

**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 2019**

**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
2019**

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**INDEPENDENT AUDITORS' 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 SUBSIDIARY**

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 2019, 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" 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

25 Safar 1441H
24 October 2019

Jeddah

20/31/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 (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2019

| | Note | <i>For the three-month period ended 30 September</i> | | <i>For the nine-month period ended 30 September</i> | |
|--|------|--|----------------|---|----------------|
| | | 2019 SR'000 | 2018 SR'000 | 2019 SR'000 | 2018 SR'000 |
| Revenue | | 255,644 | 261,967 | 769,521 | 782,883 |
| Cost of revenue | | (178,432) | (190,774) | (547,087) | (583,056) |
| GROSS PROFIT | | 77,212 | 71,193 | 222,434 | 199,827 |
| Other operating income, net | | 16 | 612 | 853 | 3,236 |
| Selling and marketing expenses | | (10,274) | (11,634) | (31,843) | (31,194) |
| General and administrative expenses | | (18,309) | (13,049) | (52,697) | (36,874) |
| OPERATING PROFIT | | 48,645 | 47,122 | 138,747 | 134,995 |
| Finance costs, net | | (1,043) | (2,101) | (3,419) | (6,053) |
| Share of results of associates | | 17 | (11) | 3 | 62 |
| PROFIT BEFORE ZAKAT | | 47,619 | 45,010 | 135,331 | 129,004 |
| Zakat | 4 | (2,376) | (1,898) | (5,007) | (5,468) |
| PROFIT FOR THE PERIOD | | 45,243 | 43,112 | 130,324 | 123,536 |
| OTHER COMPREHENSIVE INCOME | | | | | |
| <i>Items not to be reclassified to profit or loss in subsequent periods:</i> | | | | | |
| Gains on actuarial valuation | | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 45,243 | 43,112 | 130,324 | 123,536 |
| EARNINGS PER SHARE (EPS): | | | | | |
| Basic and diluted, profit for the period attributable to ordinary equity holders of the parent (in Saudi Riyals) | 5 | 0.64 | 0.61 | 1.83 | 1.74 |


Chairman


President & Group CEO


Group Chief Financial Officer

The attached notes from 1 to 14 form 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 2019

| | | 30 September 2019 SR'000 (Unaudited) | 31 December 2018 SR'000 (Audited) |
|--|------|---|--|
| | Note | | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property and equipment | 6 | 1,198,574 | 1,207,898 |
| Intangible assets | | 560 | 692 |
| Right-of-use assets | 7 | 16,518 | - |
| Investments in associates | | 1,336 | 1,333 |
| | | <u>1,216,988</u> | <u>1,209,923</u> |
| CURRENT ASSETS | | | |
| Inventories | | 10,143 | 2,059 |
| Trade receivables | | 171,704 | 184,997 |
| Prepayments and other receivables | | 26,592 | 25,103 |
| Cash and cash equivalents | | 29,237 | 14,302 |
| | | <u>237,676</u> | <u>226,461</u> |
| TOTAL ASSETS | | <u>1,454,664</u> | <u>1,436,384</u> |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | 8 | 711,667 | 711,667 |
| Statutory reserve | | 177,363 | 164,331 |
| Retained earnings | | 260,899 | 250,357 |
| TOTAL EQUITY | | <u>1,149,929</u> | <u>1,126,355</u> |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Bank borrowings | 9 | 14,889 | 15,851 |
| Employee benefits | | 46,621 | 43,537 |
| Lease liabilities | 7 | 12,675 | - |
| | | <u>74,185</u> | <u>59,388</u> |
| CURRENT LIABILITIES | | | |
| Current portion of bank borrowings | 9 | 72,841 | 89,610 |
| Lease liabilities – current portion | 7 | 2,993 | - |
| Trade payables | | 92,307 | 117,985 |
| Accrued expenses and other liabilities | | 55,987 | 36,583 |
| Zakat payable | 4 | 6,422 | 6,463 |
| | | <u>230,550</u> | <u>250,641</u> |
| TOTAL LIABILITIES | | <u>304,735</u> | <u>310,029</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>1,454,664</u> | <u>1,436,384</u> |

Chairman

President & Group CEO

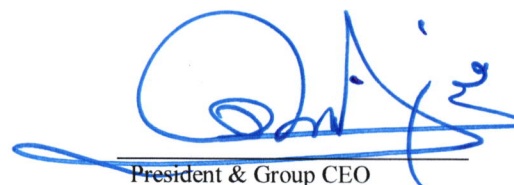
Group Chief Financial Officer

The attached notes from 1 to 14 form 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 (UNAUDITED)
For the nine-month period ended 30 September 2019

| | <i>Share capital SR'000</i> | <i>Statutory reserve SR'000</i> | <i>Retained earnings SR'000</i> | <i>Total equity SR'000</i> |
|---|-------------------------------------|---|---|------------------------------------|
| Balance as at 1 January 2019 | 711,667 | 164,331 | 250,357 | 1,126,355 |
| Profit for the period | - | - | 130,324 | 130,324 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | - | - | 130,324 | 130,324 |
| Transfer to statutory reserve | - | 13,032 | (13,032) | - |
| Dividends (Note 8) | - | - | (106,750) | (106,750) |
| Balance as at 30 September 2019 | 711,667 | 177,363 | 260,899 | 1,149,929 |
| 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 | - | 12,354 | (12,354) | - |
| Dividends (Note 8) | - | - | (106,750) | (106,750) |
| Balance as at 30 September 2018 | 711,667 | 159,686 | 215,780 | 1,087,133 |


Chairman


President & Group CEO


Group Chief Financial Officer

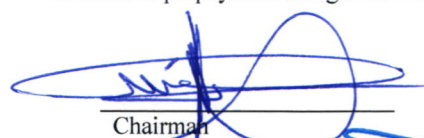
The attached notes from 1 to 14 form integral part of these interim condensed consolidated financial statements.

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

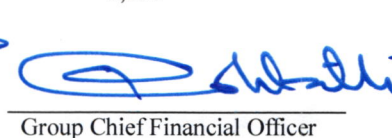
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine-month period ended 30 September 2019

| | <i>For the nine-month period ended 30 September 2019</i> | <i>For the nine-month period ended 30 September 2018</i> |
|---|--|--|
| Note | SR'000 | SR'000 |
| OPERATING ACTIVITIES | | |
| Profit before zakat | 135,331 | 129,004 |
| Adjustments to reconcile profit before zakat to net cash flows: | | |
| Depreciation of property and equipment and right-to-use assets | 339,742 | 338,917 |
| Amortisation of intangible assets | 230 | 200 |
| Share of results of associates, net | (3) | (62) |
| Provision for employee benefits | 4,920 | 4,001 |
| Provision for doubtful receivables | 9,589 | 3,525 |
| Finance costs | 3,419 | 6,053 |
| | <u>493,228</u> | <u>481,638</u> |
| Working capital adjustments: | | |
| Inventories | 67,593 | 115,836 |
| Trade receivables | 3,704 | (55,011) |
| Prepayments and other receivables | (3,279) | (3,140) |
| Trade payables | (25,678) | (16,316) |
| Accrued expenses and other liabilities | 19,404 | 1,301 |
| | <u>554,972</u> | <u>524,308</u> |
| Cash from operations | 554,972 | 524,308 |
| Purchase of vehicles | (369,441) | (299,729) |
| Zakat paid | (5,048) | (9,048) |
| Finance costs paid | (3,419) | (6,053) |
| Employee benefits paid | (1,836) | (3,378) |
| | <u>175,228</u> | <u>206,100</u> |
| Net cash from operating activities | | |
| INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (33,759) | (1,015) |
| Additions of intangible assets | (98) | (502) |
| | <u>(33,857)</u> | <u>(1,517)</u> |
| Net cash used in investing activities | | |
| FINANCING ACTIVITIES | | |
| Proceeds from borrowings | 91,000 | 120,000 |
| Repayment of borrowings | (108,731) | (192,806) |
| Payment of lease liabilities | (1,955) | - |
| Dividends | 8 (106,750) | (106,750) |
| | <u>(126,436)</u> | <u>(179,556)</u> |
| Net cash used in financing activities | | |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | |
| | <u>14,935</u> | <u>25,027</u> |
| Cash and cash equivalents at the beginning of the period | 14,302 | 9,744 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | | |
| | <u>29,237</u> | <u>34,771</u> |
| Supplemental non-cash information | | |
| Transfers from property and equipment to inventories | 6 75,677 | 117,083 |
| Right-of-use assets and lease liabilities | 17,623 | - |
| Transfer of prepayment to right-of-use assets | 1,790 | - |


Chairman


President & Group CEO


Group Chief Financial Officer

The attached notes from 1 to 14 form 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
(UNAUDITED)

At 30 September 2019

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.

The following are the details of the associates:

| <i>Name</i> | <i>Principal field of activities</i> | <i>% of capital held</i> | |
|--|---|------------------------------|-----------------------------|
| | | <i>30 September 2019</i> | <i>31 December 2018</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.

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 2018. In addition, results for the interim period ended 30 September 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

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 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
(UNAUDITED) (continued)
At 30 September 2019

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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in 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 consolidated financial statements for the year ended 31 December 2018 except as mentioned below:

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

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 2018, except for the adoption of new standard effective as of 1 January 2019. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 16 Leases. 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 2019, but do not have an impact or not applicable on the interim condensed consolidated financial statements of the Group.

3.1 IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application, if any. As a result, comparatives of the year ended 31 December 2018 are not restated. The Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A SAUDI JOINT STOCK COMPANY) AND ITS SUBSIDIARY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
At 30 September 2019

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

3.2 Effect of adoption of IFRS 16

The effect of adoption of IFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

| | <i>1 January 2019 SR'000</i> |
|------------------------------------|--------------------------------------|
| Assets | |
| Right-of-use assets | 13,291 |
| Prepayments | (1,790) |
| Total assets | 11,501 |
| Liabilities | |
| Lease liabilities | 11,501 |
| Total adjustments on equity | - |

The Group has lease contracts for various offices and locations. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The weighted average incremental borrowing rate applied to the lease liabilities as at 1 January 2019 was 4.2%.

The Group has used the practical expedient of applying IFRS 16 to only those contracts that were previously identified as leases under IAS 17 and IFRIC 4. In adopting IFRS 16, the Group has applied the following practical expedients:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- accounting for operating leases in accordance with IAS 17 as short-term leases with a remaining lease term of less than 12 months as at 1 January 2019;
- exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- the election, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

3.3 Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A SAUDI JOINT STOCK COMPANY) AND ITS SUBSIDIARY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
At 30 September 2019

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

3.3 Summary of new accounting policies (continued)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low value assets are items that do not meet the Group's capitalisation threshold and are considered to be insignificant for the statement of financial position for the Group as a whole. Payments for short-term leases and leases of low value assets are recognised on a straight-line basis in the interim condensed consolidated statement of profit or loss.

4 ZAKAT

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

| | <i>For the nine-month period ended 30 September 2019 SR'000</i> | <i>For the year ended 31 December 2018 SR'000</i> |
|-------------------------------------|---|---|
| At the beginning of the period/year | 6,463 | 10,437 |
| Provided during the period/year | 5,007 | 5,074 |
| Paid during the period/year | (5,048) | (9,048) |
| At the end of the period/year | <u>6,422</u> | <u>6,463</u> |

Status of assessments

The Parent Company

The Parent Company has filed the zakat return for all years up to the financial year ended 31 December 2018. All assessment proceedings of the General Authority of Zakat and Tax ("GAZT") up to the end of the financial year ended 31 December 2012 have been agreed with GAZT. The assessments for the financial years 2013 through 2018 are under process.

Subsidiary- Aljozoor Alrasekha Trucking Company Limited

The subsidiary has filed the zakat returns up to the financial year ended 31 December 2018. The assessments since inception for the financial years 2012 to 2018 are under process.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A SAUDI JOINT STOCK COMPANY) AND ITS SUBSIDIARY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
At 30 September 2019

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 30 September</i> | | <i>For the nine-month period ended 30 September</i> | |
|---|--|-------------|---|-------------|
| | <i>2019</i> | <i>2018</i> | <i>2019</i> | <i>2018</i> |
| Profit attributable to ordinary equity holders of the parent (SR'000) | 45,243 | 43,112 | 130,324 | 123,536 |
| Weighted average number of ordinary shares for basic and diluted EPS ('000) | 71,167 | 71,167 | 71,167 | 71,167 |
| Earnings per share (in Saudi Riyals) | 0.64 | 0.61 | 1.83 | 1.74 |

6 PROPERTY AND EQUIPMENT

| | <i>For the nine-month period ended 30 September 2019</i> | | | <i>For the year ended 31 December 2018</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 | 1,112,321 | 95,577 | 1,207,898 | 1,191,590 | 97,497 | 1,289,087 |
| Additions during the period/year | 369,441 | 33,759 | 403,200 | 502,774 | 4,422 | 507,196 |
| Transfer of vehicles to inventories | (75,677) | - | (75,677) | (134,785) | - | (134,785) |
| Depreciation for the period/year | (331,809) | (5,038) | (336,847) | (447,258) | (6,342) | (453,600) |
| Closing net book value | 1,074,276 | 124,298 | 1,198,574 | 1,112,321 | 95,577 | 1,207,898 |

7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

| | <i>Right-of-use assets SR'000</i> | <i>Lease liabilities SR'000</i> |
|----------------------------------|---|---|
| As at 1 January 2019 | 13,291 | 11,501 |
| Additions made during the period | 6,122 | 6,122 |
| Depreciation expense | (2,895) | - |
| Interest expense | - | 352 |
| Payments (Principle & Interest) | - | (2,307) |
| As at 30 September 2019 | 16,518 | 15,668 |

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8 SHARE CAPITAL

At 30 September 2019, the Parent Company's share capital of SR 711.67 million (31 December 2018: SR 711.67 million) consists of 71.167 million (31 December 2018: 71.167 million) fully paid shares of SR 10 each.

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 distribution of final dividend.

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.

9 BANK BORROWINGS

| | <i>30 September 2019 SR'000</i> | <i>31 December 2018 SR'000</i> |
|---|---|--|
| Murabaha sale/Al Tawarroq agreements | 87,730 | 105,461 |
| Less: Current portion of Murabaha sale/Al Tawarroq agreements | (72,841) | (89,610) |
| | <u>14,889</u> | <u>15,851</u> |
| Non-current portion | <u>14,889</u> | <u>15,851</u> |

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.

10 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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10 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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>Amounts of transactions</i> | |
|--|-------------------------------|----------------------------------|---|---|--|--|
| | | | <i>For the three-month period ended</i> | <i>For the three-month period ended</i> | <i>For the nine-month period ended</i> | <i>For the nine-month period ended</i> |
| | | | <i>30 September 2019</i> | <i>30 September 2018</i> | <i>30 September 2019</i> | <i>30 September 2018</i> |
| | | | <i>SR'000</i> | <i>SR'000</i> | <i>SR'000</i> | <i>SR'000</i> |
| Zahid Group (note b) | Shareholder | Car rentals | - | - | 31 | - |
| Abdulillah Abdullah Al Zahid Trading Establishment | Other related party | Services received | - | - | - | 283 |
| | | Used car sale | - | - | - | 6,430 |
| Key management personnel | Employees | Short term benefits | 1,176 | 702 | 4,182 | 3,041 |
| | | Long term benefits | 151 | 100 | 468 | 300 |
| | | Board of Directors' remuneration | 1,096 | - | 3,209 | 900 |

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

| | <i>30 September 2019</i> | <i>31 December 2018</i> |
|--|--------------------------|-------------------------|
| | <i>SR'000</i> | <i>SR'000</i> |
| Zahid Group (included in trade receivables, net) | 49 | 85 |

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11 CONTINGENCIES AND COMMITMENTS

At 30 September 2019, the Group has outstanding letters of guarantee amounting to SR 9.2 million (31 December 2018: SR 6.2 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.

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 and nine-month periods ended 30 September 2019:

| <i>Particulars</i> | FOR THE THREE-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>2019</i> | <i>2018</i> | <i>2019</i> | <i>2018</i> | <i>2019</i> | <i>2018</i> | <i>2019</i> | <i>2018</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> |
| Revenue - external customers | 126,930 | 135,376 | 67,846 | 56,664 | 60,868 | 69,927 | 255,644 | 261,967 |
| Depreciation and amortization | (79,234) | (85,835) | (30,593) | (26,649) | - | - | (109,827) | (112,484) |
| Segment profit | 47,696 | 49,541 | 37,253 | 30,015 | 60,868 | 69,927 | 145,817 | 149,483 |
| Unallocated income/(expenses): | | | | | | | | |
| Cost of revenue | | | | | | | (68,605) | (78,290) |
| Other operating income, net | | | | | | | 16 | 612 |
| Selling and marketing expenses | | | | | | | (10,274) | (11,634) |
| General and administrative expenses | | | | | | | (18,309) | (13,049) |
| Finance costs, net | | | | | | | (1,043) | (2,101) |
| Share of results of associates | | | | | | | 17 | (11) |
| Profit before zakat | 47,619 | | | | | | 47,619 | 45,010 |

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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>2019</i> | <i>2018</i> | <i>2019</i> | <i>2018</i> | <i>2019</i> | <i>2018</i> | <i>2019</i> | <i>2018</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> |
| Revenue - external customers | 385,309 | 414,730 | 198,558 | 163,221 | 185,654 | 204,932 | 769,521 | 782,883 |
| Depreciation and amortization | (243,787) | (260,937) | (93,290) | (78,180) | - | - | (337,077) | (339,117) |
| Segment profit | 141,522 | 153,793 | 105,268 | 85,041 | 185,654 | 204,932 | 432,444 | 443,766 |
| Unallocated income/(expenses): | | | | | | | | |
| Cost of revenue | | | | | | | (210,010) | (243,939) |
| Other operating income, net | | | | | | | 853 | 3,236 |
| Selling and marketing expenses | | | | | | | (31,843) | (31,194) |
| General and administrative expenses | | | | | | | (52,697) | (36,874) |
| Finance costs, net | | | | | | | (3,419) | (6,053) |
| Share of results of associates | | | | | | | 3 | 62 |
| Profit before zakat | | | | | | | 135,331 | 129,004 |

Detail of segment assets and liabilities is given below:

| <i>Particulars</i> | <i>Allocated</i> | | <i>Unallocated</i> | |
|--------------------------|------------------|----------------|--------------------|------------------|
| | <i>Lease</i> | <i>Rental</i> | <i>Others</i> | <i>Total</i> |
| | <i>SR'000</i> | <i>SR'000</i> | <i>SR'000</i> | <i>SR'000</i> |
| 30 September 2019 | | | | |
| Segment assets | 741,806 | 332,500 | 380,358 | 1,454,664 |
| Segment liabilities | - | - | 304,735 | 304,735 |
| 31 December 2018 | | | | |
| Segment assets | 791,909 | 320,416 | 324,059 | 1,436,384 |
| Segment liabilities | - | - | 310,029 | 310,029 |

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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13 FAIR VALUE OF ASSETS AND LIABILITIES (continued)

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

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

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

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

As at 30 September 2019 and 31 December 2018, 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 2019 and 31 December 2018.

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 2019 and 31 December 2018, the carrying amounts of borrowings were not materially different from their calculated fair values.

During the period ended 30 September 2019, there were no movements between the levels.

14 SUBSEQUENT EVENTS

Subsequent to period end, 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 ending 31 December 2019.

15 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements have been approved by the Board of Directors on 24 October 2019, corresponding to 25 Safar 1441H.