UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2012
with
INDEPENDENT AUDITOR'S REPORT

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License No. 46/11/323 issued 11/3/1992

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of United International Transportation Company ("the Company") and its subsidiaries ("the Group") which comprise the consolidated balance sheet as at December 31, 2012 and the related consolidated statements of income, cash flows and changes in equity for the year then ended and the attached notes 1 through 23 which form an integral part of the financial statements.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

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

1) present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2012, and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the circumstances of the Group; and

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

For KPMG Al Fozan & Al Sadhan

Ebrahim Oboud Baeshen
License No. 382

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

Rabi Al Awal 7, 1434H
Corresponding to January 19, 2013

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED BALANCE SHEET
As at December 31, 2012

	Note	2012 SR	2011 SR
ASSETS			
Current assets:			
Cash and cash equivalents	4	**17,167,313**	26,713,301
Trade receivables - net	5	**73,312,006**	95,201,982
Inventories		**4,235,230**	4,113,438
Prepayments and other current assets	6	**20,698,282**	19,963,014
Total current assets		**115,412,831**	145,991,735
Non-current assets:			
Investment in associate	7	**27,161,329**	--
Property and equipment	8	**1,003,138,929**	849,853,783
Total non-current assets		**1,030,300,258**	849,853,783
Total assets		**1,145,713,089**	995,845,518
LIABILITIES AND EQUITY			
Current liabilities:			
Current portion of long term bank debts	9(a)	**250,649,783**	224,025,454
Accounts payable	10	**81,013,422**	123,402,673
Accrued expenses and other current liabilities	11	**20,786,231**	18,481,113
Accrued Zakat and income tax	13	**4,600,648**	3,511,001
Total current liabilities		**357,050,084**	369,420,241
Non-current liabilities:			
Long term bank debts	9(b)	**171,884,176**	89,167,238
Employees' end of service benefits		**23,234,293**	19,998,515
Total non-current liabilities		**195,118,469**	109,165,753
Total liabilities		**552,168,553**	478,585,994
EQUITY			
Equity attributable to the Company's shareholders:			
Share capital	14	**244,000,000**	183,000,000
Statutory reserve	15	**63,933,127**	51,355,521
Foreign currency translation account		**(42,302)**	(3,655)
Retained earnings		**285,558,609**	282,803,289
Total shareholders' equity		**593,449,434**	517,155,155
Non-controlling interest		**95,102**	104,369
Total equity		**593,544,536**	517,259,524
Total liabilities and equity		**1,145,713,089**	995,845,518

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

SAZ

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF INCOME
For the year ended December 31, 2012

	Note	2012 SR	2011 SR
Revenue	17	**582,211,015**	508,206,050
Cost of revenue	18	**(490,859,366)**	(419,559,449)
Gross profit		**91,351,649**	88,646,601
Expenses:			
General and administrative	19	**(57,922,482)**	(45,242,828)
Marketing expenses	20	**(9,042,963)**	(6,903,775)
Total expenses		**(66,965,445)**	(52,146,603)
Income from operations		**24,386,204**	36,499,998
Gain on sale of vehicles		**112,431,482**	74,865,566
Income from continued operations		**136,817,686**	111,365,564
Other income / (expenses)			
Finance charges		**(9,495,805)**	(9,496,674)
Share of profit from associate	7	**482,094**	--
Other income - net		**2,642,291**	1,825,877
Total other expenses		**(6,371,420)**	(7,670,797)
Net income before Zakat and income tax and non-controlling interest		**130,446,266**	103,694,767
Zakat and income tax	13	**(4,656,696)**	(2,964,108)
Net income before non-controlling interest		**125,789,570**	100,730,659
Share of non-controlling interest in the net profit of consolidated subsidiary		**(13,511)**	(4,432)
Net income for the year		**125,776,059**	100,726,227
Earnings per share	21	**5.15**	4.13

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

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2012

	Note	2012 SR	2011 SR
Cash flows from operating activities:			
Net income		**125,776,059**	100,726,227
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation		**330,310,840**	259,873,587
Amortisation of payment under operating lease		**4,429,368**	12,145,922
Finance charges		**9,495,805**	9,496,674
Gain on sale of vehicles		**(112,431,482)**	(74,865,566)
Provision for Zakat and income tax		**4,656,696**	2,964,108
Share of minority interests in net income of consolidated subsidiary		**13,511**	4,432
Share of profit from associate		**(482,094)**	--
Changes in operating assets and liabilities:			
Trade receivables		**21,889,976**	(18,805,675)
Inventories		**(121,793)**	(1,269,389)
Prepayments and other current assets		**(735,268)**	9,506,796
Accounts payable		**(42,389,251)**	74,043,665
Accrued expenses and other current liabilities		**3,011,414**	(13,138,250)
Employees' end of service benefits		**3,235,778**	1,837,607
Zakat and income tax paid		**(3,567,049)**	(2,688,900)
Total Adjustment		**346,659,560**	259,105,011
Net cash provided by operating activities		**343,092,511**	359,831,238
Cash flows from investing activities:			
Investment in Associate		**(26,679,235)**	--
Additions to property and equipment		**(571,346,764)**	(510,930,223)
Proceeds from sale of property and equipment		**194,962,393**	178,685,524
Net cash used in investing activities		**(403,063,606)**	(332,244,699)
Cash flows from financing activities:			
Changes in long term bank debts		**109,341,267**	42,460,212
Financial charges		**(9,495,805)**	(9,496,674)
Other changes in minority interest		**22,778**	1,588
Director's remuneration paid		**(3,693,133)**	(3,408,862)
Dividends paid		**(45,750,000)**	(41,175,000)
Net cash used in financing activities		**50,425,107**	(11,618,736)
Net (decrease) / increase in cash and cash equivalents		**(9,545,988)**	15,967,803
Cash and cash equivalents at beginning of year	4	**26,713,301**	10,745,498
Cash and cash equivalents at end of year		**17,167,313**	26,713,301

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

SAZ

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2012

	Equity attributable to the Company's shareholders						
	Share capital SR	Statutory reserve SR	Foreign currency translation account SR	Retained earnings SR	Total	Minority interest SR	Total SR
Balance at January 1, 2011	183,000,000	41,282,898	1,017	236,733,547	461,017,462	101,525	461,118,987
Final dividend for 2010	--	--	--	(41,175,000)	(41,175,000)	--	(41,175,000)
Net income for the year	--	--	--	100,726,227	100,726,227	4,432	100,730,659
Transfer to statutory reserve	--	10,072,623	--	(10,072,623)	--	--	--
Directors remuneration	--	--	--	(3,408,862)	(3,408,862)	--	(3,408,862)
Foreign currency translation account	--	--	(4,672)	--	(4,672)	(1,588)	(6,260)
Balance at December 31, 2011	183,000,000	51,355,521	(3,655)	282,803,289	517,155,155	104,369	517,259,524
Bonus share issued	61,000,000	--	--	(61,000,000)	--	--	--
Final dividend for 2011	--	--	--	(45,750,000)	(45,750,000)	--	(45,750,000)
Net income for the year	--	--	--	125,776,059	125,776,059	13,511	125,789,570
Transfer to statutory reserve	--	12,577,606	--	(12,577,606)	--	--	--
Directors remuneration	--	--	--	(3,693,133)	(3,693,133)	--	(3,693,133)
Foreign currency translation account	--	--	(38,647)	--	(38,647)	(22,778)	(61,425)
Balance at December 31, 2012	**244,000,000**	**63,933,127**	**(42,302)**	**285,558,609**	**593,449,434**	**95,102**	**593,544,536**

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

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

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

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

At December 31, the Company has investments in the following subsidiaries (collectively described as "the Group"):

Name	Country of incorporation	Effective ownership interest (%) 2012	2011
Unitrans Infotech Services India Private Limited ("Unitrans Infotech")	India	**65%**	65%
Aljozoor Alrasekha Transportation Company Limited ("Aljozoor")	Saudi Arabia	**100%**	--

Unitrans Infotech is engaged in the business of providing Information Technology services to the Company. The subsidiary commenced commercial operations from January 1, 2011.

Effective May 14, 2012, the Company separated its truck operations by forming a new company namely AlJuzoor Al raskha Company Limited with initial investment of SR 25 million in the form of cash and transfer of vehicle amounting to SR 5 million and SR 20 million respectively. Later, further investment was made amounting to SR 35 million in the form of land transfer.

During the year, the Company has also 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.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

These consolidated financial statements have been approved by the Company's Board of Directors on January 19, 2013.

(b) Basis of measurement

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

2. BASIS OF PREPARATION (continued)

(c) Functional and presentation currency

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

(d) Critical accounting judgements and estimates

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

The following are the areas where the Group has applied accounting 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 their 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 consolidated financial statements. Certain comparative amounts have been reclassified to conform with the current period's presentation.

(a) Basis of consolidation

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(b) Foreign currency translation

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

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

Assets and liabilities of foreign subsidiary are translated into Saudi Arabian Riyals at the exchange rates in effect at the date of the consolidated balance sheet. The equity components of foreign subsidiary with the exception of retained earnings of subsidiary, are translated at the exchange rates in effect at the dates of the transaction. The elements of foreign subsidiary's income statement 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 consolidated financial statements.

(c) Investment in 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. Associates are accounted for using the equity method (equity accounted investee) and are initially recognized at cost. The Group's investment in an associate includes goodwill identified on acquisition, net of any accumulated impairment losses. The financial statements include the Group's share of income and expenses and equity movement of the equity accounted investees from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Company's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate. The Group's share of profits or losses of the investee company is credited or charged to the consolidated statement of income currently.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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) Inventory

Inventory represents 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.

(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.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(k) Accounts payable and accruals

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

(l) Provisions

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 Company's employees' end of service benefits, calculated in accordance with Saudi Arabian Labour regulations, are accrued and charged to statement of consolidated 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 Subsidiaries' end of service liability are determined in accordance with respective applicable laws.

(o) Expenses

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

(p) Zakat and income tax

Zakat liability for the Company and its subsidiaries in KSA 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 statement of income for each reporting period. Any differences resulting from the final assessments are recognised in the 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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Offsetting

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

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31 comprise the following:

	2012 SR	2011 SR
Bank balances	**16,260,704**	25,891,818
Cash in hand	**906,609**	821,483
	17,167,313	26,713,301

5. TRADE RECEIVABLES-NET

Trade receivables at December 31 comprise the following:

	2012 SR	2011 SR
Customers	**95,058,267**	114,701,982
Provision for doubtful debts	**(21,746,261)**	(19,500,000)
	73,312,006	95,201,982

Movement in provision for doubtful debts is as follows:

	2012 SR	2011 SR
Opening balance	**19,500,000**	13,480,036
Charge for the year	**15,689,148**	6,019,964
Write off	**(13,442,887)**	--
Closing balance	**21,746,261**	19,500,000

During the current year, the Company written of customers amounting to SR 13.44 million as approved by the board of directors.

6. PREPAYMENTS AND OTHER CURRENT ASSETS

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

	2012 SR	2011 SR
Prepaid rent	**7,496,864**	5,855,681
Prepaid vehicle insurance	**2,112,153**	1,270,851
Prepaid medical insurance	**781,471**	914,875
Advance rent for vehicles under operating lease	**--**	4,429,368
Assets held for sale	**4,839,056**	2,969,888
Employee loans	**3,325,340**	2,728,463
Due from related parties (Note 12a)	**1,249,001**	314,687
Deposits and others	**894,397**	1,479,201
	20,698,282	19,963,014

7. INVESTMENT IN ASSOCIATE

During the year, the Group acquired 32.5% stake in M/s Tranzlease Holdings India Private Limited ("THL"), a Private Limited Company in India as per shareholder's agreement dated May 30, 2012 with initial consideration of SR 26.5 million. Subsequently, an additional 0.25% stake was acquired on December 20, 2012. Movement in investment in associate is analyzed as follows:

	2012 SR
Initial cost of investment	**26,500,000**
Additions during the year	**179,235**
Share of profit for the period	**482,094**
	27,161,329

8. PROPERTY AND EQUIPMENT

The movement in property and equipment during the year ended December 31, 2012 is analyzed as follows:

	Land SR	Building and other installation SR	Vehicles SR	Furniture, fixtures and office equipment SR	Machinery and equipment SR	Capital work in progress SR	Total SR
Cost:							
At beginning of the year	46,779,685	35,333,959	1,262,886,684	27,893,055	5,229,721	14,947,519	1,393,070,623
Additions	--	905,871	555,972,241	1,743,473	170,755	12,554,424	571,346,764
Disposals	--	--	(306,118,655)	--	--	--	(306,118,655)
Assets written off	--	--	--	(4,303,782)	(19,170)	--	(4,322,952)
Transferred to Assets held for sale	--	--	(17,584,045)	--	--	--	(17,584,045)
At the end of the year	46,779,685	36,239,830	1,495,156,225	25,332,746	5,381,306	27,501,943	1,636,391,735
Depreciation:							
At beginning of the year	--	10,017,079	507,591,445	20,865,430	4,742,886	--	543,216,840
Charge for the year	--	2,097,932	325,016,339	2,976,526	220,043	--	330,310,840
Disposals	--	--	(223,587,744)	--	--	--	(223,587,744)
Assets written off	--	--	--	(3,934,552)	(7,589)	--	(3,942,141)
Transferred to Assets held for sale	--	--	(12,744,989)	--	--	--	(12,744,989)
At the end of the year	--	12,115,011	596,275,051	19,907,404	4,955,340	--	633,252,806
Net book value:							
At December 31, 2012	**46,779,685**	**24,124,819**	**898,881,174**	**5,425,342**	**425,966**	**27,501,943**	**1,003,138,929**
At December 31, 2011	46,779,685	25,316,880	755,295,239	7,027,625	486,835	14,947,519	849,853,783

Capital work in progress represents construction work related to Jeddah Head office and workshops in Jeddah and Jezan.

9. LONG TERM BANK DEBTS

	2012	2011
(a) Current portion of long term bank debts	**SR**	SR
Murabaha sale agreements	**88,080,899**	82,323,937
Al Tawarroq agreements	**162,568,884**	141,701,517
	250,649,783	224,025,454
(b) Long-term bank debts		
Murabaha sale agreements	**81,540,712**	21,757,405
Al Tawarroq agreements	**90,343,464**	67,409,833
	171,884,176	89,167,238

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

10. ACCOUNTS PAYABLE

Accounts payable at December 31 comprise of the following:

	2012	2011
	SR	SR
Suppliers for vehicles	**62,383,625**	96,689,716
Suppliers for stores and spares	**18,629,797**	26,712,957
	81,013,422	123,402,673

11. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

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

	2012	2011
	SR	SR
Employee related accruals	**11,467,896**	8,923,330
Deposit from customers – net	**3,419,438**	3,064,083
Accrued expenses	**5,624,512**	4,314,825
Due to related parties (Note 12(a))	**--**	313,465
Other provisions	**274,385**	1,865,410
	20,786,231	18,481,113

12. RELATED PARTIES BALANCES AND TRANSACTIONS

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

(a) The following are the related parties balances:

	Relationship	2012 SR	2011 SR
Due from related parties:			
Zahid Group	Affiliate	**252,401**	314,687
Automotive Maintenance Centre (AMC)	Affiliate	**996,600**	--
		1,249,001	314,687
Due to related party:			
Automotive Maintenance Centre (AMC)	Affiliate	--	313,465

(b) The following are the related parties transactions:

	2012 SR	2011 SR
Services provided		
Zahid Group		
Car rentals	**181,882**	185,130
Location rent	**85,000**	85,000
Automotive Maintenance Centre (AMC)		
Services received	**1,252,220**	2,628,090
Sheikh Fahd Zahid		
Location rent	**63,193**	67,693
Used car sale		
Automotive Maintenance Centre	**38,067,210**	30,290,025

(c) Board of Directors remuneration for the year ended December 31, 2012 amounting to SR 3,693,133 (2011: SR 3,408,861) has been calculated in accordance with Company's Articles of Association and is considered as appropriation shown in the statement of changes in shareholders' equity.

13. ZAKAT AND INCOME TAX

(a) Accrued zakat and income tax

	2012 SR	2011 SR
Balance at beginning of the year	**3,511,001**	3,235,793
Payments during the year	**(3,567,049)**	(2,688,900)
Charge for the year	**4,656,696**	2,964,108
Balance at end of the year	**4,600,648**	3,511,001

The significant components of Zakat base for the current year ended December 31, 2012 are as follow:

	2012 SR	2011 SR
Capital	**244,000,000**	183,000,000
Adjusted net income	**185,487,227**	136,428,618
Other adjustments in equity base	**763,896,490**	691,408,938
Deduction for property and equipment	**(1,053,564,036)**	(866,697,869)

(b) Zakat status

The Company has received the final Zakat assessment up to the year 2008. Zakat and tax department has claimed additional Zakat amounting to SR 1,387,306 for the year 2008. The Company has filed an objection against the additional demand and provided a bank guarantee to the DZIT for the same amount. Till date, the objection has not come for hearing. The Company has filed its return for the year 2009 and 2011 and received final zakat certificate from DZIT. Assessment proceedings have started for all three years and Company has received queries, which are currently being studied for adequate responses.

The Company's Saudi subsidiary, Aljozoor Alrasekha Transportation Company Limited has not completed one year of its operation and therefore not obliged to submit Zakat return for the current period.

(c) Income tax return of the foreign subsidiary has been filed with income tax authorities in India for the year ended March 31, 2012. An amount of SR 17,262 (2011: SR 10,345) has been charged in the statement of income as tax expense for the period.

14. SHARE CAPITAL AND DIVIDEND DECLARATION

At December 31, 2012, the Company's share capital of SR 244 million (2011: SR 183 million) consists of 24.4 million (2011: 18.3 million) fully paid shares of SR 10 each.

On January 17, 2012, the Board of Directors , proposed final cash dividend of SR 45.75 million (representing SR 2.5 per share) for the year ended December 31, 2011 as well as increasing Company's share capital to SR 244 million by issuing one bonus share for every three ordinary shares outstanding as of that date (i.e. 6.1 million shares at a nominal value SR 10 each). These proposals were subsequently approved by shareholders in their General Assembly Meeting held on April 18, 2012 and resultantly the share capital of the Company was increased from SR 183 million to SR 244 million.

The Board of Directors in its meeting held on January 19, 2013, proposed final dividend of SR 51.24 million (representing SR 2.1 per share).

The Board of Directors in its meeting held on January 19, 2013, proposed to increase the Company's share capital to SR 305 million by issuing one bonus share for every four ordinary share outstanding.

15. STATUTORY RESERVE

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

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

16. COMMITMENTS AND CONTINGENT LIABILITIES

At December 31, 2012, the Group had outstanding letters of guarantee amounting to SR 6,587,046 (December 31, 2011: SR 4,808,056) issued by the local banks on behalf of the Company, in the normal course of business.

17. REVENUE

	2012 SR	2011 SR
Rental	**298,633,046**	267,730,972
Operating lease (17.1)	**283,577,969**	240,475,078
	582,211,015	508,206,050

17.1 Operating leases relate to the vehicles owned by the Company with lease term up to 48 months having renewal option of the contract each year unless otherwise agreed with the lessee. On premature termination, lessee has to pay the minimum lease payments mentioned in the contract. The lessee does not have the option to purchase vehicles at the expiry of the lease period.

18. COST OF REVENUE

	2012 SR	2011 SR
Depreciation	**329,669,947**	259,291,468
Repairs and maintenance	**81,336,867**	77,472,909
Employees' cost	**28,118,223**	25,967,268
Insurance	**16,736,591**	14,467,054
Operating lease expense	**4,429,368**	12,145,922
Rent of counters and workshop	**12,518,639**	10,150,916
Franchise fee	**7,433,994**	5,959,339
Incentive and commission	**4,721,373**	4,878,763
Communication	**2,059,712**	2,028,609
Others	**3,834,652**	7,197,201
	490,859,366	419,559,449

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2012 SR	2011 SR
Employees' cost	**30,470,332**	29,249,813
Provision for bad debt	**15,689,149**	6,020,189
Repairs, rates and taxes	**3,240,900**	1,946,991
Rent expense	**1,738,902**	2,432,035
Subscriptions	**2,478,738**	2,733,101
Depreciation expense	**640,893**	582,120
Postage, telephone and telex	**555,113**	507,152
Legal and professional fee	**1,178,052**	501,077
Others	**1,930,403**	1,270,350
	57,922,482	45,242,828

20. MARKETING EXPENSES

	2012 SR	2011 SR
Employees' cost	**3,596,578**	3,308,009
Advertising, promotional and others	**5,446,385**	3,595,766
	9,042,963	6,903,775

21. EARNINGS PER SHARE

Earnings per share for the years ended December 31, 2012 and 2011 have been computed by dividing the net income for the respective year by the 24.4 million shares (including bonus shares).

22. SEGMENT INFORMATION

The Company has one operating segment representing leasing and rental of vehicles and the Company's principal operations are only within the Kingdom of Saudi Arabia; therefore, financial information has not been segmented into various business or geographical segments. Subsidiary's financial information are not significant for Group financial statements

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group has certain concentration of credit risks in terms of its accounts receivables, however, customers are continuously evaluated for potential credit risk. Cash and cash equivalents are placed with national and international banks with sound credit ratings.

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. The Company limits its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligation as they fall due. The Company maintains good working relations with its banks and ensures compliance as the funds are available in accordance with the facility agreements with the banks. At December 31, 2012 the Company has unutilised bank facilities of SR 97 million (2011: SR 282 million)

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

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group is not exposed to interest rate risk on its bank facilities, as the instalments due including fees and charges are fixed at the inception of the facilities granted.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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. As the accompanying financial statements are prepared under the historical cost method, differences may arise between the book values and the fair value estimates. Management believes that the fair values of the group's financial assets and liabilities are not materially different from their carrying values.

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