UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A SAUDI JOINT STOCK COMPANY) AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2016

Building a better working world

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AUDITORS' REPORT TO THE SHAREHOLDERS OF UNITED INTERNATIONAL TRANSPORTATION COMPANY (A SAUDI JOINT STOCK COMPANY)

Scope of audit

We have audited the accompanying consolidated balance sheet of United International Transportation Company - A Saudi Joint Stock Company - ("the Parent Company") and its subsidiaries ("the Group") as at 31 December 2016, and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended. These consolidated financial statements are the responsibility of the Group's management and have been prepared by them in accordance with the requirements 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 consolidated financial statements based on our audit. We conducted our audit in accordance with 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 consolidated financial statements.

Unqualified opinion

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

i) present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016 and of the consolidated results of its operations and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

ii) comply with the requirements of the Regulations for Companies and the Parent Company's bye-laws in so far as they effect the preparation and presentation of the consolidated financial statements.

for Ernst & Young

Husam Faisal Bawared
Certified Public Accountant
Licence No. 393

21 Rabi' II 1438H
19 January 2017

Jeddah

16/524/TNM

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A SAUDI JOINT STOCK COMPANY) AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
As at 31 December 2016

	Note	2016 SR'000	2015 SR'000
ASSETS			
CURRENT ASSETS			
Bank balances and cash	4	**20,745**	22,078
Trade receivables, net	5	**164,405**	123,642
Prepayments and other receivables	6	**20,680**	17,044
Inventories		**2,152**	3,643
Assets held for sale		**16,438**	11,516
TOTAL CURRENT ASSETS		**224,420**	177,923
NON-CURRENT ASSETS			
Property and equipment	7	**1,397,426**	1,498,810
Investment in associates	8	**17,951**	26,061
TOTAL NON-CURRENT ASSETS		**1,415,377**	1,524,871
TOTAL ASSETS		**1,639,797**	1,702,794
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Current portion of long-term bank debts	9	**372,571**	400,672
Accounts payable	10	**95,468**	71,351
Accrued expenses and other liabilities	11	**37,927**	39,107
Zakat and income tax payable	12	**7,687**	5,246
TOTAL CURRENT LIABILITIES		**513,653**	516,376
NON-CURRENT LIABILITIES			
Non-current portion of long-term bank debts	9	**92,936**	249,259
Employees' end of service benefits	13	**37,870**	35,655
TOTAL NON-CURRENT LIABILITIES		**130,806**	284,914
TOTAL LIABILITIES		**644,459**	801,290
EQUITY			
Share capital	14	**610,000**	508,333
Statutory reserve	15	**132,381**	114,936
Retained earnings		**252,957**	278,235
TOTAL EQUITY		**995,338**	901,504
TOTAL LIABILITIES AND EQUITY		**1,639,797**	1,702,794

Chairman　　Chief Executive Officer　　Chief Financial Officer

The attached notes 1 to 29 form part of these consolidated financial statements.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A SAUDI JOINT STOCK COMPANY) AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
Year ended 31 December 2016

	Note	*2016 SR'000*	*2015 SR'000*
Revenue	18	**866,844**	875,570
Cost of revenue	19	**(732,094)**	(735,067)
GROSS PROFIT		**134,750**	140,503
EXPENSES			
Marketing	20	**(31,473)**	(35,399)
General and administration	21	**(49,990)**	(40,391)
		(81,463)	(75,790)
INCOME FROM OPERATIONS		**53,287**	64,713
Gain on sale of vehicles		**143,244**	143,172
INCOME FROM CONTINUING OPERATIONS		**196,531**	207,885
OTHER (EXPENSES)/INCOME			
Other income, net		**9,577**	7,455
Share of results of associates	8	**(1,491)**	(3,978)
Impairment of investment in an associate	2.1(b) & 8	**(6,619)**	-
Financial charges		**(16,063)**	(16,443)
NET INCOME BEFORE ZAKAT AND INCOME TAX AND NON-CONTROLLING INTERESTS		**181,935**	194,919
Zakat and income tax	3 & 12	**(7,485)**	(5,772)
NET INCOME BEFORE NON-CONTROLLING INTEREST		**174,450**	189,147
Non-controlling interest		**-**	(379)
NET INCOME FOR THE YEAR		**174,450**	188,768
EARNINGS PER SHARE			
Weighted average number of ordinary shares outstanding (in thousands) (comparatives restated)		**61,000**	61,000
Earnings per share on income from continuing operations (in SR per share) (comparatives restated)	17	**3.22**	3.41
Earnings per share on net income for the year (in SR per share) (comparatives restated)	17	**2.86**	3.10

Chairman Chief Executive Officer Chief Financial Officer

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UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A SAUDI JOINT STOCK COMPANY) AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2016

	Note	*2016* *SR'000*	*2015* *SR'000*
OPERATING ACTIVITIES			
Net income for the year		**174,450**	188,768
Adjustments for:			
Depreciation	7	**520,673**	502,635
Amortisation of payment under operating lease		**1,031**	10,041
Provision for employees' end of service benefits	13	**4,228**	4,809
Financial charges		**16,063**	16,443
Gain on disposal of vehicles		**(143,244)**	(143,172)
Gain on disposal of subsidiary		**-**	(994)
Share of results of associates	8	**1,491**	3,978
Impairment of investment in an associate	8	**6,619**	-
Non-controlling interest		**-**	379
Zakat and income tax	12	**7,485**	5,772
		588,796	588,659
Changes in operating assets and liabilities:			
Trade receivables, net		**(40,763)**	(18,944)
Prepayments and other receivables		**(5,743)**	16,589
Inventories		**1,491**	645
Accounts payable		**24,117**	11,989
Accrued expenses and other liabilities		**(3,695)**	16,228
Cash from operations		**564,203**	615,166
Zakat and income tax paid	12	**(5,044)**	(5,655)
Employees' end of service benefits paid	13	**(2,064)**	(905)
Net cash from operating activities		**557,095**	608,606
INVESTING ACTIVITIES			
Investment in an associate	8	**-**	(808)
Investment in an subsidiary		**-**	(1,181)
Purchase of property and equipment	7	**(594,505)**	(781,908)
Proceeds from disposal of property and equipment		**314,614**	275,075
Net cash used in investing activities		**(279,891)**	(508,822)
FINANCING ACTIVITIES			
Net movement in long term bank debts		**(184,424)**	(6,509)
Financial charges paid		**(16,063)**	(16,443)
Net movement in non-controlling interest		**-**	(811)
Directors' remuneration paid	16 (c)	**(1,800)**	(4,548)
Dividends paid	14	**(76,250)**	(69,133)
Net cash used in financing activities		**(278,537)**	(97,444)
(DECREASE)/INCREASE IN BANK BALANCES AND CASH		**(1,333)**	2,340
Net movement in foreign currency translation reserve		**-**	(30)
Bank balances and cash at the beginning of the year		**22,078**	19,768
BANK BALANCES AND CASH AT THE END OF THE YEAR	4	**20,745**	22,078

The attached notes 1 to 29 form part of these consolidated financial statements.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A SAUDI JOINT STOCK COMPANY) AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
Year ended 31 December 2016

	Note	2016 SR'000	2015 SR'000
SUPPLEMENTARY INFORMATION OF NON-CASH TRANSACTION			
Assets held for sale, net		**4,922**	11,516
Advance rent for vehicles acquired under operating lease		**1,076**	-
Net assets relating to subsidiary disposed-off	2(b)(ii)	**-**	1,609
Actuarial loss of Employees' end of service benefits charged to retained earnings	13	**51**	-
Directors' remuneration credited to due to related parties	16(c)	**2,515**	-

Chairman

Chief Executive Officer

Chief Financial Officer

The attached notes 1 to 29 form part of these consolidated financial statements.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A SAUDI JOINT STOCK COMPANY) AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Year ended 31 December 2016

	Equity attributable to the shareholders of the Parent Company							
	Share capital SR'000	*Proposed increase in capital – bonus shares SR'000*	*Statutory reserve SR'000*	*Foreign currency translation reserve SR'000*	*Retained earnings SR'000*	*Total SR'000*	*Non-controlling interest SR'000*	*Total SR'000*
Balance at 31 December 2014	406,667	-	96,059	30	283,691	786,447	432	786,879
Proposed increase in capital - bonus shares	-	101,666	-	-	(101,666)	-	-	-
Bonus shares issued (note 14)	101,666	(101,666)	-	-	-	-	-	-
Final dividends for 2014 (note 14)	-	-	-	-	(69,133)	(69,133)	-	(69,133)
Net income for the year	-	-	-	-	188,768	188,768	379	189,147
Transfer to statutory reserve (note 15)	-	-	18,877	-	(18,877)	-	-	-
Director's remuneration (note 16 (c))	-	-	-	-	(4,548)	(4,548)	-	(4,548)
Foreign currency translation adjustment	-	-	-	(30)	-	(30)	-	(30)
Relating to disposed subsidiary	-	-	-	-	-	-	(811)	(811)
Balance at 31 December 2015	508,333	-	114,936	-	278,235	901,504	-	901,504
Proposed increase in capital - bonus shares	-	101,667	-	-	(101,667)	-	-	-
Bonus shares issued (note 14)	101,667	(101,667)	-	-	-	-	-	-
Final dividends for 2015 (note 14)	-	-	-	-	(76,250)	(76,250)	-	(76,250)
Net income for the year	-	-	-	-	174,450	174,450	-	174,450
Transfer to statutory reserve (note 15)	-	-	17,445	-	(17,445)	-	-	-
Director's remuneration (note 16 (c))	-	-	-	-	(4,315)	(4,315)	-	(4,315)
Actuarial loss recognised during the year relating to employees' terminal benefits liability (note 13)	-	-	-	-	(51)	(51)	-	(51)
Balance at 31 December 2016	**610,000**	-	**132,381**	-	**252,957**	**995,338**	-	**995,338**

Chairman　　　　Chief Executive Officer　　　　Chief Financial Officer

The attached notes 1 to 29 form part of these consolidated financial statements.

1 ACTIVITIES

United International Transportation Company ("the Parent Company"), is a Saudi Joint Stock Company registered in Jeddah, Kingdom of Saudi Arabia under Commercial Registration No. 4030017038 dated 7 Shabaan 1428H (corresponding to 20 August 2007).

The principal activities of the Parent Company are leasing and rental of vehicles under the commercial name of "Budget Rent a Car" as per the license No. 0202000400 issued by the Ministry of Transportation in the Kingdom of Saudi Arabia.

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

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

The parent Company was listed on Saudi Stock Exchange on 1 September 2007.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

a) STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia (see note 28).

b) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (hereinafter referred to as "the Group"). Subsidiaries are companies in which the Group has, directly or indirectly, long term investment comprising an interest of more than 50% in the voting capital or over which it exerts control. Subsidiaries are consolidated from the date the Group obtains control until the date that such control ceases. The consolidated financial statements are prepared on the basis of the individual financial statements of the Parent Company and the audited financial statements of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interest represents the portion of profit or loss and net assets that are not held by the Group, and if material, are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet, separately from equity attributable to the shareholders of the Parent Company .

The consolidated financial statements are expressed in Saudi Riyals, being the functional currency of the Parent Company and have been rounded off to the nearest thousand, unless otherwise specified.

The following are the details of the subsidiary:

Name	*Principal field of activity*	*Country of incorporation*	*% of capital held (directly or indirectly)*	
			2016	*2015*
Aljozoor Alrasekha Trucking Company Limited ("Rahaal")	Leasing and rental of heavy vehicles and equipment	Kingdom of Saudi Arabia	**100%**	100%

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (continued)

b) BASIS OF CONSOLIDATION (continued)

The following are the details of the associates:

Name	*Principal field of activity*	*% of capital held (directly or indirectly)*	
		2016	*2015*
Tranzlease Holdings India Private Limited ("THL") (note i)	Operating lease of motor vehicles	**32.96%**	32.96%
Unitrans Infotech Services India Private Limited ("Unitrans Infotech") (note ii)	Providing Information Technology services	**49%**	49%

i) During 2012, the Parent Company acquired 32.75% stake in Tranzlease Holdings India Private Limited ("THL"), a Private Limited Company in India. 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. During 2015, the shareholding was increased to 32.96%. During the year, based on a valuation report received from an independent third party expert, an impairment of SR 6.6 million was recorded and charged to consolidated statement of income.

ii) The Parent Company was having 65% ownership interest in Unitrans Infotech. On 30 September 2015, the Parent Company acquired 100% ownership of Unitrans Infotech and on the same day disposed off 51% ownership interest and lost control of the subsidiary. The results of Unitrans Infotech's operations and its cash flows for the period from 1 January 2015 to 30 September 2015 have been consolidated in these consolidated financial statements. Effective 1 October 2015, Unitrans Infotech has been classified as an associate and accounted as to such. The assets of the subsidiary at the date of disposal amounted to SR 1,609 thousands and a gain on sale of SR 994 thousands was recognised.

c) BASIS OF PREPERATION

The consolidated financial statements are prepared under the historical cost basis using the accrual basis of accounting and the going concern concept.

Use of estimate
The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

d) FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Saudi Arabian Riyals (SR), which is the functional currency of the Group. All financial information presented in SR has been rounded off to the nearest thousand, unless otherwise indicated.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Group for preparation of theses consolidated financial statements are consistent with those used in the preparation of prior year consolidated financial statements except for adoption of the following change:

Employees' end of service benefits
Up to 31 December 2015, employees' end of service benefits, as required by the Saudi Arabian Labour Law, were provided for in the consolidated financial statements based upon the employees' salary and length of service, subject to completion of a minimum service period.

Effective 1 January 2016, the Group has changed its accounting policy in respect of the employees' end of service benefits. The Group has adopted International Accounting Standard 19 – Employee Benefits ("IAS – 19") for the treatment of these defined benefit plans (in the absence of a standard issued by the Saudi Organization for Certified Public Accountants (SOCPA)). The Group's net obligation in respect of defined unfunded benefit plans ("the obligation") is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and unrecognized past service costs if any. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method to determine the Group's present value of the obligation, with actuarial valuations to be carried out annually. The latest actuarial valuation was carried out as at 31 December 2016.

The defined benefit liability comprises the present value of defined benefit obligation as adjusted for any past service cost not yet recognized. The full amount of actuarial gains and losses are recognised in equity in the year in which they arise, if material.

The other accounting policies adopted by the Group are as follows:

Trade receivables
Trade receivables are stated at original invoice amount less allowance for uncollectable 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.

Inventories
Inventories represent spare parts and other supplies for vehicles. Inventories are stated at the lower of cost or net realisable value. Cost is determined on a weighted average basis.

Net realizable value represents the estimated selling price for inventories less the costs necessary to make the sale.

Investments in associates
The Group's investments in associates are accounted for using equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted by the changes in the Group's share of net assets of the associate. The consolidated statement of income reflects the share of the results of operation of the associates. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any change and discloses this, when applicable, in the consolidated statement of changes in shareholders' equity. Profits and losses resulting from transactions between the Group and the associates are eliminated to the extent of interest in an associate.

Property and equipment
Property and equipment are initially recorded at cost and are stated at cost less accumulated depreciation and any impairment in value. Freehold land and capital work in progress are not depreciated. The cost of other property and equipment less its estimated residual value expected at their date of disposal, is depreciated on a straight-line basis over the estimated useful lives of the assets.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)
The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use. The excess of carrying value over the estimated recoverable amount is charged to the consolidated statement of income.

Leasehold improvements are amortised on a straight-line basis over the shorter of the useful life of the improvements, or the term of the lease.

Expenditure for repairs and maintenance are charged to the consolidated statement of income as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalised.

Gain on sale of vehicles and other items of property and equipment is recognized in the 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.

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.

Impairment and uncollectibility of financial assets
An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, an impairment loss is recognised in the consolidated statement of income. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the consolidated statement of income;
(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group.

Zakat and income tax

Zakat
Zakat is provided for in accordance with the regulations of General Authority of Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia. The provision is charged to the consolidated statement of income. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

Income tax
The subsidiary operating outside the Kingdom of Saudi Arabia is subject to the income tax regulations of the country in which it operates. The provision, if any, is charged to the consolidated statement of income.

Loans
Loans are recognised at the proceeds received value by the Group.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

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

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.

Expenses
Marketing expenses are those arising from the Group's efforts underlying the marketing functions. All other expenses are allocated on a consistent basis to cost of revenue and general and administration expenses in accordance with allocation factors determined as appropriate by the Group.

Foreign currencies
Transactions
Transactions in foreign currencies are recorded in Saudi Riyals at the rate of exchange 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 consolidated statement of income.

Foreign currency translations
Financial statements of foreign operations, if any, are translated into Saudi Riyals using the exchange rate at each balance sheet date, for assets and liabilities, and the average exchange rate for each period for revenues, expenses, gains and losses. Components of equity, other than retained earnings, are translated at the rate ruling at the date of occurrence of each component. Translation adjustments, if material are recorded as a separate component of shareholders' equity.

Offsetting
Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expense are not offset in the consolidated statement of income unless required or permitted by generally accepted accounting principles in Kingdom of Saudi Arabia.

Segmental reporting
A segment is a distinguishable component of the Group that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments. As the Group carries out its activities in lease and rental segments, reporting of these segments is provided.

4 BANK BALANCES AND CASH

	2016 *SR'000*	*2015* *SR'000*
Cash on hand	**1,621**	865
Bank balances	**19,124**	21,213
	20,745	22,078

5 TRADE RECEIVABLES, NET

	2016 *SR'000*	*2015* *SR'000*
Customers	**194,281**	145,226
Allowance for doubtful debts (see below)	**(29,876)**	(21,584)
	164,405	123,642

Movement in the allowance for doubtful trade receivables is as follows:

	2016 *SR'000*	*2015* *SR'000*
Balance at the beginning of the year	**21,584**	17,929
Charge for the year (note 21)	**8,584**	3,899
Written-off during the year	**(292)**	(244)
	29,876	21,584

At 31 December 2016, trade receivable at nominal value of SR 29.9 million (2015: SR 21.6 million) were impaired. The unimpaired trade receivables include SR 79 million (2015: SR 64.4 million) which are past due, more than normal collection cycle, but not impaired. Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

6 PREPAYMENTS AND OTHER RECEIVABLES

	2016 *SR'000*	*2015* *SR'000*
Prepaid rent	**9,931**	9,330
Prepaid vehicles insurance	**3,187**	245
Prepaid medical insurance	**1,258**	1,530
Advance rent for vehicles acquired under operating lease	**-**	1,076
Employee loans and others	**6,172**	4,794
Due from a related party (note 16)	**132**	69
	20,680	17,044

7 PROPERTY AND EQUIPMENT

The estimated use full lives of the property and equipment for the calculation of the depreciation are as follows:

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

	Freehold land SR'000	*Buildings and other installations SR'000*	*Vehicles SR'000*	*Furniture, fixtures and office equipment SR'000*	*Machinery and equipment SR'000*	*Capital work in progress SR'000*	***Total 2016 SR'000***	*Total 2015 SR'000*
Cost:								
At the beginning of the year	46,780	75,878	2,216,367	33,783	7,108	216	**2,380,132**	2,175,917
Additions	600	705	592,018	1,084	98	-	**594,505**	781,908
Transfers	-	206	-	-	-	(206)	-	-
Disposals	-	-	(642,310)	-	(51)	-	**(642,361)**	(542,741)
Related to disposed subsidiary	-	-	-	-	-	-	-	(195)
Transferred to assets held for sale, net	-	-	(3,908)	-	-	-	**(3,908)**	(34,757)
At the end of the year	47,380	76,789	2,162,167	34,867	7,155	10	**2,328,368**	2,380,132
Accumulated depreciation:								
At the beginning of the year	-	22,599	824,146	28,432	6,145	-	**881,322**	812,845
Charge for the year (note b)	-	4,626	513,210	2,399	438	-	**520,673**	502,635
Relating to disposals	-	-	(470,956)	-	(35)	-	**(470,991)**	(410,838)
Related to disposed subsidiary	-	-	-	-	-	-	-	(79)
Transferred to assets held for sale, net	-	-	(62)	-	-	-	**(62)**	(23,241)
At the end of the year	-	27,225	866,338	30,831	6,548	-	**930,942**	881,322
Net book amounts:								
At 31 December 2016	**47,380**	**49,564**	**1,295,829**	**4,036**	**607**	**10**	**1,397,426**	
At 31 December 2015	46,780	53,279	1,392,221	5,351	963	216		1,498,810

7 PROPERTY AND EQUIPMENT (continued)

a) Capital work in progress represents ongoing construction works in the workshop.

b) Depreciation charge for the year ended 31 December, has been allocated as follows:

	2016 *SR'000*	*2015* *SR'000*
Cost of revenue (note 19)	**519,520**	501,529
General and administrative expenses (note 21)	**1,153**	1,106
	520,673	502,635

8 INVESTMENT IN ASSOCIATES

	2016 *SR'000*	*2015* *SR'000*
Tranzlease Holdings India Private Limited ("THL")		
Balance at the beginning of the year	**24,619**	27,919
Additions during the year	**-**	808
Impairment	**(6,619)**	-
Share of results for the year	**(1,423)**	(4,108)
	16,577	24,619
Unitrans Infotech Services India Private Limited ("Unitrans Infotech")		
Transferred from subsidiaries (note 2 (b)(ii))	**1,442**	1,312
Share of results for the year/period	**(68)**	130
	1,374	1,442
	17,951	26,061

9 LONG-TERM BANK DEBTS

	2016 SR'000	2015 SR'000
a) Current portion		
Murabaha sale agreements	**327,294**	332,898
Al Tawarroq agreements	**45,277**	67,774
	372,571	400,672
b) Non-current portion		
Murabaha sale agreements	**91,825**	238,425
Al Tawarroq agreements	**1,111**	10,834
	92,936	249,259

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. The instalments due within twelve months from the balance sheet date are shown as a current liability in the consolidated balance sheet.

10 ACCOUNTS PAYABLE

	2016 SR'000	2015 SR'000
Suppliers for vehicles	**56,390**	37,533
Suppliers for stores, spares and others	**39,078**	33,818
	95,468	71,351

11 ACCRUED EXPENSES AND OTHER LIABILITIES

	2016 SR'000	2015 SR'000
Accrued expenses	**23,300**	24,786
Deposit from customers-net	**287**	2,627
Other provisions	**11,825**	11,694
Due to related parties (note 16 (c))	**2,515**	-
	37,927	39,107

12 ZAKAT AND INCOME TAX PAYABLE

a) Charge for the year

The Group's zakat and income tax charge is based on the separate financial statements of the Parent Company and its subsidiaries.

Movement in provision during the year

The movement in the zakat provision for the year is as follows:

	2016 *SR'000*	*2015* *SR'000*
At the beginning of the year	**5,246**	5,672
Provided during the year	**7,485**	5,772
Paid during the year	**(5,044)**	(5,655)
Relating to disposed subsidiary (note 2 b (ii))	**-**	(543)
At the end of the year	**7,687**	5,246

b) Status of assessments

The Parent Company

The Parent Company has filed the zakat return up to the financial year ended 31 December 2015. All assessment proceedings of the General Authority of Zakat and Tax ("GAZT") up to the end of the financial year 31 December 2008 have been completed. For the year from 2009 to 2011, the GAZT completed its assessment and raised an additional demand for zakat differences amounting to SR 1,194,951 during 2013. The Parent Company settled this demand on 25 December 2013 and filed an objection against the assessment; however, the said appeal was withdrawn during the year. The assessments for the financial years 2012 through 2015 are under process.

Subsidiary- Aljozoor Alrasekha Trucking Company Limited

The subsidiary has filed the zakat returns up to the financial year ended 31 December 2015. The assessments for the financial years 2012 to 2015 are under process.

13 EMPLOYEES' END OF SERVICE BENEFITS

As explained in note 3, the Group has changed its accounting policy in respect of the employees' end of service benefits and adopted IAS 19, effective 1 January 2016. Under the provisions of IAS 19, the Group has applied the transitional provisions of IAS 19 and determined its transitional liability as of 1 January 2016 for the defined unfunded benefit plan, which is not materially different than the liability that would have been recognized at the same date under the Group's previous accounting policy for such plan.

The main financial assumptions used to calculate the indicative defined unfunded benefit plan liabilities are as follows:

	2016
Discount rate	**5 %**
Expected rate of salary increase	
- First four years	**3 %**
- Thereafter	**5 %**

The amounts recognized in the consolidated statement of income in respect of the employees' end of service benefits are as follows:

	2016 *SR'000*
Current service cost	**2,524**
Interest on obligation	**1,704**
	4,228

13 EMPLOYEES' END OF SERVICE BENEFITS (continued)

Present value of total employees' end of service benefits, as of 31 December 2016, amounted to SR 37.9 million (2015: SR 35.6 million).

The movement in the present value of employees' end of service benefits is as follows:

	2016 *SR'000*
Opening balance	35,655
Current service cost	2,524
Interest cost	1,704
Benefits paid	(2,064)
Actuarial loss recognised during the year	51
Closing balance	37,870

The actuarial gains, as at 31 December 2015, were not material and accordingly the gains have not been adjusted in these consolidated financial statements.

14 SHARE CAPITAL

At 31 December 2016, the Parent Company's share capital of SR 610 million (2015: SR 508.3 million) consists of 61 million (2015: 50.8 million) fully paid shares of SR 10 each.

The Board of Directors in its meeting held on 19 January 2015, proposed final dividend of SR 69.13 million (representing SR 1.7 per share) for the year ended 31 December 2014. Additionally, the Board of Directors also proposed to increase the Parent Company's share capital to SR 508.3 million by issuing one bonus share for every four ordinary shares outstanding. The shareholders in the Extraordinary General Assembly Meeting on 23 April 2015, approved the Board's proposal and authorized issuance of 10.17 million bonus shares at a nominal value of SR 10 each and resultantly the share capital of the Parent Company was increased from SR 406.7 million to SR 508.3 million The legal formalities for the increase in capital were completed on 4 June 2015.

The Board of Directors in its meeting held on 19 January 2016, proposed final dividend of SR 76.25 million (representing SR 1.5 per share) for the year ended 31 December 2015. Additionally, the Board of Directors also proposed to increase the Parent Company's share capital to SR 610 million by issuing one bonus share for every five ordinary shares outstanding. The shareholders in the Extraordinary General Assembly Meeting on 5 May 2016, approved the Board's proposal and authorised issuance of 10.17 million bonus shares at a nominal value of SR 10 each and resultantly the share capital of the Parent Company was increased from SR 508.3 million to SR 610 million. The legal formalities for the increase in capital were completed on 21 June 2016.

The Board of Directors in its meeting held on 19 January 2017, proposed final dividend of SR 76.25 million (representing SR 1.25 per share) for the year ended 31 December 2016. Additionally, the Board of Directors also proposed to increase the Parent Company's share capital to SR 711.67 million by issuing one bonus share for every six ordinary shares outstanding.

15 STATUTORY RESERVE

In accordance with bye-laws of the Parent Company, the Parent Company has transferred 10% of its net income for the year to the statutory reserve. The Parent Company may resolve to discontinue such transfers when the reserve totals 50% of the share capital. This reserve is not available for distribution.

16 RELATED PARTY TRANSACTIONS AND BALANCES

a) The significant transactions and the related amounts are as follows:

Related party	*Nature of relationship*	*Nature of transactions*	*Amounts of transactions*	
			2016	*2015*
			SR'000	*SR'000*
Zahid Group (note b)	Shareholder	Car rentals	**446**	396
		Location rent	**82**	85
		Purchase of vehicle and fork lift	**-**	885
Automotive Maintenance Centre (AMC)	Affiliate	Services received	**912**	885
		Used car sale	**26,372**	38,590
Sheikh Fahd Zahid	Affiliate	Location rent	**-**	63

b) Due from a related party as of 31 December represents the following:

	2016	*2015*
	SR'000	*SR'000*
Zahid Group (note 6)	**132**	69

c) Board of Directors remuneration for the year ended 31 December 2016 amounting to SR 4,315 thousands (2015: SR 4,548 thousands) has been calculated in accordance with Parent Company's bye-laws and is considered as appropriation shown in the consolidated statement of changes in shareholders equity.

17 EARNINGS PER SHARE

Earnings per share on income from continuing operations is calculated by dividing income from continuing operations by the weighted average number of shares in issue during the year.

Earnings per share on net income is calculated by dividing the net income by the weighted average number of shares in issue during the year.

As required by accounting standards generally accepted in the Kingdom of Saudi Arabia, the comparative numbers have been restated.

18 REVENUE

	2016	*2015*
	SR'000	*SR'000*
Rental	**321,276**	380,728
Operating lease (see note (a))	**545,568**	494,842
	866,844	875,570

a) Operating leases relate to the vehicles owned by the Group 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.

19 COST OF REVENUE

	2016 *SR'000*	*2015* *SR'000*
Depreciation (note 7(b))	**519,520**	501,529
Repairs and maintenance	**59,086**	62,084
Operational cost	**41,150**	37,458
Employee costs	**24,733**	32,166
Insurance	**42,577**	48,280
Operating lease expenses	**1,031**	10,041
Rent of counters and workshop	**19,970**	18,817
Incentive, commission and franchise fee	**15,778**	17,352
Communication expense	**2,332**	2,529
Other	**5,917**	4,811
	732,094	735,067

20 MARKETING EXPENSES

	2016 *SR'000*	*2015* *SR'000*
Employee costs	**27,503**	28,209
Advertising, incentives and commissions	**2,630**	5,594
Others	**1,340**	1,596
	31,473	35,399

21 GENERAL AND ADMINISTRATION EXPENSES

	2016 *SR'000*	*2015* *SR'000*
Employee costs	**26,301**	21,251
Rent	**4,721**	3,838
Provision for doubtful debts (note 5)	**8,584**	3,899
Subscriptions	**4,352**	4,719
Depreciation (note 7(b))	**1,153**	1,106
Repairs and maintenance	**974**	871
Communication	**861**	584
Legal and professional fee	**893**	859
Others	**2,151**	3,264
	49,990	40,391

22 CONTINGENT LIABILITIES

At 31 December 2016, the Group has outstanding letters of guarantee amounting to SR 5.6 million (2015: SR 6.7 million) issued by the local banks on behalf of Group in the ordinary course of business.

23 RISK MANAGEMENT

Commission rate risk
Commission rate risk arises from the possibility that changes in commission rates will affect future profitability or the fair values of the financial instruments. The Group is not subject to commission rate risk as it does not have any interest bearing assets and its long-term bank debts are on a fixed commission rate.

Credit risk
Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Group, the maximum exposure to credit risk to the Group is the carrying value as disclosed in the consolidated balance sheet.

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers after performing credit approval process and signing the credit agreements and by monitoring outstanding receivables thereafter. Largest 15 customers account for 25.8% of the outstanding trade receivables as at 31 December 2016 (2015: 31%).

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Group manages its liquidity risk by ensuring that bank facilities are available. The Group's terms of sales require amounts to be paid within 60-90 days from the date of sale. Trade payables are normally settled within 90 days of the date of purchase.

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Group is not exposed to significant currency rate risk except for investments in foreign associates as all of its other assets and liabilities are denominated in Saudi Arabian Riyals .

24 OPERATING SEGMENTAL INFORMATION

The management views the activities of the Group's operations under two segments, as described below:

i. Lease segment - represents cars leased out to customers under medium to longer term rental arrangements.
ii. Rental segment - represents cars leased out to customers under short term rental arrangements.

	Year ended 31 December 2016		
	Lease *SR'000*	*Rental* *SR'000*	***Total*** ***SR'000***
Revenue	545,568	321,276	**866,844**
Depreciation expense	352,706	167,967	**520,673**
Property and equipment (vehicles)	970,423	325,406	**1,295,829**
Gain on sale of vehicles (unallocated)	-	-	**143,244**

	Year ended 31 December 2015		
	Lease *SR'000*	*Rental* *SR'000*	*Total* *SR'000*
Revenue	494,841	380,729	875,570
Depreciation expense	303,495	199,140	502,635
Property and equipment (vehicles)	923,836	468,385	1,392,221
Gain on sale of vehicles (unallocated)	-	-	143,172

25 KEY SOURCES OF ESTIMATION UNCERTAINTY

Impairment of trade receivables
An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and allowance applied according to the length of time past due, based on historical recovery rates.

At the balance sheet date, gross trade receivables were SR 194.3 million (2015: SR 145.3 million), and the allowance for doubtful debts was SR 29.9 million (2015: SR 21.6 million). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of income, in the year in which the collection is made.

Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and an allowance applied according to the inventory type and the degree of ageing or obsolescence.

Useful lives of property and equipment
The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

26 FAIR VALUES OF FINANCIAL INSTRUMENTS

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. The Group's financial assets consist of bank balances and cash and receivables and its financial liabilities consist of bank debts and payables.

The fair values of financial instruments are not materially different from their carrying values.

27 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved by the Board of Directors on 19 January 2017, corresponding to 21 Rabi' II 1438H.

28 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Effective 1 January 2017, the Group's consolidated financial statements will be prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and endorsed by the Saudi Organization for Certified Public Accountants ("SOCPA"). Upon IFRS adoption, the Group will be required to comply with the requirements of IFRS 1 - First-time Adoption of International Financial Reporting Standards for the reporting periods starting 1 January 2017. In preparing the opening IFRS financial statements, the Group will analyze impacts and incorporate certain adjustments, if required, due to the first time adoption of IFRS.

29 COMPARATIV FIGURES

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