

**Saudi Public Transport Company and
its Subsidiary
(A Saudi Joint Stock Company)**

**INTERIM CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED)**

**FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE
2016**

Saudi Public Transport Company and its Subsidiary
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016

INDEX	PAGE
Auditors' limited review report	1
Interim consolidated balance sheet	2
Interim consolidated statement of income.....	3
Interim consolidated statement of cash flows	4
Notes to the interim consolidated financial statements	5 – 13

AUDITORS' LIMITED REVIEW REPORT TO THE SHAREHOLDERS OF SAUDI PUBLIC TRANSPORT COMPANY (A SAUDI JOINT STOCK COMPANY)

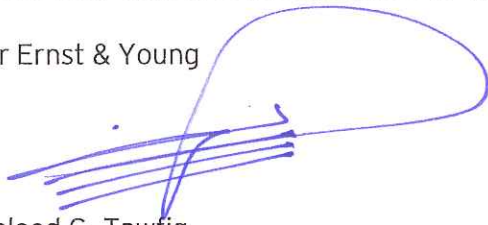
Scope of Review

We have reviewed the accompanying interim consolidated balance sheet of Saudi Public Transport Company - A Saudi Joint Stock Company (the "Company") and its subsidiary ("the Group") as at 30 June 2016, and the related interim consolidated statement of income for the three and six month periods ended 30 June 2016, and interim consolidated statement of cash flows for the six-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 Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). 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 regarding the 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



Waleed G. Tawfiq
Certified Public Accountant
Registration No. 437



Riyadh: 20 Shawal 1437H
(25 July 2016)

Saudi Public Transport Company and its Subsidiary
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS AT 30 JUNE 2016

(In Thousands Saudi Riyals)

	<i>Note</i>	<u>30 June 2016</u>	<u>30 June 2015</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		731,774	398,680
Trade accounts receivable, net		110,080	73,803
Inventories, net		61,205	64,912
Prepayments and other assets		53,335	83,468
Due from a related party – current portion	6	25,850	7,949
TOTAL CURRENT ASSETS		<u>982,244</u>	<u>628,812</u>
NON-CURRENT ASSETS			
Investments	5	127,675	122,190
Due from a related party – non-current portion	6	26,250	22,500
Property, plant and equipment		1,469,719	1,355,862
Deferred charges		21,359	-
TOTAL NON-CURRENT ASSETS		<u>1,645,003</u>	<u>1,500,552</u>
TOTAL ASSETS		<u>2,627,247</u>	<u>2,129,364</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable		45,323	51,219
Amount due to minority partner in a subsidiary		23,491	-
Advance payment from a customer – current portion		15,018	-
Murabaha loans – current portion	8	81,499	98,158
Accrued expenses and other liabilities		196,781	196,625
Dividends payable		89,151	86,347
Provision for zakat	7	11,055	7,949
TOTAL CURRENT LIABILITIES		<u>462,318</u>	<u>440,298</u>
NON-CURRENT LIABILITIES			
Murabaha loans – non-current portion	8	98,385	70,308
Advance payment from a customer – non-current portion		449,421	-
Deferred revenues		703	750
Employees' terminal benefits		129,955	121,774
TOTAL NON-CURRENT LIABILITIES		<u>678,464</u>	<u>192,832</u>
TOTAL LIABILITIES		<u>1,140,782</u>	<u>633,130</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Share capital	9	1,250,000	1,250,000
Statutory reserve		157,248	136,162
Consensual reserve	10	36,353	25,808
Retained earnings		91,416	88,592
Unrealized losses on revaluation of investments in available for sale securities		(41,472)	(4,328)
TOTAL SHAREHOLDERS' EQUITY		<u>1,493,545</u>	<u>1,496,234</u>
Minority Interest		<u>(7,080)</u>	<u>-</u>
TOTAL EQUITY		<u>1,486,465</u>	<u>1,496,234</u>
TOTAL LIABILITIES AND EQUITY		<u>2,627,247</u>	<u>2,129,364</u>

Saudi Public Transport Company and its Subsidiary
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE AND SIX MONTH PERIODS ENDED 30 JUNE 2016
(In Thousands Saudi Riyals)

	<i>Note</i>	<i>For the three month period ended 30 June</i>		<i>For the six month period ended 30 June</i>	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues		283,171	252,928	525,754	491,751
Cost of revenues		(236,518)	(222,850)	(444,689)	(424,658)
GROSS PROFIT		46,653	30,078	81,065	67,093
General and administrative expenses		(19,815)	(19,144)	(36,968)	(38,827)
Marketing and selling expenses		(16,180)	(8,385)	(26,546)	(15,407)
INCOME FROM MAIN OPERATIONS		10,658	2,549	17,551	12,859
Share in earnings of a joint venture		1,860	4,533	6,673	10,005
Financial charges, net		(1,995)	(940)	(3,656)	(2,011)
Other income	11	4,681	6,926	18,673	14,910
Gains on expropriation of land	12	-	-	-	118,807
INCOME BEFORE MINORITY INTEREST & ZAKAT		15,204	13,068	39,241	154,570
Minority interest		4,215	-	5,752	-
INCOME BEFORE ZAKAT		19,419	13,068	44,993	154,570
Zakat	7	(5,200)	(250)	(6,350)	(3,820)
NET INCOME FOR THE PERIOD		14,219	12,818	38,643	150,750
EARNINGS PER SHARE FOR THE PERIOD (SR):	13				
Attributable to income from main operations		0.09	0.02	0.14	0.10
Attributable to net income for the period		0.11	0.10	0.31	1.21

Saudi Public Transport Company and its Subsidiary
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016
(In Thousands Saudi Riyals)

	<i>For the six month period ended 30 June</i>	
	<i>2016</i>	<i>2015</i>
OPERATING ACTIVITIES		
Income before zakat	44,993	154,570
Adjustments for:		
Depreciation	75,294	67,028
Provision for doubtful debts	9,013	91
Provision for employees' terminal benefits	9,198	14,730
Capital gains from disposal of property, plant and equipment	(967)	(119,950)
Share in earnings of a joint venture	(6,673)	(10,005)
Amortization of deferred revenue, net	(268)	23
Minority interest share in net loss of a subsidiary	(5,752)	-
Changes in operating assets and liabilities:	124,838	106,487
Accounts receivable	(10,280)	7,094
Inventories	(7,694)	(8,691)
Due from a related party	4,452	(296)
Amount due to minority partner in a subsidiary	(1,202)	-
Prepayments and other assets	(14,713)	(48,398)
Accounts payable	9,574	13,220
Advance payment from a customer	(6,901)	-
Accrued expenses and other liabilities	2,720	5,057
Cash from operations	100,794	74,473
Employees' terminal benefits paid	(7,010)	(5,050)
Zakat paid	(33,286)	(3,747)
Net cash from operating activities	60,498	65,676
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(160,825)	(69,130)
Proceeds from sale of property, plant and equipment	3,725	171,565
Deferred charges	(3,703)	-
Net cash (used in) from investing activities	(160,803)	102,435
FINANCING ACTIVITIES		
Dividends paid and board of directors' remunerations	(60,466)	(151,944)
Proceeds from Murabaha loans, net	60,308	3,134
Minority interest	(1,248)	-
Net cash used in financing activities	(1,406)	(148,810)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(101,711)	19,301
Cash and cash equivalents at the beginning of the period	833,485	379,379
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	731,774	398,680
Non-cash transactions:		
Transfer from consensual reserve to retained earnings (Note 10)	-	7,500
Change in fair value of investments in available for sale securities	(3,117)	10,175

The attached notes 1 to 17 form part of these Interim Consolidated Financial Statements.

Saudi Public Transport Company and its Subsidiary (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) AT 30 JUNE 2016

1 ACTIVITIES

Saudi Public Transport Company (the "Company") is a Saudi Joint Stock Company registered in Riyadh and formed under the Royal Decree No. M/11, dated 7 Rabi Awal 1399H (corresponding to 5 February 1979). The formation was declared pursuant to the resolution of His Excellency, The Minister of Commerce, No. 254 dated 14 Sha'ban 1399H (corresponding to 9 July 1979). The Company operates under commercial registration number 1010024335 dated 5 Ramadan 1399H (corresponding to 29 July 1979).

The Company is engaged in passenger land transport both intra and inter-city throughout the Kingdom and outside the Kingdom, as well as the transfer of non-postal parcels, cargo, school transport, teachers transport, car rental and sand and gravel transport. The Company is also engaged in operating and maintaining of trains, metros, motor vehicles and trucks, organizing tours, transporting pilgrims and visitors in and out of the Kingdom and importing spare parts and chemical detergents of vehicles.

Royal Decree No. (M / 48) dated 22 Dhul-Hijjah 1399H (corresponding to 12 November 1979) was issued to grant Saudi Public Transport Company a franchise contract whereby the Company commits to transport passengers on public roads network both intra and inter-city throughout the Kingdom of Saudi Arabia for a period of fifteen Hijri years .

The Council of Ministers in its resolution No. (57) issued on 1 Jumada Thani 1414H (corresponding to 15 November 1993) approved the renewal of the franchise contract for a period of fifteen years starting from 1 Rajab 1414H. On 21 Jumada Al-Awal 1429H (corresponding to 26 May 2008), the contract was renewed for another renewable five-year period starting from 1 Rajab 1429H (corresponding to 4 July 2008).

The Council of Ministers in its resolution No. (254) issued on 24 Rajab 1434H (corresponding to 3 June 2013) approved the extension of the franchise contract signed between the government and Saudi Public Transport Company (SAPTCO), whereby the Company is committed to carry passengers by buses within and between cities in the Kingdom for a period of three years starting 1 Rajab 1434H (corresponding to 11 May 2013). The concerned governmental authorities shall have the right during that period to partially reduce the spatial coverage of the franchise contract based on the phases of issuing new tender for providing public transportation between the cities inside the Kingdom of Saudi Arabia.

On 29 Dhul-Hijjah 1436H (corresponding to 12 October 2015), the Council of Ministers approved the extension of the franchise contract, signed between the government and Saudi Public Transport Company (SAPTCO) by virtue of the Royal Decree (No M/48 dated 23 Dhul-Hijjah 1399H), for a period of five years starting 1 Rajab 1437H (corresponding to 8 April 2016), and without giving the Company or any other company any competitive advantage when issuing tenders for providing public transportation services between the cities of the Kingdom.

2 BASIS OF CONSOLIDATION

These interim consolidated financial statements include the financial statements of the Company and its subsidiary (the "Group"), as adjusted by the elimination of significant inter-Group balances and transactions.

The financial statements of the subsidiary are prepared using accounting policies which are consistent with those adopted by the Company. The financial statements of the subsidiary company are consolidated from the date on which the Company is able to exercise effective control over the subsidiary company. A subsidiary is an entity in which the Company has, directly or indirectly, equity investment of more than 50% of the share capital and/or over which it exercise effective control.

Minority interest in the net assets of the consolidated subsidiary is identified separately from the Company's shareholders' equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the Minority interest's share of changes in equity since the date of the combination.

The subsidiary included in these interim consolidated financial statements is as follows:

Subsidiary	Shareholding		Principle Activity	Country of Incorporation
	2016	2015		
Public Transport Company	80%	80%	Executing King Abdulaziz Project for Public Transport in Riyadh	Saudi Arabia

Saudi Public Transport Company and its Subsidiary (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued) AT 30 JUNE 2016

2 BASIS OF CONSOLIDATION (continued)

On 8 Rabi Al Awwal 1436H (corresponding to 30 December 2014), the Company participated in establishing Public Transportation Company (the "subsidiary") with a capital of ten million Saudi Riyal. Saudi Public Transport Company (SAPTCO) owns 80% of the share capital. Public Transport Company is engaged in execution of King Abdul-Aziz Project for Public Transport in Riyadh. Accordingly, the subsidiary's interim financial statements have been consolidated effective from the fourth quarter of the year ended 31 December 2015 as it was not material in prior periods. The subsidiary has not started its commercial operations yet.

3 SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements have been prepared in accordance with the Standard of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). The significant accounting policies followed by the Company in preparation of these interim consolidated financial statements, summarized below, are consistent with the policies set out in the annual audited financial statements for the year ended 31 December 2015. These interim consolidated financial statements and accompanying notes should be read in conjunction with the annual audited financial statements and accompanying notes for the year ended 31 December 2015.

The significant accounting policies are as follows:

Accounting convention

The interim consolidated financial statements have been prepared under the historical cost convention except for investments in available for sale securities which are measured at fair value.

Use of estimates

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

Cash and cash equivalents

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

Inventory

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

Accounts receivable

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

Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and any impairment in value, except for freehold lands and projects under construction which are stated at cost. Expenditures for maintenance and repairs are considered operating expense, while expenditures for improvements are considered capital expenses, and are amortized on a straight-line basis over the estimated useful lives of the improvements.

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

Buildings	33 years	Furniture and fixtures	3-10 years
Buses, trucks and trailers	6-12 years	Motor vehicles	3-6 years
Tools and equipment	5-20 years		

Saudi Public Transport Company and its Subsidiary
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
AT 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant and Equipment (continued)

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

Buses, trucks and trailers renovation costs are depreciated effective from the date of operating the renovated buses, trucks and trailers by equal annual installments over their expected useful lives.

Investments

a) Investments in available for sale securities

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

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

b) Investments accounted for under equity method

Investment in an associate

An associate is that in which the Group has a long-term investment comprising an interest of 20% or more of the voting capital and over which it exercises significant influence, where it is accounted for under the equity method in the interim consolidated financial statements.

Under the equity method, the Group's share in the investee companies is recorded in the interim consolidated balance sheet at cost, adjusted by the post-acquisition/incorporation changes of the Group's share in the net assets of the investee companies, less any impairment in investments. The Group's share in the financial results of these investee companies is recognized in the interim consolidated statement of income.

Investments in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, i.e. the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control. Joint venture arrangements that involve the establishment of a separate entity in which each party has an interest are referred to as "jointly controlled entities". The Group accounts for its interests in jointly controlled entities on the equity method basis.

Under the equity method, the Group's interest in the jointly controlled entity is carried in the interim consolidated balance sheet at cost and adjusted by post-incorporation changes in the Group's share of the net assets of the jointly controlled entity, less any impairment in the value of individual investment, if any.

Work in progress

Work in progress is stated at cost incurred until the asset is ready for its intended use, thereafter; this cost is capitalized on the related assets. Work in progress includes the cost of contractors, materials, services, borrowing, salaries and other direct costs and overheads allocated on a consistence basis.

Deferred charges / amortization

Deferred charges comprise upfront fees related to bank guarantees and are amortized over the period of the related guarantee.

Deferred charges also comprise training consulting costs and integration of operating systems which will be deferred and amortized over the period of benefit.

Saudi Public Transport Company and its Subsidiary
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
AT 30 JUNE 2016

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the suppliers or not

Employees' terminal benefits

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

Deferred revenue

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

Impairment of non-current assets

The Group regularly reviews the carrying amounts of non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized immediately in the interim consolidated statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the interim consolidated statement of income.

Islamic Murabaha contracts

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

Statutory reserve

In accordance with the Saudi Arabian Regulations for Companies, the Company must set aside 10% of its net income to the statutory reserve. The Company may resolve to discontinue such transfer when the reserve equals 50% of the capital. The reserve is not available for distribution.

Revenues

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

Expenses

Marketing expenses are those which specifically relate to advertising, and promotion agents' commissions, other marketing expenses as well as the provision for doubtful debts. All other expenses are classified as general and administrative expenses.

Operating leases

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

Zakat

Zakat is provided for in accordance with Saudi Arabian fiscal regulations. The Zakat liabilities and any adjustments arising from the recalculation of Zakat or upon the issuance of the final assessment are charged to the interim consolidated statement of income.

**Saudi Public Transport Company and its Subsidiary
(A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
AT 30 JUNE 2016**

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

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

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 gains and losses that are different from those of other segments. As the Group carries out most of its activities entirely in the Kingdom of Saudi Arabia, reporting is provided by business segment only.

4 BUSINESS RESULTS AND SEASONAL EFFECTS

The Group's revenue is affected by seasons in which the operation rates are high. These seasons are the Hajj, summer vacation, the holy month of Ramadan and the public holidays. The Group's interim results may not be an accurate indicative of its annual results.

In light of the Royal Decree to pay two months' salary to government employees, the Board of Directors decided, during the first quarter of 2015, to pay two months' salary to Saudi employees amounting to SR 13,153 thousand, out of which, an amount of SR 11,450 thousand has been charged to direct costs and an amount of SR 1,703 thousand has been charged to general and administrative expenses during the period ended 30 June 2015.

5 INVESTMENTS

	2016 SR '000	2015 SR '000
Investments in available for sale securities	108,528	95,672
Investment in Saudi Bahraini Transport Company (a)	7,459	7,459
Investment in a joint venture (b)	19,147	11,059
Investment in Public Transport Company (Note 2)	-	8,000
	<hr/>	<hr/>
Provision for impairment of investment	(7,459)	-
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	127,675	122,190
	<hr/> <hr/>	<hr/> <hr/>

**Saudi Public Transport Company and its Subsidiary
(A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
AT 30 JUNE 2016**

5 INVESTMENTS (continued)

- a) Investment in an associate represents the Company's 40% ownership of Saudi Bahraini Transport Company, a limited liability company registered in the Kingdom of Saudi Arabia. This investment is accounted for under the equity method based on the latest available financial statements. The audited financial statements of the associate for 2014 have not been issued as at the date of the preparation of these interim consolidated financial statements.

On 31 December 2015, the Partners' Extraordinary General Assembly of Saudi Bahraini Transport Company agreed on solving and liquidation of the company and nominating a liquidator. Accordingly, a provision has been made for the investment in full as the company is unable to estimate the recoverable amount of this investment.

- b) On 20 Safar 1435H (corresponding to 23 December 2013), the Company has agreed with Emirates Transport on establishing Saudi Emirates Integrated Transport Company (SEITCO) with a capital of one hundred thousand Saudi Riyal, so that each party owns 50% of the capital. Saudi Emirates Integrated Transport Company is engaged in educational transportation services, ownership of buses, fleet management for other companies and the provision of transport services by automobiles. SEITCO started its operations during the third quarter of 2014. This investment is accounted for under the equity method, based on interim financial statements prepared by management.

6 DUE FROM A RELATED PARTY

During 2014, the Company funded the operations of Saudi Emirates Integrated Transport Co., Ltd. (SEITCO) with an amount of SR 30 million. The Company's main operations in the Kingdom of Saudi Arabia are concentrated in the field of educational transportation. SEITCO started its operations during the third quarter of 2014. This amount is not subject to any interest and is payable within four years effective from July 2015. However, the partners agreed on rescheduling of repayment to be started from January 2017. In addition, the Company has provided an additional finance amounting to SR 20 million to finance the operation of transportation contracts to government schools with Tatweer Co. for Educational Services. This amount doesn't carry any interest and it will be recovered upon receiving the accruals of Saudi Emirates Integrated Transport Co from Tatweer Co. for Educational Services.

7 ZAKAT

The Company has filed zakat returns for the years 2005 to 2015 and settled zakat dues accordingly. The Group has finalized its zakat status for all years up to 2012. On 11 January 2015, the Department of Zakat and Income Tax (DZIT) assessed an additional zakat for the years from 2005 to 2012 amounting to SR 39.4 million. The Company has appealed against certain zakat items disallowed in DZIT's assessment. In 22 December 2015, the Company received the final zakat assessment from DZIT for the years from 2005 to 2012 with zakat differences of SR 29,2 million. The Company accepted this assessment and considered this amount in the zakat provision for 2015. This amount has been fully paid to DZIT in January 2016.

8 ADVANCE PAYMENT FROM A CUSTOMER

During 2015, Public Transport Company received an amount of SR 471 million as an advance payment for executing King Abdulaziz project for busses public transport in Riyadh. The advance payment represents 6% of the total contract value.

9 SHARE CAPITAL

The Company's share capital consists of 125 million shares (2015: 125 million shares) of SR 10 each.

**Saudi Public Transport Company and its Subsidiary
(A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
AT 30 JUNE 2016**

10 CONSENSUAL RESERVE

In accordance with the Company's bylaws, the Company shall transfer 5% from the net income for the year to the consensual reserve until this reserve equals 25% of the share capital. This reserve may be used for the purposes authorized by the Board of Directors.

The Board of Directors resolved in their meeting held on 6 Rabi Thani 1436H (corresponding to 26 January 2015) to transfer an amount of SR 7,500,000 from the consensual reserve to retained earnings to complete the amount related to the distribution of the proposed dividends to the shareholders for the year 2014.

11 OTHER INCOME

	<i>For the six month period ended 30 June</i>	
	<i>2016</i>	<i>2015</i>
	<i>SR'000</i>	<i>SR'000</i>
Settlement of insurance claims	7,590	3,604
Gains on investments in Murabaha contracts	4,502	206
Rental income	1,932	1,731
Revenue advertisement for internal transport buses	1,230	36
Support from Human Resources Development Fund	1,079	2,665
Gains on sale of property, plant and equipment	967	1,143
Penalties on suppliers	853	902
Gains on sale of scrap	269	576
Reimbursements for joint venture expenses	-	2,051
Restoration of land fees	-	1,064
Other	251	932
	<u>18,673</u>	<u>14,910</u>

12 GAINS ON EXPROPRIATION OF LAND

On 20 Rabie Thani 1436H (corresponding to 9 February 2015), the Supervisory Committee of Expropriation of Land and Relocation of Services related to the Custodian of The Two Holy Mosques' Expansion Project of the Prophet's Mosque has expropriated the land owned by the Company in the city of Medina as part of the expansion project. The land area is 5,147,61 Square meters. An amount of SR 169.8 million was stated as a compensation, whereas the book value of the land amounted to SR 51 million. This compensation has resulted in a capital gain of SR 118.8 million.

13 EARNINGS PER SHARE

Earnings per share attributable to income from main operations and net income for the period is calculated on the basis of the total outstanding shares, amounting to 125 million shares as of 30 June 2016 (30 June 2015: 125 million shares).

14 CONTINGENT LIABILITIES

- A) The Company's bankers have issued, on its behalf during the normal course of business, guarantees and acceptances limited to SR 807 million as of 30 June 2016 (2015: SR 337.3 million).
- B) The Company has also capital commitment of SR 235 million to purchase 200 new buses and are expected to be delivered during the third quarter of 2016 and the first quarter of 2017.

Saudi Public Transport Company and its Subsidiary
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
AT 30 JUNE 2016

15 SEGMENTAL INFORMATION

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

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

- **Passenger Transport**

Includes scheduled transport services which incorporate inter and intra city transport inside and outside the Kingdom, as well as international transport services. This is considered the major segment of the Group.

- **Contracts and Leasing**

Incorporates transport services as per lease agreements entered into by the Group with third parties, whether governmental or non- governmental parties, inside or outside the Kingdom.

- **Head Office**

Includes the headquarter of the Group, financial information attributable to support units activities and other activities.

The following selected financial data for these sectors are:

30 June 2016:

SR '000

<u>Description</u>	<i>Passenger transport</i>	<i>Contracts and leases</i>	<i>Head Office</i>	<i>Total</i>	<i>Eliminations on Consolidation</i>	<i>Total</i>
1- Total revenues	353,205	109,292	63,257	525,754	-	525,754
2- Gross profit (Loss)	100,612	3,964	(29,584)	74,992	6,073	81,065
3- Property, plant & equipment	436,521	563,081	472,033	1,471,635	(1,916)	1,469,719
4- Total assets	559,227	705,810	1,367,996	2,633,033	(5,786)	2,627,247
5- Total liabilities	320,781	186,303	667,806	1,174,890	(34,108)	1,140,782

30 June 2015

SR '000

<u>Description</u>	<i>Passenger transport</i>	<i>Contracts and leases</i>	<i>Head Office</i>	<i>Total</i>	<i>Eliminations on Consolidation</i>	<i>Total</i>
1- Total revenues	329,294	110,040	52,417	491,751	-	491,751
2- Gross profit (Loss)	79,933	6,491	(19,331)	67,093	-	67,093
3- Property, plant & equipment	437,275	435,639	482,948	1,355,862	-	1,355,862
4- Total assets	547,281	551,863	1,030,220	2,129,364	-	2,129,364
5- Total liabilities	321,089	174,276	137,765	633,130	-	633,130

**Saudi Public Transport Company and its Subsidiary
(A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)
AT 30 JUNE 2016**

16 DIVIDENDS

The Ordinary General Assembly approved in its meeting held on 4 Rajab 1437H (corresponding to 11 April 2016) the Board of Directors' recommendation to distribute cash dividends amounting to SR 62.5 million (SR 0.50 per share) for the financial year 2015 and the payment of Board of Directors' remuneration of SR 1.8 million.

The Ordinary General Assembly approved in its meeting held on 1 Rajab 1436H (corresponding to 20 April 2015) the Board of Directors' recommendation to distribute cash dividends amounting to SR 93.7 million (SR 0.75 per share) for the financial year 2014.

The Ordinary General Assembly also approved in its meeting held 1 Rajab 1436 H (corresponding to 20 April 2015) the Board of Directors' recommendation to distribute cash dividends to shareholders from capital gains realized from the compensation of land of Madina (Gains on expropriation of land) amounting to SR 62.5 million (SR 0.50 per share) and the payment of Board of Directors' remuneration of SR 1.8 million.

17 COMPARATIVE FIGURES

Certain figures of the prior period have been reclassified to conform with the current period's presentation.