

**UNITED INTERNATIONAL  
TRANSPORTATION COMPANY**  
(A Saudi Joint Stock Company)

**UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

For the three-month and nine-month periods ended September 30, 2013  
with

**INDEPENDENT AUDITORS' REVIEW REPORT**



**KPMG Al Fozan & Al Sadhan**  
9th Floor, Tower A, Zahran Business Centre  
Prince Sultan Street  
P. O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia

Telephone +966 12 6989595  
Fax +966 12 605 0597  
Internet www.kpmg.com.sa  
License No. 46/11/323 issued 11/3/1992

## REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Shareholders  
United International Transportation Company  
Jeddah, Kingdom of Saudi Arabia

### Scope of Review

We have reviewed the accompanying interim consolidated balance sheet of United International Transportation Company ("the Company") and its subsidiaries ("the Group") as at September 30, 2013, the related interim consolidated statement of income for three and nine-month periods then ended, interim consolidated statements of cash flows and changes in equity for nine-month period then ended and the attached condensed notes from 1 to 11 which form an integral part of these interim condensed consolidated financial statements. These interim condensed consolidated financial statements are the responsibility of the Group's management and have been prepared by them and submitted to us together with all the information and explanations, which we required. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with the Auditing Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

### Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed consolidated financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

**For KPMG Al Fozan & Al Sadhan**

Ebrahim Oboud Baeshen  
License No. 382

Jeddah on Dhul Hijjah 23, 1434H  
Corresponding to October 28, 2013



**UNITED INTERNATIONAL TRANSPORTATION COMPANY**  
(A Saudi Joint Stock Company)

**INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)**  
As at September 30, 2013

	<u>Notes</u>	<u>2013</u> <u>SR</u>	<u>2012</u> <u>SR</u>
<b><u>ASSETS</u></b>			
<b>Current assets:</b>			
Cash and cash equivalents		18,897,618	19,685,892
Trade receivable - net		99,795,904	59,636,107
Inventories		4,814,504	4,616,446
Prepayments and other current assets		23,691,802	24,878,317
<b>Total current assets</b>		<u>147,199,828</u>	<u>108,816,762</u>
<b>Non-current assets:</b>			
Investment in an associate		28,111,891	26,886,729
Property and equipment		1,163,953,024	998,274,879
<b>Total non-current assets</b>		<u>1,192,064,915</u>	<u>1,025,161,608</u>
<b>Total assets</b>		<u>1,339,264,743</u>	<u>1,133,978,370</u>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>Current liabilities:</b>			
Current portion of long-term bank debts	4	313,504,037	223,647,708
Accounts payable		108,710,549	129,253,973
Accrued expenses and other current liabilities		24,378,064	21,018,534
Accrued Zakat and income tax		4,909,493	2,256,403
<b>Total current liabilities</b>		<u>451,502,143</u>	<u>376,176,618</u>
<b>Non-current liabilities:</b>			
Long-term bank debts	4	206,651,993	172,858,794
Employees' end of service benefits		27,224,042	24,496,791
<b>Total non-current liabilities</b>		<u>233,876,035</u>	<u>197,355,585</u>
<b>Total liabilities</b>		<u>685,378,178</u>	<u>573,532,203</u>
<b><u>EQUITY</u></b>			
<b>Equity attributable to Company's shareholders:</b>			
Share capital	5	305,000,000	244,000,000
Statutory reserve		75,202,915	60,369,439
Foreign currency translation account		(167,140)	18,775
Retained earnings		273,396,707	255,828,553
<b>Total shareholders' equity</b>		<u>653,432,482</u>	<u>560,216,767</u>
<b>Non-controlling interest</b>		<u>454,083</u>	<u>229,400</u>
<b>Total equity</b>		<u>653,886,565</u>	<u>560,446,167</u>
<b>Total liabilities and equity</b>		<u>1,339,264,743</u>	<u>1,133,978,370</u>

The accompanying notes 1 through 11 form an integral part of these interim condensed consolidated financial statements.

Approved by:





Chairman

Chief Executive Officer

Chief Financial Officer


**UNITED INTERNATIONAL TRANSPORTATION COMPANY**  
(A Saudi Joint Stock Company)

**INTERIM CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)**  
For the three-month and nine-month periods ended September 30, 2013

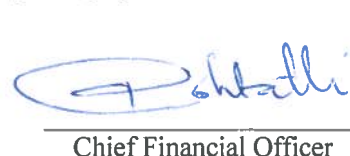
	Notes	Three-month period ended		Nine-month period ended	
		2013 SR	2012 SR	2013 SR	2012 SR
Revenue	8	168,683,374	147,492,596	488,942,145	428,839,885
Cost of revenue		(140,473,031)	(127,186,336)	(408,686,896)	(355,221,809)
<b>Gross profit</b>		<b>28,210,343</b>	<b>20,306,260</b>	<b>80,255,249</b>	<b>73,618,076</b>
<b>Expenses:</b>					
General and administrative expenses		(7,627,173)	(10,456,576)	(24,686,982)	(30,970,572)
Marketing expenses		(7,560,153)	(6,484,480)	(22,188,601)	(20,170,470)
<b>Total expenses</b>		<b>(15,187,326)</b>	<b>(16,941,056)</b>	<b>(46,875,583)</b>	<b>(51,141,042)</b>
<b>Income from operations</b>		<b>13,023,017</b>	<b>3,365,204</b>	<b>33,379,666</b>	<b>22,477,034</b>
Gain on sale of vehicles		29,014,953	30,533,611	88,765,684	75,044,011
<b>Income from continued operations</b>		<b>42,037,970</b>	<b>33,898,815</b>	<b>122,145,350</b>	<b>97,521,045</b>
<b>Other (expenses)/income:</b>					
Finance charges		(3,235,317)	(2,589,131)	(8,873,242)	(6,989,854)
Share of profit from an associate		222,421	245,871	950,562	386,729
Other income-net		463,555	488,233	2,387,522	1,816,084
<b>Total other expenses-net</b>		<b>(2,549,341)</b>	<b>(1,855,027)</b>	<b>(5,535,158)</b>	<b>(4,787,041)</b>
<b>Net income before zakat and income tax and non-controlling interest</b>		<b>39,488,629</b>	<b>32,043,788</b>	<b>116,610,192</b>	<b>92,734,004</b>
Zakat and income tax		(1,005,431)	(836,826)	(3,463,328)	(2,479,900)
<b>Net income before non-controlling interest</b>		<b>38,483,198</b>	<b>31,206,962</b>	<b>113,146,864</b>	<b>90,254,104</b>
Share of non-controlling interest in net (profit) / loss of the consolidated subsidiary		(14,923)	118,482	(448,980)	(114,921)
<b>Net income for the period</b>		<b>38,468,275</b>	<b>31,325,444</b>	<b>112,697,884</b>	<b>90,139,183</b>
<b>Earnings per share</b>	6	<b>1.26</b>	<b>1.03</b>	<b>3.70</b>	<b>2.96</b>

The accompanying notes I through 11 form an integral part of these interim condensed consolidated financial statements.

Approved by:

  
Chairman

  
Chief Executive Officer

  
Chief Financial Officer

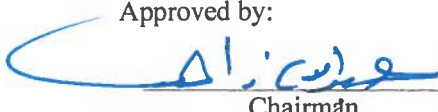


**UNITED INTERNATIONAL TRANSPORTATION COMPANY**  
(A Saudi Joint Stock Company)

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
For the nine-month period ended September 30, 2013

	<u>2013</u> SR	<u>2012</u> SR
<b>Cash flows from operating activities:</b>		
Net income for the period	112,697,884	90,139,183
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	281,502,738	241,648,123
Amortisation of payment under operating lease	--	4,136,134
Share of non-controlling interest in the net income of the consolidated subsidiary	448,980	114,921
Finance charges	8,873,242	6,989,854
Gain on sale of vehicles	(88,765,684)	(75,044,011)
Provision for Zakat and income tax	3,463,328	2,479,900
Share of profit from an associate	(950,562)	(386,729)
<b>Changes in operating assets and liabilities:</b>		
Trade receivables	(26,483,898)	35,565,875
Inventories	(579,274)	(503,008)
Prepayments and other current assets	(2,993,520)	(4,915,303)
Accounts payables	27,697,127	5,851,301
Accrued expenses and other current liabilities	3,591,833	(8,057,046)
Employees' end of service benefits	3,989,749	4,498,277
Total adjustments	<u>322,491,943</u>	<u>302,517,471</u>
Zakat and income tax paid	<u>(3,154,483)</u>	<u>(3,734,499)</u>
Net cash provided by operating activities	<u>319,337,460</u>	<u>298,782,972</u>
<b>Cash flows from investing activities:</b>		
Investment in an associate	--	(26,500,000)
Additions to property and equipment	(513,325,629)	(480,895,135)
Proceeds from sale of property and equipment	159,774,480	161,733,793
Net cash used in investing activities	<u>(353,551,149)</u>	<u>(345,661,342)</u>
<b>Cash flows from financing activities:</b>		
Changes in long-term bank debts, net	97,622,071	83,313,810
Financial charges paid	(8,873,242)	(6,989,854)
Other changes in non-controlling interest	(89,999)	10,110
Director's remuneration paid	(1,350,000)	(1,350,000)
Net movement in foreign currency translation	(124,838)	22,430
Dividends paid	(51,239,998)	(35,155,535)
Net cash provided by financing activities	<u>35,943,994</u>	<u>39,850,961</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,730,305</b>	<b>(7,027,409)</b>
Cash and cash equivalents at beginning of the period	<u>17,167,313</u>	<u>26,713,301</u>
<b>Cash and cash equivalents at end of the period</b>	<b><u>18,897,618</u></b>	<b><u>19,685,892</u></b>

The accompanying notes 1 through 11 form an integral part of these interim condensed consolidated financial statements.

Approved by:

Chairman
Chief Executive Officer
Chief Financial Officer


**UNITED INTERNATIONAL TRANSPORTATION COMPANY**  
(A Saudi Joint Stock Company)  
**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
For the nine-month period ended September 30, 2013

	Equity attributable to Company's shareholders							
	Share capital	Proposed capital -	Statutory	Foreign	Retained	Total	Non-	
	SR	bonus shares	reserve	currency	earnings	SR	controlling	
	SR	SR	SR	account	SR	SR	interest	Total
				SR			SR	SR
<b>September 30, 2012</b>								
Balance at January 1, 2012	183,000,000	--	51,355,521	(3,655)	282,803,288	517,155,154	104,369	517,259,523
Proposed capital - bonus shares	--	61,000,000	--	--	(61,000,000)	--	--	--
Bonus shares issued	61,000,000	(61,000,000)	--	--	--	--	--	--
Final dividend	--	--	--	--	(45,750,000)	(45,750,000)	--	(45,750,000)
Net income for the period	--	--	--	--	90,139,183	90,139,183	114,921	90,254,104
Transfer to statutory reserve	--	--	9,013,918	--	(9,013,918)	--	--	--
Director's remuneration	--	--	--	--	(1,350,000)	(1,350,000)	--	(1,350,000)
Foreign currency translation adjustment	--	--	--	22,430	--	22,430	10,110	32,540
<b>Balance at September 30, 2012</b>	<b>244,000,000</b>	<b>--</b>	<b>60,369,439</b>	<b>18,775</b>	<b>255,828,553</b>	<b>560,216,767</b>	<b>229,400</b>	<b>560,446,167</b>
<b>September 30, 2013</b>								
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 capital - bonus shares	--	61,000,000	--	--	(61,000,000)	--	--	--
Bonus shares issued	61,000,000	(61,000,000)	--	--	--	--	--	--
Final dividend	--	--	--	--	(51,239,998)	(51,239,998)	--	(51,239,998)
Net income for the period	--	--	--	--	112,697,884	112,697,884	448,980	113,146,864
Transfer to statutory reserve	--	--	11,269,788	--	(11,269,788)	--	--	--
Director's remuneration	--	--	--	--	(1,350,000)	(1,350,000)	--	(1,350,000)
Foreign currency translation adjustment	--	--	--	(124,838)	--	(124,838)	(89,999)	(214,837)
<b>Balance at September 30, 2013</b>	<b>305,000,000</b>	<b>--</b>	<b>75,202,915</b>	<b>(167,140)</b>	<b>273,396,707</b>	<b>653,432,482</b>	<b>454,083</b>	<b>653,886,565</b>

The accompanying notes 1 through 11 form an integral part of these interim condensed consolidated financial statements.

Approved by:

  
Chairman

  
Chief Executive Officer

  
Chief Financial Officer

**UNITED INTERNATIONAL TRANSPORTATION COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)**

For the nine-month period ended September 30, 2013

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**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.

At September 30, the Company has investments in the following subsidiaries (collectively described as "the Group").

<u>Name</u>	<u>Country of Incorporation</u>	<u>Effective ownership interest (%)</u>	
		<u>2013</u>	<u>2012</u>
Unitrans Infotech Services India Private Limited ("Unitrans Infotech")	India	65%	65%
Aljozor Alrasekha Trucking Company Limited ("Aljozor")	Kingdom of Saudi Arabia	100%	100%

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

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 27.16 million. THL is engaged in the business of operating lease of motor vehicles including passenger cars, commercial vehicles and specialized vehicles. The investment is classified as an investment in an associate.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

The accompanying interim condensed consolidated financial statements have been prepared in accordance with the standard for Interim Financial Information issued by the Saudi Organization for Certified Public Accountants (SOCPA).

These interim condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements of the Group for the year ended December 31, 2012.

**(b) Basis of measurement**

These interim condensed 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.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)**  
For the nine-month period ended September 30, 2013

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**2. BASIS OF PREPARATION (continued)**

**(c) Functional and presentation currency**

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

**(d) Critical accounting judgements and estimates**

The preparation of interim condensed 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:

*Vehicles (included under Property and Equipment)*

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in the Group interim condensed consolidated financial statements.

**(a) Basis of consolidation**

These interim condensed 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 to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiary are included in the interim condensed consolidated financial statements from the date that control commences until the date control ceases.



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)**

For the nine-month period ended September 30, 2013

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(a) Basis of consolidation (continued)**

All intra-group balances and financial transactions resulting from transactions between the Company and the subsidiaries are eliminated in preparing these interim condensed 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 interim consolidated statement of income.

**(c) Foreign currency translation**

The interim condensed 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 interim consolidated statement of income.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)**

For the nine-month period ended September 30, 2013

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(c) Foreign currency translation (continued)**

Assets and liabilities of foreign subsidiary are translated into Saudi Arabian Riyals at the exchange rates in effect at the date of the interim condensed 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 are 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 account) attributable to shareholders of the Company in the interim condensed 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.

**(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 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.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)**

For the nine-month period ended September 30, 2013

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(g) Property and equipment (continued)**

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

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

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and is recognised separately in interim consolidated statement of income.

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.

**(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 interim consolidated statement of income over the instalment term at a constant periodic basis.

**(k) Accounts payables 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.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)**

For the nine-month period ended September 30, 2013

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(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 interim 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**

General & administrative expenses and marketing 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 revenue 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 interim 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.

**(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.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)**

For the nine-month period ended September 30, 2013

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(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. LONG-TERM BANK DEBTS**

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

**5. SHARE CAPITAL AND DIVIDEND DECLARATION**

At September 30, 2013, the Company's share capital of SR 305 million (2012: SR 244 million) consists of 30.5 million (2012: 24.4 million) fully paid shares of SR 10 each.

On January 19, 2013, the Board of Directors , proposed final cash dividend of SR 51.24 million (representing SR 2.1 per share) for the year ended December 31, 2012. The Board of Directors in the same meeting also proposed to increase the Company's share capital to SR 305 million by issuing one bonus share for every four ordinary shares outstanding as of that date. Later, the shareholders in the Extraordinary General Assembly Meeting on April 17, 2013, approved the Board's proposal and authorized issuance of 6.1 million bonus share at a nominal value SR 10 each and resultantly the share capital of the Company was increased from SR 244 million to SR 305 million. The legal formalities for the increase in capital was completed on May 25, 2013.

**6. EARNINGS PER SHARE**

Earnings per share (EPS) for the three month and nine-month periods ended September 30, 2013 and September 30, 2012 have been computed by dividing the net income for the period by 30.5 million shares (including bonus shares).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)**

For the nine-month period ended September 30, 2013

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**7. RESULTS INDICATOR**

The Group makes all significant adjustments required to present fairly in all material respects the interim financial position and results of operations at each reporting date. However, the results of operations for the three month and nine-month periods may still not represent an accurate indicator of the actual results for the full year due to seasonal volatility in business.

**8. SEGMENT INFORMATION**

The Company has one operating segment representing leasing vehicles under short to long term contracts. Moreover, its principal operations are carried out within Kingdom of Saudi Arabia; therefore, financial information has not been segmented into various business or geographical segments. Subsidiary's financial information is not significant for Group financial statements for segment reporting purposes.

**9. CONTINGENT LIABILITIES**

At September 30, 2013, the Group had outstanding letters of guarantee amounting to SR 9,586,205 (2012: SR 5,118,086) issued by the local banks on behalf of Company in the ordinary course of business.

**10. COMPARATIVE RECLASSIFICATION**

Certain comparative figures have been reclassified to conform to the current period's presentation.

**11. APPROVAL OF THE FINANCIAL STATEMENTS**

The interim condensed consolidated financial statements have been approved by the Board of Directors on Dhul Hijjah 23, 1434H, corresponding to October 28, 2013.