

**Saudi Public Transport
Company - SAPTCO**
A Saudi Joint Stock Company
FINANCIAL STATEMENTS
31 DECEMBER 2010

AUDITORS' REPORT TO THE SHAREHOLDERS OF SAUDI PUBLIC TRANSPORT COMPANY - SAPTCO

Scope of Audit:

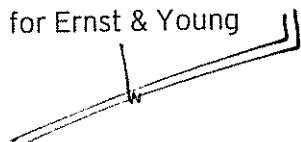
We have audited the accompanying balance sheet of Saudi Public Transport Company - a Saudi Joint Stock Company (the company) as of 31 December 2010 and the related statements of income, cash flows and changes in shareholders' equity for the year then ended. These financial statements are the responsibility of the Company's management and have been prepared by them in accordance with the provisions of Article 123 of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the financial statements.

Unqualified Opinion:

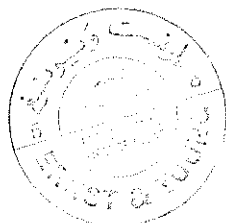
In our opinion, the financial statements taken as a whole:

- i) present fairly, in all material respects, the financial position of the company as of 31 December 2010 and the results of its operations and its cash flows for the year then ended in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia.
- ii) comply with the requirements of the Regulations for Companies and the Company's bye-laws in so far as they affect the preparation and presentation of the financial statements.

for Ernst & Young



Fahad M. Al-Toaimi
Certified Public Accountant
Registration No. 354



Riyadh: 13 Rabi Al Awal 1432 H
(16 February 2011)

Saudi Public Transport Company
A Saudi Joint Stock Company

BALANCE SHEET

As at 31 December
(SR'000)

	<i>Note</i>	<i>2010</i>	<i>2009</i>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	390,380	310,872
Accounts receivable and prepayments	4	96,661	120,200
Spare parts inventory	5	75,809	76,983
		<u>562,850</u>	<u>508,055</u>
NON-CURRENT ASSETS			
Investments	6	62,434	53,630
Property, Plant and equipment	7	1,168,306	1,253,899
		<u>1,230,740</u>	<u>1,307,529</u>
TOTAL ASSETS		<u><u>1,793,590</u></u>	<u><u>1,815,584</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accruals	8	134,561	157,430
Murabaha loan – current portion	9	31,016	57,084
Dividends payable	10	71,023	72,759
Provision for zakat	11	6,619	6,158
		<u>243,219</u>	<u>293,431</u>
NON-CURRENT LIABILITIES			
Murabaha term loan	9	19,880	50,662
Employees' terminal benefits		82,812	81,185
Deferred income		2,130	3,009
		<u>104,822</u>	<u>134,856</u>
TOTAL LIABILITIES		<u><u>348,041</u></u>	<u><u>428,287</u></u>
SHAREHOLDERS' EQUITY			
Share capital	12	1,250,000	1,250,000
Statutory reserve	13	104,289	99,287
Contractual reserve	14	22,382	19,881
Retained earnings		69,654	27,141
Unrealized losses on revaluation of investments in available for sale securities	6	(776)	(9,012)
TOTAL SHAREHOLDERS' EQUITY		<u><u>1,445,549</u></u>	<u><u>1,387,297</u></u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u><u>1,793,590</u></u>	<u><u>1,815,584</u></u>

The attached notes 1 to 27 form part of these financial statements

Saudi Public Transport Company
A Saudi Joint Stock Company

STATEMENT OF INCOME

Year ended 31 December 2010

(SR'000)

	Note	2010	2009
Revenues	15	746,274	752,430
Direct costs	16	627,005	649,761
GROSS PROFIT		<u>119,269</u>	<u>102,669</u>
EXPENSES			
General and administration	17	44,648	53,743
Marketing	18	32,506	33,980
		<u>77,154</u>	<u>87,723</u>
INCOME FROM MAIN OPERATIONS		42,115	14,946
Income from investments in murabaha contracts	3	1,337	2,249
Share in earnings of an associate	6 b	1,368	-
Other income	19	11,858	20,831
Financial charges		(4,654)	(4,396)
INCOME BEFORE ZAKAT		<u>52,024</u>	<u>33,630</u>
Zakat	11	(2,008)	(1,700)
NET INCOME FOR THE YEAR		<u><u>50,016</u></u>	<u><u>31,930</u></u>
Earnings per share:-			
Attributable to income from main operations (SR)	20	<u>0.34</u>	<u>0.12</u>
Attributable to net income for the year (SR)	20	<u>0.40</u>	<u>0.26</u>

The attached notes 1 to 27 form part of these financial statements.

Saudi Public Transport Company
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STATEMENT OF CASH FLOWS

Year ended 31 December 2010

(SR'000)

	2010	2009
OPERATING ACTIVITIES		
Income before zakat	52,024	33,630
Adjustments for:		
Depreciation	153,314	141,140
Provision for doubtful debts	2,000	1,923
Provision for employees' terminal benefits	11,461	11,560
Provision for slow moving and obsolete items	1,082	1,689
Share in earnings of an associate	(1,368)	-
Gain on sale of property, plant and equipment	-	(2,581)
Amortization of deferred income	(879)	(670)
	<u>217,634</u>	<u>186,691</u>
Changes in operating assets and liabilities:		
Accounts receivable and prepayments	21,539	(7,696)
Spare parts inventories	92	(1,047)
Accounts payable and accruals	(21,808)	(570)
	<u>217,457</u>	<u>177,378</u>
Cash from operation		
Employees' terminal benefits paid	(9,833)	(1,185)
Zakat paid	(1,547)	(3,652)
	<u>206,077</u>	<u>172,541</u>
Net cash from operating activities		
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(68,783)	(258,780)
Proceeds from sale of property, plant and equipment	-	2,581
Dividends received from an associated company	800	1,200
	<u>(67,983)</u>	<u>(254,999)</u>
Net cash used in investing activities		
FINANCING ACTIVITIES		
(Repayments of) proceeds from Murabaha loans	(56,850)	44,642
Dividends paid	(1,736)	(61,447)
	<u>(58,586)</u>	<u>(16,805)</u>
Net cash used in financing activities		
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>79,508</u>	<u>(99,263)</u>
Cash and cash equivalents at the beginning of the year	<u>310,872</u>	<u>410,135</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 3)	<u><u>390,380</u></u>	<u><u>310,872</u></u>

The attached notes 1 to 27 form part of these financial statements.

Saudi Public Transport Company
A Saudi Joint Stock Company

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended 31 December 2010

(SR'000)

	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Contractual reserve</i>	<i>Retained earnings</i>	<i>Unrealized (losses) gains on revaluation of investments in available for sale securities</i>	<i>Total</i>
Balance at 31 December 2008	1,250,000	96,094	31,587	50,998	(14,778)	1,413,901
Net Income for the year	-	-	-	31,930	-	31,930
Transfer to statutory reserve	-	3,193	-	(3,193)	-	-
Transfer to contractual reserve	-	-	1,596	(1,596)	-	-
Unrealized loss on revaluation of investments in available for sale securities (note 6-a)	-	-	-	-	5,766	5,766
Transfer from contractual revenue (Note 26)	-	-	(13,302)	13,302	-	-
Dividends (Note 26)	-	-	-	(62,500)	-	(62,500)
Board of directors' remunerations (Note 26)	-	-	-	(1,800)	-	(1,800)
Balance at 31 December 2009	1,250,000	99,287	19,881	27,141	(9,012)	1,387,297
Net Income for the year	-	-	-	50,016	-	50,016
Transfer to statutory reserve	-	5,002	-	(5,002)	-	-
Transfer to contractual reserve	-	-	2,501	(2,501)	-	-
Unrealized gain on revaluation of investments in available for sale securities (note 6-a)	-	-	-	-	8,236	8,236
Balance at 31 December 2010	1,250,000	104,289	22,382	69,654	(776)	1,445,549

The attached notes 1 to 27 form part of these financial statements.

1 ACTIVITIES

Saudi Public Transport Company is a Saudi Joint Stock Company formed under the Royal Decree No. M/11, dated 7/3/1399H corresponding 5/2/1979. The formation was declared pursuant to the resolution of His Excellency, The Minister of Commerce, No. 254, dated 14/8/1399H corresponding 9/7/1979. The Company is engaged in passenger land transport both intra and inter-city throughout the Kingdom and between the Kingdom and the neighboring countries, as well as the transfer of non-postal parcels, cargo, school transport, teachers transport, car rental and sand and gravel transport. The Company operates under commercial registration number 1010024335 dated 5/9/1399H corresponding to 29/7/1979.

The Company has stopped carrying the sand and gravel outside the Kingdom pursuant to the cabinet's resolution issued in this regards dated 10/12/1430H corresponding 26/11/2009.

2 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies adopted are as follows:

Accounting convention

The financial statements are prepared under the historical cost convention except for the measurement at fair value of available for sale securities.

Use of estimates

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

Cash and cash equivalents

Cash and cash equivalents consists of bank balances, cash on hand, and Murabaha investments that are readily convertible into known amounts of cash and have a maturity of three months or less when purchased.

Spare parts inventory

The cost of spare parts inventory is stated at cost. Cost is determined on the weighted average basis. Material repair costs of spare parts are capitalized and added to the spare parts value. An appropriate provision is provided for any obsolete and slow moving items. Spare parts inventory is not available for resale.

Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Depreciation

Freehold land is not depreciated. The cost, less estimated residual value of other property, plant and equipment, is depreciated on a straight line basis over the expected useful lives of the assets.

Expenditure for repairs and maintenance are charged to statement of income. Betterments that increase the value or materially extend the life of the related assets are capitalized.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

a) Investments in available for sale securities

Investments, that are bought neither with the intention of being held to maturity nor for trading purposes, are stated at fair value and are included under non-current assets unless they will be sold in the next fiscal year. Unrealized gains or losses on fair valuation of these investments are credited or charged to the statement of changes in shareholders' equity. A decline in value considered to be other than temporary, is charged to the statement of income. Income from such investments is recognized when declared.

Fair value is determined by reference to the market value if an open market exists or on the basis of other alternative methods. Otherwise, cost is considered to be the fair value. Where partial holdings are sold, these are accounted for on a weighted average basis.

b) Investments in an associated company

An associated company is that in which the company has a long-term investment comprising an interest ranging between 20% to 50% of the voting capital and over which it exercises significant influence.

Investments in associated companies are accounted for under the equity method, whereby the original investment cost is adjusted by an appropriate share of the associated companies' post acquisition results and retained earnings based on their latest available financial statements.

Employees' terminal benefits

Provision is made for amounts payable under the Saudi Arabian Labor Law applicable to employees' accumulated periods of service at the balance sheet date.

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.

Deferred income

Deferred income represents the fair market value of the buses and equipment granted to the Company, and are amortized using straight-line over the estimated benefit period.

Impairment

As assessment is made at each balance sheet date of determine whether there is objective evidence in that a non-current assets or group of non-current assets may be impaired. If such indication exists, the recoverable amount of that assessment is estimated and the impairment loss is recognized by the difference between the recoverable amount and the carrying value of the assets. Impairment loss is recognized in the statement of income.

Islamic murabaha contracts

Murabaha costs relating to the property, plant and equipment acquired under Islamic murabaha contracts, are shown as deferred murabaha loan commissions and are amortized over the period of the contract, as per the practice adopted in respect of murabaha transactions in the Kingdom of Saudi Arabia.

Revenue

Revenue is recognized when services are rendered to the customers. Rent and contract revenues are recognized proportionately recognized over the terms of these agreements. Other income is recognized when earned.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses

Marketing expenses are those which specifically relate to commission of sales agents, advertising, and other marketing expenses as well as the provision for doubtful debts. All other expenses are classified as general and administration expenses

Operating leases

Operating lease payments are recognized as an expense in the statement of income. Prepaid rent is amortized on a straight line basis over the lease term.

Bus and trucks renovation costs

All costs associated with the renovation of buses and trucks are capitalized and added to the cost of the renovated buses and trucks.

Bus and trucks renovation costs are depreciated with effect from the date of operating the renovated buses and trucks by equal annual installments over their expected useful lives.

Zakat

Zakat is provided for in accordance with Saudi Arabian fiscal regulations. The Zakat liabilities are charged to the income statement on an estimate basis. However, these liabilities will be accurately calculated in the annual financial statements.

Foreign currencies

Transactions in foreign currencies are recorded at the rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of income.

3 CASH AND CASH EQUIVALENTS

	2010 SR'000	2009 SR'000
Bank balances and cash	140,043	100,675
Investments in murabaha contracts	250,337	210,197
	<u>390,380</u>	<u>310,872</u>

Investment in Murabaha contracts represent short-term deposits with local banks in accordance with the practice adopted in respect of murabaha transactions in the kingdom of Saudi Arabia.

4 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2010 SR'000	2009 SR'000
Trade receivables - Government and quasi - governments institutions	48,277	74,182
Trade receivables - Private sector	10,413	12,976
	<u>58,690</u>	<u>87,158</u>
Less: provision for doubtful debts	(3,341)	(8,068)
Trade receivables, net	<u>55,349</u>	<u>79,090</u>
Prepaid expense	4,688	6,533
Margin deposits	4,489	6,634
Advances to suppliers	6,743	10,780
Accrued Zakat payments	3,489	3,489
Employees receivables	3,167	4,664
Other receivables	22,139	11,998
	<u>44,715</u>	<u>44,098</u>
Less: Provision for doubtful debts	(3,403)	(2,988)
Prepayments and other receivables, net	<u>41,312</u>	<u>41,110</u>
	<u>96,661</u>	<u>120,200</u>

5 SPARE PARTS INVENTORY

	2010 SR'000	2009 SR'000
Spare parts inventory	87,506	87,598
Provision for slow -moving inventory	(11,697)	(10,615)
	<u>75,809</u>	<u>76,983</u>

6 INVESTMENTS

Investments comprise the following as of 31 December:	2010 SR'000	2009 SR'000
Investments in available for sale securities (a)	55,382	47,146
Investments in an associate company (b)	7,052	6,484
	<u>62,434</u>	<u>53,630</u>

Saudi Public Transport Company
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NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2010

6 INVESTMENTS – continued

(a) The movement of investments in available for sale securities during the year was as follows:

	2010 SR'000	2009 SR'000
<i>Cost:</i>		
At beginning and end of the year	56,158	56,158
<i>Unrealized loss on revaluation:</i>		
At the beginning the year	(9,012)	(14,778)
Fair value adjustment	8,236	5,766
At the end of the year	<u>(776)</u>	<u>(9,012)</u>
<i>Net book value at the end of the year</i>	<u>55,382</u>	<u>47,146</u>

(b) The movement of the investment in the associate company was as follows:

	2010 SR'000	2009 SR'000
At the beginning the year	6,484	7,684
Share in company's earnings	1,368	-
Dividends received	(800)	(1,200)
At the end the year	<u>7,052</u>	<u>6,484</u>

Investment in an associated company comprises 40% of the interests in the Saudi Bahraini Transport Company, a limited liability company registered in Kingdom of Saudi Arabia. Investment in this Company is accounted for on equity basis based on the latest financial statement available.

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2010

7 PROPERTY, PLANT AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are as follows:

	Buildings 33 years 6 to 10 years	Buildings 5 to 20 years	Buildings SR'000	Buses & Trucks & Trailers SR'000	Machinery & equipment SR'000	Furniture & fixtures SR'000	Motor vehicles SR'000	Projects & buses in progress SR'000	Total 2010 SR'000	Total 2009 SR'000
Buses and trucks and trailers	Furniture and fixtures 3 to 10 years	Motor vehicles 3 to 6 years								
Machinery and equipment										
Cost:										
At the beginning of the year	355,782	360,182	355,782	2,082,228	74,610	13,440	23,269	58,430	2,967,941	2,790,770
Additions	-	782	-	5,670	6,313	2,656	14,862	38,500	68,783	258,780
Disposals	-	-	-	(108)	(298)	-	(285)	(578)	(1,269)	(81,609)
Transfers	-	4,584	-	-	(4,315)	1,175	1,471	(2,915)	-	-
At the end of the year	355,782	365,548	355,782	2,087,790	76,310	17,271	39,317	93,437	3,035,455	2,967,941
Depreciation:										
At the beginning of the year	-	267,340	-	1,368,409	50,316	9,027	18,950	-	1,714,042	1,654,510
Charge for the year	-	8,821	-	135,292	4,252	853	4,096	-	153,314	141,140
Disposals	-	-	-	-	-	-	(207)	-	(207)	(81,608)
Transfers	-	1,643	-	-	(4,139)	1,160	1,336	-	-	-
At the end of the year	-	277,804	-	1,503,701	50,429	11,040	24,175	-	1,867,149	1,714,042
Net book value:										
At 31 December 2010	355,782	87,744	355,782	584,089	25,881	6,231	15,142	93,437	1,168,306	1,253,899
At 31 December 2009	355,782	92,842	355,782	713,819	24,294	4,413	4,319	58,430		

The depreciation charge for the year is allocated in the statement of income as follows:

	2010 SR'000	2009 SR'000
Direct costs (note 16)	151,341	139,189
General and administration expense (note 17)	1,973	1,951
	<u>153,314</u>	<u>141,140</u>

8 ACCOUNTS PAYABLE AND ACCRUALS

	<i>2010</i>	<i>2009</i>
	<i>SR'000</i>	<i>SR'000</i>
Trade payables	60,650	87,833
Accrued expense	48,663	46,574
Retentions payable	7,001	6,597
Advanced income	8,727	12,080
Other payables	9,520	4,346
	<u>134,561</u>	<u>157,430</u>

9 MURABAHA LOANS

The Company has obtained murabaha loans from a local bank to finance the purchase of property, plant and equipment. These loans are secured by promissory notes and are repayable over three years from the dates of the loan agreements on 11 August 2007 and 19 August 2009 and carries murabaha costs in line with the rates prevailing for murabaha transaction in the Kingdom of Saudi Arabia.

Following are details of the loans:

	<i>2010</i>	<i>2009</i>
	<i>SR'000</i>	<i>SR'000</i>
Current portion		
Total loan amounts payable	33,230	61,504
Deferred murabaha commissions	(2,214)	(4,420)
	<u>31,016</u>	<u>57,084</u>
Non-current portion		
Total loan amounts payable	21,357	54,586
Deferred murabaha commissions	(1,477)	(3,924)
	<u>19,880</u>	<u>50,662</u>
Total, net	<u>50,896</u>	<u>107,746</u>

10 DIVIDENDS PAYABLE

These represent dividends declared in prior years and amounts due to the shareholders relating to the shares issued in prior years. Such amounts have not been claimed by the respective shareholders up to the date of the financial statements.

11 ZAKAT

Provision for zakat for the year is calculated as follows:

	2010 SR'000	2009 SR'000
Equity	1,369,168	1,432,502
Opening provisions and other adjustments	236,389	152,696
Book value of long term assets	(1,695,203)	(1,753,689)
	<u>(89,646)</u>	<u>(168,491)</u>
Zakatable income for the year	<u>80,158</u>	<u>68,122</u>
Zakat base	<u>80,158</u>	<u>68,122</u>

The difference between the financial and zakatable results is mainly due to provisions which are not allowed in the calculation of zakatable income.

Movement in provision for Zakat

The Movement in Zakat provision was as follows:

	2010 SR'000	2009 SR'000
Balance at the beginning of the year	6,158	8,112
Provided during the year	2,008	1,700
Paid during the year	(1,547)	(3,654)
Balance at the end of the year	<u>6,619</u>	<u>6,158</u>

The Company has obtained zakat certificates up to the year 2004. The Company has filed zakat returns for the years 2005 to 2009 and settled the related zakat dues accordingly. The final assessments for the said years have not yet been received.

12 SHARE CAPITAL

The share capital consists of 125 million shares of SR 10 each (2009: 125 million shares)

13 STATUTORY RESERVE

In accordance with the Saudi Regulations for Companies, the company must set aside 10% of the net income for the year to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 50% of the share capital. The statutory reserve is not available for distribution.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2010

14 CONTRACTUAL RESERVE

In accordance with the its bye-laws, the Company must set aside 5% of the income for the year to the contractual reserve until it has built up a reserve equal to 25% of the share capital. This reserve may be used for the purpose authorized by the Board of Directors.

15 REVENUES

	<i>2010</i> <i>SR'000</i>	<i>2009</i> <i>SR'000</i>
Passenger transport	540,275	526,625
Contracts and rentals	196,676	176,952
Head office and sand transport activity (Note 1)	9,323	48,853
	<u>746,274</u>	<u>752,430</u>

16 DIRECT COSTS

	<i>2010</i> <i>SR'000</i>	<i>2009</i> <i>SR'000</i>
Salaries and related benefits	265,562	263,871
Depreciation (Note 7)	151,341	139,189
Maintenance and repair	120,789	122,724
Contractual services	26,877	24,148
Insurance	15,820	17,588
General services	14,615	13,410
Passenger services	13,805	11,992
Rentals	11,287	13,459
Visa fees	4,381	4,834
Rent and service fees relating to the sand transport activity (Note 1)	-	34,698
Miscellaneous expense	2,528	3,848
	<u>627,005</u>	<u>649,761</u>

17 GENERAL AND ADMINISTRATION EXPENSES

	<i>2010</i> <i>SR'000</i>	<i>2009</i> <i>SR'000</i>
Salaries and related costs	25,640	40,592
Depreciation (Note 7)	1,973	1,951
Consultancy fees	9,432	4,512
Rentals	1,956	2,449
Maintenance and cleaning	1,365	1,829
Telephone, electricity and water	1,337	831
Board of Directors' expenses	592	451
Committee membership remuneration	575	-
Other	1,778	1,128
	<u>44,648</u>	<u>53,743</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2010

18 **MARKETING EXPENSES**

	2010 SR'000	2009 SR'000
Domestic agents' commission	18,895	18,856
International agents' commission	5,881	5,236
Advertising	2,772	4,620
Publicity and promotions	1,876	1,656
Provision for doubtful debts	2,000	1,923
Provision for slow moving and obsolete items	1,082	1,689
	<u>32,506</u>	<u>33,980</u>

19 **OTHER INCOME**

	2010 SR'000	2009 SR'000
Advertising Income	5,000	10,000
Gains on sale of property, plant and equipment	-	2,581
Penalties on suppliers	2,311	1,926
Rental income	1,743	2,049
Gain on sale of scrap	876	900
Amortization of deferred charges	879	670
Other	1,049	2,705
	<u>11,858</u>	<u>20,831</u>

20 **EARNINGS PER SHARE**

Earnings per share attributable to the net income from main operations and net income for the year is calculated on the basis of income from main operations and net income for the year divided by the weighted average number of shares outstanding during the year.

21 **SEGMENTAL INFORMATION**

The Company's operations are mainly conducted in the Kingdom of Saudi Arabia.

In accordance with the resources allocation policy, the Company consists of three main operating segments as follows:

Passenger Scheduled Transport

Includes scheduled transport services which incorporate inter and intra city passenger transport within the Kingdom, as well as international transport services which is the major segment of the Company.

Contract and Leasing

Incorporates transport services per lease agreements contracted with others either Governmental or Non-governmental parties inside and outside the Kingdom.

Head Office

Includes the headquarter of the Company, financial information attributable to support units activities, activities under establishment and development and carrying of sand and gravel activity, which has been stopped on 10 Dhul Hijjah 1430H corresponding to 26 November 2009 (Note 1).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2010

21 SEGMENTAL INFORMATION – continued

Description	Passenger transport SR'000	Contracts and leases SR'000	Head Office SR'000	Total SR'000
2010				
1. Total revenue	540,275	196,676	9,323	746,274
2. Gross profit (loss)	88,150	34,942	(3,823)	119,269
3. Property, plant & equipment	408,553	375,632	384,121	1,168,306
4. Total assets	469,580	481,782	842,228	1,793,590
5. Total liabilities	148,763	92,574	106,704	348,041
2009				
1. Total revenue	526,625	176,952	48,853	752,430
2. Gross profit	78,846	5,238	18,585	102,669
3. Property, plant & equipment	523,668	342,144	388,087	1,253,899
4. Total assets	602,104	455,220	758,260	1,815,584
5. Total liabilities	213,823	106,137	108,327	428,287

22 RELATED PARTIES TRANSACTION

Following are the details of major related party transactions during the year and balances at the year end.

Related Party	Nature of transaction	Amount of Transaction		Balance	
		2010 SR'000	2009 SR'000	2010 SR'000	2009 SR'000
Board of Directors members	Remuneration	-	1,800	-	-
	Expenses	592	451	-	-
	Committee membership bonus	575	-	575	-
Associate company	Services provided	519	777	9,8	1,8
	Services received	529	542	-	-

23 CONTINGENT LIABILITIES

The Company's bankers have issued, on its behalf, guarantees and acceptances limited to SR 4 million as at 31 December 2010 (2009 – SR 6.2 million) during the normal course of business.

24 RISK MANAGEMENT

Commission rate risk

The Company is subject to commission rate risk on its commission bearing assets and liabilities, including Islamic Murabaha deposits, and loans.

Credit risk

Credit risk is the risk that one party of a financial instrument will fail to discharge an obligation and which causes the other party to incur a financial loss. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual and agents and monitoring outstanding receivables. At the balance sheet date, no significant concentrations of credit risk were identified by the management, except for transactions with governmental institutions as set out in Note (4).

24 RISK MANAGEMENT (continued)

Liquidity risk

The Company limits its liquidity risk by ensuring that the sufficient liquid funds are available to meet its future obligations.

Currency risk

The Company is subject to fluctuations in foreign exchange rates in the normal course of its business. The Company did not undertake significant transactions in currencies other than Saudi Riyals, Egyptian Pounds, US Dollars and Euros during the year.

25 LEGAL CASE

During the year ended 31 December 2010, the Company lodged a case against one of the contractors, to collect amounts payable to the Company against services rendered to that contractee. The case is still pending before the judicial authorities and the management believes that the ultimate outcome will be in the favor of the Company.

26 APPROVAL OF THE FINANCIAL STATEMENTS AND APPROPRIATION OF DIVIDENDS

The Company's board of directors, in its meeting held on 19 Safar 1432H corresponding to 23 January 2011, proposed to distribute dividends of SR 62.5 million (at SR 0.5 per share), subject to the approval of the General Assembly in its next meeting.

The Board of Directors also approved in its meeting held on 13 Rabi Awal 1432H corresponding to 16 February 2011 the financial statements for the year ended 31 December 2010, and proposed board of directors' remunerations of SR 1.8 million.

27 COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified to conform to the presentation in the current year.

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