

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

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2015

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

Scope of audit

We have audited the accompanying consolidated balance sheet of United International Transportation Company - A Saudi Joint Stock Company - ("the Company" or "the Parent Company") and its subsidiaries ("the Group") as at 31 December 2015, and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended. These consolidated financial statements are the responsibility of the Company's management and have been prepared by them in accordance with the provisions of Article 123 of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the consolidated financial statements.

Unqualified opinion

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

- i) present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2015 and of the consolidated results of its operations and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.
- ii) comply with the requirements of the Regulations for Companies and the Company's Bylaws in so far as they effect the preparation and presentation of the consolidated financial statements.

for Ernst & Young

Ahmed I Reda
Certified Public Accountant
Licence No. 356

9 Rabi Al Thani 1437H
19 January 2016

Jeddah

15/393/TNM



UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company) AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
As at 31 December 2015

	Note	2015 SR'000	2014 SR'000
ASSETS			
CURRENT ASSETS			
Bank balances and cash	4	22,078	19,768
Trade receivables, net	5	123,642	104,262
Prepayments and other receivables	6	28,560	43,674
Inventories		3,643	4,288
TOTAL CURRENT ASSETS		177,923	171,992
NON-CURRENT ASSETS			
Property and equipment	7	1,498,810	1,363,072
Investment in associates	8	26,061	27,919
TOTAL NON-CURRENT ASSETS		1,524,871	1,390,991
TOTAL ASSETS		1,702,794	1,562,983
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Current portion of long-term bank debts	9	400,672	384,983
Accounts payable	10	71,351	59,362
Accrued expenses and other liabilities	11	39,107	22,879
Zakat and income tax payable	12	5,246	5,672
TOTAL CURRENT LIABILITIES		516,376	472,896
NON-CURRENT LIABILITIES			
Non-current portion of long-term bank debts	9	249,259	271,457
Employees' end of service benefits		35,655	31,751
TOTAL NON-CURRENT LIABILITIES		284,914	303,208
TOTAL LIABILITIES		801,290	776,104
EQUITY			
Share capital	13	508,333	406,667
Statutory reserve	14	114,936	96,059
Foreign currency translation reserve		-	30
Retained earnings		278,235	283,691
TOTAL EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		901,504	786,447
NON-CONTROLLING INTERESTS		-	432
TOTAL EQUITY		901,504	786,879
TOTAL LIABILITIES AND EQUITY		1,702,794	1,562,983


Chairman


Chief Executive Officer


Chief Financial Officer

The attached notes 1 to 26 form part of these consolidated financial statements.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
Year ended 31 December 2015

	Note	2015 SR'000	2014 SR'000
Revenue	17	875,570	757,102
Cost of revenue	18	(735,067)	(638,119)
GROSS PROFIT		140,503	118,983
EXPENSES			
Marketing	19	(35,399)	(34,242)
General and administration	20	(40,391)	(32,065)
		(75,790)	(66,307)
INCOME FROM OPERATIONS		64,713	52,676
Gain on sale of vehicles		143,172	135,967
INCOME FROM CONTINUING OPERATIONS		207,885	188,643
OTHER (EXPENSES)/INCOME			
Other income, net		7,455	3,348
Share of results of associates	8	(3,978)	(395)
Financial charges		(16,443)	(14,117)
NET INCOME BEFORE ZAKAT AND INCOME TAX AND NON-CONTROLLING INTERESTS		194,919	177,479
Zakat and income tax	12	(5,772)	(6,572)
NET INCOME BEFORE NON-CONTROLLING INTEREST		189,147	170,907
Non-controlling interest		(379)	144
NET INCOME FOR THE YEAR		188,768	171,051
EARNINGS PER SHARE			
Weighted average number of ordinary shares outstanding (in thousands) (comparatives restated)		50,833	50,833
Earnings per share on income from continuing operations (in SR per share) (comparatives restated)	16	4.09	3.71
Earnings per share on net income for the year (in SR per share) (comparatives restated)	16	3.71	3.36


Chairman


Chief Executive Officer


Chief Financial Officer

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UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2015


	<i>Note</i>	2015 SR'000	2014 SR'000
OPERATING ACTIVITIES			
Net income before zakat and income tax and non-controlling interest		194,919	177,479
Adjustments for:			
Depreciation	7	502,635	431,183
Amortisation of payment under operating lease		10,041	16,894
Provision for employees' end of service benefits		4,809	4,123
Financial charges		16,443	14,117
Gain on disposal of vehicles		(143,172)	(135,967)
Gain on disposal of subsidiary		(994)	-
Share of results of associates	8	3,978	395
		588,659	508,224
Changes in operating assets and liabilities:			
Trade receivables		(18,944)	(14,753)
Prepayments and other receivables		16,589	(13,907)
Inventories		645	473
Accounts payable		11,989	(21,084)
Accrued expenses and other liabilities		16,228	(2,921)
		615,166	456,032
Cash from operations		615,166	456,032
Financial charges paid		(16,443)	(14,117)
Zakat and income tax paid	12	(5,655)	(5,989)
Employees' end of service benefits paid		(905)	(1,560)
		592,163	434,366
INVESTING ACTIVITIES			
Investment in an associate	8	(808)	-
Investment in an subsidiary		(1,181)	-
Purchase of property and equipment	7	(781,908)	(764,394)
Proceeds from disposal of property and equipment		275,075	252,319
		(508,822)	(512,075)
FINANCING ACTIVITIES			
Net movement in long term bank debts		(6,509)	143,478
Net movement in non-controlling interest		(811)	16
Directors' remuneration paid	15 (c)	(4,548)	(4,375)
Dividends paid	13	(69,133)	(68,625)
		(81,001)	70,494
Net cash (used in)/from financing activities		(81,001)	70,494
INCREASE/(DECREASE) IN BANK BALANCES AND CASH		2,340	(7,215)
Net movement in foreign currency translation reserve		(30)	246
Bank balances and cash at the beginning of the year		19,768	26,737
BANK BALANCES AND CASH AT THE END OF THE YEAR	4	22,078	19,768

The attached notes 1 to 26 form part of these consolidated financial statements.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
Year ended 31 December 2015

	<i>2015</i> <i>SR'000</i>	<i>2014</i> <i>SR'000</i>
SUPPLEMENTARY INFORMATION OF NON-CASH TRANSACTION		
Assets held for sale (note 6)	<u>11,516</u>	<u>6,782</u>
Net assets relating to subsidiary disposed-off (note 2 (a) (ii))	<u>1,609</u>	<u>-</u>


Chairman



Chief Executive Officer

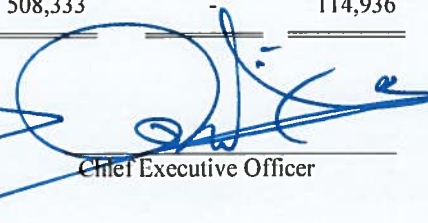

Chief Financial Officer

The attached notes 1 to 26 form part of these consolidated financial statements.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
Year ended 31 December 2015

	<i>Equity attributable to the shareholders of the Parent Company</i>							
	<i>Share capital – SR '000</i>	<i>Proposed increase in capital – bonus shares SR '000</i>	<i>Statutory reserve SR '000</i>	<i>Foreign currency translation reserve SR '000</i>	<i>Retained earnings SR '000</i>	<i>Total SR '000</i>	<i>Non-controlling interest SR '000</i>	<i>Total SR '000</i>
Balance at 31 December 2013	305,000	-	78,954	(216)	304,412	688,150	560	688,710
Proposed increase in capital - bonus shares	-	101,667	-	-	(101,667)	-	-	-
Bonus shares issued (note 13)	101,667	(101,667)	-	-	-	-	-	-
Final dividends for 2013 (note 13)	-	-	-	-	(68,625)	(68,625)	-	(68,625)
Net income for the year	-	-	-	-	171,051	171,051	(144)	170,907
Transfer to statutory reserve	-	-	17,105	-	(17,105)	-	-	-
Director's remuneration (note 15 (c))	-	-	-	-	(4,375)	(4,375)	-	(4,375)
Foreign currency translation adjustment	-	-	-	246	-	246	16	262
Balance at 31 December 2014	406,667	-	96,059	30	283,691	786,447	432	786,879
Proposed increase in capital - bonus shares	-	101,666	-	-	(101,666)	-	-	-
Bonus shares issued (note 13)	101,666	(101,666)	-	-	-	-	-	-
Final dividends for 2014 (note 13)	-	-	-	-	(69,133)	(69,133)	-	(69,133)
Net income for the year	-	-	-	-	188,768	188,768	379	189,147
Transfer to statutory reserve	-	-	18,877	-	(18,877)	-	-	-
Director's remuneration (note 15 (c))	-	-	-	-	(4,548)	(4,548)	-	(4,548)
Foreign currency translation adjustment	-	-	-	(30)	-	(30)	-	(30)
Relating to disposed subsidiary	-	-	-	-	-	-	(811)	(811)
Balance at 31 December 2015	508,333	-	114,936	-	278,235	901,504	-	901,504


Chairman


Chief Executive Officer


Chief Financial Officer

The attached notes 1 to 26 form part of these consolidated financial statements.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company) AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

1 ACTIVITIES

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

The principal activities of the 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

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

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

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

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>2015</i>	<i>2014</i>
Aljozoor Alrasekha Trucking Company Limited ("Rahaal") (note i)	Leasing and rental of heavy vehicles and equipment	Kingdom of Saudi Arabia	100%	100%
Unitrans Infotech Services India Private Limited ("Unitrans Infotech") (note ii)	Providing Information Technology services	India	-	65%

i) During 2014, Company had made additional contribution of SR 40 million in Rahaal, for which legal formalities were completed on 21 October 2014.

ii) On 30 September 2015 the 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 for the period from 1 January 2015 to 30 September 2015 have been consolidated in these consolidated financial statements. Effective 1 October 2015, Unitrans Infotech has been classified as an associate and accounted as to such. The assets of the subsidiary at the date of disposal amounted to SR 1,609 thousands and a gain on sale of 994 thousands was recognised.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company) AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2015

2 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>2015</i>	<i>2014</i>
Tranzlease Holdings India Private Limited ("THL")	Operating lease of motor vehicles	32.96%	32.75%
Unitrans Infotech Services India Private Limited ("Unitrans Infotech") (note a (ii))	Providing Information Technology services	49%	-

During 2012, the 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 the year, the shareholding was increased to 32.96%.

3 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies adopted are as follows:

Accounting convention

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

Use of estimate

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

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.

Investments in associates

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

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company) AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 income as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalised.

Gain on sale of vehicles and other items of property and equipment is recognized in the consolidated statement of income when risks and rewards of ownership are transferred to the buyer representing the difference between the selling price and the net carrying value of the vehicles at the date of disposal.

Assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale under current assets. Immediately before classification as held for sale, the assets are re-measured at the lower of their carrying amount and fair value less cost to sell.

Impairment and uncollectibility of financial assets

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

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

Accounts payable and accruals

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

Loans

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

Vehicles purchased under Murabaha and Al Tawarroq agreements are recorded at their fair value at the inception. Bank fees and other charges are allocated to the consolidated statement of income over the instalment term at a constant periodic basis.

Dividends

Interim dividends are recorded as a liability in the period in which they are approved by the Board of Directors. Final dividends are recorded in the period in which they are approved by the shareholders.

Franchise fee

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

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company) AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2015

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Zakat and income tax

Zakat

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

Income tax

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

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.

Employees' end of service benefits

Provision is made for amounts payable under the Saudi Arabian labour law applicable to employees' accumulated periods of service at the balance sheet date and are charged to the consolidated statement of income.

Revenue recognition

Revenue from vehicle rental is recognized over the rental period, in accordance with terms of rental agreements (net of discount). Rental revenue also includes fees for services incidental to vehicle rental. Revenue from unbilled rentals is recognized at their net realizable amount. Lease revenue is recognized over the period of lease agreement. Revenue from services is recognised when services are rendered.

Expenses

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

Foreign currencies

Transactions

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

Foreign currency translations

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

Offsetting

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

Segmental reporting

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

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company) AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2015

4 BANK BALANCES AND CASH

	<i>2015</i> <i>SR'000</i>	<i>2014</i> <i>SR'000</i>
Cash on hand	865	844
Bank balances	21,213	18,924
	<u>22,078</u>	<u>19,768</u>

5 TRADE RECEIVABLES, NET

	<i>2015</i> <i>SR'000</i>	<i>2014</i> <i>SR'000</i>
Customers	145,226	122,191
Allowance for doubtful debts	(21,584)	(17,929)
	<u>123,642</u>	<u>104,262</u>

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

	<i>2015</i> <i>SR'000</i>	<i>2014</i> <i>SR'000</i>
Balance at the beginning of the year	17,929	24,697
Charge for the year (Note 20)	3,899	-
Written-off during the year	(244)	(6,768)
	<u>21,584</u>	<u>17,929</u>

6 PREPAYMENTS AND OTHER RECEIVABLES

	<i>2015</i> <i>SR'000</i>	<i>2014</i> <i>SR'000</i>
Prepaid rent	9,330	12,743
Prepaid vehicles insurance	245	960
Prepaid medical insurance	1,530	1,367
Advance rent for vehicles acquired under operating lease	1,076	8,923
Advances to suppliers	-	7,653
Assets held for sale (Note 7)	11,516	6,782
Employee loans and others	4,794	5,169
Due from a related party (Note 15)	69	77
	<u>28,560</u>	<u>43,674</u>

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company) AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2015

7 PROPERTY AND EQUIPMENT

Buildings and other installations Furniture, fixtures and office equipment	10 to 20 years 4 to 5 years		Vehicles Machinery and equipment			2 to 3 years 4 to 7 years		Total 2015 SR'000	Total 2014 SR'000
	Freehold land SR'000	Buildings and other installations SR'000	Vehicles SR'000	Furniture, fixtures and office equipment SR'000	Machinery and equipment SR'000	Capital work in progress SR'000			
Cost:									
At the beginning of the year	46,780	73,598	2,017,525	31,119	6,785	110	2,175,917	1,915,674	
Additions	-	2,280	776,535	2,664	323	106	781,908	764,394	
Disposals	-	-	(542,741)	-	-	-	(542,741)	(478,288)	
Related to disposed subsidiary	-	-	(195)	-	-	-	(195)	-	
Transferred to assets held for sale (Note 6)	-	-	(34,757)	-	-	-	(34,757)	(25,863)	
At the end of the year	46,780	75,878	2,216,367	33,783	7,108	216	2,380,132	2,175,917	
Accumulated depreciation:									
At the beginning of the year	-	18,232	763,232	25,667	5,714	-	812,845	762,679	
Charge for the year (note b)	-	4,367	495,072	2,765	431	-	502,635	431,183	
Relating to disposals	-	-	(410,838)	-	-	-	(410,838)	(361,936)	
Related to disposed subsidiary	-	-	(79)	-	-	-	(79)	-	
Transferred to assets held for sale (Note 6)	-	-	(23,241)	-	-	-	(23,241)	(19,081)	
At the end of the year	-	22,599	824,146	28,432	6,145	-	881,322	812,845	
Net book amounts:									
At 31 December 2015	46,780	53,279	1,392,221	5,351	963	216	1,498,810		
At 31 December 2014	46,780	55,366	1,254,293	5,452	1,071	110		1,363,072	

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

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company) AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2015

7 PROPERTY AND EQUIPMENT (continued)

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

	<i>2015</i> <i>SR'000</i>	<i>2014</i> <i>SR'000</i>
Cost of revenue (note 18)	501,529	430,113
General and administrative expenses (note 20)	1,106	1,070
	<u>502,635</u>	<u>431,183</u>

8 INVESTMENT IN ASSOCIATES

	<i>2015</i> <i>SR'000</i>	<i>2014</i> <i>SR'000</i>
Investment in associates	<u>26,061</u>	<u>27,919</u>

	<i>2015</i> <i>SR'000</i>	<i>2014</i> <i>SR'000</i>
Tranzlease Holdings India Private Limited ("THL")		
Balance at the beginning of the year	27,919	28,314
Additions during the year	808	-
Share of results for the year	(4,108)	(395)
	<u>24,619</u>	<u>27,919</u>

Unitrans Infotech Services India Private Limited ("Unitrans Infotech")

Transferred from subsidiaries (note 2 (a)(ii))	1,312	-
Share of results for the period from 1 October 2015 to 31 December 2015	130	-
	<u>1,442</u>	<u>-</u>

9 LONG-TERM BANK DEBTS

	<i>2015</i> <i>SR'000</i>	<i>2014</i> <i>SR'000</i>
a) Current portion		
Murabaha sale agreements	332,898	265,539
Al Tawarroq agreements	67,774	119,444
	<u>400,672</u>	<u>384,983</u>
b) Non-current portion		
Murabaha sale agreements	238,425	257,846
Al Tawarroq agreements	10,834	13,611
	<u>249,259</u>	<u>271,457</u>

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.

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10 ACCOUNTS PAYABLE

	<i>2015</i> <i>SR'000</i>	<i>2014</i> <i>SR'000</i>
Suppliers for vehicles	37,533	35,079
Suppliers for stores, spares and others	33,818	24,283
	<u>71,351</u>	<u>59,362</u>

11 ACCRUED EXPENSES AND OTHER LIABILITIES

	<i>2015</i> <i>SR'000</i>	<i>2014</i> <i>SR'000</i>
Accrued expenses	24,786	19,975
Deposit from customers-net	2,627	2,656
Other provisions	11,694	248
	<u>39,107</u>	<u>22,879</u>

12 ZAKAT AND INCOME TAX

Charge for the year

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

Movement in provision during the year

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

	<i>2015</i> <i>SR'000</i>	<i>2014</i> <i>SR'000</i>
At the beginning of the year	5,672	5,089
Provided during the year	5,772	6,572
Paid during the year	(5,655)	(5,989)
Relating to disposed subsidiary (note 2 a (ii))	(543)	-
At the end of the year	<u>5,246</u>	<u>5,672</u>

Status of assessments

The Parent Company- United International transportation Company

The Company has filed the zakat return up to the financial year ended 31 December 2014. All assessment proceedings of the Department of Zakat and Income Tax (DZIT) up to the end of the financial year 31 December 2008 have been completed. For the year from 2009 to 2011, the DZIT completed its assessment and raised an additional demand for zakat differences amounting to SR 1,194,951. The Company settled this demand on 25 December 2013 and filed an objection against the assessment, which is under the study of DZIT. The assessments for the financial years 2012 through 2014 are under process.

Subsidiary- Aljozoor Alrasekha Trucking Company Limited

The subsidiary has filed the zakat returns up to the financial year ended 31 December 2014. The assessments for the financial years 2012 to 2014 are under process.

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At 31 December 2015

13 SHARE CAPITAL

At 31 December 2015, the Company's share capital of SR 508.3 million (2014: SR 406.7 million) consists of 50.8 million (2014: 40.67 million) fully paid shares of SR 10 each.

On 19 January 2014, the Board of Directors, proposed final cash dividend of SR 68.63 million (representing SR 2.25 per share) for the year ended 31 December 2013 as well as increasing the Company's share capital to SR 406.7 million by issuing one bonus share for every three ordinary shares outstanding as of that date. Later, the shareholders in the Extraordinary General Assembly Meeting on 17 April 2014, approved the Board's proposal and authorized issuance of 10.17 million bonus share at a nominal value SR 10 each and resultantly the share capital of the Company was increased from SR 305 million to SR 406.7 million. The legal formalities for the increase in capital were completed on 12 June 2014.

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 Company's share capital to SR 508.3 million by issuing one bonus share for every four ordinary shares outstanding. The shareholders in the Extraordinary General Assembly Meeting on 23 April 2015, approved the Board's proposal and authorized issuance of 10.17 million bonus share at a nominal value of SR 10 each and resultantly the share capital of the 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 Company's share capital to SR 610 million by issuing one bonus shares for every five ordinary shares outstanding.

14 STATUTORY RESERVE

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

15 RELATED PARTY TRANSACTIONS AND BALANCES

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

Related party	Nature of relationship	Nature of transactions	Amounts of transactions	
			2015 SR'000	2014 SR'000
Zahid Group	Shareholder	Car rentals	396	377
		Location rent	85	85
		Purchase of Vehicle and Fork Lift	885	569
Automotive Maintenance Centre (AMC)	Affiliate	Services received	885	251
		Used car sale	38,590	32,000
Sheikh Fahd Zahid	Affiliate	Location rent	63	63

b) Due from related parties as of 31 December is comprised of the following:

	2015 SR'000	2014 SR'000
Zahid Group	69	77

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At 31 December 2015

15 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- c) Board of Directors remuneration for the year ended 31 December 2015 amounting to SR 4,548 thousand (2014: SR 4,375 thousand) has been calculated in accordance with Company's Bylaws and is considered as appropriation shown in the statement of changes in equity.

16 EARNINGS PER SHARE

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

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

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

17 REVENUE

	<i>2015</i> <i>SR'000</i>	<i>2014</i> <i>SR'000</i>
Rental	380,728	344,149
Operating lease (see note (a))	494,842	412,953
	<u>875,570</u>	<u>757,102</u>

- a) Operating leases relate to the vehicles owned by the Company with lease term up to 60 months having renewal option of the contract each year unless otherwise agreed with the lessee. On premature termination, lessee has to pay the minimum lease payments mentioned in the contract. The lessee does not have the option to purchase vehicles at the expiry of the lease period.

18 COST OF REVENUE

	<i>2015</i> <i>SR'000</i>	<i>2014</i> <i>SR'000</i>
Depreciation (note 7(b))	501,529	430,113
Repairs and maintenance	99,542	96,184
Employee costs	32,166	31,436
Insurance	48,280	24,304
Operating lease expense	10,041	16,894
Rent of counters and workshop	18,817	16,756
Incentive, commission and franchise fee	17,352	15,553
Communication expense	2,529	2,401
Other	4,811	4,478
	<u>735,067</u>	<u>638,119</u>

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19 MARKETING EXPENSES

	<i>2015</i> <i>SR'000</i>	<i>2014</i> <i>SR'000</i>
Employee costs	28,209	25,982
Advertising, incentives and commissions	5,594	7,198
Others	1,596	1,062
	<u>35,399</u>	<u>34,242</u>

20 GENERAL AND ADMINISTRATION EXPENSES

	<i>2015</i> <i>SR'000</i>	<i>2014</i> <i>SR'000</i>
Employee costs	21,251	19,011
Rent	3,838	3,859
Provision for doubtful debts (Note 5)	3,899	-
Subscriptions	4,719	2,641
Depreciation (note 7(b))	1,106	1,070
Repairs and maintenance	871	834
Communication	584	691
Legal and professional fee	859	602
Others	3,264	3,357
	<u>40,391</u>	<u>32,065</u>

21 CONTINGENT LIABILITIES

At 31 December 2015, the Group had outstanding letters of guarantee amounting to SR 6.7 million (2014: SR 6.9 million) issued by the local banks on behalf of Company in the ordinary course of business.

22 RISK MANAGEMENT

Commission rate risk

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

Credit risk

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

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers after performing credit approval process and signing the credit agreements and by monitoring outstanding receivables thereafter. Largest 15 customers account for 31% of the outstanding trade receivables as at 31 December 2015 (2014: 29%).

Liquidity risk

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

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

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At 31 December 2015

22 RISK MANAGEMENT (continued)

Currency risk

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

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

23 OPERATING SEGMENTAL INFORMATION

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

	<i>Year ended 31 December 2015</i>		
	<i>Lease</i>	<i>Rental</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Revenue	494,841	380,729	875,570
Depreciation expense	303,495	199,140	502,635
Property and equipment (vehicles)	923,836	468,385	1,392,221
Gain on sale of vehicles (unallocated)	-	-	143,172
	<i>Year ended 31 December 2014</i>		
	<i>Lease</i>	<i>Rental</i>	<i>Total</i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Revenue	412,953	344,149	757,102
Depreciation expense	255,217	175,966	431,183
Property and equipment (vehicles)	834,518	419,775	1,254,293
Gain on sale of vehicles (unallocated)	-	-	135,967

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At 31 December 2015

24 KEY SOURCES OF ESTIMATION UNCERTAINTY

Impairment of trade receivables

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

At the balance sheet date, gross trade receivables were SR 145.3 million (2014: SR 122.2 million), and the allowance for doubtful debts was SR 21.6 million (2014: SR 17.9 million). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated statement of income, in the year in which the collection is made.

Impairment of inventories

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

Useful lives of property and equipment

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

Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

25 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The Group's financial assets consist of bank balances and cash and receivables and its financial liabilities consist of bank debts and payables.

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

26 APPROVAL OF THE FINANCIAL STATEMENTS

These consolidated financial statements have been approved by the Board of Directors on 19 January 2016, corresponding to 9 Rabi Thani 1437H.