

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

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED
30 SEPTEMBER 2016**

LIMITED REVIEW REPORT ON THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF UNITED INTERNATIONAL TRANSPORTATION COMPANY (A SAUDI JOINT STOCK COMPANY)

Scope of limited review

We have reviewed the accompanying consolidated balance sheet of United International Transportation Company - A Saudi Joint Stock Company ("the Parent Company" or "the Company") and its subsidiaries (the "Group") as at 30 September 2016 and the related consolidated statement of income for the three-month and nine-month periods then ended, and the related consolidated statements of cash flows and changes in shareholders' equity for the nine-month period then ended. These interim 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. We conducted our limited review in accordance with the standard on interim financial information issued by the Saudi Organization for Certified Public Accountants. A limited review consists principally of applying analytical procedures to financial data 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 on the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

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

for Ernst & Young

Ahmed I. Reda
Certified Public Accountant
Licence No. 356

15 Muharram 1438H
16 October 2016



Jeddah

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

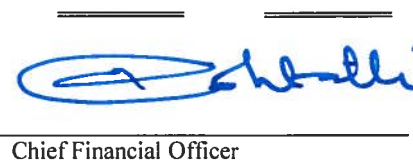
UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET

As At 30 September 2016

	<i>Note</i>	<i>2016</i> <i>SR'000</i>	<i>2015</i> <i>SR'000</i>
ASSETS			
CURRENT ASSETS			
Bank balances and cash		17,707	23,240
Trade receivables, net		184,541	132,313
Prepayments and other receivables		33,977	26,321
Inventories		2,439	5,489
TOTAL CURRENT ASSETS		238,664	187,363
NON-CURRENT ASSETS			
Property and equipment		1,438,679	1,497,796
Investment in associates		17,579	25,310
TOTAL NON-CURRENT ASSETS		1,456,258	1,523,106
TOTAL ASSETS		1,694,922	1,710,469
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Current portion of long-term bank debts	3	427,007	384,133
Accounts payable		88,529	96,029
Accrued expenses and other liabilities		39,567	36,755
Zakat and income tax payable		4,401	5,399
TOTAL CURRENT LIABILITIES		559,504	522,316
NON-CURRENT LIABILITIES			
Non-current portion of long-term bank debts	3	134,574	297,947
Employees' end of service benefits	4	37,667	34,377
TOTAL NON-CURRENT LIABILITIES		172,241	332,324
TOTAL LIABILITIES		731,745	854,640
EQUITY			
Share capital	5	610,000	508,333
Statutory reserve		128,863	109,973
Foreign currency translation reserve		-	(39)
Retained earnings		224,314	236,772
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		963,177	855,039
NON-CONTROLLING INTERESTS		-	790
TOTAL EQUITY		963,177	855,829
TOTAL LIABILITIES AND EQUITY		1,694,922	1,710,469


Chairman

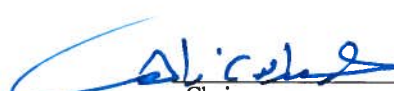

Chief Executive Officer



Chief Financial Officer

The attached notes 1 to 9 form part of these unaudited interim consolidated financial statements.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A SAUDI JOINT STOCK COMPANY) AND ITS SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENT OF INCOME
For the three-month and nine-month periods ended 30 September 2016

	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2016 SR'000	2015 SR'000	2016 SR'000	2015 SR'000
Revenue		216,122	221,674	652,374	647,536
Cost of revenue		(183,222)	(185,062)	(549,978)	(543,449)
GROSS PROFIT		32,900	36,612	102,396	104,087
EXPENSES					
Marketing		(7,475)	(9,155)	(23,423)	(26,245)
General and administration		(13,359)	(8,970)	(35,411)	(26,923)
		(20,834)	(18,125)	(58,834)	(53,168)
INCOME FROM OPERATIONS		12,066	18,487	43,562	50,919
Gain on sale of vehicles		36,070	36,598	111,848	105,015
INCOME FROM CONTINUING OPERATIONS		48,136	55,085	155,410	155,934
OTHER INCOME/(EXPENSES)					
Other income, net		1,639	932	8,740	5,321
Share of results of associates		(815)	(856)	(1,863)	(3,418)
Impairment of investment in an associate	2.1(b)	-	-	(6,619)	-
Financial charges		(4,338)	(4,362)	(12,196)	(12,441)
NET INCOME BEFORE ZAKAT AND INCOME TAX AND NON-CONTROLLING INTEREST		44,622	50,799	143,472	145,396
Zakat and income tax		(1,250)	(1,930)	(4,199)	(5,873)
NET INCOME BEFORE NON-CONTROLLING INTEREST		43,372	48,869	139,273	139,523
Non-controlling interest		-	(142)	-	(379)
NET INCOME FOR THE PERIOD		43,372	48,727	139,273	139,144
EARNINGS PER SHARE					
Weighted average number of ordinary shares outstanding (in thousands) (comparatives restated)	6	61,000	61,000	61,000	61,000
Earnings per share on income from continuing operations (in SR per share) (comparatives restated)	6	0.79	0.90	2.55	2.56
Earnings per share on net income for the period (in SR per share) (comparatives restated)	6	0.71	0.80	2.28	2.28


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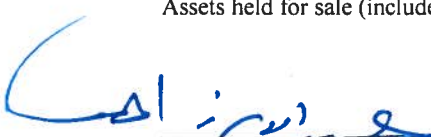

Chief Executive Officer


Chief Financial Officer


The attached notes 1 to 9 form part of these unaudited interim consolidated financial statements.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A SAUDI JOINT STOCK COMPANY) AND ITS SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine-month period ended 30 September 2016

	<i>Note</i>	2016 SR'000	2015 SR'000
OPERATING ACTIVITIES			
Net income for the period		139,273	139,144
Adjustments for:			
Depreciation		389,091	392,183
Amortisation of advance payments under operating lease		1,031	9,774
Provision for employees' end of service benefits		3,364	3,172
Financial charges		12,196	12,441
Gain on sale of vehicles		(111,848)	(105,015)
Share of results of associates		1,863	3,418
Impairment of investment in an associate	2.1(b)	6,619	-
Non-controlling interest		-	379
Zakat and income tax		4,199	5,873
		445,788	461,369
Changes in operating assets and liabilities:			
Trade receivables		(60,899)	(28,052)
Prepayments and other receivables		3,197	5,307
Inventories		1,204	(1,200)
Accounts payable		17,178	36,668
Accrued expenses and other liabilities		460	13,875
Cash from operations		406,928	487,967
Zakat and income tax paid		(5,044)	(6,147)
Employees' end of service benefits paid		(1,352)	(545)
Net cash from operating activities		400,532	481,275
INVESTING ACTIVITIES			
Purchase of investments, net		-	(808)
Purchase of property and equipment		(470,104)	(625,805)
Proceeds from sale of property and equipment		243,347	206,184
Net cash used in investing activities		(226,757)	(420,429)
FINANCING ACTIVITIES			
Net movement in long-term bank debts		(88,350)	25,640
Financial charges paid		(12,196)	(12,441)
Other changes in non-controlling interest		-	(21)
Directors' remuneration paid		(1,350)	(1,350)
Net movement in foreign currency translation reserve		-	(69)
Dividends paid	5	(76,250)	(69,133)
Net cash used in financing activities		(178,146)	(57,374)
(DECREASE)/INCREASE IN BANK BALANCES AND CASH		(4,371)	3,472
Bank balances and cash at the beginning of the period		22,078	19,768
BANK BALANCES AND CASH AT THE END OF THE PERIOD		17,707	23,240
SUPPLEMENTARY INFORMATION OF NON-CASH TRANSACTION			
Assets held for sale (included in prepayments and other receivables)		9,645	2,271


Chairman


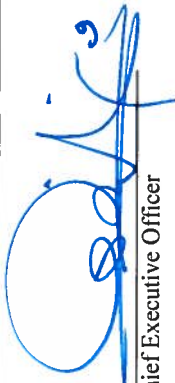


Chief Executive Officer


Chief Financial Officer

The attached notes 1 to 9 form part of these unaudited interim consolidated financial statements.

**UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A SAUDI JOINT STOCK COMPANY) AND ITS SUBSIDIARIES**
UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the nine-month period ended 30 September 2016

	<i>Equity attributable to the shareholders of the Parent Company</i>							
	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 interests SR '000	Total SR '000
Balance at 31 December 2015 (audited)	508,333	-	114,936	-	278,235	901,504	-	901,504
Proposed increase in capital - bonus shares	-	101,667	-	-	(101,667)	-	-	-
Bonus shares issued (note 5)	101,667	(101,667)	-	-	-	-	-	-
Final dividends (note 5)	-	-	-	-	(76,250)	(76,250)	-	(76,250)
Net income for the period from 1 January 2016 to 30 September 2016	-	-	-	-	139,273	139,273	-	139,273
Transfer to statutory reserve	-	-	13,927	-	(13,927)	-	-	-
Director's remuneration	-	-	-	-	(1,350)	(1,350)	-	(1,350)
Balance at 30 September 2016 (unaudited)	610,000	-	128,863	-	224,314	963,177	-	963,177
Balance at 31 December 2014 (audited)	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 5)	101,666	(101,666)	-	-	-	-	-	-
Final dividends (note 5)	-	-	-	-	(69,133)	(69,133)	-	(69,133)
Net income for the period from 1 January 2015 to 30 September 2015	-	-	-	-	139,144	139,144	379	139,523
Transfer to statutory reserve	-	-	13,914	-	(13,914)	-	-	-
Director's remuneration	-	-	-	-	(1,350)	(1,350)	-	(1,350)
Foreign currency translation adjustment	-	-	-	(69)	-	(69)	(21)	(90)
Balance at 30 September 2015 (unaudited)	508,333	-	109,973	(39)	236,772	855,039	790	855,829

Chairman
 Chief Executive Officer
 Chief Financial Officer

The attached notes 1 to 9 form part of these unaudited interim consolidated financial statements.

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

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2016

1 ACTIVITIES

United International Transportation Company ("the Parent Company" or "the 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 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 Company's registered office is located at the following address:

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

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These interim consolidated financial statements have been prepared in accordance with Saudi Accounting Standard for interim financial information issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

These interim consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia.

The interim consolidated financial statements comprise the interim financial statements of the Parent Company and its subsidiaries (the "Group"), after elimination of all material inter-group transactions and balances.

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

The results for the nine month period ended 30 September 2016 (the "period") are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

a) The following are the details of the subsidiaries:

<i>Name</i>	<i>Principal field of activity</i>	<i>Country of incorporation</i>	<i>% of capital held (directly or indirectly)</i>	
			<i>30 September 2016</i>	<i>30 September 2015</i>
Aljozoor Alrasekha Trucking Company Limited ("Rahaal")	Leasing and rental of heavy vehicles and equipments	Kingdom of Saudi Arabia	100%	100%
Unitrans Infotech Services Private Limited ("Unitrans Infotech") (note i)	Providing Information Technology services	India	-	65%

i) On 30 September 2015 the Parent Company acquired 100% ownership of its subsidiary and on the same day disposed off 51% ownership interest in the subsidiary and lost control of the subsidiary. The results of Unitrans Infotech's operations and its cash flows up to 30 September 2015 were consolidated in these interim consolidated financial statements. Effective 1 October 2015, Unitrans Infotech has been classified as an associate and accounted as 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 as at that date.

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

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 30 September 2016

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION (continued)

b) The following are the details of the associates:

<i>Name</i>	<i>Principal field of activity</i>	<i>% of capital held (directly or indirectly)</i>	
		<i>30 September 2016</i>	<i>30 September 2015</i>
Tranzlease Holdings India Private Limited ("THL")	Operating lease of motor vehicles	32.96%	32.96%
Unitrans Infotech Services India Private Limited ("Unitrans Infotech") (note 2 a (i))	Providing Information Technology services	49%	-

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 period ended 30 September 2016, based on a valuation report received from an independent third party expert, an impairment of SR 6.6 million was recorded and charged to unaudited interim consolidated statement of income.

2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim consolidated financial statements are in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia and are consistent with those used for the preparation of the annual financial statements for the year ended 31 December 2015, except for adoption of IAS 19 as disclosed below. The following is a summary of significant accounting policies applied by the Group:

Accounting convention

The interim 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 interim 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 interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

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.

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

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)
At 30 September 2016

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in subsidiaries

Subsidiaries are companies in which the Parent Company has, directly or indirectly, a 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 Parent Company obtains control until the date that such control ceases. 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 interim consolidated statement of income and within equity in the interim consolidated balance sheet, separately from Parent Company shareholders' equity.

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 interim consolidated balance sheet at cost adjusted by the changes in the Group's share of net assets of the associate. The interim 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 interim 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.

The financial statements of the associates are prepared for the same period as the Parent Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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.

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 interim 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 recognised in the interim consolidated statement of income when risks and rewards of ownership are transferred to the buyer representing the difference between the selling price and the net carrying value of the vehicles at the date of disposal.

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.

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

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2016

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 interim 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 interim 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.

Loans

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

Vehicles purchased under Murabaha and Al Tawarraq 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.

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.

Statutory reserve

As required by Saudi Arabian Regulations for Companies, the Parent Company has transferred 10% of the profit for the period to the statutory reserve. The reserve is not available for distribution.

Franchise fee

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

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 interim 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 interim consolidated statement of income.

There is no change in status of zakat and income tax from the annual financial statements for the year ended 31 December 2015.

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.

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

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2016

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' end of service benefits

Provision is made for amounts payable in respect of employees' end of service benefits entitlement at the balance sheet date.

Up to 31 December 2015, employees' end of service benefits, as required by the Saudi Arabian Labour Law, were provided for in the interim 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 obligations in respect of defined unfunded benefit plans (“the obligations”) 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 discount rate used is the market yield on AA-rated corporate bonds at the reporting date that has maturity dates approximating the terms of the Group's obligations. 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 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.

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 interim consolidated statement of income.

Foreign currency translations

Financial statements of foreign operations 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 interim 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 liability simultaneously. Income and expense is not offset in the interim 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.

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

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2016

3 LONG-TERM BANK DEBTS

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 interim consolidated balance sheet.

4 EMPLOYEES' END OF SERVICE BENEFITS

As explained in note 2, 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 interim consolidated statement of income in respect of the employees' end of service benefits are as follows:

	<i>For the nine month period ended 30 September 2016 SR'000</i>
Current service cost	2,086
Interest on obligation	1,278
	<u>3,364</u>

Present value of total employees' end of service benefits, as of 30 September 2016, amounted to SR 37.7 million.

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

	<i>For the nine month period ended 30 September 2016 SR'000</i>
January 1	35,655
Current service cost	2,086
Interest cost	1,278
Benefits paid	(1,352)
September 30	<u>37,667</u>

The actuarial gains, as at 30 September 2016, were not material and accordingly the gains have not been adjusted in these interim consolidated financial statements.

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

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2016

5 SHARE CAPITAL

At 30 September 2016, the Parent Company's share capital of SR 610 million (30 September 2015: SR 508.3 million) consists of 61 million (30 September 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 authorised issuance of 10.17 million bonus share 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 share 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.

6 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 period.

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

As required by Saudi Organization for Certified Public Accountants, the comparative numbers have been restated.

7 OPERATING SEGMENT 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.

For the nine-month period ended 30 September 2016

	<i>Lease SR'000</i>	<i>Rental SR'000</i>	<i>Total SR'000</i>
Revenue	405,407	246,967	652,374
Depreciation expense	260,879	128,212	389,091
Property and equipment (vehicles)	966,735	368,839	1,335,574
Gain on sale of vehicles (unallocated)	-	-	111,848

For the nine-month period ended 30 September 2015

	<i>Lease SR'000</i>	<i>Rental SR'000</i>	<i>Total SR'000</i>
Revenue	366,820	280,716	647,536
Depreciation expense	236,171	156,012	392,183
Property and equipment (vehicles)	910,012	480,411	1,390,423
Gain on sale of vehicles (unallocated)	-	-	105,015

8 CONTINGENT LIABILITIES

At 30 September 2016, the Group had outstanding letters of guarantee amounting to SR 5.7 million (30 September 2015: SR 6.4 million) issued by the local banks on behalf of Group in the ordinary course of business.

9 BOARD OF DIRECTORS' APPROVAL

These unaudited interim consolidated financial statements have been approved by the Board of Directors on 15 Muharram 1438H, corresponding to 16 October 2016.