٠١٥، وقوائم الدخل والتدفقات النقدية والتغيرات في حقوق المساهمين الموحدة للسنة المنتهية في ذلك التاريخ. إن هذه القوائم المالية الموحدة من مسؤولية إدارة المجموعة وقد تم إعدادها وفقاً لنص المادة ١٢٢ من نظام الشركات السعودي وقدمت لنا مع كافة المعلومات والبيانات التي طلبناها. إن مسؤوليتنا هي إيداع رأينا حول هذه القوائم المالية الموحدة استناداً إلى أصل المراجعة التي قمنا بها. تمت مراجعتنا وفقاً لمعايير المراجعة المتعارف عليها في المملكة العربية السعودية والتي تتطلب أن نقوم بتخطيط وتنفيذ أصل المراجعة للحصول على قناعة معقولة بأن القوائم المالية خالية من أخطاء جوهرية. تشمل المراجعة على فحص الأدلة، على أساس العينة، المؤيدة للمبالغ والإفصاحات التي تتضمنها القوائم المالية. كما تشمل على تقييم المبادئ المحاسبية المتبعة والتكثيرات الهامة المطبقة من قبل الإدارة والعرض العام للقوائم المالية. باعتبارنا أن مراجعتنا توفر درجة معقولة من القناعة تمكننا من إيداع رأينا حول القوائم المالية الموحدة.

الرأي المطلق

في رأينا، أن القوائم المالية الموحدة ككل:

- ١ - تظهر بعناية من كافة النواحي الجوهرية، المركز المالي الموحد للمجموعة كما في ٣١ ديسمبر ٢٠١٥ ونتائج أعمالها وتدفعاتها النقدية الموحدة للسنة المنتهية في ذلك التاريخ وفقاً لمعايير المحاسبة المتعارف عليها في المملكة العربية السعودية.
- ٢ - تتفق مع نظام الشركات والنظام الأساسي للشركة فيما يتعلق بإعداد وعرض القوائم المالية الموحدة.

عن إرنست و يونغ
عبدالعزیز عبدالرحمن السويلم
محاسب قانوني
قيد سجل المحاسبين القانونيين رقم (٢٧٧)



الرياض: ١٤ جمادى الأولى ١٤٣٧هـ
(٢٣ فبراير ٢٠١٦)

CONSOLIDATED FINANCIAL STATEMENTS OF BALANCE SHEET
AT DECEMBER 31st, 2015 (In Thousands SAR)

Current Assets	Note	2015	2014
Bank Balances And Cash	3	173,265	168,957
Murabaha And Short Term Deposits	3,4	1,066,597	221,111
Trade Receivables, Net	5	1,001,104	661,752
Lease Receivable For Vessels, Net	6	27,901	21,140
Prepaid Expenses And Other Receivables	7	163,686	164,337
Agents' Current Accounts		47,587	76,334
Inventories	8	203,610	327,490
Accrued Bunker Subsidy, Net	9	150,412	197,407
Incomplete Voyages		6,369	-
Total Current Assets		2,840,531	1,838,528
Non-Current Assets	Note	2015	2014
Lease Receivable For Vessels, Net	6	330,381	358,282
Investments Held To Maturity		10,043	10,587
Investments Available For Sale		13,533	13,533
Investment In An Associated Company	10	1,027,941	905,758
Deferred Dry-Docking Cost, Net	11	126,586	122,166
Intangible Assets, Net	12,26	849,464	903,501
Fixed Assets, Net	13	12,789,017	12,980,017
Ships Under Construction And Other	14	1,099,901	12,039
Total Non-Current Assets		16,256,120	15,305,883
Total Assets		19,096,651	17,144,411

The accompanying notes from (1) to (29) form an integral part of these consolidated financial statements.

LIABILITIES AND EQUITY

Current Liabilities	Note	2105	2014
Accounts Payable And Accruals	15	928,326	518,506
Murabaha And Long Term Financing-Current Portion	16	547,016	558,304
Short Term Murabaha Financing	16-26	-	3,459,313
Dividends Payable	17	35,095	33,882
Provision For Zakat And Withholding Tax	18	296,811	142,898
Incomplete Voyages		-	9,813
Other Liabilities	19	30,704	-
Total Current Liabilities		1,837,952	4,722,716
Non-Current Liabilities			
Murabaha, Sukuk And Long-Term Financing	16	7,505,847	4,152,888
Employees' End Of Service Benefits		53,774	52,834
Other Liabilities	19	-	30,704
Total Non-Current Liabilities		7,559,621	4,326,426
Total Liabilities		9,397,573	8,959,142

The accompanying notes from (1) to (29) form an integral part of these consolidated financial statements.

EQUITY

Shareholders' Equity	Note	2105	2014
Share Capital	1	3,937,500	3,937,500
Statutory Reserve	26	2,197,890	2,016,132
Retained Earnings	17	3,149,268	1,861,440
Total Shareholders' Equity		9,284,658	7,815,072
Non-Controlling Interests		414,420	370,197
Total Equity		9,699,078	8,185,269
Total Liabilities And Equity		19,096,651	17,144,411

The accompanying notes from (1) to (29) form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEAR ENDED DECEMBER 31st, 2015 (In Thousands SAR)

	Note	2015	2014
Operating Revenues	24	7,502,120	3,626,412
Bunker Cost	24	(1,081,099)	(1,206,749)
Other Operating Expenses	24	(4,404,412)	(1,963,373)
Gross Operating Income Before Bunker Subsidy		2,016,609	456,290
Bunker Subsidy		179,910	217,936
Gross Operating Income		2,196,519	674,226
General And Administrative Expenses	21	(216,489)	(98,875)
Operating Income		1,980,030	575,351
Share In Results Of An Associated Company	10	184,683	131,956
Finance Charges	16	(132,230)	(106,474)
Other Income (Expenses), Net	22	10,677	(1,053)
Income Before Zakat, Tax And Non-Controlling Interests		2,043,160	599,780
Zakat And Withholding Tax, Net	18	(181,354)	(37,436)
Income Before Non-Controlling Interests		1,861,806	562,344
Non-Controlling Interests In Consolidated Subsidiaries' Net Income		(44,223)	(28,504)
Net Income For The Year		1,817,583	533,840

EARNINGS PER SHARE (In SAR)

	Note	2015	2014
Attributed To Operating Income	17	5.03	1.70
Attributed To Net Income For The Year	17	4.62	1.58

The accompanying notes from (1) to (29) form an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flow For the Year Ended December 31st, 2015 (In Thousands SAR)

CASH FLOWS FROM OPERATING ACTIVITIES:

	Note	2015	2014
Net Income For The Year		1,817,583	533,840
Adjustments To Reconcile Net Income For The Year To Net Cash Flows From Operating Activities:			
Depreciation	13	713,072	540,673
Amortization Of Deferred Dry-Docking Costs	11	53,370	46,965
Amortization Of Intangible Assets	12	54,037	15,249
Provision For Doubtful Debt	5,21	31,027	4,360
Share In Results Of An Associated Company	10	(184,683)	(131,956)
Gains From Sale Of Fixed Assets	22	(5,107)	(3,096)
Non-Controlling Interests In Consolidated Subsidiaries' Net Income	-	44,223	28,504
Zakat And Withholding Tax	18	181,354	37,436
Employees' End Of Service Benefits, Net	-	940	6,074
Total		2,705,816	1,078,049

CHANGES IN OPERATING ASSETS AND LIABILITIES:

	Note	2015	2014
Trade Receivables, Net		(370,379)	(79,536)
Lease Receivable For Vessels, Net		21,140	15,257
Prepaid Expenses And Other Receivables		651	(72,197)
Agents' Current Accounts		28,747	(23,214)
Inventories		123,880	(94,356)
Accrued Bunker Subsidy, Net		46,995	(73,527)
Incomplete Voyages		(16,182)	14,269
Accounts Payable And Accruals		409,820	209,556
Zakat And Withholding Tax Paid	18	(27,441)	(33,445)
Net Cash From Operating Activities		2,923,047	940,856

CASH FLOWS FROM INVESTING ACTIVITIES:

	Note	2015	2014
Murabaha And Short-Term Deposits	-	(20,271)	(1,862)
Investments Available For Sale	-	-	981
Investments Held To Maturity	-	544	30,000
Dividends Received From Associated Company	10	62,500	68,183
Intangible Assets	12	-	(581,792)
Additions To Fixed Assets	13	(522,119)	(2,527,590)
Proceeds From Sale Of Fixed Assets	13	6,450	3,331
Ships Under Construction And Others, Net	14	(1,098,412)	(401,524)
Deferred Dry-Docking Costs	11	(57,790)	(64,459)
Net Cash Used In Investing Activities		1,629,097	(3,474,732)

CASH FLOWS FROM FINANCING ACTIVITIES:

	Note	2015	2014
(Repayment Of) Proceeds From Short-Term Murabaha Financing	-	(3,459,313)	3,122,313
Proceeds From Murabaha, Sukuk And Long-Term Financing	-	3,900,000	334,595
Repayment Of Murabaha And Long-Term Financing	-	(558,329)	(564,284)
Dividends Paid	-	(344,784)	(313,206)
Board Of Directors Rewards	-	(2,000)	(1,800)
Net Cash (Used In) From Financing Activities		(464,426)	2,577,618
Net Change In Cash And Cash Equivalents During The Year		829,523	43,742
Cash And Cash Equivalents At The Beginning Of The Year	-	313,308	269,566
Cash And Cash Equivalents At The End Of The Year	3	1,142,831	313,308
Major Non-Cash Transactions:			
Ships Under Construction And Others Transferred To Fixed Assets	13-14	10,550	1,065,953
Vessels Value Of Shares Consideration	26	-	1,752,188

CONSOLIDATED STATEMENTS OF CHANGE IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31st, 2015 (In Thousands SAR)

	Share Capital	Statutory Reserve	Retained Earnings	Unrealized Loss From Available For Sale Investment	Total
Balance As At December 31 st , 2015	3,150,000	998,060	1,697,784	(115)	5,845,729
Capital Increase During The Year (Note 26)	787,500	-	-	-	787,500
Share Premium Of New Shares During The Year (Note 26)	-	964,688	-	-	964,688
Net Income For The Year	-	-	533,840	-	533,840
Transfer To Statutory Reserve	-	53,384	(53,384)	-	-
Dividends (Note 17)	-	-	(315,000)	-	(315,000)
Board Of Director Rewards	-	-	(1,800)	-	(1,800)
Unrealized Loss From Available For Sale Investments, Net	-	-	-	115	115
Balance As At December 31 st , 2014	3,937,500	2,016,132	1,861,440	-	7,815,072
Net Income For The Year	-	-	1,817,583	-	1,817,583
Transfer To Statutory Reserve	-	181,758	(181,758)	-	-
Dividends (Note 17)	-	-	(345,997)	-	(345,997)
Board Of Directors Rewards	-	-	(2000)	-	(2000)
Balance As At December 31st, 2015	3,937,500	2,197,890	3,149,268	-	9,284,658

1- Organization And Operations

The National Shipping Company of Saudi Arabia, a Saudi Joint Stock Company ("the Company" or "Bahri"), was established under the Royal Decree No, M/5 dated Safar 12, 1398H (corresponding to January 21, 1978), and registered under Commercial Registration No, 1010026026 dated Dhul Hijjah 1, 1399H, (corresponding to October 22, 1979) issued at Riyadh.

The Company and its subsidiaries listed below (the "Group") are primarily engaged in the purchase, sale and operating of vessels for the transportation of cargo and passengers, and all of the marine transport activities. The Group comes out its activities through four distinct segments which are Crude oil transportation and Gas & marine services, chemicals, general cargo (liners), and dry bulk. 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 or complementary activities.

During the year ended December 31, 2014, the capital has been increased from SAR 3,150,000,000 to SAR 3,937,500,000 by transferring the ownership of six vessels from Vela Company (note 26). The number of shares and the capital paid as of 31 December are as follows:

DECEMBER 31st, 2015 AND 2014

Number of Shares*

Capital Paid

393,750,000

3,937,500,000

*The par value per share is SR 10.

THE SUBSIDIARY COMPANIES INCORPORATED INTO THESE CONSOLIDATED FINANCIAL STATEMENTS ARE AS FOLLOWS:

Name	Activity	Location	Date of Incorporation	Share Holding	
				2015	2014
NSCSA (America) Inc.	Company's Ships Agent	USA	1991	100%	100%
Mideast Ship Management Ltd. (JLT)	Ships Technical Management	UAE	2010	100%	100%
National Chemical Carriers Ltd. Co. (NCC)	Petrochemicals Transportation	KSA	1990	80%	80%
Bahri Dry Bulks LLC	Dry Bulk Transportation	KSA	2010	60%	60%
Petredec Ltd*	Liquefied Petroleum Gas Transportation	Bermuda	1980	30.30%	30.30%

*As the year-end of Petredec is different from the Company's year-end, the share of the Company in its net income/loss is included in the books according to the latest financial statements prepared by Petredec. The difference between the latest financial statement prepared by Petredec and the Company's consolidated financial statements is two months. The fiscal year of Petredec starts on September 1 and ends on August 31 of each Gregorian year.

Group's Fleet

As at December 31, 2015, the Group owns seventy five vessels operating in various sectors as following:

Crude Oil Transportation Sector

Consists of thirty three very large crude carriers (VLCCs), out of which thirty two are operating in the spot market, while one tanker is chartered to ARAMCO Trading Company. The Company also owns five product tankers all of which are also chartered to ARAMCO Trading Company.

General Cargo Transportation Sector

Consists of six RoCon vessels operate on commercial lines between North America and Europe, the Middle East and the Indian subcontinent.

Chemical Transportation Sector

This sector is fully operated by the National Chemical Carriers Company (subsidiary), and it owns twenty-six specialized tankers distributed as following:

- Three tankers are leased as bareboat capital lease signed on January 30, 2009, with "ODFjell SE",
- Fourteen tankers that are self-operated by the Company in the spot market,
- Eight tankers are chartered to the International Shipping and Transportation Co. Ltd. A subsidiary of Saudi Basic Industries Corporation "SABIC",
- One tanker operates in a pool with ODFjell SE.

Dry Bulk Transportation Sector

This sector is fully operated by Bahri Dry Bulk Company (subsidiary), and it owns five vessels specialized in transporting dry bulk cargo, all of which are chartered to the Arabian Agricultural Services Company (ARASCO).

2- Significant Accounting Policies

a. Accounting convention

The accompanying consolidated financial statements are prepared in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia and under the historical convention, except for the investments available for sale and financial derivatives, which are measured at fair value. The Company follows the accruals basis of accounting in recognizing revenues and expenses.

b. Period of financial statement

According to the by-laws of the Company, the fiscal year of the Company starts on the 1st of January and ends on December 31st of each Gregorian year.

c. Basis of consolidation

These consolidated financial statements include assets, liabilities and the results of operations of the company and its subsidiaries listed in note (1) above.

The subsidiary company is that in which the Company has, direct or indirect long term investment, comprising an interest of more than 50% in the voting capital and over which it exercises practical control. The subsidiary company is consolidated from the date the company obtains control until such control ceases.

All significant inter-group accounts and transactions as well as realized and unrealized gains (losses) on these transactions are eliminated on consolidation.

Non-controlling interest represents portion of profit or loss and net assets not owned by the Company, and is shown as a separate component in the consolidated balance sheet and consolidated statement of income.

d. Use of estimates

The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires the use of estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

e. Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise bank balances and cash, Murabaha and short-term deposits, and investments convertible into known amounts of cash, and maturing within three months or less from the date of acquisition, which is available to the Group without any restrictions.

f. Trade accounts receivable

Trade accounts receivable are stated at net realizable value, net of provision for doubtful debts. A provision against doubtful debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Such provisions are charged to the consolidated statement of income within "General and administrative expenses". When an account receivable is uncollectible, it is written-off against the provision for doubtful debts. Any subsequent recoveries of amounts previously written-off are credited against "General and administrative expenses" in the consolidated statement of income.

g. Accounting for finance leases

The present value of lease payments for assets sold under finance leases together with the unguaranteed residual value at the end of the lease is recognized as a receivable net of unearned finance income, Lease income is recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

h. Inventories

Inventories consisting of fuel and lubricants on board of the vessels are shown as inventories at the consolidated statement of balance sheet date, and the cost is determined using the First in First out (FIFO) method which is considered more appropriate to the Group's operations. The differences between the weighted average method and FIFO method are not significant to the consolidated statement of income. Spare parts and other consumables on board for each vessel are charged to operating expenses upon purchase.

i. Deferred dry-docking costs

The Group amortizes the deferred dry-docking costs over a period of two to five years from the date of completion of dry-docking depending on the type of vessel. Where a vessel undergoes another dry-docking operating during the specified amortization period, any unamortized balance of deferred dry-docking costs of the related vessels are fully charge to the consolidated statement of income of the period in which new dry-docking operation is started.

j. Investments

Investments in associated companies;

Investments in associated companies in which the Group has significant influence but not control over their financial and operational policies, and where the group generally holds an equity interest ranging between 20% and 50%, are accounted for using the equity method, where by the original cost of investment is adjusted by the post-acquisition relating earnings (accumulated losses) and reserves of these companies based on their latest financial statement. When the Group acquires an interest in an associated company for an amount in excess of the fair value of the acquiree's net assets, the difference is treated as goodwill and recorded as part of the investment account. Goodwill is impaired by the decline in value amount, if any.

Investments in securities:

Investments in securities are classified into three categories as follows:

Investments held for trading

Certain investments in securities are classified as held for trading based on the management's intention. These investments are stated at fair value. Unrealized gains or losses are recorded in the consolidated statement of income.

Investments held to maturity

Certain investments in securities are classified as held for trading based on management's intention. These investments are stated at cost, adjusted by premium or discount, in any.

Investments available for sale

Certain investments are classified as available for sale if the conditions of classification as held for trading or investments held to maturity are not met. The available for sale investments are stated at fair value and unrealized gains or losses are recognized under shareholder's equity. The realized gains or losses from sale of investments are recognized in the consolidated statement of income in the period in which these investments are sold. If there is a permanent decline in the value of these investments or objective evidence for impairment, the unrealized loss is transferred to the consolidated statement of income. If there is an intention to sell the available for sale investment within twelve months from consolidated balance sheet date, it is reported under current assets, otherwise under non-current assets.

k. Intangible assets

Intangible assets represent the long term substantial evaluation of transportation contacts, which resulted from purchasing the operations and assets of Vela Company (note 26), was recorded as intangible assets in the consolidated statement of balance sheet. The value of those intangible assets are amortized over the average useful life of purchased assets and estimated in accordance with the company's accounting policy of recording fixed assets and its depreciations. Amortization is changed to the consolidated statement of income.

l. Fixed assets

Fixed assets are recorded at cost and are depreciated using the straight-line method over the estimated useful lives using the following depreciation rates:

SIGNIFICANT ACCOUNTING POLICIES - FIXED ASSETS

Category	Depreciation Rate
Buildings and improvements	5 to 33.3%
Fleet and equipment*	4 to 15%
Containers and trailers	8.33 to 20%
Furniture and fixtures	10%
Tools and office equipment	2.5% to 25%
Vehicles	20 to 25%
Computers	15 to 25 %
Containers yard equipment	10% to 25%
Others	7 to 15%

*RoCons vessels and VLCCs are depreciated over a period of twenty-five years. Used vessels are depreciated based on their estimated remaining useful lives, %10 of the vessels' cost is calculated as residual value. RoCon vessel equipment is depreciated over a period of fifteen years.

Ships under construction are stated at actual cost plus all other attributable costs until to be ready for use. Upon completion, ships under construction are transferred to fixed assets and are depreciated over their estimated useful lives.

Gains or losses from disposal of fixed asset is determined by comparing proceeds from disposal with the carrying value and are recognized in the consolidated statement of income. Expenditures for maintenance and routine repairs which do not materially extend the estimated useful life of an asset are charged to the consolidated statement of income when incurred. Major renewals and improvements, if any, are capitalized and the assets replaced are retired.

m. Impairment of non-current assets

The carrying value of non-current assets is reviewed for any indication of a loss as a result of impairment. If such indication exists, the recoverable amount is determined. The recoverable amount is the higher of the asset's fair value less cost to sell and value in use. If the recoverable amount cannot be determined for an asset, the group will estimate the recoverable amount at the cash-generating units to which belongs to.

When the estimated recoverable amount is less than the carrying amount of the assets or cash-generating unit, carrying amounts reduced to the recoverable amount and the impairment loss is recognized as an expense immediately in the consolidated statement of income.

Except for good will, where the impairment loss is subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets in prior years. A reversal on an impairment loss is recognized as income immediately in the consolidated statement of income.

n. Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the suppliers or not.

o. Provisions

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event, and the cost to settle the obligation are both probable and may be measured reliably.

p. Zakat and taxes

Zakat is provided for in accordance with the regulations of the Department of Zakat and Income Tax (the "DZIT") in Kingdom of Saudi Arabia, and it is charged to the consolidated statement of income based on the higher of the zakat base or adjusted net income for each individual company. Provision is made for withholding tax on payments to non-resident parties and is charged to the consolidated statement of income. 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 income.

q. Employees' end of service benefits

Employees' end of service benefits are provided on the basis of the accumulated services period in accordance with the By-Laws of the Company, Saudi Labor Law, and the applicable regulations applied to overseas subsidiaries.

r. Hedge agreements and derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to certain portions of its interest rate risks arising from financing activities. The Group designates these as cash flow hedges of interest rate risk. The use of Financial derivatives is governed by the Group's policies, which provide principles on the use of financial derivative financial consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purpose. Derivative financial instruments are initially measured at fair value on the contract date and are re-measured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that are designated as effective hedges of future cash flows are recognized directly in equity, if material and the ineffective portion is recognized immediately in the consolidated statement of income. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognized, the associated gain or loss on the derivative that had previously been recognized is included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognized in the consolidated statement of income in the same period in which the hedged item affects net income or loss.

Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the consolidated statement of income as they arise. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualified for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognized in equity is retained in equity until the forecasted transactions occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to the consolidated statement of income for the period.

s. Statutory reserve

In accordance with article (125) of Saudi Arabian Regulations for Companies, the Company is required to transfer 10% of net income to the statutory reserve. Shares' premium is included with the statutory reserve. The Company may discontinue such transfers when the reserve equals to half of the paid-up capital. This reserve is not available for distribution to shareholders.

t. Revenue recognition

The Group follows the accrual basis of accounting for the recognition of revenues and expenses for the period as follows:

Transport of Crude Oil, Petrochemicals, and Dry Bulk: Revenues from transport of oil, petrochemicals, and dry bulk are recognized when earned over the agreed-upon period of the contract, voyage and services.

General Cargo Transportation: the Group follows the complete voyage policy in determining the revenues and expenses of the period for vessels transporting general cargo. A voyage is considered to be a "Complete Voyage" when a vessel has sailed from the last discharging port of a voyage. Shipping revenues, direct and indirect operating expenses of incomplete voyage are deferred until it is completed. Incomplete voyages are shown at the net amount in the consolidated balance sheet as "Incomplete Voyages".

Revenues from charter-In and other associated activities: these are recorded when services are rendered over the duration of the related contractual services.

Other income is recorded when earned.

u. Bunker subsidy

Bunker subsidy is computed on bunker quantities purchased and consumed by the Group, and these are recorded in the consolidated statement of income. Provisions are made for doubtful amounts.

v. Expenses

Direct and indirect operating costs are classified as operating expenses. All other expenses are classified as general and administrative expenses.

w. Borrowing costs

Borrowings are recognized at the proceeds received, net of transactions costs incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of assets are capitalized as part of those assets. Other borrowing costs are charged to the consolidated statement of income.

x. Foreign currency transactions

Foreign currency transactions are translated into Saudi Riyals at prevailing exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated in Saudi Riyals at the prevailing exchange rates on that date. Exchange rate differences are included in the consolidated statement of income.

Assets and liabilities shown in the financial statements of the consolidated subsidiaries denominated in foreign currencies are translated into Saudi Riyals at exchange rates prevailing at the consolidated balance sheet date. Revenues and expenses of the consolidated subsidiaries denominated in foreign currencies are translated into Saudi Riyals at average exchange rates for the year, the components of

equity, other than retained earnings (or accumulated losses) are translated at the date of occurrence of each component. Exchange differences, if material, are included in a separate line item within shareholders' equity.

y. Operating leases

Operating lease payments are charged to the consolidated statement of income on a straight-line basis over the period of the lease.

z. Earnings per share and proposed dividends

Earnings per share from operating income, other operations and net income for the year is calculated based on the weighted average number of shares outstanding during the year. Proposed dividends, after the year end, are treated as part of retained earnings and not as liabilities unless the General Assembly approves it before the year end. Once approved by the General Assembly, the amount is recognized as a liability in the same year until paid.

aa. Segment reporting

The operating segment is a group of assets, process or entities:

That engaged in revenue operating activities.

Whose results of operating which are continuously analyzed by management in order to make decisions related to resource allocation and performance appraisal.

Their financial information is available separately.

3- Cash And Cash Equivalents

Cash and cash equivalents represent bank balances and cash, investments in Murabaha and short-term deposits, of which SR 97.03 million as of December 31, 2015 (2014: SR 76.76million) are restricted for repayment of current portion of loan installments due within 180 days from the consolidated balance sheet date.

FOR THE PURPOSE OF THE CONSOLIDATED STATEMENT OF CASH FLOWS, CASH AND CASH EQUIVALENTS AS OF DECEMBER 31st COMPRISE THE FOLLOWING:

	2015	2014
Bank Balances And Cash	173,265	168,957
Amounts Restricted By Banks	(23,213)	-
	150,052	168,957
Murabaha And Short-Term Deposits	1,066,597	221,111
Amounts Restricted By Banks	(73,818)	(76,760)
	992,779	144,351
Cash And Cash Equivalents At Year End	1,142,831	313,308

4- Murabaha And Short-Term Deposits

MURABAHA AND SHORT-TERM DEPOSITS COMPRISE THE FOLLOWING AT DECEMBER 31st

	2015	2014
Murabaha And Short-Term Deposits In Usd	776,348	180,981
Murabaha And Short-Term Deposits In SAR	290,249	40,130
	1,066,597	221,111

5- Trade Receivables, Net

TRADE RECEIVABLES, NET, COMPRISES THE FOLLOWING AT DECEMBER 31st

	2015	2014
Trade Receivables	1,036,232	670,131
Provision For Doubtful Debts	(35,128)	(8,379)
	1,001,104	661,752

MOVEMENT IN PROVISION FOR DOUBTFUL DEBTS IS AS FOLLOWS:

	2015	2014
Balance At The Beginning Of The Year	8,379	4,062
Charge For The Year (Note 21)	31,027	4,360
Amounts Written-Off During The Year	(4,278)	(43)
Balance At The End Of The Year	35,128	8,379

6- Lease Receivable For Vessels, Net

On January 30, 2009, National Chemical Carriers Ltd, Co, signed agreements with ODFjell to charter three vessels under a bareboat arrangement for a period of ten years with a purchase option after three years. These ships were delivered to ODFjell on February 1, 2009. The arrangement is considered as a finance lease as it transfers to ODFjell substantially all the benefits and risks and also gives ODFjell a purchase option under the arrangement. The net bareboat lease receivable balance as of December 31st, summarized as follows:

Description	2015	2014
Future Minimum Lease Receipts	227,509	292,860
Unguaranteed Residual Value At The End Of The Lease Term	247,875	247,875
	475,385	540,735
Unearned Income	(117,102)	(161,313)
Net Bareboat Lease Receivable Balance	358,282	379,422
The Above Amount Is Classified As The Following At December 31st :		
Current Portion	27,901	21,140
Non-Current Portion	330,381	358,282
Net Bareboat Lease Receivable Balance	358,282	379,422

THE FUTURE MINIMUM LEASE RECEIPTS AND UNGUARANTEED RESIDUAL VALUE AT THE END OF THE LEASE TERM TO BE RECEIVED DURING THE NEXT FIVE YEARS AND THEREAFTER FOR THE YEAR ENDED 31 DECEMBER AS FOLLOWS:

Description	2015	2014
Within One Year	69,649	65,351
1-2 years	73,564	69,649
2-3 years	77,670	73,564
3-4 years	254,501	77,670
4-5 years	-	254,501
Total	475,384	540,735

Income related to the above arrangement for the year ended December 2015 ,31 amounted to SR 44.21 million (2014: SR 45.99 million) and is included in operating revenues in the consolidated statement of income.

7- Prepaid Expenses And Other Receivables

PREPAID EXPENSES AND OTHER RECEIVABLES COMPRISE THE FOLLOWING AT DECEMBER 31st:

Description	2015	2014
Prepaid Expenses	107,405	118,382
Advances To Suppliers	26,942	5,509
Insurance Claims	10,953	8,365
Employee Receivables	574	1,978
Others	17,812	30,103
Total	163,686	164,337

8- Inventories

PREPAID EXPENSES AND OTHER RECEIVABLES COMPRISE THE FOLLOWING AT DECEMBER 31st:

Description	2015	2014
Fuel	150,274	270,306
Lubricants	47,689	51,714
Others	5,647	5,470
Total	203,610	327,490

9- Accrued Bunker Subsidy, Net

ACCRUED BUNKER SUBSIDY, NET COMPRISES THE FOLLOWING AT DECEMBER 31st

Description	2015	2014
Accrued Bunker Subsidy	218,224	235,447
Provision For Doubtful Bunker Subsidy	(67,812)	(38,040)
Total	150,412	197,407

10- Investment In An Associated Company

THE MOVEMENT OF INVESTMENT IN THE ASSOCIATED COMPANY FOR THE YEAR ENDED DECEMBER 31st IS AS FOLLOWS :

Description	2015	2014
Balance At The Beginning Of The Year	905,758	841,985
Share In Results Of An Associated Company *	184,683	131,956
Dividends Received During The Year	(62,500)	(68,183)
Total	1,027,941	905,758

*The Company's share in the result of Petredec Limited Company operations for the year 2015 includes an unrealized losses of SR 2.35 million (2014: SR 61.71 million) arising from commodity swaps.

11- DEFERRED DRY-DOCKING COSTS, NET

DEFERRED DRY-DOCKING COSTS, NET COMPRISE THE FOLLOWING AT DECEMBER 31st

Description	2015	2014
Total Dry-Docking Costs	503,937	446,147
Accumulated Amortization	(377,351)	(323,981)
Total	126,586	122,166

MOVEMENT IN THE DRY-DOCKING COSTS IS AS FOLLOWS

	2015	2014
Balance At The Beginning Of The Year	122,166	104,672
Additions During The Year	57,790	64,459
Amortization During The Year	(53,370)	(46,965)
Balance At The End Of The Year	849,464	903,501

12- INTANGIBLE ASSETS, NET

INTANGIBLE ASSETS, NET COMPRISE THE FOLLOWING AT DECEMBER 31st

Description	2015	2014
Balance At The Beginning Of The Year	903,501	-
Additions During The Year*	-	918,750
Amortization During The Year	(54,037)	(15,249)
Balance At The End Of The Year	849,464	903,501

*Additions to intangible assets represents the difference between the fair value of the acquired vessels from Vela per the most recent market value report at the date of completing the transaction, and the total value of the transaction. The market value of the vessels at the completion of the transaction amounted to SR 3.956 million, and the total value of the transaction amounts to SR 4.875 million (note 26).

13- Fixed Assets, Net

MOVEMENT IN FIXED ASSETS, NET DURING THE YEAR IS SUMMARIZED AS FOLLOWS:

Description	Cost			Accumulated Depreciation				Net Book Value		
	Balance as at 1/1/2015	Additions / Transfers during the year	Disposals	Balance as at 31/12/2015	Balance as at 1/1/2015	Charged for the year	Disposals	Balance as at 31/12/2015	31/12/2015	31/12/2014
Land	1,854	-	-	1,854	-	-	-	-	1,854	1,854
Buildings & Improvements	45,703	13,110	-	58,813	(11,628)	(3,218)	-	(14,846)	43,967	34,075
Fleet & Equipment*	16,483,370	507,049	-	16,990,419	(3,553,864)	(699,305)	-	(4,253,169)	12,737,250	12,929,506
Containers & Trailers	45,734	-	(11,384)	34,350	(45,476)	-	11,380	(34,096)	254	258
Furniture & Fixtures	7,647	3,234	-	10,881	(5,190)	(724)	-	(5,914)	4,967	2,457
Tools & Office Equipment	3,783	149	-	3,932	(3,594)	(10)	-	(3,604)	328	189
Motor Vehicles	1,9747	513	(129)	2,241	(1,632)	(32)	183	(1,481)	760	315
Computer Equipment	60,750	8,488	(7,868)	61,360	(51,238)	(9,655)	6,839	(54,054)	7,316	9,514
Container Yard Facilities	12,289	126	(428)	11,987	(10,643)	(79)	208	(10,514)	1,473	1,646
Others	741	-	(54)	687	(536)	(49)	-	(585)	102	205
Total	16,663,818	532,669	(19,953)	17,176,534	(3,683,801)	(713,072)	18,610	(4,378,263)	12,798,271	12,980,017

*Included in fleet and equipment are VLCCs, petrochemical carriers and dry bulk carriers financed by banks and pledged to the lending banks.

14- Ships Under Construction And Others

THE MOVEMENT IN THE ACCOUNT OF SHIPS UNDER CONSTRUCTION AND OTHERS FOR THE YEAR ENDED DECEMBER 31, IS SUMMARIZED AS FOLLOWS:

	2015		
	The Company	Bahri Dry Bulk Company	Total
Beginning Balance	12,039	-	12,039
Additions	1,098,412	-	1,089,412
Transferred To Fixed Assets	(10,550)	-	(10,550)
Ending Balance	1,099,901	-	1,099,901

THE MOVEMENT IN THE ACCOUNT OF SHIPS UNDER CONSTRUCTION AND OTHERS FOR THE YEAR ENDED DECEMBER 31, IS SUMMARIZED AS FOLLOWS:

	2014		
	The Company	Bahri Dry Bulk Company	Total
Beginning Balance	440,313	236,155	676,468
Additions	125,503	276,021	401,524
Disposals	-	-	-
Transferred To Fixed Assets	(553,777)	(512,176)	(1,065,953)
Ending Balance	12,039	-	12,039

The company signed on May 21, 2015, and June 30, 2015 contracts for building ten VLCCs with the Korean company Hyundai Samho Heavy Industries, which will be received during 2017 and 2018 (note 23). The Company paid an advance payment of SR 1.068 million (USD 284.69 million).

The Board of Directors has approved in its meeting held on 26 October 2015 the purchase of two used VLCCs from DK Maritime (subsidiary of Daewoo Shipbuilding and Marine Engineering Co., Ltd.) , which were built by Daewoo Shipbuilding year, South Korea in 2010 for a total price of SR 588.75 Million (USD 157 million). The company has received on December 29, 2015 one of the two tankers and the ownership was transferred to Bahri's fleet and the other tanker was received in the month of January 2016.

The Board of Directors has also approved in its meeting held on December 24, 2015 the purchase of two used VLCC from Alpha and Beta VLCC Companies (subsidiaries of Tanker Investment Ltd), which were built by Daewoo Shipbuilding yard, South Korea in 2010 for a total price of SR 581.25 million (USD 155 million). The two VLCC are expected to be received between 14 January and 1 February 2016 (note 23).

15- Accounts Payable And Accruals

ACCOUNTS PAYABLE AND ACCRUALS COMPRISE THE FOLLOWING AT DECEMBER 31:

	2015	2014
Trade Payables	789,616	457,350
Accrued Expenses	111,619	31,751
Value Of Sold Shares (Related To Previous Shareholders)	21,691	21,744
Others	5,400	7,661
	9,28,326	518,506

16- Murabaha And Long-Term Financing

The Group has signed various short Murabaha financing agreements on June 22, 2014 to finance the acquisition of Vela's vessels and its related expenses as well as to finance its working capital requirements. These financing agreements have been repaid through the issuance of local Sukuk denominated in Saudi Riyal and issued on July 30, 2015 (note 26B).

The Group has also signed various Murabaha and long term financing agreements to finance the building and acquisition of new vessels in different sectors.

THE FOLLOWING TABLE SHOWS THE DETAILS OF THE MURABAHA, SUKUK AND LONG-TERM FINANCING:

	2015			
	The Company	Subsidiaries	Total	%
Local Sukuk Denominated In SAR*	3,900,000	-	3,900,000	48%
Murabaha Financing	1,204,363	1,833,094	3,037,457	38%
Public Investment Fund "Murabaha Financing"	879,375	-	879,375	11%
Public Investment Fund "Commercial Loans"	-	236,031	236,031	3%
Total Murabaha, Sukuk And Long-Term Investment	5,983,738	2,069,125	8,052,863	100%
Lees: Current Portion Of Murabaha And Long-Term Financing	(317,663)	(229,353)	(547,016)	-
Net Non-Current Portion Of Murabaha, Sukuk And Long Term Financing	5,666,075	1,839,772	7,505,847	-

*The Company completed on July 2015, 30 the issuance and offering of local Sukuk denominated in Saudi Riyal for public offering with a nominal value amounted to SR 3.9 billion, and a nominal value of SR 1 million for each Sak, due on July 2022. The expected return on the Sukuk has been set at 80 basis points above the SIBOR rate for each periodic payment (semi-annual) (note -26B).

THE FOLLOWING TABLE SHOWS THE DETAILS OF THE MURABAHA, SUKUK AND LONG-TERM FINANCING:

	2014			
	The Company	Subsidiaries	Total	%
Local Sukuk Denominated In SAR*	1,33,8,306	2,026,135	3,364,441	71%
Murabaha Financing	32	-	32	0%
Public Investment Fund "Murabaha Financing"	1,074,375	-	1,074,375	23%
Public Investment Fund "Commercial Loans"	-	272,344	272,344	6%
Total Murabaha, Sukuk And Long-Term Investment	2,412,713	2,298,479	4,711,192	100%
Lees: Current Portion Of Murabaha And Long-Term Financing	(328,950)	(229,354)	(558,304)	-
Net Non-Current Portion Of Murabaha, Sukuk And Long Term Financing	2,083,762	2,069,125	4,152,888	-

The finance cost is calculated as per the financing agreements at marker prevailing rates. Certain VLCCs and petrochemical carriers are mortgaged on favor of the lending parties.

THE AGGREGATED MATURITIES OF THE OUTSTANDING FINANCING AS AT DECEMBER 31st ARE AS FOLLOWS:

	2015	2014
Within One Year	547,016	558,304
From 1 Year To 5 Years	1,552,447	2,457,255
More Than 5 Years	5,953,400	1,695,633
Total	8,052,863	4,711,192

17- Earnings Per Share And Dividends

Earnings per share is calculated based on the weighted average number of shares outstanding during the period ended December 31, 2015, and 2014, which amounts to 393.75 million and 338.41 million share, respectively (note 25).

On April 1, 2015 the General Assembly has approved the distribution of dividends amounting to 10% of the share capital for 2014 earnings, which amounts to SR 39.75 million, and represents SR 1 per share. A total of SR 345.9 million was distributed to the entitled shares of 2014 earnings pursuant to the agreement with ARAMCO Company for the merger of Vela vessels (note 25), which indicates ARAMCO's right to the distribution of 2014 earnings from the date of transferring the vessels to the Company. The balance of unclaimed dividends as of December 31, 2015, amounted to SR 35.1 million (2014: SR 33.9 million).

The Board of Directors decided in its meeting held on December 24, 2015 to recommend to the General Assembly of the Company the distribution of cash dividends to shareholders of SR 393.75 million for the financial year ended December 31, 2015 representing SR 1 per share. Also, the board has decided to recommend to the General Assembly of the Company the distribution of additional cash dividend to shareholders of SR 590.63 million for the financial year ended December 31, 2015 representing 1.5 per share. The total dividends for the financial year ended December 31, 2015 amounted to SR 984.38 million so that the total dividend per share amounts to SR 2.5, which represents 25% of the nominal value of the stock.

18- Zakat And Withholding Tax

The main components of the zakat base of the Group under zakat and income tax regulations are principally comprised of shareholder' equity, provisions at the beginning of year, murabaha financing, long-term borrowings and adjusted net income, less net book value of the fixed assets, investments and certain other items. The zakat expense is charged to the consolidated statements of income.

The Company and its subsidiaries filed their zakat returns for each company separately.

Provision for Zakat and Withholding Tax

FOLLOWING IS THE MOVEMENT IN PROVISION FOR ZAKAT AND WITHHOLDING TAX DURING THE YEAR ENDED DECEMBER 31ST

	2015	2014
Provision For Zakat & Withholding Tax At The Beginning Of The Year	142,898	138,907
Provision For Zakat For The Year	71,010	33,440
Provision For Withholding Tax For The Year	110,344	3,996
Payments During The Year	(27,441)	(33,445)
Provision For Zakat & Withholding Tax At The End Of The Year	296,811	142,898

The Company's Zakat and Tax status

The Company has filed its zakat returns up to 2014. The Zakat assessments have been agreed with the Department of Zakat and Income Tax (the "DZIT") for all the years up to 2000. The "DZIT" has raised the zakat assessment for the years 2001-2007 claiming additional zakat liabilities of SR 22 million and the Company has charged the needed provision for these claims. The Company believes it provided a sufficient provision for zakat and withholding tax as of December 31, 2015.

The Company did not receive the final assessments for the years from 2008-2014.

Zakat and Tax status for NCC

NCC has submitted the zakat returns for all the fiscal years up to 2013 and the withholding tax returns up to November 2015 and paid the zakat and withholding taxes due accordingly. This subsidiary company has received zakat and withholding tax assessments for the years 1991-2004. This subsidiary company has filed an appeal against some items included in these assessment and treatment. In April 2010, the subsidiary company reached an agreement with the DZIT for a final settlement of the above assessments in the amount of SR 54 million, the subsidiary company paid SR 26 million of this amount during 2011 and the remaining balance is to be paid in installments over five years starting July 2012, The subsidiary company has received the zakat and withholding tax assessments for the years 2005 to 2008. The subsidiary company has filed an appeal against some items included in these assessments and their treatments, which is still pending. The subsidiary company's management considers that the provision for the zakat and withholding tax is adequate as of December 31, 2015.

Zakat and Tax status for Bahri Dry Bulk LLC

Bahri Dry Bulk has submitted its zakat returns for the years up to 2014, and has not received any zakat assessment from DZIT since 2010 (date of incorporation). The company believed that it provided an adequate provision for zakat and withholding tax as at December 31, 2015.

19- Other Liabilities

This item represents the total amounts received from one of the ships building companies as at December 31, 2015 and 2014 against charging this company with the repair costs of the tanks related to the new six vessels built for National Chemical Carrier Company (Subsidiary). Therefore, it was agreed to charge the ships building company an amount of SR 6.12 million for each ship. This item was classified under current liabilities as at December 31, 2015, since the subsidiary company has a maintenance plan for the remaining vessels during the next twelve months.

20- Related Party Transactions

During the ordinary course of business, the Group transacts with related parties.

THE DETAILS OF SUCH TRANSACTIONS DURING THE YEAR ARE AS FOLLOWS:

	2015	2014
Operating Revenues	4,251,946	1,498,763
Refunded Compensations Of Cost And Expenses	14,505	15,857

BALANCES OF SUCH TRANSACTIONS AS AT DECEMBER 31st ARE AS FOLLOWS:
AMOUNTS DUE FROM RELATED PARTIES SHOWN UNDER TRADE RECEIVABLES ARE AS FOLLOWS:

	2015	2014
ARAMCO (shareholder)	364,344	216,712
International Shipping & Transporting Company (affiliated)	14,505	16,204

21- General And Administrative Expenses

GENERAL AND ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED DECEMBER 31st COMPRISES THE FOLLOWING:

	2015	2014
Employees' Salaries And Benefits	103,060	65,856
Amortization Of Prepaid Expenses And Others	38,414	2,162
Provision For Doubtful Debts (Note 5)	31,027	4,360
Professional, Legal And Consultation Fees	21,084	10,415
Depreciation	4,918	3,844
Others	17,986	12,238
Total	216,489	98,875

22- Other Income (Expenses), Net

OTHER INCOME (EXPENSES), NET FOR THE YEAR ENDED DECEMBER 31st COMPRISES THE FOLLOWING

	2015	2014
Gains from sale of fixed assets	5,107	3,096
Net gain from investments	3,081	(2,386)
Excess recoveries from insurance claims	561	2,290
Others	1,928	(4,053)
Total	10,677	(1,053)

23- Capital Contingent Liabilities

The Company has capital commitment related to the building of ten VLCCs amounted to SR 2.49 billion, in additions to a capital commitments of SR 0.27 billion related to the purchase of a used VLCC, an a capital commitments amounting to SR 0.58 billion related to the purchase of two used VLCC as at December 31, 2015 (2014:nil).

The Group has outstanding letters of guarantee of SR 297.45 million as at December 31, 2015 (2014: SR 275.59 million) issued during the normal course of business.

The Group also has a certain outstanding legal proceedings that have arisen in the normal course of business. As the outcome of these litigations has not yet been determined, management does not expect that these cases will have a material adverse effect on the Company's results of operations or its financial position.

24- Segmental Information

THE FOLLOWING SCHEDULE ILLUSTRATES THE DISTRIBUTION OF THE GROUP'S ACTIVITIES ACCORDING TO THE OPERATING SEGMENTS FOR THE YEAR ENDED DECEMBER 31st

	2015				Total
	Oil Transportation	Petrochemical Transportation	General Cargo Transportation	Dry Bulk Transportation	
Operating Revenues	5,764,525	774,610	848,426	114,559	7,502,120
Banker Cost	(878,243)	(123,740)	(78,392)	(724)	(1,081,099)
Other Operating Expenses:					
Vessel's Expenses	(2,477,299)	(207,471)	(60,728)	(38,452)	(2,783,950)
Cargo's Expenses	-	-	(389,370)	-	(389,370)
Voyages' Expenses	(225,939)	(70,291)	(86,578)	(712)	(383,520)
Depreciation & Amortization	(559,990)	(165,173)	(61,831)	(22,901)	(809,895)
Others	(22,872)	(14,805)	-	-	(37,677)
Total Other Operating Expenses	(3,286,10)	(457,740)	(598,507)	(62,065)	(4,404,412)
Total Operating Expenses	(4,164,343)	(581,480)	(676,899)	(62,789)	(5,485,511)
Gross Operating Income Before Bunker Subsidy	1,600,182	193,130	171,527	51,770	2,016,609
Bunker Subsidy	146,555	19,850	13,505	-	179,910
Gross Operating Income	1,746,737	212,980	185,032	51,770	2,196,519

*Operating revenues include an amount of SR 3.81 billion for the year ended December 2014) 2015 ,31: SR 1.2 billion) representing the Group's total revenues from one customer (ARAMCO - shareholder). This amount represents more than %10 of the Group's operating revenues (note 20).

- The Groups vessels are operating in several parts of the world.

THE FOLLOWING SCHEDULE ILLUSTRATES THE DISTRIBUTION OF THE GROUP'S ACTIVITIES ACCORDING TO THE OPERATING SEGMENTS FOR THE YEAR ENDED DECEMBER 31st

	2014				Total
	Oil Transportation	Petrochemical Transportation	General Cargo Transportation	Dry Bulk Transportation	
Operating Revenues	2,152,259	802,922	550,392	120,839	3,626,412
Banker Cost	(916,902)	(190,239)	(99,608)	-	(1,206,749)
Other Operating Expenses:					
Vessel's Expenses	(471,139)	(202,947)	(58,209)	(46,378)	(778,673)
Cargo's Expenses	-	-	(237,485)	-	(237,485)
Voyages' Expenses	(122,432)	(106,775)	(83,882)	-	(313,089)
Depreciation & Amortization	(355,677)	(163,954)	(50,821)	(20,705)	(591,157)
Others	(12,003)	(13,861)	(17,105)	-	(42,969)
Total Other Operating Expenses	(961,251)	(487,537)	(447,502)	(67,083)	(1,963,373)
Total Operating Expenses	(1,878,153)	(677,776)	(547,110)	(67,083)	(3,170,122)
Gross Operating Income Before Bunker Subsidy	274,106	125,146	3,282	53,756	456,290
Bunker Subsidy	174,434	23,816	19,686	-	217,936
Gross Operating Income	448,540	148,962	22,962	53,756	674,226

*Operating revenues include an amount of SR 3.81 billion for the year ended December 2014) 2015 ,31: SR 1.2 billion) representing the Group's total revenues from one customer (ARAMCO - shareholder). This amount represents more than %10 of the Group's operating revenues (note 20).

- The Groups vessels are operating in several parts of the world.

THE FOLLOWING SCHEDULE ILLUSTRATES THE DISTRIBUTION OF THE GROUP'S ASSETS AND LIABILITIES PER OPERATING SEGMENTS AS OF DECEMBER 31st

	2015					Total
	Oil Transportation	Petrochemical Transportation	General Cargo Transportation	Dry Bulk Transportation	Shared Assets and Liabilities*	
Assets	11,129,508	3,330,214	1,874,932	707,543	2,054,454	19,096,651
Liabilities	4,999,715	1,857,337	1,121,129	407,934	1,011,458	9,397,573

THE FOLLOWING SCHEDULE ILLUSTRATES THE DISTRIBUTION OF THE GROUP'S ASSETS AND LIABILITIES PER OPERATING SEGMENTS AS OF DECEMBER 31st

	2014					Total
	Oil Transportation	Petrochemical Transportation	General Cargo Transportation	Dry Bulk Transportation	Shared Assets and Liabilities*	
Assets	10,201,913	3,393,587	1,784,598	696,520	1,067,793	17,144,411
Liabilities	4,790,455	2,065,533	1,210,729	434,818	457,607	8,959,142

* Shared assets and liabilities represent amounts that cannot be allocated to a specific segment such as cash on hand, deposits, investments held to maturity, unclaimed dividends and etc....

25- Financial Instruments And Risk Management

The Group's activities expose to a variety of financial risks: market (including currency risk, fair value risk, and cash flow commission rate exposure), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Financial instruments carried on the balance sheet principally include cash and cash equivalents, investments, receivables, financing, payables, certain, accrued expenses and derivative financial instruments.

Financial assets and liabilities are offset and net amounts are reported in the consolidated financial statements when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

Risk management is carried out by senior management. The most important types of risk are as follows:

Commission Rate Risk

Commission rate risk is the risk that the value of financial instruments will fluctuate due to 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.

Credit Risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by setting credit limits for individual customers, monitoring outstanding receivables and ensuring close follow-ups. At December 2015, 31 trade accounts receivable include balances totaling SR 306.2 million (2014: SR 229.7 million) due from Government and quasi-government institutions.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group manages its liquidity risk by ensuring that bank facilities are available.

Currency Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group transactions are mainly dominated in Saudi Riyals, UAE Dirhams and US Dollars. The balance in UAE Dirhams and US Dollars are not considered to represent significant currency risk, as these currencies are pegged to the Saudi Riyal.

Fair value is the amount used to exchange assets or to settle liabilities between knowledgeable willing parties on an arms-length basis. As the consolidated financial statements of the Group are compiled based on the historical cost convention, except for the investments in financial instruments and derivative financial instruments at fair value, differences might occur between carrying value and fair value estimates. The management believes that the fair value of financial assets and liabilities are not materially differing from their carrying values.

26- Transfer Of Vela's Vessels To Bahri

The Signed Agreement And Vessel's Ownership Transfer From Vela Company To Bahri

On November 4, 2012 the Company signed an agreement with Saudi ARAMCO whereby the ownership of all Vela International Marine Ltd.'s fleet (Vela) will be transferred to the Company after obtaining required regulatory approvals. The Vela's fleet consists of twenty oil tankers as follows:

- Fourteen VLCCs,
- One VLCC for floating storage,
- Five refined petroleum product tankers.

Pursuant to the merger agreement, Bahri will pay to Vela a total consideration of approximately SR 4.88 billion (equivalent to US\$ 1.3 billion). The consideration will comprise a cash payment amounting to SR 3.12 billion (equivalent to US\$ 832.75 million) in addition to 78.75 million new Bahri shares to be issued to Vela at an agreed price of SR 22.25 per share for the value of six oil tankers received from Vela and its ownership has been legally transferred to the company on 8 September 2014, which increased the Company's issued number of shares after the merger to 393.75 million shares. The par value of SR 10 per share relating to capital increase amounting to 787.50 million has been included with the capital increase, the share premium of (SR 12.25 per share) amounting to SR 964.69 million has been included within the statutory reserve, and the new shares issued to Saudi ARAMCO Developing Company (which is wholly owned by Saudi ARAMCO) will equal 20% of Bahri's share capital and it will have a fair representation in Bahri's Board.

The vessels previously owned by Vela have been gradually received during the second half of 2014 effective from July 21, 2014 to December 2014.

According to the terms of a long-term shipping contract with a minimum period of 10 years, the Company will be the exclusive carrier to Saudi Aramco for the transportation of crude oil sold by Saudi Aramco on the FOB basis. According to this contract and to meet Saudi Aramco's demand which is estimated to be 50 VLCC's, the Company plans to best optimize the utilization of its post-merger fleet, in addition to charter VLCC's when necessary.

The long-term shipping contract includes an agreed upon terms protects the Company when freight rates falls below the minimum agreed limit. On the other hand if freight rates increased above specific limit agreed on (compensation limit) the Company will compensate Saudi Aramco for the amounts previously paid to the Company upon the decline of freight rates below the minimum limited.

Murabaha Financing And Cash Consideration

On June 22, 2014 the Company signed Murabaha agreement with various banks for an amounts of SR 3.18 billion to finance the cash consideration of merger of Vela fleet and operations, as well as the merger of related expenses. This bridge financing lasted for 13 months. On April 1, 2015 the General Assembly approved the issuance of tradable debt instruments which include Sukuk and bonds.

The Company completed on July 30, 2015 the issuance and offering of local Sukuk denominated in Saudi Riyal for the public offering with a nominal value amounted to SR 3.9 billion, and a nominal value of SR1 million for each Sak, due for repayment on July 2022. In addition, the bridge financing mentioned above (SR 3.18 billion) has been repaid from the proceeds of the Sukuk offerings, with the remaining proceeds to be used to finance the Company's projects and its capital and operating plans.

27- Derivatives Financial Instruments

The Group has derivative financial instruments including commission rate swaps agreements. The nominal amount of these financial instruments as of December 31, 2015 is SR 31.78 million (2014: SR 37.87 million) for total loans of SR 1.53 billion (2014: SR 16.4 billion). The unrealized losses from the revaluation of such agreements of such agreements for the year amounted to SR 6.34 million (2014: SR 16.4 million), and these losses are included in the financial charges. These agreements are revaluated in a regular basis to recorded any unrealized gains or losses, if any.

28- Approval Of The Consolidated Financial Statements

The board of directors has approved the consolidated financial statements for the year ended December 31, 2015 on its meeting held on Jumad Awal 14, 1437H (corresponding to February 23, 2016).

29- Reclassification

Certain comparative figures of the December 31, 2014 consolidated financial statements have been reclassified to conform to the current year presentation.

Conclusions

Conclusion

The annual report of 2015 was prepared in accordance with the standards of transparency and disclosure, the Capital Markets Authority (CMA) requirements, the standards of the Saudi Organization for Certified Public Accountants (SOCPA) and the international financial reporting standards (IFRS).

On this occasion, the Board of Directors would like to express its deepest gratitude to the Custodian of the Two Holy Mosques, King Salman Bin Abdulaziz, His Royal Highness Prince Meqrin Bin Abdul Aziz, the Crown Prince, His Royal Highness Prince Mohammed Bin Nayef Bin Abdul Aziz, the Deputy Crown Prince, "May God Protect Them", the Saudi government, especially the Ministry of Finance, Ministry of Commerce and Industry, Ministry of Transport, Public Investment Fund and Capital Markets Authority.

The Board of Directors would also like to extend thanks to the shareholders and clients of the Company, and expresses its deepest gratitude for their support and confidence. This has inspired and propelled the Board to lead the Company to its current and future successes.

The Board of Directors also extends its thanks and appreciation to the executive management and all employees of the Company for their sincere efforts to enhance performance and achieve the Company's goals.

May God Grant us Success!

One Bahri

