

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

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

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**

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

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2020**

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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) AND  
ITS SUBSIDIARIES**

**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 subsidiaries (collectively referred to as "the Group") as at 31 March 2020, and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, 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" 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



Ahmed I. Reda  
Certified Public Accountant  
Licence No. 356

29 Shawwal 1441H  
21 June 2020

Jeddah



UNITED INTERNATIONAL TRANSPORTATION COMPANY  
(A SAUDI JOINT STOCK COMPANY) AND ITS SUBSIDIARIES  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME (UNAUDITED)  
For the three-month period ended 31 March 2020

|  |             | <i>For the three-<br/>month period<br/>ended<br/>31 March<br/>2020</i> | <i>For the three-<br/>month period<br/>ended<br/>31 March<br/>2019</i> |
|--|-------------|--|--|
|  | <i>Note</i> | <i>SR'000</i>  | <i>SR'000</i>  |
| Revenue  |             | 276,669  | 259,408  |
| Cost of revenue  |             | (194,965)  | (187,869)  |
| <b>GROSS PROFIT</b>  |             | <b>81,704</b>  | <b>71,539</b>  |
| Other operating income, net  |             | 415  | 446  |
| Selling and marketing expenses   |             | (13,527)   | (10,979)   |
| General and administrative expenses  |             | (20,643)   | (17,160)   |
| <b>OPERATING PROFIT</b>  |             | <b>47,949</b>  | <b>43,846</b>  |
| Finance costs, net   |             | (830)  | (932)  |
| Share of results of associates   |             | -  | (25)   |
| <b>PROFIT BEFORE ZAKAT AND TAX</b>   |             | <b>47,119</b>  | <b>42,889</b>  |
| Zakat and tax  | 4           | (1,662)  | (1,285)  |
| <b>PROFIT FOR THE PERIOD</b>   |             | <b>45,457</b>  | <b>41,604</b>  |
| <b>OTHER COMPREHENSIVE INCOME</b>  |             |  |  |
| <i>Items to be reclassified to profit or loss in subsequent periods:</i>   |             |  |  |
| Exchange differences on translation of foreign operations  |             | (154)  | -  |
| <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>45,303</b>  | <b>41,604</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           | 0.64   | 0.58   |

Chairman

President & Group CEO

Group Chief Financial Officer

The attached notes from 1 to 18 form an integral part of these interim condensed consolidated financial statements.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

|  |      | 31 March<br>2020<br>SR'000<br>(Unaudited) | 31 December<br>2019<br>SR'000<br>(Audited) |
|--|------|---|--|
|  | Note |   |  |
| <b>ASSETS</b>                          |      |   |  |
| <b>NON-CURRENT ASSETS</b>              |      |   |  |
| Property and equipment                 | 6    | 1,224,058                                 | 1,227,012                                  |
| Right-of-use assets                    | 7    | 34,159                                    | 33,930                                     |
| Intangible assets                      | 8    | 2,246                                     | 464  |
| Investment in associates               |      | -   | 1,219                                      |
| Deferred tax                           |      | 50  | -  |
|  |      | <u>1,260,513</u>                          | <u>1,262,625</u>                           |
| <b>CURRENT ASSETS</b>                  |      |   |  |
| Inventories                            |      | 8,540                                     | 15,593                                     |
| Trade receivables                      |      | 139,682                                   | 151,504                                    |
| Prepayments and other receivables      |      | 6,468                                     | 18,431                                     |
| Cash and cash equivalents              |      | 93,657                                    | 4,655                                      |
|  |      | <u>248,347</u>                            | <u>190,183</u>                             |
| <b>TOTAL ASSETS</b>                    |      | <u><b>1,508,860</b></u>                   | <u><b>1,452,808</b></u>                    |
| <b>EQUITY AND LIABILITIES</b>          |      |   |  |
| <b>EQUITY</b>                          |      |   |  |
| Share capital                          | 10   | 711,667                                   | 711,667                                    |
| Statutory reserve                      |      | 182,193                                   | 182,193                                    |
| Retained earnings                      |      | 311,396                                   | 265,939                                    |
| Foreign currency translation reserve   |      | (154)                                     | -  |
| <b>TOTAL EQUITY</b>                    |      | <u><b>1,205,102</b></u>                   | <u><b>1,159,799</b></u>                    |
| <b>LIABILITIES</b>                     |      |   |  |
| <b>NON-CURRENT LIABILITIES</b>         |      |   |  |
| Bank borrowings                        | 11   | -   | 3,333                                      |
| Employee benefits                      |      | 52,275                                    | 50,412                                     |
| Lease liabilities                      | 7    | 23,769                                    | 24,044                                     |
|  |      | <u>76,044</u>                             | <u>77,789</u>                              |
| <b>CURRENT LIABILITIES</b>             |      |   |  |
| Current portion of bank borrowings     | 11   | 43,980                                    | 57,006                                     |
| Lease liabilities – current portion    | 7    | 6,490                                     | 5,213                                      |
| Trade payables                         |      | 104,030                                   | 82,330                                     |
| Accrued expenses and other liabilities |      | 64,614                                    | 63,732                                     |
| Zakat payable                          | 4    | 8,600                                     | 6,939                                      |
|  |      | <u>227,714</u>                            | <u>215,220</u>                             |
| <b>TOTAL LIABILITIES</b>               |      | <u><b>303,758</b></u>                     | <u><b>293,009</b></u>                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>    |      | <u><b>1,508,860</b></u>                   | <u><b>1,452,808</b></u>                    |

Chairman

President & Group CEO

Group Chief Financial Officer

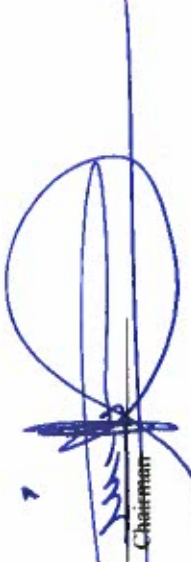
The attached notes from 1 to 18 form an integral part of these interim condensed consolidated financial statements.

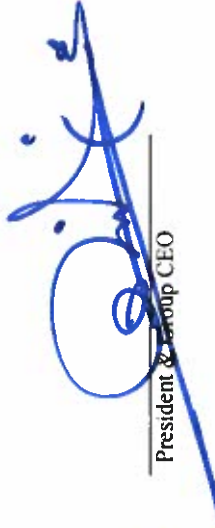
**UNITED INTERNATIONAL TRANSPORTATION COMPANY  
(A SAUDI JOINT STOCK COMPANY) AND ITS SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

For the three-month period ended 31 March 2020

|   | Share<br>capital<br>SR'000 | Statutory<br>reserve<br>SR'000 | Retained<br>earnings<br>SR'000 | Foreign<br>currency<br>translation<br>reserve<br>SR'000 | Total<br>equity<br>SR'000 |
|---|----------------------------|--------------------------------|--------------------------------|---|---------------------------|
| Balance as at 1 January 2020              | 711,667                    | 182,193                        | 265,939                        | -   | 1,159,799                 |
| Profit for the period                     | -                          | -                              | 45,457                         | -   | 45,457                    |
| Other comprehensive income for the period | -                          | -                              | -                              | (154)   | (154)                     |
| Total comprehensive income for the period | -                          | -                              | 45,457                         | (154)   | 45,303                    |
| <b>Balance as at 31 March 2020</b>        | <b>711,667</b>             | <b>182,193</b>                 | <b>311,396</b>                 | <b>(154)</b>  | <b>1,205,102</b>          |
| Balance as at 1 January 2019              | 711,667                    | 164,331                        | 250,357                        | -   | 1,126,355                 |
| Profit for the period                     | -                          | -                              | 41,604                         | -   | 41,604                    |
| Other comprehensive income for the period | -                          | -                              | -                              | -   | -                         |
| Total comprehensive income for the period | -                          | -                              | 41,604                         | -   | 41,604                    |
| Transfer to statutory reserve             | -                          | 4,160                          | (4,160)                        | -   | -                         |
| Balance as at 31 March 2019               | 711,667                    | 168,491                        | 287,801                        | -   | 1,167,959                 |

  
Chairman

  
President & Group CEO

  
Group Chief Financial Officer

The attached notes from 1 to 18 form an integral part of these interim condensed consolidated financial statements.



**UNITED INTERNATIONAL TRANSPORTATION COMPANY**  
**(A SAUDI JOINT STOCK COMPANY AND ITS SUBSIDIARIES)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(UNAUDITED)**

For the three-month period ended 31 March 2020

|   | <i>Note</i> | <i>For the three-<br/>month period<br/>ended<br/>31 March<br/>2020<br/>SR'000</i> | <i>For the three-<br/>month period<br/>ended<br/>31 March<br/>2019<br/>SR'000</i> |
|---|-------------|---|---|
| <b>OPERATING ACTIVITIES</b>   |             |   |   |
| Profit before zakat and tax   |             | 47,119  | 42,889  |
| Adjustments to reconcile profit before zakat and tax to net cash flows: |             |   |   |
| Depreciation of property and equipment                                  |             | 115,222   | 114,608   |
| Depreciation of right-to-use assets                                     |             | 2,665   | 787   |
| Amortisation of intangible assets                                       |             | 41  | 78  |
| Share of results of associates, net                                     |             | -   | 25  |
| Provision for employees' benefits                                       |             | 1,975   | 1,676   |
| Provision for doubtful receivables                                      |             | 8,993   | 1,990   |
| Finance costs   |             | 830   | 932   |
|   |             | <u>176,845</u>  | <u>162,985</u>  |
| Working capital adjustments:  |             |   |   |
| Inventories   |             | 30,743  | 26,719  |
| Trade receivables   |             | 3,342   | 30,928  |
| Prepayments and other receivables                                       |             | 12,248  | 10,632  |
| Trade payables  |             | 21,718  | (35,951)  |
| Accrued expenses and other liabilities                                  |             | 1,043   | 2,065   |
|   |             | <u>245,939</u>  | <u>197,378</u>  |
| Cash from operations  |             | 245,939   | 197,378   |
| Purchase of vehicles  |             | (134,591)   | (102,070)   |
| Finance costs paid  |             | (830)   | (932)   |
| Employee benefits paid  |             | (112)   | (662)   |
|   |             | <u>110,406</u>  | <u>93,714</u>   |
| <b>Net cash from operating activities</b>                               |             |   |   |
| <b>INVESTING ACTIVITIES</b>   |             |   |   |
| Purchase of property and equipment                                      |             | (1,308)   | (436)   |
| Investment in subsidiary, net of cash acquired                          | 9           | (1,336)   | -   |
|   |             | <u>(2,644)</u>  | <u>(436)</u>  |
| <b>Net cash used in investing activities</b>                            |             |   |   |
| <b>FINANCING ACTIVITIES</b>   |             |   |   |
| Repayment of borrowings   |             | (16,359)  | (27,659)  |
| Payment of lease liabilities  |             | (2,247)   | (650)   |
|   |             | <u>(18,606)</u>   | <u>(28,309)</u>   |
| <b>Net cash used in financing activities</b>                            |             |   |   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                        |             |   |   |
|   |             | 89,156  | 64,969  |
| Net foreign exchange differences  |             | (154)   | -   |
| Cash and cash equivalents at the beginning of the period                |             | 4,655   | 14,302  |
|   |             | <u>93,657</u>   | <u>79,271</u>   |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>               |             |   |   |
| <b>Supplemental non-cash information</b>                                |             |   |   |
| Transfers from property and equipment to inventories                    | 6           | 23,690  | 34,434  |
| Right-of-use assets and lease liabilities                               |             | 2,894   | 11,501  |
| Transfer of prepayment to right-of-use assets                           |             | -   | 1,790   |

Chairman

President & Group CEO

Group Chief Financial Officer

The attached notes from 1 to 18 form an integral part of these interim condensed consolidated financial statements.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

At 31 March 2020

### 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 1 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 Owner Company (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.

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 fully owns 100% of the shareholding in this entity, therefore, the same have been consolidated in these interim condensed consolidated financial statements.

The following are the details of the associates:

| <i>Name</i>  | <i>Principal field of activities</i>         | <i>% of capital held</i> |                             |
|--|--|--------------------------|-----------------------------|
|  |  | <i>31 March<br/>2020</i> | <i>31 December<br/>2019</i> |
| Tranzlease Holdings India Private Limited                            | Operating lease of motor vehicles            | <b>32.99%</b>            | <b>32.99%</b>               |
| Unitrans Infotech Services India Private Limited<br>(see note above) | Providing information technology<br>services | -                        | <b>49%</b>                  |

### 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.

These interim condensed consolidated financial statements do not include all the information and disclosures required in full set of annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019. In addition, results for the interim period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020 (refer to note 2.4 below).

#### 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 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 indicated.



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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED) (continued)  
At 31 March 2020

**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 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 2019. However, in the 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 17).

**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 2019, except for the adoption of amendments and interpretations effective as of 1 January 2020 and new accounting policies as mentioned below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

**3.1 Amendments and interpretations effective as of 1 January 2020**

Several amendments and interpretations apply for the first time in 2020, but do not have an impact or not applicable on the interim condensed consolidated financial statements of the Group. As required by IAS 34, the nature and effect of these changes are disclosed below.

**3.1.1 Amendments to IFRS 3: Definition of a Business**

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

**3.1.2 Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform**

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the interim condensed consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

**3.1.3 Amendments to IAS 1 and IAS 8: Definition of Material**

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed consolidated financial statements of, nor is there expected to be any future impact to the Group.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED) (continued)

At 31 March 2020

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

**3.1 Amendments and interpretations effective as of 1 January 2020 (continued)**

**3.1.4 Conceptual Framework for Financial Reporting issued on 29 March 2018**

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the interim condensed consolidated financial statements of the Group.

**3.2 Current and deferred income tax**

***Current income tax***

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid for the current year to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the reporting date.

***Deferred income tax***

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the brought forward unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED) (continued)

At 31 March 2020

**4 ZAKAT AND TAX**

Zakat and tax expense for the period was SR 1,662. There was no change in status of zakat and tax assessments of the Parent Company and its subsidiaries from the consolidated financial statements for the year ended 31 December 2019.

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

|                                     | <i>For the three-month period ended 31 March 2020</i><br>SR'000 | <i>For the year ended 31 December 2019</i><br>SR'000 |
|-------------------------------------|---|--|
| At the beginning of the period/year | 6,939   | 6,463  |
| Provided during the period/year     | 1,661   | 5,524  |
| Paid during the period/year         | -   | (5,048)  |
| At the end of the period/year       | <u>8,600</u>  | <u>6,939</u>   |

**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 ('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 2020</i> | <i>2019</i>   |
|---|---|---------------|
| Profit attributable to ordinary equity holders of the parent (SR'000)       | <u>45,457</u>   | <u>41,604</u> |
| Weighted average number of ordinary shares for basic and diluted EPS ('000) | <u>71,167</u>   | <u>71,167</u> |
| Earnings per share (in Saudi Riyals)  | <u>0.64</u>   | <u>0.58</u>   |

**6 PROPERTY AND EQUIPMENT**

|   | <i>For the three-month period ended 31 March 2020</i> |                |                  | <i>For the year ended 31 December 2019</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>Vehicles</i>                                       | <i>Other</i>   | <i>Total</i>     | <i>Vehicles</i>                            | <i>Other</i>   | <i>Total</i>     |
| Opening net book value                    | 1,097,331   | 129,681        | 1,227,012        | 1,112,321                                  | 95,577         | 1,207,898        |
| Additions/acquired during the period/year | 134,591   | 1,367          | 135,958          | 538,297                                    | 45,758         | 584,055          |
| Transfer of vehicles to inventories       | (23,690)  | -              | (23,690)         | (104,678)                                  | (5,091)        | (109,769)        |
| Depreciation for the period/year          | (114,049)   | (1,173)        | (115,222)        | (448,609)                                  | (6,563)        | (455,172)        |
| Closing net book value                    | <u>1,094,183</u>                                      | <u>129,875</u> | <u>1,224,058</u> | <u>1,097,331</u>                           | <u>129,681</u> | <u>1,227,012</u> |

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

|                                       | <i>For the three-month period<br/>ended 31 March 2020</i> |   | <i>For the year ended<br/>31 December 2019</i> |   |
|---------------------------------------|---|---|--|---|
|                                       | <i>Right-of-use<br/>assets<br/>SR'000</i>                 | <i>Lease<br/>liabilities<br/>SR'000</i> | <i>Right-of-use<br/>assets<br/>SR'000</i>      | <i>Lease<br/>liabilities<br/>SR'000</i> |
| Opening balance                       | 33,930  | 29,257                                  | 26,712   | 24,922                                  |
| Additions made during the period/year | 2,894   | 2,894                                   | 17,706   | 17,706                                  |
| Deletions                             | -   | -                                       | (5 240)  | (6,650)                                 |
| Depreciation expense                  | (2,665)   | -                                       | (5,248)  | -                                       |
| Accretion of interest                 | -   | 182                                     | -  | 1,509                                   |
| Payments                              | -   | (2,074)                                 | -  | (8,230)                                 |
| Closing balance                       | 34,159  | 30,259                                  | 33,930   | 29,257                                  |

**8 INTANGIBLE ASSETS**

|                                       | <i>For the three-month period ended<br/>31 March 2020</i> |                            |                         | <i>For the year ended<br/>31 December 2019</i> |
|---------------------------------------|---|----------------------------|-------------------------|--|
|                                       | <i>Intellectual</i>                                       |                            |                         |  |
|                                       | <i>Software<br/>SR'000</i>                                | <i>property<br/>SR'000</i> | <i>Total<br/>SR'000</i> | <i>Software<br/>SR'000</i>                     |
| <b>Cost</b>                           |   |                            |                         |  |
| At 1 January                          | 8,318   | -                          | 8,318                   | 8,391  |
| Acquisition during the period/year    | -   | 1,823                      | 1,823                   | 159  |
| Disposal                              | -   | -                          | -                       | (232)  |
|                                       | 8,318   | 1,823                      | 10,141                  | 8,318  |
| <b>Amortisation</b>                   |   |                            |                         |  |
| At 1 January                          | 7,854   | -                          | 7,854                   | 7,699  |
| Amortisation during the period/year   | 41  | -                          | 41                      | 283  |
| Disposal                              | -   | -                          | -                       | (128)  |
|                                       | 7,895   | -                          | 7,895                   | 7,854  |
| <b>Net book value closing balance</b> | 423   | 1,823                      | 2,246                   | 464  |

**9 ACQUISITION OF SUBSIDIARY**

As mentioned in note 1, with effective from 26 January 2020, the Parent Company acquired remaining 51% shareholding of an existing associate based in India, namely; Unitrans Infotech Services India Private Limited ("the subsidiary") for a total consideration of SR 2.869 million. As per the payment terms, the purchase consideration amounting to SR 2.869 million has been paid during the period at the time of acquisition.

The acquisition has been accounted for using the purchase method of accounting. The Parent Company has recorded the net assets acquired of the subsidiary at fair value resulting in intangible asset (intellectual properties) of SR 1.869 million without any goodwill.

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**9 ACQUISITION OF SUBSIDIARY (continued)**

The details of net assets acquired, and their respective fair values are as follows:

|  | <i>Carrying<br/>value<br/>SR'000</i> | <i>Fair<br/>value<br/>SR'000</i> |
|--|--------------------------------------|----------------------------------|
| <b><u>Net assets acquired:</u></b>                       |                                      |                                  |
| Fixed assets   | 59                                   | 59                               |
| Intangible asset (intellectual properties)               | -                                    | 1,823                            |
| Deferred tax asset                                       | 54                                   | 54                               |
| Trade receivables  | 513                                  | 513                              |
| Cash and cash equivalents                                | 1,533                                | 1,533                            |
| Short-term loans and advances                            | 185                                  | 185                              |
| Other current assets                                     | 100                                  | 100                              |
| Other current liabilities                                | (18)                                 | (18)                             |
| Short term provision                                     | (161)                                | (161)                            |
| Net assets acquired                                      | <u>2,265</u>                         | <u>4,088</u>                     |
| Less: Carrying value of previously held investment (49%) |                                      | <u>(1,219)</u>                   |
| Purchase consideration                                   |                                      | <u>2,869</u>                     |

**10 SHARE CAPITAL**

At 31 March 2020, the Parent Company's share capital of SR 711.67 million (31 December 2019: SR 711.67 million) consists of 71.167 million (31 December 2019: 71.167 million) fully paid shares of SR 10 each.

The Board of Directors in its meeting held on 31 January 2019, proposed final cash dividend of SR 106.75 million (representing SR 1.5 per share) for the year ended 31 December 2018. The Shareholder in the General Assembly meeting on 18 April 2019 approved the Board's proposal and authorised distribution of final dividend.

The Board of Directors in its meeting held on 24 October 2019, approved a distribution of interim cash dividend of SR 35.58 million (representing SR 0.5 per share) for the year ended 31 December 2019.

The Board of Directors in its meeting held on 6 February 2020, proposed final cash dividend of SR 106.75 million (representing SR 1.5 per share) for the year ended 31 December 2019. The amount of cash dividend was revised by the Board of Directors subsequent to the year end (see note 16).

**11 BANK BORROWINGS**

|   | <i>31 March<br/>2020<br/>SR'000</i> | <i>31 December<br/>2019<br/>SR'000</i> |
|---|-------------------------------------|--|
| Murabaha sale agreements / Al Tawarroq agreements | 43,980                              | 60,339                                 |
| Less: Current portion                             | <u>(43,980)</u>                     | <u>(57,006)</u>                        |
| Non-current portion                               | <u>-</u>                            | <u>3,333</u>                           |

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**11 BANK BORROWINGS (continued)**

Long-term bank debts consist of Group's borrowings under Islamic Finance Products including Murabaha sale / Al Tawarroq arrangements with commercial banks in Kingdom of Saudi Arabia. Such debts bear financing charges at the 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 date of interim condensed consolidated statement of financial position are shown as a current liability in the interim condensed consolidated statement of financial position. The bank borrowings are repayable in monthly variable instalments with the last instalment payable on 28 February 2021.

**12 RELATED PARTY TRANSACTIONS AND BALANCES**

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.

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**12 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

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>                                  |   |
|-------------------------------|-------------------------------|--|---|---|
|                               |                               |  | <i>For the three-month period ended 31 March 2020</i><br>SR'000 | <i>For the three-month period ended 31 March 2019</i><br>SR'000 |
| Zahid Group (note b)          | Shareholder                   | Car rentals                              | 24  | 24  |
| Law Firm of Bassim A Alim Law | Other related party           | Professional services (retainership fee) | 1,260   | 1,260   |
| Key management personnel      | Employees                     | Short term benefits                      | 1,114   | 1,324   |
|                               |                               | Long term benefits                       | 157   | 158   |
|                               |                               | Board of Directors' remuneration         | 865   | 1,006   |

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

|  | <i>31 March 2020</i><br>SR'000 | <i>31 December 2019</i><br>SR'000 |
|--|--------------------------------|-----------------------------------|
| Zahid Group (included in trade receivables, net) | 26                             | 7                                 |



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**13 CONTINGENCIES**

At 31 March 2020, the Group has outstanding letters of guarantee amounting to SR 10.7 million (31 December 2019: SR 8.9 million) issued by the banks in Saudi Arabia on behalf of Group in the ordinary course of business.

**14 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 are no inter segment revenue reported during the period. The following table presents segment information for the three-month period ended 31 March 2020:

| <i>Particulars</i>                    | <b>FOR THE THREE-MONTH PERIOD ENDED</b> |                                     |                                     |                                     |                                     |                                     |                                     |                                     |
|---------------------------------------|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|                                       | <i>Lease</i>                            |                                     | <i>Rental</i>                       |                                     | <i>Others</i>                       |                                     | <i>Total</i>                        |                                     |
|                                       | <i>31 March<br/>2020<br/>SR'000</i>     | <i>31 March<br/>2019<br/>SR'000</i> | <i>31 March<br/>2020<br/>SR'000</i> | <i>31 March<br/>2019<br/>SR'000</i> | <i>31 March<br/>2020<br/>SR'000</i> | <i>31 March<br/>2019<br/>SR'000</i> | <i>31 March<br/>2020<br/>SR'000</i> | <i>31 March<br/>2019<br/>SR'000</i> |
| Revenue - external customers          | <b>124,125</b>                          | 131,477                             | <b>66,655</b>                       | 65,435                              | <b>85,889</b>                       | 62,496                              | <b>276,669</b>                      | 259,408                             |
| Depreciation and amortization         | <b>(75,479)</b>                         | (79,083)                            | <b>(38,570)</b>                     | (33,908)                            | -                                   | -                                   | <b>(114,049)</b>                    | (112,991)                           |
| Segment profit                        | <b>48,646</b>                           | 52,394                              | <b>28,085</b>                       | 31,527                              | <b>85,889</b>                       | 62,496                              | <b>162,620</b>                      | 146,417                             |
| <b>Unallocated income/(expenses):</b> |   |                                     |                                     |                                     |                                     |                                     |                                     |                                     |
| Cost of revenue                       |   |                                     |                                     |                                     |                                     |                                     | <b>(80,916)</b>                     | (74,878)                            |
| Other operating income, net           |   |                                     |                                     |                                     |                                     |                                     | <b>415</b>                          | 446                                 |
| Selling and marketing expenses        |   |                                     |                                     |                                     |                                     |                                     | <b>(13,527)</b>                     | (10,979)                            |
| General and administrative expenses   |   |                                     |                                     |                                     |                                     |                                     | <b>(20,643)</b>                     | (17,160)                            |
| Finance costs, net                    |   |                                     |                                     |                                     |                                     |                                     | <b>(830)</b>                        | (932)                               |
| Share of results of associates        |   |                                     |                                     |                                     |                                     |                                     | -                                   | (25)                                |
| <b>Profit before zakat and tax</b>    |   |                                     |                                     |                                     |                                     |                                     | <b>47,119</b>                       | 42,889                              |

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**14 SEGMENTAL INFORMATION (continued)**

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>31 March 2020</b>    |                  |               |                    |               |
| Segment assets          | 739,856          | 354,228       | 414,776            | 1,508,860     |
| Segment liabilities     | -                | -             | 303,758            | 303,758       |
| <b>31 December 2019</b> |                  |               |                    |               |
| Segment assets          | 745,323          | 352,008       | 355,477            | 1,452,808     |
| Segment liabilities     | -                | -             | 293,009            | 293,009       |

**15 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.

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 2020 and 31 December 2019, 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 31 March 2020 and 31 December 2019.

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 31 March 2020 and 31 December 2019, the carrying amounts of borrowings were not materially different from their calculated fair values.

During the period ended 31 March 2020, there were no movements between the levels.

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**16 SUBSEQUENT EVENT**

Subsequent to period end, the Board of Directors revised the amount of distribution of cash dividend from amounting SR 106,750,002 (representing SR 1.5 per share) to SR 35,583,334 (representing SR 0.5 per share) for the year ended 31 December 2019 which represents 5% of the nominal values of the shares, which was approved in the General Assembly Meeting held on 15 June 2020.

**17 IMPACT OF COVID-19**

A novel strain of coronavirus (COVID-19) was first identified at the end of December 2019, subsequently in March 2020 was declared as a pandemic by the World Health Organization (WHO). COVID-19 continues to spread throughout in nearly all regions around the world including the Kingdom of Saudi Arabia and resulted in travel restrictions and curfew in the cities which resulted in a slowdown of economic activities and shutdowns of many sectors at global and local levels.

The extent to which coronavirus pandemic impacts the Group's business, operations, and financial results, is certain 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 to 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 Company cannot assure its assumptions used in the above estimates will be correct due to such uncertain situation. In addition, the magnitude, duration and speed of the global pandemic is uncertain. Therefore, the management has taken several steps to mitigate the effects of the pandemic, including costs reduction measures. Further, the Group's management recalibrated ECL calculation by incorporating macroeconomic factors which resulted in additional ECL provision of SR 9 million and also evaluated the cash flow situation, including available bank facilities, continuation of existing leasing contracts and the readiness of operational processes when the situation improves. However, in the 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, the Group management will continue to assess the impact based on prospective developments.

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

These unaudited interim condensed consolidated financial statements have been approved by the Board of Directors on 21 June 2020, corresponding to 29 Shawwal 1441H.