UNITED INTERNATIONAL
TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2014
with
INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITORS' REPORT

The Shareholders
United International Transportation Company
(A Saudi Joint Stock Company)
Jeddah, Kingdom of Saudi Arabia.

We have audited the accompanying consolidated financial statements of United International Transportation Company ("the Company") and its subsidiaries (collectively the "Group") which comprise the consolidated balance sheet as at December 31, 2014 and the related consolidated statements of income, cash flows and changes in equity for the year then ended and the attached notes 1 through 23 which form an integral part of the consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia and in compliance with Article 123 of the Regulations for Companies and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management has provided us with all the information and explanations that we require relating to our audit of these consolidated financial statements.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG Al Fozan & Al Sadhan, a partnership registered in Saudi Arabia and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Opinion

In our opinion, the consolidated financial statements taken as a whole:

1) present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2014, and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the circumstances of the Group; and

2) comply with the requirements of the Regulations for Companies and the Company's Articles of Association with respect to the preparation and presentation of the financial statements.

For KPMG Al Fozan & Al Sadhan

Ebrahim Oboud Baeshen
License No. 382

Rabi Al Awal 28, 1436H
Corresponding to January 19, 2015

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

KPMG Al Fozan & Al Sadhan, a partnership registered in Saudi Arabia and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED BALANCE SHEET
As at December 31, 2014
Expressed in Saudi Arabian Riyals

	Notes	2014	2013
ASSETS			
Current assets:			
Cash and cash equivalents	4	**19,768,320**	26,735,601
Trade receivables - net	5	**104,261,757**	89,508,425
Inventories		**4,287,638**	4,760,534
Prepayments, advances and other current assets	6	**43,673,632**	39,878,610
Total current assets		**171,991,347**	160,883,170
Non-current assets:			
Investment in an associate	7	**27,919,311**	28,314,735
Property and equipment	8	**1,363,071,770**	1,152,995,445
Total non-current assets		**1,390,991,081**	1,181,310,180
Total assets		**1,562,982,428**	1,342,193,350
LIABILITIES AND EQUITY			
Current liabilities:			
Current portion of long-term bank debts	9(a)	**384,983,344**	312,168,274
Accounts payable	10	**59,360,770**	80,444,590
Accrued expenses and other current liabilities	11	**22,879,352**	25,799,995
Accrued Zakat and income tax	13	**5,671,999**	5,088,672
Total current liabilities		**472,895,465**	423,501,531
Non-current liabilities:			
Long-term bank debts	9(b)	**271,457,003**	200,794,856
Employees' end of service benefits		**31,750,476**	29,186,804
Total non-current liabilities		**303,207,479**	229,981,660
Total liabilities		**776,102,944**	653,483,191
EQUITY			
Equity attributable to the Company's shareholders:			
Share capital	14	**406,666,670**	305,000,000
Statutory reserve	15	**96,058,908**	78,953,818
Foreign currency translation reserve		**30,293**	(216,305)
Retained earnings		**283,691,285**	304,412,374
Total shareholders' equity		**786,447,156**	688,149,887
Non-controlling interests		**432,328**	560,272
Total equity		**786,879,484**	688,710,159
Total liabilities and equity		**1,562,982,428**	1,342,193,350

Chairman | Chief Executive Officer | Chief Financial Officer

The accompanying notes 1 through 23 form
an integral part of these consolidated financial statements.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF INCOME
For the year ended December 31, 2014
Expressed in Saudi Arabian Riyals

	Notes	2014	2013
Revenue	17	**757,102,036**	668,756,342
Cost of revenue	18	**(638,118,819)**	(553,673,228)
Gross profit		**118,983,217**	115,083,114
Expenses:			
General and administrative expenses	19	**(32,064,885)**	(32,329,194)
Marketing expenses	20	**(34,241,985)**	(30,955,515)
Total expenses		**(66,306,870)**	(63,284,709)
Income from operations		**52,676,347**	51,798,405
Gain on sale of vehicles		**135,967,114**	111,681,708
Income from continued operations		**188,643,461**	163,480,113
Other (expenses) / income:			
Finance charges		**(14,116,895)**	(12,695,970)
Share of (loss)/profit from an associate	7	**(395,424)**	1,153,406
Other income-net		**3,347,908**	3,726,329
Total other expenses-net		**(11,164,411)**	(7,816,235)
Net income before Zakat and income tax and non-controlling interest		**177,479,050**	155,663,878
Zakat and income tax	13	**(6,572,401)**	(4,875,326)
Net income before non-controlling interest		**170,906,649**	150,788,552
Share of non-controlling interest in net loss/(income) of consolidated subsidiary		**144,255**	(581,642)
Net income for the year		**171,050,904**	150,206,910
Earnings per share	21	**4.21**	3.69

Chairman Chief Executive Officer Chief Financial Officer

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an integral part of these consolidated financial statements.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2014
Expressed in Saudi Arabian Riyals

	Notes	2014	2013
Cash flows from operating activities:			
Net income		**171,050,904**	150,206,910
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	8	**431,183,326**	383,613,940
Amortisation of payment under operating lease		**16,894,240**	243,459
Finance charges		**14,116,895**	12,695,970
Gain on sale of vehicles		**(135,967,114)**	(111,681,708)
Provision for Zakat and income tax	13	**6,572,401**	4,875,326
Share of non-controlling interest in the net income of the consolidated subsidiary		**(144,255)**	581,642
Share of loss/(profit) from an associate	7	**395,424**	(1,153,406)
Employees' end of service benefits accrued		**4,123,198**	6,900,767
Total adjustments		**508,225,019**	446,282,900
Changes in operating assets and liabilities:			
Trade receivables		**(14,753,332)**	(16,196,419)
Inventories		**472,896**	(525,304)
Prepayments, advances and other current assets		**(13,907,495)**	(4,951,936)
Accounts payables		**(21,083,820)**	(568,832)
Accrued expenses and other current liabilities		**(2,920,643)**	5,013,764
		456,032,625	429,054,173
Employees' end of service benefits paid		**(1,559,526)**	(948,256)
Zakat and income tax paid	13	**(5,989,074)**	(4,387,302)
Net cash provided by operating activities		**448,484,025**	423,718,615
Cash flows from investing activities:			
Additions to property and equipment	8	**(764,393,631)**	(627,721,801)
Proceeds from sale of property and equipment		**252,319,327**	191,461,202
Net cash used in investing activities		**(512,074,304)**	(436,260,599)
Cash flows from financing activities:			
Changes in long-term bank debts, net		**143,477,217**	90,429,171
Financial charges paid		**(14,116,895)**	(12,695,970)
Movement in non-controlling interest		**16,311**	(116,472)
Director's remuneration paid		**(4,375,233)**	(4,092,456)
Net movement in foreign currency reserve		**246,598**	(174,003)
Dividends paid	14	**(68,625,000)**	(51,239,998)
Net cash from financing activities		**56,622,998**	22,110,272
Net (decrease)/increase in cash and cash equivalents		**(6,967,281)**	9,568,288
Cash and cash equivalents at beginning of year		**26,735,601**	17,167,313
Cash and cash equivalents at end of year	4	**19,768,320**	26,735,601
Non-cash transaction:			
Assets held for sale	6	**6,781,767**	14,471,851

Chairman — Chief Executive Officer — Chief Financial Officer

The accompanying notes 1 through 23 form
an integral part of these consolidated financial statements.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2014
Expressed in Saudi Arabian Riyals

	Equity attributable to the Company's shareholders							
	Share capital	Proposed increase in capital – bonus shares	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total
Balance at January 1, 2013	244,000,000	--	63,933,127	(42,302)	285,558,609	593,449,434	95,102	593,544,536
Proposed increase in capital - bonus shares	--	61,000,000	--	--	(61,000,000)	--	--	--
Bonus shares issued	61,000,000	(61,000,000)	--	--	--	--	--	--
Final dividend for 2012	--	--	--	--	(51,239,998)	(51,239,998)	--	(51,239,998)
Net income for the year	--	--	--	--	150,206,910	150,206,910	581,642	150,788,552
Transfer to statutory reserve	--	--	15,020,691	--	(15,020,691)	--	--	--
Director's remuneration	--	--	--	--	(4,092,456)	(4,092,456)	--	(4,092,456)
Foreign currency translation adjustment	--	--	--	(174,003)	--	(174,003)	(116,472)	(290,475)
Balance at December 31, 2013	305,000,000	--	78,953,818	(216,305)	304,412,374	688,149,887	560,272	688,710,159
Proposed increase in capital - bonus shares (Note 14)	--	101,666,670	--	--	(101,666,670)	--	--	--
Bonus shares issued (Note 14)	101,666,670	(101,666,670)	--	--	--	--	--	--
Final dividend for 2013	--	--	--	--	(68,625,000)	(68,625,000)	--	(68,625,000)
Net income for the year	--	--	--	--	171,050,904	171,050,904	(144,255)	170,906,649
Transfer to statutory reserve	--	--	17,105,090	--	(17,105,090)	--	--	--
Director's remuneration	--	--	--	--	(4,375,233)	(4,375,233)	--	(4,375,233)
Foreign currency translation Adjustment	--	--	--	246,598	--	246,598	16,311	262,909
Balance at December 31, 2014	**406,666,670**	--	**96,058,908**	**30,293**	**283,691,285**	**786,447,156**	**432,328**	**786,879,484**

Chairman

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 through 23 form
an integral part of these consolidated financial statements.

1. THE COMPANY, ITS SUBSIDIARIES AND THEIR NATURE OF BUSINESS

The United International Transportation Company ("UNITRANS" or “the Company”), is a Saudi Joint Stock Company registered in Jeddah, Kingdom of Saudi Arabia under commercial registration No. 4030017038 dated Shabaan 7, 1428H (corresponding to August 20, 2007).

The principal activities of the Company are leasing and rental of vehicles under the name of “Budget Rent a Car” as per the license No. 0202000400 issued by the Ministry of Transportation.

The Company’s registered office is located at the following address:

2421 Quraysh St. Al-Salamah Dist.
Jeddah, Saudi Arabia 23437-8115
Unit 1

At December 31, the Company has investments in the following subsidiaries (collectively described as “the Group”).

Name	Country of Incorporation	Effective ownership interest (%) 2014	2013
Unitrans Infotech Services India Private Limited (“Unitrans Infotech”)	India	**65%**	65%
Aljozoor Alrasekha Trucking Company Limited (“Rahaal”)	Kingdom of Saudi Arabia	**100%**	100%

Unitrans Infotech is engaged in the business of providing Information Technology services and Rahaal is engaged in leasing and rental of heavy vehicles and equipment.

During the current year, Company has made additional contribution of SR 40 million in Rahaal, for which legal formalities were completed on October 21, 2014.

2. BASIS OF PREPARATION

(a) Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with the generally accepted accounting standards in Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (SOCPA).

These consolidated financial statements have been approved by the Company's Board of Directors on Rabi Al Awal 28, 1436H, corresponding to January 19, 2015.

2. BASIS OF PREPARATION (continued)

(b) Basis of measurement

These consolidated financial statements are prepared under the historical cost basis using the accrual basis of accounting and the going concern concept except for assets held for sale which are measured at lower of their carrying amount and fair value less cost to sell.

(c) Functional and presentation currency

The accompanying consolidated financial statements are presented in Saudi Arabian Riyals (SR), which is the functional currency of the Company.

(d) Critical accounting judgements and estimates

The preparation of consolidated financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Such estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. The following are the areas where the Group has applied significant judgements and estimates.

i) The Group's management uses its judgements for estimation of useful lives and expected residual value of vehicles at their expected date of disposal based on past experience and available information as at the balance sheet date.

ii) A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the agreement. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators of objective evidence that the trade receivable is impaired. For significant individual amounts, assessment is made on an individual basis. Amounts which are not individually significant, but are overdue, are assessed collectively and a provision is recognized considering the length of time considering past recovery rates.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the Group's consolidated financial statements. Certain comparative amounts have been reclassified to conform with the current period's presentation.

(a) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries set forth in Note 1 above.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases.

All intra-group balances and financial transactions resulting from transactions between the Company and the subsidiaries are eliminated in preparing these consolidated financial statements. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

(b) Investment in an associate

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity, unless the presumption is rebutted by alternate agreements or understanding between the shareholders. Associates are accounted for using the equity method (equity accounted investee) and are initially recognized at cost. The Group's investment in an associate includes goodwill identified on acquisition, net of any accumulated impairment losses. The financial statements include the Group's share of income and expenses and equity movement of the equity accounted investees from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Company's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate. The Group's share of profits or losses of the investee company is credited or charged to the consolidated statement of income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Foreign currency translation

The consolidated financial statements are reported into Saudi Arabian Riyals, which is the Company's functional and presentation currency. Each subsidiary has its own functional currency.

Transactions denominated in foreign currencies are translated to the functional currencies of the Company at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities of the Company denominated in foreign currencies at the balance sheet date are translated to the functional currencies of the Company at the foreign exchange rate ruling at that date. Exchange differences arising on translation are recognized in the consolidated statement of income.

Assets and liabilities of foreign subsidiary are translated into Saudi Arabian Riyals at the exchange rates in effect at the date of the consolidated balance sheet. The equity components of foreign subsidiary with the exception of retained earnings of subsidiary, are translated at the exchange rates in effect at the dates of the transaction. The elements of foreign subsidiary's statement of income is translated using the weighted-average exchange rate for the period. Adjustments resulting from the translation of foreign subsidiaries' financial statements into Saudi Arabian Riyals are reported as a separate component of equity (foreign currency translation reserve) attributable to shareholders of the Company in the consolidated financial statements.

(d) Trade receivables

Trade receivables are carried at original invoice amounts less provision made for doubtful accounts. A provision for doubtful accounts is established when there is a significant doubt that the Group will be able to collect all amounts due according to the original terms of agreement.

(e) Revenue recognition

Revenue from vehicle rental is recognized over the rental period, in accordance with terms of rental agreements (net of discount). Rental revenue also includes fees for services incidental to vehicle rental. Revenue from unbilled rentals is recognized at their net realizable amount. Lease revenue is recognized over the period of lease agreement. Revenue from services is recognised when services are rendered.

(f) Inventories

Inventories represent spare parts and other supplies for vehicles, which are valued at the lower of cost, determined using weighted average method, or net realizable value. Provision is made, where necessary for obsolete and defective stocks. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses, if any.

Depreciation is based on the cost of an asset less its estimated residual value expected at their date of disposal. Depreciation is recognised in consolidated statement of income on a straight line basis over the estimated useful lives of each component of an item of property and equipment. Land is not depreciated.

The estimated useful lives of each part of individual item of property and equipment are as follows:

	Years
Buildings and other installations	10-20
Vehicles	2-3
Furniture, fixtures and office equipment	4-5
Machinery and equipment	4-7

Gain on sale of vehicles and other items of property and equipment is recognized in the interim consolidated statement of income when risks and rewards of ownership are transferred to the buyer representing the difference between the selling price and the net carrying value of the vehicles at the date of disposal. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if necessary.

(h) Impairment

Property and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss, if any, is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(i) Assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale under current assets. Immediately before classification as held for sale, the assets are re-measured at the lower of their carrying amount and fair value less cost to sell.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Vehicles' financing

Vehicles purchased under Murabaha and Al Tawarroq agreements are recorded at their fair value at the inception. Bank fees and other charges are allocated to the statement of income over the instalment term at a constant periodic basis.

(k) Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for supplies or services received, whether or not billed to the Group.

(l) Provisions

A provision is recognized if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit, will be required to settle the obligation.

(m) Franchise fee

Franchise fee principally consists of royalties paid by the Company and is recorded on accrual basis.

(n) Employees' end of service benefits

The Group's employees' end of service benefits is calculated in accordance with Saudi Arabian Labour regulations, are accrued and charged to consolidated statement of income. The liability is calculated at value of the vested benefits to which the employee is entitled, should his services are terminated at the balance sheet date. The foreign subsidiary's end of service liability is determined in accordance with respective applicable laws.

(o) Expenses

Marketing expenses and general and administrative expenses include direct and indirect costs not specifically part of cost of revenue as required under generally accepted accounting principles. Marketing expenses are those arising from the Group's efforts underlying the marketing functions. All other expenses are classified as general and administrative expenses. Allocations of common expenses between cost of revenues and marketing and general and administrative expenses, when required, are made on a consistent basis.

(p) Zakat and income tax

Zakat liability for the Company and one of the subsidiary is recognised in accordance with the regulations of Department of Zakat and Income Tax (DZIT) in the Kingdom of Saudi Arabia. Foreign subsidiary is subject to tax regulations in India. The provision for Zakat and income tax is charged to consolidated statement of income for each reporting period. Any differences resulting from the final assessments are recognised in the consolidated statement of income in the period of finalization.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Dividends

Interim dividends are recorded as a liability in the period in which they are approved by the Board of Directors. Final dividends are recorded in the period in which they are approved by the shareholders.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash with banks and other short-term highly liquid investments, if any, with original maturities of three months or less, which are available to the Group to liquidate without any restrictions.

(s) Offsetting

Financial assets and liabilities are offset and reported net in the balance sheet when there is a legally enforceable right to set off the recognized amounts and when the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31 comprise the following:

	2014	2013
Bank balances	**18,924,565**	25,834,096
Cash in hand	**843,755**	901,505
	19,768,320	26,735,601

5. TRADE RECEIVABLES - NET

Trade receivables at December 31 comprise the following:

	2014	2013
Customers	**122,191,314**	114,205,680
Provision for doubtful debts	**(17,929,557)**	(24,697,255)
	104,261,757	89,508,425

Movement in provision for doubtful debts is as follows:

	2014	2013
Opening balance	**24,697,255**	21,746,261
Charge for the year (Note 19)	**--**	4,838,230
Written off	**(6,767,698)**	(1,887,236)
Closing balance	**17,929,557**	24,697,255

6. PREPAYMENTS, ADVANCES AND OTHER CURRENT ASSETS

Prepayments and other current assets at December 31 comprise the following:

	2014	2013
Prepaid rent	**12,743,250**	10,504,397
Advance rent for vehicles acquired under operating lease	**8,922,601**	7,161,541
Advance to suppliers	**7,653,462**	--
Assets held for sale (Note 8)	**6,781,767**	14,471,851
Employee loans	**4,136,255**	3,795,720
Prepaid medical insurance	**1,366,930**	1,753,615
Prepaid vehicle insurance	**959,962**	825,326
Due from related party (Note 12)	**76,500**	--
Deposits and others	**1,032,905**	1,366,160
	43,673,632	39,878,610

7. INVESTMENT IN AN ASSOCIATE

During 2012, the Company acquired 32.75% stake in M/s Tranzlease Holdings India Private Limited ("THL"), a Private Limited Company in India for a total consideration of SR 26.7 million. THL is engaged in the business of operating lease of motor vehicles including passenger cars, commercial vehicles and specialized vehicles.

Movement in investment in associate is analyzed as follows:

	2014	2013
Opening balance	**28,314,735**	27,161,329
Share of (loss)/profit for the year	**(395,424)**	1,153,406
	27,919,311	28,314,735

8. PROPERTY AND EQUIPMENT

The movement in property and equipment during the year ended December 31, 2014 is analysed as follows:

	Land	Building and other installation	Vehicles	Furniture, fixtures and office equipment	Machinery and equipment	Capital work in progress	Total
Cost:							
At beginning of the year	46,779,685	37,832,851	1,764,174,189	28,691,079	6,401,459	31,795,132	1,915,674,395
Additions	--	3,452,899	757,501,456	2,428,219	383,651	627,406	764,393,631
Disposals	--	--	(478,287,916)	--	--	--	(478,287,916)
Transferred from capital work in progress	--	32,312,659	--	--	--	(32,312,659)	--
Transferred to assets held for sale (Note 6)	--	--	(25,862,849)	--	--	--	(25,862,849)
At the end of the year	46,779,685	73,598,409	2,017,524,880	31,119,298	6,785,110	109,879	2,175,917,261
Accumulated depreciation:							
At beginning of the year	--	14,296,505	720,023,294	23,030,372	5,328,779	--	762,678,950
Charge for the year	--	3,935,812	424,225,493	2,636,253	385,768	--	431,183,326
Disposals	--	--	(361,935,703)	--	--	--	(361,935,703)
Transferred to Assets held for sale (Note 6)	--	--	(19,081,082)	--	--	--	(19,081,082)
At the end of the year	--	18,232,317	763,232,002	25,666,625	5,714,547	--	812,845,491
Net book value:							
At December 31, 2014	**46,779,685**	**55,366,092**	**1,254,292,878**	**5,452,673**	**1,070,563**	**109,879**	**1,363,071,770**
At December 31, 2013	46,779,685	23,536,346	1,044,150,895	5,660,707	1,072,680	31,795,132	1,152,995,445

8.1 During the year ended December 31, 2014, the construction of workshop in Jeddah were completed and accordingly amount has been reclassified to the relevant class of asset.

9. LONG-TERM BANK DEBTS

	2014	2013
(a) Current portion of long term bank debts		
Murabaha sale agreements	**265,538,900**	231,193,605
Al Tawarroq agreements	**119,444,444**	80,974,669
	384,983,344	312,168,274
(b) Long-term bank debts		
Murabaha sale agreements	**257,845,892**	194,961,523
Al Tawarroq agreements	**13,611,111**	5,833,333
	271,457,003	200,794,856

Long-term bank debts consist of Group's borrowings under various Islamic Finance Products including Murabaha and Al Tawarroq arrangements with commercial banks. Such debts bear financing charges at the prevailing market rates. These loans are secured by demand promissory notes. The loan agreements include covenants which, among other things, require certain financial ratios to be maintained.

10. ACCOUNTS PAYABLE

Accounts payable at December 31 comprise of the following:

	2014	2013
Suppliers for vehicles	**35,078,755**	46,042,243
Suppliers for stores and spares and others	**24,282,015**	34,402,347
	59,360,770	80,444,590

11. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities at December 31 comprise of the following:

	2014	2013
Employee related accruals	**13,324,520**	14,492,473
Accrued expenses	**6,650,914**	5,583,926
Deposit from customers-net	**2,656,011**	3,457,477
Due to a related party (Note 12 (a))	**--**	660,905
Other provisions	**247,907**	1,605,214
	22,879,352	25,799,995

12. RELATED PARTIES BALANCES AND TRANSACTIONS

Related party transactions mainly represent transactions with following parties which are undertaken at mutually agreed terms and approved by management:

(a) The following are the related parties balances:

	Relationship	**2014**	2013
Due from a related party:			
Zahid Group	Affiliate	**76,500**	--
Due to a related party:			
Zahid Group	Affiliate	**--**	660,905

(b) The following are the related parties transactions:

		2014	2013
Services provided			
Zahid Group			
Car rentals		**377,507**	287,699
Location rent		**85,000**	85,000
Automotive Maintenance Centre (AMC)	Affiliate		
Services received		**250,809**	298,315
Sheikh Fahd Zahid			
Location rent		**63,193**	63,193
Purchase of Goods			
Zahid Group			
Purchase of Vehicle and Fork Lift		**569,500**	--
Used car sale			
Automotive Maintenance Centre		**31,999,550**	33,557,213

(c) Board of Directors remuneration for the year ended December 31, 2014 amounting to SR 4,375,233 (2013: SR 4,092,456) has been calculated in accordance with Company's Articles of Association and is considered as appropriation shown in the statement of changes in equity.

13. ZAKAT AND INCOME TAX

(a) Accrued Zakat and income tax

	2014	2013
Balance at beginning of the year	**5,088,672**	4,600,648
Payments during the year	**(5,989,074)**	(4,387,302)
Charge for the year	**6,572,401**	4,875,326
Balance at end of the year	**5,671,999**	5,088,672

(b) Zakat status

The Company has filed the Zakat returns up to the financial year ended December 31, 2013. All assessment proceedings of the DZIT up to the end of the financial year December 31, 2008 have been completed. For the financial years from 2009 to 2011, the DZIT completed its assessment and raised an additional demand for Zakat differences amounting to SR 1,194,951 as per their Letter No. 1195/22/1435 dated Muharam 30, 1435H, corresponding to December 3, 2013. The Company settled this demand on December 25, 2013 and filed an objection against the assessment, which is under the study of DZIT. The assessment for the financial year 2012 and 2013 is still under process.

The Company's subsidiary, Aljozoor Alrasekha Trucking Company Limited, has filed the Zakat returns up to the financial year ended December 31, 2013. The assessment for the financial year 2012 and 2013 is completed with no additional liability.

Income tax return of the foreign subsidiary has been filed with income tax authorities in India for the year ended March 31, 2014. An amount of SR 98,482 (2013: SR 745,135) has been charged in the consolidated statement of income as tax expense for the period.

14. SHARE CAPITAL

At December 31, 2014, the Company's share capital of SR 406.7 million (2013: SR 305 million) consists of 40.67 million (2013: 30.5 million) fully paid shares of SR 10 each.

On January 19, 2014, the Board of Directors, proposed final cash dividend of SR 68.63 million (representing SR 2.25 per share) for the year ended December 31, 2013 as well as increasing the Company's share capital to SR 406.7 million by issuing one bonus share for every three ordinary shares outstanding as of that date. Later, the shareholders in the Extraordinary General Assembly Meeting on April 17, 2014, approved the Board's proposal and authorized issuance of 10.17 million bonus share at a nominal value SR 10 each and resultantly the share capital of the Company was increased from SR 305 million to SR 406.7 million. The legal formalities for the increase in capital were completed on June 12, 2014.

14. SHARE CAPITAL (continued)

The Board of Directors in its meeting held on January 19, 2015, proposed final dividend of SR 69.13 million (representing SR 1.7 per share).

The Board of Directors in its meeting held on January 19, 2015, proposed to increase the Company's share capital to SR 508.33 million by issuing one bonus share for every four ordinary share outstanding.

15. STATUTORY RESERVE

In accordance with the Company's Articles of Association and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer each year 10% of its net income to a statutory reserve until such reserve equals 50% of its share capital.

Statutory reserve is not available for distribution to the shareholders. However, the statutory reserve can be used for meeting the Company's losses or for increasing its capital. If the reserve exceeds one half of the company's capital, the general meeting may resolve to distribute such excess as dividends among the shareholders in the years during which the Company fails to achieve sufficient net profits for distribution of the minimum dividends prescribed in Company's articles of association.

16. COMMITMENTS AND CONTINGENT LIABILITIES

At December 31, 2014, the Group had outstanding letters of guarantee amounting to SR 6,904,570 (2013: SR 6,738,129) issued by the local banks on behalf of the Company, in the normal course of business.

17. REVENUE

	2014	2013
Rental	**344,148,781**	320,916,087
Operating lease (Note 17.1)	**412,953,255**	347,840,255
	757,102,036	668,756,342

17.1 Operating leases relate to the vehicles owned by the Company with lease term up to 60 months having renewal option of the contract each year unless otherwise agreed with the lessee. On premature termination, lessee has to pay the minimum lease payments mentioned in the contract. The lessee does not have the option to purchase vehicles at the expiry of the lease period.

18. COST OF REVENUE

	2014	2013
Depreciation	**430,112,954**	382,943,729
Repairs and maintenance	**96,183,739**	91,393,899
Employees' cost	**31,435,552**	29,132,302
Insurance	**24,303,839**	17,397,956
Operating lease expense	**16,894,240**	243,459
Rent of counters and workshop	**16,755,921**	14,897,744
Incentive, commission and franchise fee	**15,553,340**	13,317,429
Communication expense	**2,401,097**	2,545,928
Others	**4,478,137**	1,800,782
	638,118,819	553,673,228

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2014	2013
Employees' cost	**19,010,529**	17,599,659
Rent expense	**3,858,835**	2,191,927
Subscriptions	**2,641,220**	1,946,540
Depreciation expense	**1,070,372**	670,211
Repairs, rates and taxes	**833,930**	569,231
Communication expense	**691,205**	681,844
Legal and professional fee	**602,242**	1,135,306
Provision for bad debt (Note 5)	**--**	4,838,230
Others	**3,356,552**	2,696,246
	32,064,885	32,329,194

20. MARKETING EXPENSES

	2014	2013
Employees' cost	**25,982,207**	24,859,934
Advertising, promotional and others	**8,259,778**	6,095,581
	34,241,985	30,955,515

21. EARNINGS PER SHARE

Earnings per share for the years ended December 31, 2014 and 2013 have been computed by dividing the net income for the respective year by the 40.67 million shares (including bonus shares).

22. SEGMENT INFORMATION

The Group is mainly engaged in leasing and rental of vehicles operating in Kingdom of Saudi Arabia. Selected financial information that are used for internal monitoring and key decision making as of and for the period ended December 31, 2014 and 2013 are summarised as follows:

	Lease	Rental	Total
December 31, 2014			
Revenue	412,953,255	344,148,781	757,102,036
Depreciation expense of vehicles	261,023,944	163,201,549	424,225,493
Property and equipment (vehicles)	834,518,226	419,774,652	1,254,292,878
Gain on sale of vehicles	96,075,591	39,891,523	135,967,114

	Lease	Rental	Total
December 31, 2013			
Revenue	347,840,255	320,916,087	668,756,342
Depreciation expense of vehicles	219,459,053	158,476,986	377,936,039
Property and equipment (vehicles)	658,542,534	385,608,361	1,044,150,895
Gain on sale of vehicles	73,227,450	38,454,258	111,681,708

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments carried on the consolidated balance sheet include cash, trade receivables, accounts payable, due to related parties, long-term debts and certain accrued expenses and other liabilities.

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. Top 15 customers comprise 29% (2013: 32%) of gross trade receivables. The Group manages the potential credit risk through regular monitoring of customers. Cash and cash equivalents are placed with national banks with sound credit ratings.

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. The Company limits its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligation as they fall due. The Company maintains good working relations with its banks and ensures compliance as the funds are available in accordance with the facility agreements with the banks. At December 31, 2014 the Company has unutilised bank facilities of SR 746 million (2013: SR 319 million).

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to significant currency rate risk except for consolidated financial assets and liabilities of its foreign subsidiary as all of its other consolidated financial assets and financial liabilities are denominated in Saudi Arabian Riyals.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group’s financial position and cash flows. The Group manages the risk through risk management strategies.

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. Except for assets held for sale, the accompanying financial statements are prepared under the historical cost method, differences may arise between the book values and the fair value estimates. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.