

**UNITED INTERNATIONAL TRANSPORTATION COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)  
AND  
INDEPENDENT AUDITOR'S REPORT**  
For the three-month period ended 31 March 2021

**UNITED INTERNATIONAL TRANSPORTATION COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
For the three-month period ended 31 March 2021

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## KPMG Professional Services

Zahran Business Center  
Prince Sultan Street  
P.O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Headquarter in Riyadh

Commercial Registration No 4030290792

## كي بي إم جي للاستشارات المهنية

مركز الزهران للأعمال  
شارع الأمير سلطان  
ص.ب 55078  
جده 21534  
المملكة العربية السعودية  
المركز الرئيسي الرياض

سجل تجاري رقم 4030290792

# Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of United International Transportation Company

## Introduction

We have reviewed the accompanying 31 March 2021 condensed consolidated interim financial statements of United International Transportation Company ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2021;
- the condensed consolidated statement of financial position as at 31 March 2021;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2021;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2021; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



# Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of United International Transportation Company (continued)

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2021 condensed consolidated interim financial statements of United International Transportation Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## Other Matter

The financial statements of the Group for the year ended 31 December 2020 and for the three-month period ended 31 March 2020 were audited and reviewed by another auditor who expressed an unmodified opinion and conclusion thereon vide their reports dated 04 February 2021 and 21 June 2020 respectively.

**KPMG Professional Services**

Nasser Ahmed Al Shutairy  
License No. 454

Jeddah, 29 April 2021  
Corresponding to 17 Ramadan 1442H



**UNITED INTERNATIONAL TRANSPORTATION COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (UNAUDITED)**

For the three-month period ended 31 March 2021

	<i>Notes</i>	<i>31 March 2021 SR'000</i>	<i>31 March 2020 SR'000</i>
Revenue		241,427	276,669
Cost of revenue		<u>(156,787)</u>	<u>(194,965)</u>
<b>Gross profit</b>		<b>84,640</b>	<b>81,704</b>
Other income-net		348	415
Selling and marketing expenses		<u>(12,487)</u>	<u>(13,527)</u>
General and administrative expenses		<u>(12,590)</u>	<u>(11,650)</u>
Allowance for impairment losses on trade receivables		<u>(2,797)</u>	<u>(8,993)</u>
<b>Operating profit</b>		<b>57,114</b>	<b>47,949</b>
Finance costs-net		<u>(172)</u>	<u>(830)</u>
<b>Net profit before zakat and tax</b>		<b>56,942</b>	<b>47,119</b>
Zakat and tax	4	<u>(1,766)</u>	<u>(1,662)</u>
<b>Net profit for the period</b>		<b>55,176</b>	<b>45,457</b>
<b>Other comprehensive loss</b>			
<i>Items that are or may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		<u>-</u>	<u>(154)</u>
<b>Total comprehensive income for the period</b>		<u><b>55,176</b></u>	<u><b>45,303</b></u>
<b>Earnings per share (EPS):</b>			
Basic and diluted, net profit for the period attributable to equity holders of the Parent (in Saudi Riyals)	5	<u><b>0.78</b></u>	<u>0.64</u>



Chairman
President & Group CEO
Group Chief Financial Officer

The accompanying notes from 1 to 17 form an integral part of these condensed consolidated interim financial statements.

**UNITED INTERNATIONAL TRANSPORTATION COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 March 2021

	<i>Notes</i>	<i>31 March 2021 SR'000 (Unaudited)</i>	<i>31 December 2020 SR'000 (Audited)</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	1,154,284	1,115,827
Right-of-use assets	7	24,482	26,443
Intangible assets		2,099	2,141
Deferred tax		51	51
		<u>1,180,916</u>	<u>1,144,462</u>
<b>Current assets</b>			
Inventories		12,221	6,969
Trade receivables		145,396	175,323
Prepayments and other receivables		7,208	11,588
Cash and cash equivalents		241,342	146,510
		<u>406,167</u>	<u>340,390</u>
<b>Total assets</b>		<u>1,587,083</u>	<u>1,484,852</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	8	711,667	711,667
Statutory reserve		200,978	200,978
Retained earnings		417,248	362,072
Foreign currency translation reserve		(138)	(138)
<b>Total equity</b>		<u>1,329,755</u>	<u>1,274,579</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	7	16,921	17,019
Employee benefits		59,664	54,666
		<u>76,585</u>	<u>71,685</u>
<b>Current liabilities</b>			
Bank borrowings		-	3,333
Lease liabilities	7	6,384	7,171
Trade payables		77,672	34,251
Accrued expenses and other liabilities		86,704	85,616
Zakat payable	4	9,983	8,217
		<u>180,743</u>	<u>138,588</u>
<b>Total liabilities</b>		<u>257,328</u>	<u>210,273</u>
<b>Total equity and liabilities</b>		<u>1,587,083</u>	<u>1,484,852</u>



Chairman
President & Group CEO
Group Chief Financial Officer

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**UNITED INTERNATIONAL TRANSPORTATION COMPANY**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the three-month period ended 31 March 2021

	<i>Share capital SR'000</i>	<i>Statutory reserve SR'000</i>	<i>Retained earnings SR'000</i>	<i>Foreign currency translation reserve SR'000</i>	<i>Total equity SR'000</i>
Balance as at 01 January 2020	711,667	182,193	265,939	-	1,159,799
Net profit for the period	-	-	45,457	-	45,457
Other comprehensive loss for the period	-	-	-	(154)	(154)
Total comprehensive income for the period	-	-	45,457	(154)	45,303
Balance as at 31 March 2020 (Unaudited)	711,667	182,193	311,396	(154)	1,205,102
Balance as at 01 January 2021	711,667	200,978	362,072	(138)	1,274,579
Net profit for the period	-	-	55,176	-	55,176
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	55,176	-	55,176
<b>Balance as at 31 March 2021 (Unaudited)</b>	<b>711,667</b>	<b>200,978</b>	<b>417,248</b>	<b>(138)</b>	<b>1,329,755</b>

  
Chairman

  
President & Group CEO

  
Group Chief Financial Officer

The accompanying notes from 1 to 17 form an integral part of these condensed consolidated interim financial statements.

**UNITED INTERNATIONAL TRANSPORTATION COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
For the three-month period ended 31 March 2021

	<i>Notes</i>	<i>31 March 2021 SR'000</i>	<i>31 March 2020 SR'000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before zakat and tax		56,942	47,119
Adjustments for non-cash items:			
Depreciation of property and equipment	6	89,735	115,222
Depreciation of right-of-use assets	7	2,746	2,665
Amortisation of intangible assets		42	41
Provision for employees' benefits		5,578	1,975
Gain on derecognition of right-of-use assets		(30)	-
Allowance for impairment losses on trade receivables		2,797	8,993
Finance costs		172	830
		<u>157,982</u>	<u>176,845</u>
Changes in working capital:			
Inventories		21,471	30,743
Trade receivables		27,130	3,342
Prepayments and other receivables		4,380	12,248
Trade payables		43,421	21,718
Accrued expenses and other liabilities		1,088	1,043
Cash generated from operating activities		<u>255,472</u>	<u>245,939</u>
Purchase of vehicles	6	(153,346)	(134,591)
Finance income received		202	-
Finance costs paid		(110)	(830)
Employee benefits paid		(580)	(112)
<b>Net cash generated from operating activities</b>		<u>101,638</u>	<u>110,406</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment (excluding vehicles)	6	(1,569)	(1,308)
Investment in subsidiary, net of cash acquired		-	(1,336)
<b>Net cash used in investing activities</b>		<u>(1,569)</u>	<u>(2,644)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(3,333)	(16,359)
Payment of lease liabilities	7	(1,904)	(2,247)
<b>Net cash used in financing activities</b>		<u>(5,237)</u>	<u>(18,606)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>94,832</u>	<u>89,156</u>
Net foreign exchange differences		-	(154)
Cash and cash equivalents at the beginning of the period		<u>146,510</u>	<u>4,655</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<u>241,342</u>	<u>93,657</u>
<b>Supplemental non-cash information</b>			
Transfers from property and equipment to inventories	6	26,723	23,690
Right-of-use assets and lease liabilities		-	2,894



Chairman
President & Group CEO
Group Chief Financial Officer

The accompanying notes from 1 to 17 form an integral part of these condensed consolidated interim financial statements.

**UNITED INTERNATIONAL TRANSPORTATION COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
For the three-month period ended 31 March 2021

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**1 CORPORATE INFORMATION**

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

The principal activities of the Parent Company are leasing, and rental of vehicles under the commercial name of "Budget Rent a Car" as per the license No. 0202000400 issued by the Ministry of Transportation in the Kingdom of Saudi Arabia. The Parent Company was listed on Saudi Stock Exchange on 01 September 2007.

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

6695 King Abdul Aziz Road, Al Basatin Dist.  
Unit No. 92  
Jeddah 23719-4327,  
Kingdom of Saudi Arabia.

As at the reporting date, the Parent Company owns 100% of the issued share capital of Aljozoor Alrasekha Trucking Company Limited - a Single shareholder Company (the "subsidiary" or "Rahaal" and collectively with the Parent Company referred to as the "Group"). Rahaal is a limited liability company incorporated and registered in the Kingdom of Saudi Arabia and engaged in the business of leasing and rental of heavy vehicles and equipment and trading in heavy vehicles and equipment and spare parts as per commercial registration.

With effect from 26 January 2020, the Parent Company acquired the remaining 51% shareholding of an existing associate Unitrans Infotech Services India Private Limited. As such, the Parent Company wholly owns 100% of the shareholding in this entity. Therefore, the same have been consolidated in these condensed consolidated interim financial statements.

The following are the details of the associate:

<u>Name</u>	<u>Principal field of activities</u>	<u>% of capital held</u>	
		<u>31 March</u> <u>2021</u>	<u>31 December</u> <u>2020</u>
Tranzlease Holdings India Private Limited	Operating lease of motor vehicles	32.99%	32.99%

**Tranzlease Holdings India Private Limited**

Tranzlease Holdings India Private Limited has incurred losses in previous years, the management has impaired the investment, and it appears at Nil value.

The associate had no contingent liabilities or capital commitments at 31 December 2020 or 31 March 2021.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
For the three-month period ended 31 March 2021

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**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA").

These condensed consolidated interim financial statements do not include all the information and disclosures required in the full set of annual consolidated financial statements. They should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. In addition, results for the interim period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

**2.2 Basis of measurement**

The condensed consolidated interim financial statements are prepared under the historical cost convention using the accruals basis of accounting and going concern concept, unless otherwise stated.

**2.3 Functional and presentation currency**

The condensed consolidated interim financial statements are presented in Saudi Arabian Riyals (SR), which is the Parent Company's functional currency and Group's presentation currency. All financial information presented in SR has been rounded off to the nearest thousand (SR'000), unless otherwise stated.

**2.4 Significant accounting judgements, estimates, and assumptions**

The preparation of the Group's condensed consolidated interim financial statements requires management to make judgements, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities.

The significant judgments made by management in applying the Group's accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the consolidated financial statements for the year ended 31 December 2020. However, in view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments (see also note 15).

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of amendments and interpretations effective as of 01 January 2021 and new accounting policies as mentioned in note 16. The Group has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

**UNITED INTERNATIONAL TRANSPORTATION COMPANY**  
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
For the three-month period ended 31 March 2021

**4 ZAKAT AND TAX**

Zakat and tax expense for the period was SR1.77 million. There was no change in the status of zakat and tax assessments of the Parent Company and its subsidiaries from the consolidated financial statements for the year ended 31 December 2020.

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

	<i>For the three-month period ended 31 March 2021</i> <i>SR'000</i> <i>(Unaudited)</i>	<i>For the year ended 31 December 2020</i> <i>SR'000</i> <i>(Audited)</i>
At the beginning of the period / year	8,217	6,939
Provided during the period / year	1,766	6,286
Paid during the period / year	-	(5,008)
At the end of the period / year	<u>9,983</u>	<u>8,217</u>

**5 EARNINGS PER SHARE (EPS)**

Basic EPS is calculated by dividing the profit for the period attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period. The calculation of diluted earnings per share ('EPS') is not applicable to the Group. Also, no separate earning per share calculation from continuing operations has been presented since there were no discontinued operations during the period.

The EPS calculation is given below:

	<i>For the three-month period ended 31 March</i> <i>(Unaudited)</i> <i>2021</i>	<i>(Unaudited)</i> <i>2020</i>
Profit attributable to equity holders of the parent (SR'000)	<u>55,176</u>	<u>45,457</u>
Weighted average number of shares for basic and diluted EPS ('000)	<u>71,167</u>	<u>71,167</u>
Earnings per share (in Saudi Riyals)	<u>0.78</u>	<u>0.64</u>

**UNITED INTERNATIONAL TRANSPORTATION COMPANY**  
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
For the three-month period ended 31 March 2021

**6 PROPERTY AND EQUIPMENT**

	<i>For the three-month period ended 31 March 2021 (Unaudited)</i>			<i>For the year ended 31 December 2020 (Audited)</i>		
	<i><u>Vehicles</u></i>	<i><u>Others</u></i>	<i><u>Total</u></i>	<i><u>Vehicles</u></i>	<i><u>Others</u></i>	<i><u>Total</u></i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Opening net book value	987,472	128,355	1,115,827	1,097,331	129,681	1,227,012
Additions during the period / year	153,346	1,569	154,915	379,770	3,491	383,261
Transfer of vehicles to inventories during the period / year	(26,723)	-	(26,723)	(83,829)	-	(83,829)
Depreciation charge for the period / year	(88,445)	(1,290)	(89,735)	(405,800)	(4,817)	(410,617)
Closing net book value	<u>1,025,650</u>	<u>128,634</u>	<u>1,154,284</u>	<u>987,472</u>	<u>128,355</u>	<u>1,115,827</u>

**7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

	<i>For the three-month period ended 31 March 2021 (Unaudited)</i>		<i>For the year ended 31 December 2020 (Audited)</i>	
	<i><u>Right-of-use assets</u></i>	<i><u>Lease liabilities</u></i>	<i><u>Right-of-use assets</u></i>	<i><u>Lease liabilities</u></i>
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
Opening balance	26,443	24,190	33,930	29,257
Additions made during the period / year	2,580	2,580	3,582	3,582
Termination during the period / year	(1,795)	(1,825)	(81)	(177)
Depreciation expense for the period / year	(2,746)	-	(10,988)	-
Accretion of interest	-	264	-	1,065
Payments	-	(1,904)	-	(9,537)
Closing balance	<u>24,482</u>	<u>23,305</u>	<u>26,443</u>	<u>24,190</u>

**8 SHARE CAPITAL**

At 31 March 2021, the Group's authorized, issued and paid-up share capital of SR 711.67 million (31 December 2020: SR 711.67 million) consists of 71.167 million (31 December 2020: 71.167 million) fully paid shares of SR 10 each.

In its meeting held on 04 February 2021, the Board of Directors proposed a final cash dividend of SR 88.96 million (representing SR 1.25 per share) for the year ended 31 December 2020.

**UNITED INTERNATIONAL TRANSPORTATION COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three-month period ended 31 March 2021

**9 RELATED PARTY TRANSACTIONS AND BALANCES**

The Company, in the normal course of business, enters into transactions with other entities that fall within the definition of a related party contained in International Accounting Standard 24. Related parties represent major shareholders, directors, and key management personnel of the Group and entities controlled or significantly influenced by such parties. The transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions.

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

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of transactions</u>	<u>Amounts of transactions</u>	
			<u>31 March 2021</u> <u>SR'000</u> <i>(Unaudited)</i>	<u>31 March 2020</u> <u>SR'000</u> <i>(Unaudited)</i>
Zahid Group (note b)	Shareholder	Car rentals	21	24
Law Firm of Bassim A Alim Law	Other related party	Professional services (retainership fee)	1380	1,260
Key management personnel	Employees	Short term benefits	2,452	1,114
		Long term benefits	161	157
		Board of Directors' remuneration	555	865

b) Due from a related party as of period / year end represents the following:

	<u>31 March 2021</u> <u>SR'000</u> <i>(Unaudited)</i>	<u>31 December 2020</u> <u>SR'000</u> <i>(Audited)</i>
Zahid Group (included in trade receivables, net)	37	16

**UNITED INTERNATIONAL TRANSPORTATION COMPANY**  
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
For the three-month period ended 31 March 2021

**10 CONTINGENCIES AND COMMITMENTS**

In addition to the contingencies disclosed in note 4, at 31 March 2021, the Group has outstanding letters of guarantee amounting to SR 17.5 million (31 December 2020: SR 19.8 million) issued by the banks in Saudi Arabia on behalf of Group in the ordinary course of business.

**11 SEGMENTAL INFORMATION**

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's top management reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Lease segment – represents cars leased out to customers under medium to longer term rental arrangements
- Rental segment – represents cars leased out to customers under short term rental arrangements
- Others – represents inventories, other assets and liabilities and related income & expense for items not classified under lease and rental segments.

No operating segments have been aggregated to form the above reportable operating segments.

Segment results that are reported to the top management (Chairman, President & Group Chief Executive Officer (P & GCEO), Director of Corporate Affairs and Group Chief Financial Officer (GCFO)) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenues, as included in the internal management reports that are reviewed by the top management. There is no inter-segment revenue reported during the period. The following table presents segment information for the three-month period ended 31 March 2021:

<b><u>Particulars</u></b>	<b><u>For the three-month period ended</u></b>							
	<b><u>Lease</u></b>		<b><u>Rental</u></b>		<b><u>Others</u></b>		<b><u>Total</u></b>	
	<b><u>31 March</u></b>	<b><u>31 March</u></b>	<b><u>31 March</u></b>	<b><u>31 March</u></b>	<b><u>31 March</u></b>	<b><u>31 March</u></b>	<b><u>31 March</u></b>	<b><u>31 March</u></b>
	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>
	<i>(Unaudited)</i>		<i>(Unaudited)</i>		<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<b><u>SR'000</u></b>	<b><u>SR'000</u></b>	<b><u>SR'000</u></b>	<b><u>SR'000</u></b>	<b><u>SR'000</u></b>	<b><u>SR'000</u></b>	<b><u>SR'000</u></b>	<b><u>SR'000</u></b>
Revenue - external customers	<b>114,724</b>	124,125	<b>46,701</b>	66,655	<b>80,002</b>	85,889	<b>241,427</b>	276,669
Depreciation and amortization	<b>(55,578)</b>	(75,479)	<b>(32,867)</b>	(38,570)	-	-	<b>(88,445)</b>	(114,049)
Segment profit	<b>59,146</b>	48,646	<b>13,834</b>	28,085	<b>80,002</b>	85,889	<b>152,982</b>	162,620

**UNITED INTERNATIONAL TRANSPORTATION COMPANY**  
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**11 SEGMENTAL INFORMATION (continued)**

**Unallocated income / (expenses):**

	<i>31 March 2021 (Unaudited)</i>	<i>31 March 2020 (Unaudited)</i>
Cost of revenue	(68,342)	(80,916)
Other income-net	348	415
Selling and marketing expenses	(12,487)	(13,527)
General and administrative expenses	(12,590)	(11,650)
Allowance for impairment losses on trade receivables	(2,797)	(8,993)
Finance costs-net	(172)	(830)
<b>Net profit before zakat and tax</b>	<b>56,942</b>	<b>47,119</b>

Detail of segment assets and liabilities is given below:

<i><u>Particulars</u></i>	<i><u>Allocated</u></i>		<i><u>Unallocated</u></i>	<i><u>Total</u></i> <i>SR'000</i>
	<i><u>Lease</u></i> <i>SR'000</i>	<i><u>Rental</u></i> <i>SR'000</i>	<i><u>Others</u></i> <i>SR'000</i>	
<i>31 March 2021 (Unaudited)</i>				
Segment assets	780,164	245,454	561,465	1,587,083
Segment liabilities	-	-	257,328	257,328
<i>31 December 2020 (Audited)</i>				
Segment assets	737,519	249,953	497,380	1,484,852
Segment liabilities	-	-	210,273	210,273

**12 FAIR VALUE OF ASSETS AND LIABILITIES**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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**12 FAIR VALUE OF ASSETS AND LIABILITIES (continued)**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

As at 31 March 2021 and 31 December 2020, the fair values of the Group's financial instruments are estimated to approximate their carrying values. No significant inputs were applied in the valuation of trade receivables as at 31 March 2021 and 31 December 2020.

During the period ended 31 March 2021, there were no movements between the levels.

**13 CAPITAL MANAGEMENT**

For the purpose of the Group's capital management, capital includes issued capital, statutory reserve, and retained earnings attributable to the equity holders of the Parent Company. The primary objective of the Group's capital management is to maximize the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. The Group includes within debt, current and non-current portion of borrowings.

	<i>31 March 2021 SR'000 (Unaudited)</i>	<i>31 December 2020 SR'000 (Audited)</i>
Debt – Bank borrowings and lease liabilities	23,305	27,523
Equity	<u>1,329,755</u>	<u>1,274,579</u>
Capital and debt	<u>1,353,060</u>	<u>1,302,102</u>
Gearing ratio	<u>0.02</u>	<u>0.02</u>

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**14 FINANCIAL RISK MANAGEMENT**

The Group's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include trade and other receivables and cash and cash equivalents.

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risks, currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby consistently seeking to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates, and hedges financial risks in close co-operation with the Company's operating units

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets, and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are regularly reviewed by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework about the risks faced by the Company.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings.

**Interest rate risk**

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments.

At the reporting date all borrowings are at fixed rate and there is no profit rate sensitivity for the year.

**Foreign currency risk**

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals. However, the Group has investments in foreign associates, whose net assets are exposed to currency translation risk. Currently, such exposures are mainly related to exchange rate movements between local currencies against Indian Rupees. The Group's management monitors such fluctuations and manages its effect on the condensed interim consolidated financial statements accordingly

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**14 FINANCIAL RISK MANAGEMENT (continued)**

**Other price risk**

The Group is not affected by price risk as there is no investment of the Group in equity shares or commodities.

**Credit risk**

Credit risk is the risk that one party to financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group has no significant concentration of credit risk. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

To mitigate the risk, the Group has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history.

The Groups gross maximum exposure to credit risk at the reporting date is as follows:

	<i>31 March 2021 SR'000 (Unaudited)</i>	<i>31 December 2020 SR'000 (Audited)</i>
<b>Financial assets</b>		
Trade receivables	145,396	175,323
Cash at banks	240,690	145,104
	<u>386,086</u>	<u>320,427</u>

**Trade receivables**

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The five largest customers account for 19% of outstanding accounts receivable at 31 March 2021 (31 December 2020: 18%).

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**14 FINANCIAL RISK MANAGEMENT (continued)**

**Credit risk (continued)**

**Trade receivables (continued)**

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information available at the reporting date about past events, current conditions, and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than two years and are not subject to enforcement activity if the cost of such activity is expected to be higher than the benefit of doing so. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of cash security deposit or advance, which are considered an integral part of trade receivables and considered in the calculation of impairment. The credit risk exposure of the Group on trade receivables, excluding secured receivables and using a provision matrix, ranges from 2.7% to 58.93% on trade receivables ageing less than 90 days to above 365 days, respectively. With respect to credit risk arising from the other financial assets of the Group, including bank balances and cash, the Group's exposure to credit risk arises from the counterparty's default, with a maximum exposure equal to the carrying amount as disclosed in the statement of financial position. The credit risk in respect of bank balances is considered by management to be insignificant, as the balances are mainly held with reputable banks in the Kingdom of Saudi Arabia and internationally.

There were no past due or impaired receivables from related parties.

**Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments. The Group has no significant concentration of credit risk.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

<b>Non-derivative financial liabilities</b>	<b>Carrying amount</b>	<b>Contractual cash flows</b>		
		<b>Less than one year</b>	<b>More than one year</b>	<b>Total</b>
<b><u>31 March 2021 (Unaudited)</u></b>	<b><i>SR'000</i></b>	<b><i>SR'000</i></b>	<b><i>SR'000</i></b>	<b><i>SR'000</i></b>
Trade payables	77,672	77,672	--	77,672
Accrued expenses and other liabilities	86,704	86,704	--	86,704
Lease liabilities	23,305	6,453	17,103	23,556
	<u>187,681</u>	<u>170,829</u>	<u>17,103</u>	<u>187,932</u>
<b><u>31 December 2020 (Audited)</u></b>				
Borrowings	3,333	3,333	--	3,333
Trade payables	34,251	34,251	--	34,251
Accrued expenses and other liabilities	85,616	85,616	--	85,616
Lease liabilities	24,190	7,484	17,783	25,267
	<u>147,390</u>	<u>130,684</u>	<u>17,783</u>	<u>148,467</u>

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**15 IMPACT OF COVID-19**

The coronavirus (“COVID-19”), which was declared a pandemic by the WHO during March 2020, has spread across various geographies globally, causing disruption to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications

Given the scale of the outbreak, the Group has assessed the potential impacts of the outbreak on its operations due to the restrictions placed by various government institutions to curb or delay the spread of COVID-19. The Group has ensured to implement health and safety measures for its employees, customers, contractors and its communities.

The extent to which coronavirus pandemic impacts the Group’s business, operations, and financial results, is inevitable, but the amount is not specified and depends on many factors and future developments that the Group may not be able to estimate reliably during the current period. These factors include the virus transmission rate, the duration of the outbreak, precautionary actions that may be taken by governmental authorities to reduce the spread of the epidemic and the impact of those actions on economic activity, the impact on the businesses of the Group’s customers and other factors.

Whilst it is challenging now to predict the full extent and duration of its business and economic impact, the Group’s management carried out an impact assessment on the overall Group’s operations, estimated its liquidity requirements and business aspects, including factors like travel restrictions, services demand, used vehicle demand, etc. The Group has actively responded to changes in market demand, timely adjusted its operation strategy, and vigorously reduced various costs. In the coming quarters, the Company will continue to focus on cash preservation and liquidity management.

Further, the Group's management recalibrated ECL calculation by incorporating macroeconomic factors, which resulted in additional ECL provision of SR 2.8 million, and also evaluated the cash flow situation, including available bank facilities, the continuation of existing leasing contracts, and the readiness of operational processes when the situation improves.

The Group considered potential impacts of the current economic volatility in determining the reported amounts of the Group's financial and non-financial assets. These are considered to represent management's best assessment based on observable information. Markets, however, remain volatile, and the recorded amounts remain sensitive to market fluctuations.

The management cannot, however, preclude the possibility that extended lockdown periods, an escalation in the severity of such measures, or a consequential adverse impact of such measures on the economic environment and the industry that the Group operates in, may have a potential effect on the Group, and its financial position and operating results, in the medium and longer-term. Given the fluidity of the environment, the management will continue to evaluate these and make further demand-driven adjustments to its capacity as needed.

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**16 NEW STANDARDS, INTERPRETATION AND AMENDMENTS**

Standards, interpretations and amendments issued but not yet effective

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the condensed interim financial statements are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective.

<i>Standard / Interpretation</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
IAS 37	Onerous contracts – cost of fulfilling a contract	January 1, 2022
IFRS Standards	Annual improvements to IFRS standards 2018 – 2020	January 1, 2022
IAS 16	Property, plant and equipment: proceeds before intended use	January 1, 2022
IFRS 3	Reference to the conceptual framework	January 1, 2022
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	January 1, 2023
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

The Group is currently assessing the implications of adopting the above-mentioned standards, amendments or interpretations on the Group's financial statements on adoption.

**17 APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

These unaudited condensed consolidated interim financial statements have been approved by the Board of Directors on 28 April 2021, corresponding to 16 Ramadan 1442H.