

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

**UNAUDITED INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REVIEW REPORT**

**FOR THE THREE-MONTH AND NINE-MONTH PERIODS  
ENDED 30 SEPTEMBER 2018**

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

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER  
2018**

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**INDEPENDENT AUDITOR'S REPORT  
ON THE REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
TO THE SHAREHOLDERS OF  
UNITED INTERNATIONAL TRANSPORTATION COMPANY (A SAUDI JOINT STOCK COMPANY)**

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of United International Transportation Company - A Saudi Joint Stock Company - ("the Company") and its subsidiary (collectively referred to as "the Group") as at 30 September 2018, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements 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.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young

Hussain Saleh Asiri  
Certified Public Accountant  
Licence No. 414

29 Safar 1440H  
7 November 2018

Jeddah


18/1/AE




UNITED INTERNATIONAL TRANSPORTATION COMPANY  
(A SAUDI JOINT STOCK COMPANY) AND ITS SUBSIDIARY  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
For the three-month and nine-month periods ended 30 September 2018

	Note	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2018 SR'000	2017 SR'000	2018 SR'000	2017 SR'000
Revenues		261,967	282,989	782,883	863,315
Cost of revenues		(190,774)	(218,151)	(583,056)	(668,520)
<b>GROSS PROFIT</b>		<b>71,193</b>	<b>64,838</b>	<b>199,827</b>	<b>194,795</b>
Other operating income, net		612	1,924	3,236	7,078
Selling and marketing expenses		(11,634)	(6,839)	(31,194)	(22,771)
General and administrative expenses		(13,049)	(12,476)	(36,874)	(35,575)
<b>OPERATING PROFIT</b>		<b>47,122</b>	<b>47,447</b>	<b>134,995</b>	<b>143,527</b>
Finance costs, net		(2,101)	(2,687)	(6,053)	(9,279)
Share of results of associates		(11)	(429)	62	(1,737)
<b>PROFIT BEFORE ZAKAT</b>		<b>45,010</b>	<b>44,331</b>	<b>129,004</b>	<b>132,511</b>
Zakat	4(a)	(1,898)	(1,523)	(5,468)	(4,571)
<b>PROFIT FOR THE PERIOD</b>		<b>43,112</b>	<b>42,808</b>	<b>123,536</b>	<b>127,940</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>					
Gains on actuarial valuation		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>43,112</b>	<b>42,808</b>	<b>123,536</b>	<b>127,940</b>
<b>EARNINGS PER SHARE (EPS):</b>					
Basic and diluted, profit for the period attributable to ordinary equity holders of the parent (in Saudi Riyals)	5	0.61	0.60	1.74	1.80

  
Chairman

  
President and Group CEO

  
Group Chief Financial Officer

The attached notes from 1 to 14 form an integral part of these interim condensed consolidated financial statements.

UNITED INTERNATIONAL TRANSPORTATION COMPANY  
(A SAUDI JOINT STOCK COMPANY) AND ITS SUBSIDIARY  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at 30 September 2018

	Note	30 September 2018 SR'000	31 December 2017 SR'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	1,133,831	1,289,087
Intangible assets		661	359
Investments in associates		1,388	1,326
		<u>1,135,880</u>	<u>1,290,772</u>
<b>Current assets</b>			
Inventories		8,630	7,383
Trade receivables, net		221,758	170,272
Prepayments and other receivables		25,888	22,748
Cash and cash equivalents		34,771	9,744
		<u>291,047</u>	<u>210,147</u>
<b>TOTAL ASSETS</b>		<u><b>1,426,927</b></u>	<u><b>1,500,919</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	7	711,667	711,667
Statutory reserve	8	159,686	147,332
Retained earnings		215,780	211,348
<b>Total equity</b>		<u><b>1,087,133</b></u>	<u><b>1,070,347</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	9	34,258	60,490
Employee benefits		36,397	35,774
		<u>70,655</u>	<u>96,264</u>
<b>Current liabilities</b>			
Current portion of borrowings	9	141,489	188,063
Trade payables		90,030	106,346
Accrued expenses and other liabilities		30,763	29,462
Zakat payable	4 (a)	6,857	10,437
		<u>269,139</u>	<u>334,308</u>
<b>Total liabilities</b>		<u><b>339,794</b></u>	<u><b>430,572</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,426,927</b></u>	<u><b>1,500,919</b></u>

  
Chairman

  
President and Group CEO

  
Group Chief Financial Officer

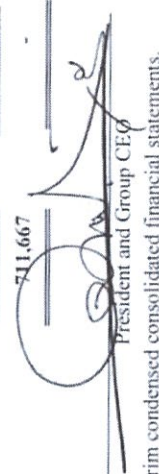
The attached notes from 1 to 14 form an integral part of these interim condensed consolidated financial statements.

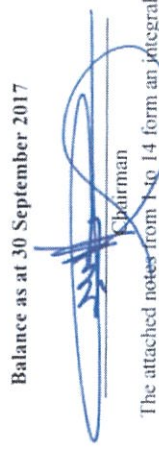
UNITED INTERNATIONAL TRANSPORTATION COMPANY (A SAUDI JOINT STOCK COMPANY) AND ITS SUBSIDIARY

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 30 September 2018

	Share capital SR'000	Proposed increase in capital-bonus shares SR'000	Statutory reserve SR'000	Retained earnings SR'000	Total equity SR'000
Balance as at 1 January 2018	711,667	-	147,332	211,348	1,070,347
Profit for the period	-	-	-	123,536	123,536
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	123,536	123,536
Transfer to statutory reserve (Note 8)	-	-	12,354	(12,354)	-
Dividends (Note 7)	-	-	-	(106,750)	(106,750)
<b>Balance as at 30 September 2018</b>	<b>711,667</b>	<b>-</b>	<b>159,686</b>	<b>215,780</b>	<b>1,087,133</b>
Balance as at 1 January 2017	610,000	-	132,381	252,957	995,338
Profit for the period	-	-	-	127,940	127,940
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	127,940	127,940
Transfer to statutory reserve (Note 8)	-	-	12,794	(12,794)	-
Proposed increase in capital – bonus shares (Note 7)	-	101,667	-	(101,667)	-
Bonus shares issued (Note 7)	101,667	(101,667)	-	-	-
Dividends (Note 7)	-	-	-	(76,250)	(76,250)
<b>Balance as at 30 September 2017</b>	<b>711,667</b>	<b>-</b>	<b>145,175</b>	<b>190,186</b>	<b>1,047,028</b>

  
 Chairman

  
 President and Group CEO

  
 Group Chief Financial Officer

The attached notes from 1 to 14 form an integral part of these interim condensed consolidated financial statements.

UNITED INTERNATIONAL TRANSPORTATION COMPANY  
(A SAUDI JOINT STOCK COMPANY) AND ITS SUBSIDIARY  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
For the nine-month period ended 30 September 2018

	Note	For the nine-month period ended 30 September 2018 SR'000	For the nine-month period ended 30 September 2017 SR'000
<b>OPERATING ACTIVITIES</b>			
Profit before zakat		129,004	132,511
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation of property and equipment	6	338,917	360,305
Amortisation of intangible assets		200	237
Share of results of associates, net		(62)	1,737
Provision for employees' benefits		4,001	2,979
Provision for doubtful receivables		3,525	2,450
Finance costs		6,053	9,279
		<u>481,638</u>	<u>509,498</u>
Working capital adjustments:			
Inventories		115,836	174,342
Trade receivables, net		(55,011)	(59,434)
Prepayments and other receivables		(3,140)	837
Trade payables		(16,316)	50,701
Accrued expenses and other liabilities		1,301	(870)
		<u>524,308</u>	<u>675,074</u>
Cash from operations		524,308	675,074
Purchase of vehicles	6	(299,729)	(374,332)
Zakat paid	4(a)	(9,048)	(6,338)
Finance cost paid		(6,053)	(9,279)
Employee benefits paid		(3,378)	(4,884)
		<u>206,100</u>	<u>280,241</u>
<b>Net cash from operating activities</b>			
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment	6	(1,015)	(1,739)
Purchase of intangible assets		(502)	(98)
		<u>(1,517)</u>	<u>(1,837)</u>
<b>Net cash used in investing activities</b>			
<b>FINANCING ACTIVITIES</b>			
Proceeds from borrowings		120,000	140,000
Repayments of borrowings		(192,806)	(343,446)
Dividends	7	(106,750)	(76,250)
		<u>(179,556)</u>	<u>(279,696)</u>
<b>Net cash used in financing activities</b>			
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		<u>25,027</u>	<u>(1,292)</u>
Cash and cash equivalents at the beginning of the period		9,744	20,745
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>			
		<u>34,771</u>	<u>19,453</u>
<b>Supplemental non-cash information</b>			
Transfers from property and equipment to inventories	6	117,083	161,433

**Supplemental non-cash information**

Transfers from property and equipment to inventories

6

117,083

161,433

Chairman

President and Group CEO

Group Chief Financial Officer

The attached notes from 1 to 14 form an integral part of these interim condensed consolidated financial statements.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2018

**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 Licence No. 0202000400 issued by the Ministry of Transportation in the Kingdom of Saudi Arabia. The Parent Company was listed on Saudi Stock Exchange on 1 September 2007.

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

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

As at the reporting date, the Parent Company owns 100% of the issued share capital of Aljozoor Alrasekha Trucking Company Limited ("the subsidiary" or "Rahaal" and collectively with the Parent Company referred to as "the Group"). Rahaal is a limited liability company incorporated in 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.

The following are the details of the associates:

<i>Name</i>	<i>Principal field of activity</i>	<i>% of capital held (directly or indirectly)</i>	
		<i>30 September 2018</i>	<i>31 December 2017</i>
Tranzlease Holdings India Private Limited	Operating lease of motor vehicles	32.96%	32.96%
Unitrans Infotech Services India Private Limited	Providing Information Technology services	49%	49%

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These interim condensed consolidated financial statements have been prepared in accordance with 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 Certified Public Accountants ("SOCPA").

These interim condensed consolidated financial statements do not include all the information and disclosures required in full set of annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017. In addition, results for the interim period ended 30 September 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

**2.2 Basis of measurement**

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

**2.3 Functional and presentation currency**

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



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 30 September 2018

**2 BASIS OF PREPARATION (continued)**

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

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. 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 annual consolidated financial statements for the year ended 31 December 2017 except for the changes that are disclosed below in note 3.2.

**3 CHANGES TO THE GROUP'S ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018.

The Group applies, for the first time, IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**3.1 IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group performed a detailed impact assessment of all aspects of IFRS 15 as applicable. This assessment is based on currently available information and expert judgement of the management. The Group is in business of leasing and rental of vehicles. Revenue from the lease contracts is recorded under IAS 17 *Leases* and is not in the scope of IFRS 15. However, IFRS 15 is applicable for revenue from the sale of inventories and income from other services that are incidental to vehicle rental arrangements. Overall, adoption of IFRS 15 does not have any significant impact on the Group's interim condensed consolidated financial statements.

*(a) Sale of inventories (vehicles)*

The Group has concluded that revenue from sale of inventories include only one performance obligation and there is no variable consideration and financing component involved. Further, performance obligations are satisfied at a point in time when control of the inventories is transferred to the customers, generally on delivery of the inventories. Therefore, the adoption of IFRS 15 did not have an impact on the timing and amount of revenue recognition from sale of inventories.

*(b) Income from other services*

Revenue from other services that are incidental to vehicle rental arrangements are recognized when these related services are provided and classified as part of revenue from these core operating activities. The Group has concluded that revenue from other services that are incidental to vehicle rental arrangements should be recognised over the time when services are rendered. Therefore, the adoption of IFRS 15 did not have an impact on the timing and amount of revenue recognition.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2018

**3 CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)**

**3.2 IFRS 9 Financial Instruments**

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

Under IFRS 9, except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

***Classification and measurement***

Except for trade receivables, under IFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss and other comprehensive income, transaction costs. Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit and loss and other comprehensive income, amortised cost or fair value through other comprehensive income. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instrument's contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

Trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of these instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

The accounting for the Group's financial liabilities as per IFRS 9 remains largely the same as it was under IAS 39. Therefore, adoption of IFRS 9 has no impact on the financial liabilities. Further, as the Group does not have any hedging instruments, the adoption of IFRS 9 had no impact on the Group's financial statements.

***Impairment***

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Group to record an allowance for ECLs for all loans and receivables not held at fair value through profit and loss and other comprehensive income.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses.

However, the adoption of the ECL requirements of IFRS 9 did not result in any material change in impairment allowance of the Group's trade receivables because the Group has used provision matrix for ECL and there is no change from historical credit loss experience of the Group.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 30 September 2018

**4 ZAKAT**

**a) Charge for the period**

The Group's zakat charge is based on the separate interim condensed financial statements of the Parent Company and its subsidiary.

**Movement in provision during the period/year**

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

	<i>For the nine-month period ended 30 September 2018 SR'000</i>	<i>For the year ended 31 December 2017 SR'000</i>
At the beginning of the period/year	10,437	7,687
Provided during the period/year	5,468	9,088
Paid during the period/year	(9,048)	(6,338)
	<hr/>	<hr/>
At the end of the period/year	<u>6,857</u>	<u>10,437</u>

**b) Status of assessments**

**The Parent Company**

The Parent Company has filed the zakat returns for all years up to the financial year ended 31 December 2017. All assessment proceedings of the General Authority of Zakat and Tax ("GAZT") up to the end of the financial year ended 31 December 2011 have been completed. The assessments for the financial years 2012 through 2017 have not yet been raised by GAZT.

**Subsidiary- Aljozoor Alrasekha Trucking Company Limited**

The subsidiary has filed the zakat returns up to the financial year ended 31 December 2017. The assessments for the financial years 2012 to 2017 have not yet been raised by GAZT.

**5 EARNINGS PER SHARE (EPS)**

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. The calculation of diluted earnings per share 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 30 September</i>		<i>For the nine-month period ended 30 September</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
Profit attributable to ordinary equity holders of the parent (SR'000)	<u>43,112</u>	<u>42,808</u>	<u>123,536</u>	<u>127,940</u>
Weighted average number of ordinary shares for basic and diluted EPS ('000)	<u>71,167</u>	<u>71,167</u>	<u>71,167</u>	<u>71,167</u>
Earnings per share (in Saudi Riyals)	<u>0.61</u>	<u>0.60</u>	<u>1.74</u>	<u>1.80</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
At 30 September 2018

**6 PROPERTY AND EQUIPMENT**

	<i>For the nine-month period ended 30 September 2018</i>			<i>For the year ended 31 December 2017</i>		
	<i>SR'000 Vehicles</i>	<i>SR'000 Other</i>	<i>SR'000 Total</i>	<i>SR'000 Vehicles</i>	<i>SR'000 Other</i>	<i>SR'000 Total</i>
Opening net book value	1,191,590	97,497	1,289,087	1,295,829	101,036	1,396,865
Additions during the period/year	299,729	1,015	300,744	609,205	3,199	612,404
Transfer of vehicles to inventories	(117,083)	-	(117,083)	(237,652)	-	(237,652)
Depreciation for the period/year	(334,130)	(4,787)	(338,917)	(475,792)	(6,738)	(482,530)
Closing net book value	<u>1,040,106</u>	<u>93,725</u>	<u>1,133,831</u>	<u>1,191,590</u>	<u>97,497</u>	<u>1,289,087</u>

**7 SHARE CAPITAL**

At 30 September 2018, the Parent Company's share capital of SR 711.67 million (31 December 2017: SR 711.67 million) consists of 71.167 million (31 December 2017: 71.167 million) fully paid shares of SR 10 each.

The Board of Directors in its meeting held on 19 January 2017, proposed final dividend of SR 76.25 million (representing SR 1.25 per share) for the year ended 31 December 2016. Additionally, the Board of Directors also proposed to increase the Parent Company's share capital to SR 711.67 million by issuing one bonus share for every six ordinary shares outstanding. The shareholders in the Extraordinary General Assembly Meeting on 19 April 2017 approved the Board's proposal and authorized issuance of 10.17 million bonus shares at a nominal value of SR 10 each and resultantly the share capital of the Parent Company was increased from SR 610 million to SR 711.67 million.

The Board of Directors in its meeting held on 31 January 2018, proposed final cash dividend of SR 106.75 million (representing SR 1.5 per share) for the year ended 31 December 2017. The shareholders in the General Assembly Meeting on 30 April 2018 approved the Board's proposal and authorised issuance of final dividend.

**8 STATUTORY RESERVE**

In accordance with bye-laws of the Parent Company, the Parent Company has transferred 10% of its net income for the period to the statutory reserve. The Parent Company may resolve to discontinue such transfers when the reserve totals 30% of the share capital. This reserve is not available for distribution.

**9 BORROWINGS**

	<i>30 September 2018 SR'000</i>	<i>31 December 2017 SR'000</i>
Murabaha sale agreements	135,191	190,775
Al Tawarroq agreements	40,556	57,778
Gross debts	<u>175,747</u>	<u>248,553</u>
Less current portion:		
Murabaha sale agreements	(103,711)	(131,396)
Al Tawarroq agreements	(37,778)	(56,667)
	<u>(141,489)</u>	<u>(188,063)</u>
Non-current portion	<u>34,258</u>	<u>60,490</u>

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**9 BORROWINGS (continued)**

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 bears mark up at prevailing market rates at the time of entering into the debt contracts. These loans are secured by demand promissory notes. The loan agreements include covenants which, among other things, require certain financial ratios to be maintained. The instalments due within twelve months from the interim condensed consolidated statement of financial position date are shown as a current liability in the interim condensed consolidated statement of financial position.

**10 RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties represent major shareholders, directors and key management personnel of the Group and entities controlled, jointly 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:

<i>Related party</i>	<i>Nature of relationship</i>	<i>Nature of transactions</i>	<i>Amounts of transactions</i>	
			<i>For the nine-month period ended 30 September 2018</i>	<i>For the nine-month period ended 30 September 2017</i>
			<i>SR'000</i>	<i>SR'000</i>
Zahid Group (note b)	Shareholder	Car rentals	-	186
Abdulillah Abdullah Al Zahid Trading Establishment	Affiliate	Services received	283	442
		Used car sale	6,430	14,900
Key management personnel	Employees	Short term benefits	3,041	2,978
		Long term benefits	300	276
		Board of Directors remuneration	900	1,350

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

	<i>30 September 2018</i>	<i>31 December 2017</i>
	<i>SR'000</i>	<i>SR'000</i>
Zahid Group Holding (included in trade receivables, net)	105	97

**11 CONTINGENCIES AND COMMITMENTS**

At 30 September 2018, the Group has outstanding letters of guarantee amounting to SR 6.43 million (31 December 2017: SR 6.1 million) issued by the banks in Saudi Arabia on behalf of Group in the ordinary course of business.

**12 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.

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**12 SEGMENTAL INFORMATION (continued)**

Segment results that are reported to the top management (Chairman, President and Group Chief Executive Officer (CEO), Director of Corporate Affairs and Group Chief Financial Officer (CFO)) 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 are no inter segment revenue reported during the period. The following tables present segment information for the three month and nine-month periods ended:

<i>Particulars</i>	<b>FOR THE THREE-MONTH PERIOD ENDED</b>							
	<i>Lease</i>		<i>Rental</i>		<i>Others</i>		<i>Total</i>	
	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>
	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</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>	<i>SR'000</i>	<i>SR'000</i>
Revenues - external customers	135,376	141,470	56,664	62,321	69,927	79,198	261,967	282,989
Depreciation and amortization	(85,835)	(84,447)	(26,649)	(32,970)	-	-	(112,484)	(117,417)
Segment profit	<u>49,541</u>	<u>57,023</u>	<u>30,015</u>	<u>29,351</u>	<u>69,927</u>	<u>79,198</u>	<u>149,483</u>	<u>165,572</u>
<b>Unallocated income/(expenses):</b>								
Cost of revenues							(78,290)	(100,734)
Other operating income, net							612	1,924
Selling and marketing expenses							(11,634)	(6,839)
General and administrative expenses							(13,049)	(12,476)
Finance costs, net							(2,101)	(2,687)
Share of results of associates							(11)	(429)
<b>Profit before zakat</b>							<u>45,010</u>	<u>44,331</u>

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12 SEGMENTAL INFORMATION (continued)

<i>Particulars</i>	FOR THE NINE-MONTH PERIOD ENDED							
	<i>Lease</i>		<i>Rental</i>		<i>Others</i>		<i>Total</i>	
	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>	<i>30</i>
	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>	<i>September</i>
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</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>	<i>SR'000</i>	<i>SR'000</i>
Revenues - external customers	414,730	421,065	163,221	181,606	204,932	260,644	782,883	863,315
Depreciation and amortization	(260,937)	(260,670)	(78,180)	(99,872)	-	-	(339,117)	(360,542)
Segment profit	<u>153,793</u>	<u>160,395</u>	<u>85,041</u>	<u>81,734</u>	<u>204,932</u>	<u>260,644</u>	<u>443,766</u>	<u>502,773</u>
<b>Unallocated income/(expenses):</b>								
Cost of revenues						(243,939)	(307,978)	
Other operating income, net						3,236	7,078	
Selling and marketing expenses						(31,194)	(22,771)	
General and administrative expenses						(36,874)	(35,575)	
Finance costs, net						(6,053)	(9,279)	
Share of results of associates						62	(1,737)	
<b>Profit before zakat</b>						<u>129,004</u>	<u>132,511</u>	

Detail of segment assets and liabilities is given below:

<i>Particulars</i>	<i>Allocated</i>		<i>Unallocated</i>	<i>Total</i>
	<i>Lease</i>	<i>Rental</i>	<i>Others</i>	
	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>	<i>SR'000</i>
<b>30 September 2018</b>				
Segment assets	756,705	283,401	386,821	1,426,927
Segment liabilities	-	-	339,794	339,794
<b>31 December 2017</b>				
Segment assets	852,407	339,183	309,329	1,500,919
Segment liabilities	-	-	430,572	430,572

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**13 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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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 30 September 2018 and 31 December 2017, the fair values of the Group's financial instruments are estimated to approximate their carrying values and are classified under level 2 of the fair value hierarchy. No significant inputs were applied in the valuation of trade receivables as at 30 September 2018 and 31 December 2017.

Fair values of the Group's borrowings are determined by using DCF method using discount rate that reflects the borrowing rate as at the end of the reporting period. As at 30 September 2018 and 31 December 2017, the carrying amounts of borrowings were not materially different from their calculated fair values.

During the nine month period ended 30 September 2018, there were no movements between the levels.

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

These interim condensed consolidated financial statements have been approved by the Board of Directors on 7 November 2018, corresponding to 29 Safar 1440H.