September 8, 2016

Message by the Chief Executive Officer

On Behalf of the Board of Directors and Management, it is our pleasure to present the special purpose condensed consolidated interim financial statements (*"IFRS interim financial statements"*) of United International Transportation Company ("the Group" or "Budget") for the three months period ended March 31, 2016. These *IFRS interim financial statements* are the first set of management financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS").

In the wake of the decision by Saudi Organization for Certified Public Accountants ("SOCPA") for the convergence of generally accepted auditing standards in Saudi Arabia with the IFRS, the management of Budget commenced a transition plan to ensure that the statutory deadlines set forth in this regard by SOCPA would be complied with. Further the Board of Directors and Management had formed an internal IFRS team as well as the board had appointed KPMG Al Fozan & Al Sadhan as the consultants for assisting Budget Saudi in converging with IFRS. An announcement to this effect detailing the initiatives taken by Budget for ensuring a smooth and timely transition, was made on Tadawul dated August 25, 2016.

While the preparation of these *IFRS interim financial statements* has entailed considerable time and effort, we feel that it is vital to highlight the following key matters which are pertinent to the readers' understanding of the financial information presented therein:

- With respect to joint stock entities operating in the Kingdom, the official date of convergence with the IFRS as mandated by SOCPA and endorsed by CMA is January 1, 2017. As such, consistent with the statutory financial reporting requirements applicable to Budget, the first set of statutory financial statements to be prepared and presented in accordance with the IFRS represent the condensed consolidated interim financial statements for the three months period ending March 31, 2017 (*"Statutory interim financial statements"*). Accordingly, the preparation and presentation of these *IFRS interim financial statements* are a voluntary initiative by Budget to apprise its stakeholders in advance as to how the transition to IFRS is expected to impact its account balances and transactions for financial periods commencing on or after January 1, 2016.

- The term financial statements as defined in the *'International Accounting Standard 1 - Presentation of Financial Statements'* comprises of a statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash-flows and notes, comprising a summary of significant accounting policies and other explanatory information, with each such statement and note containing information for the comparable financial reporting period. Moreover, when preparing and presenting the first financial statements for the period in

which IFRS is adopted, the statement of financial position includes financial information for the beginning of the earliest comparative period, also referred to as the *'Date of Transition'*. Similar requirements, albeit condensed, apply in principle to interim financial statements, prepared in accordance with *'International Accounting Standard 34 - Interim Financial Reporting'*. However, since these *IFRS interim financial statements* have been prepared for the comparable period of the first set of *statutory interim financial statements*, they do not contain financial information for the commensurate period of the financial year 2014 as that period is prior to the Date of Transition.

- Although due care and diligence has been applied in the preparation of these *IFRS interim financial statements*, Budget is currently in the process of final reviews and approvals of impact quantification and accounting policies under IFRS. While, management does not expect the *Statutory interim financial statements* to differ materially in amount or disclosure insofar as they relate to the financial information as at and for the three months period ended March 31, 2016 and the financial position as at the *Date of Transition*, however, readers are advised to exercise caution in analyzing and drawing conclusions based on the *IFRS interim financial statements* since these have not been the subject of an audit or review conducted in accordance with the generally accepted auditing standards in Saudi Arabia, the International Standards on Auditing or other recognized auditing frameworks.

We firmly believe that the *IFRS interim financial statements* and aforementioned facts are a testimony of Budget's commitment to the protection of the interests of, as well as complete transparency to our valued investors, other stakeholders and the public at large. We have every confidence that these *IFRS interim financial statements* will constitute a significant milestone in Budget's successful and timely transition to the IFRS.

Yours sincerely,

Fawaz A. Danish.

Chief Executive Officer.

UNITED INTERNATIONAL
TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

SPECIAL PURPOSE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS
For the three months period ended March 31, 2016

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

SPECIAL PURPOSE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the three months period ended March 31, 2016

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UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

SPECIAL PURPOSE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2016
(Expressed in thousands of Saudi Riyals unless otherwise stated)

	Notes	March 31, 2016 (Unaudited)	January 1, 2016 (Unaudited)
ASSETS			
Non-current assets			
Operating fixed assets	5	**1,462,491**	1,498,810
Equity accounted investees	6	**18,857**	26,061
Total non-current assets		**1,481,348**	1,524,871
Current assets			
Inventories	7	**12,392**	15,159
Trade receivables	8	**138,869**	123,642
Prepayments and other receivables	9	**18,543**	17,044
Cash and cash equivalents	10	**26,649**	22,078
Total current assets		**196,453**	177,923
Total assets		**1,677,801**	1,702,794
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	11	**508,333**	508,333
Statutory reserve	12	**119,860**	114,936
Retained earnings		**322,108**	278,235
Total shareholders' equity		**950,301**	901,504
Liabilities			
Non-current liabilities			
Borrowings	13	**191,286**	249,259
Employees' end of service benefits	14	**36,358**	35,655
Total non-current liabilities		**227,644**	284,914
Current liabilities			
Borrowings – current portion	13	**383,411**	400,672
Trade payable		**65,898**	71,351
Accrued and other current liabilities	15	**50,547**	44,353
Total current liabilities		**499,856**	516,376
Total liabilities		**727,500**	801,290
Total shareholders' equity and liabilities		**1,677,801**	1,702,794

The notes on pages from 1 to 26 form an integral part of
these special purpose condensed consolidated interim financial statements.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

SPECIAL PURPOSE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three months period ended March 31, 2016
(Expressed in thousands of Saudi Riyals unless otherwise stated)

	Notes	March 31, 2016 (Unaudited)
Revenue	17	**300,320**
Cost of revenue	18	**(226,406)**
Gross profit		**73,914**
Other income, net		**5,858**
Selling and marketing expenses	19	**(7,446)**
General and administrative expenses	20	**(10,767)**
Income from operations		**61,559**
Finance cost, net		**(4,004)**
Impairment in equity accounted investee	6	**(6,619)**
Share of loss of equity-accounted investees, net of tax	6	**(585)**
Profit before Zakat		**50,351**
Zakat expense		**(1,554)**
Profit for the period		**48,797**
Other Comprehensive Income		
Items that will never be reclassified to profit or loss		
Actuarial gains and losses	14	**--**
Total comprehensive income		**48,797**
Earnings per share (in Saudi Riyals):		
Basic earnings per share	21	0.96
Weighted average number of shares	21	50,833

The notes on pages from 1 to 26 form an integral part of
these special purpose condensed consolidated interim financial statements.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

SPECIAL PURPOSE CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the three months period ended March 31, 2016
(Expressed in thousands of Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Retained earnings	Total shareholders' equity
Balance as at January 1, 2016		508,333	114,936	278,235	901,504
Total comprehensive income for the period		--	--	48,797	48,797
Transfer to statutory reserve	12	--	4,924	(4,924)	--
Balance as at March 31, 2016		**508,333**	**119,860**	**322,108**	**950,301**

The notes on pages from 1 to 26 form an integral part of
these special purpose condensed consolidated interim financial statements.

UNITED INTERNATIONAL TRANSPORTATION COMPANY
(A Saudi Joint Stock Company)

SPECIAL PURPOSE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months period ended March 31, 2016
(Expressed in thousands of Saudi Riyals unless otherwise stated)

	Notes	March 31, 2016 (Unaudited)
Cash flow from operating activities		
Profit before Zakat		**50,351**
Adjustments for:		
Depreciation and amortization	5a & 5b	**129,375**
Other amortization		**495**
Finance cost, net		**4,004**
Share of loss of equity accounted investees, net of tax	6	**585**
Employees' end of service benefits	14	**1,229**
Impairment in equity accounted investee	6	**6,619**
Changes in:		
Inventories		**44,741**
Trade receivables		**(15,158)**
Prepayments and other receivables		**7,281**
Trade payable		**(5,453)**
Accrued and other current liabilities		**4,640**
		228,709
Finance cost paid		**(4,004)**
Employees' end of service benefit paid		**(526)**
Net cash flows from operating activities		**224,179**
Cash flow from investing activities		
Acquisition of property and equipment		**(144,375)**
Cash flow from financing activities		
Net movement in borrowings		**(75,233)**
Net change in cash and cash equivalents		**4,571**
Cash and cash equivalents at beginning of period		**22,078**
Cash and cash equivalents at end of period	10	**26,649**

The notes on pages from 1 to 26 form an integral part of
these special purpose condensed consolidated interim financial statements.

1. GENERAL INFORMATION

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

The principal activities of the Company are leasing and rental of vehicles under the name of "Budget Rent a Car" as per the license No. 0202000400 issued by the Ministry of Transportation in the Kingdom of Saudi Arabia

The Company's registered office is located at the following address:
2421 Quraysh St. Al-Salamah Dist.
Jeddah, Saudi Arabia 23437-8115
Unit 1

As at the reporting date, the Company owns 100% of the issued share capital of Aljozoor Alrasekha Trucking Company Limited (the "subsidiary" or "Rahaal" and collectively with the 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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The accompanying special purpose condensed consolidated interim financial statements have been prepared, for management purposes, in accordance with the International Financial Reporting Standards ("IFRS") [the "special purpose condensed consolidated interim financial statements"]

The Group is required by applicable regulations to prepare and present statutory financial statements ("statutory financial statements") in accordance with the accounting standards generally accepted accounting standards in Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (SOCPA) and the requirements of the Saudi Arabian Regulations for Companies and the Company's By-laws in so far as they relate to the preparation and presentation of the financial statements. Accordingly, the Company has separately prepared and published statutory financial statements upto and including statutory condensed consolidated interim financial statements for the three months period ended March 31, 2016.

However, for financial periods commencing January 1, 2017, the applicable regulations require the Company to prepare and present financial statements in accordance with the IFRS. As part of this requirement, the Group has prepared these special purpose condensed consolidated interim financial statements. In preparing these special purpose condensed consolidated interim financial statements, the Group's opening statement of financial position has been prepared as at January 1, 2016, which is the Group's date of transition to IFRS. Moreover, since these are the first set of special purpose condensed consolidated interim financial statements drawn up in conformity with the IFRS hence comparative information for profit or loss, comprehensive income, cash flows and changes in equity has not been presented. Moreover, IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1") has been applied in the preparation of these special purpose condensed consolidated interim financial statements.

2. BASIS OF PREPARATION (continued)

2.1 Statement of compliance (continued)

At the date of authorization of these financial statements, various Standards and Interpretations (including amendments thereto) were in issue but not yet effective. The management anticipates that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group (Refer note 24).

An explanation of how the transition to IFRS has affected the previously reported financial position, financial performance and cash flows of the Group as at January 1, 2016 and March 31, 2016 and for the three months periods ended March 31, 2016, is provided in note 25.

a) Accounting convention / Basis of Measurement

These special purpose condensed consolidated interim financial statements have been prepared under the historical cost basis, using the accrual basis of accounting and the going concern concept.

b) Functional and presentation currency

These special purpose condensed consolidated interim financial statements are presented in Saudi Arabian Riyals ("SR") which is the functional currency of both the Company and Rahaal.

2.2 Use of judgements and estimates

The preparation of these special purpose condensed consolidated interim financial statements in conformity with the IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these special purpose condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are expected to be the same as those to be applied in the first IFRS statutory condensed consolidated interim financial statements for the three months period ending March 31, 2017.

i) **Judgments**

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the special purpose condensed consolidated interim financial statements, is included in the following notes:

a) Note 3.1(b) - Whether the Group exercises control over an investee
b) Note 3.5 - Lease classification

ii) **Assumptions and estimation uncertainties**
Information about assumptions and estimation uncertainties is included in the following notes:

a) Note 3.6 - allowance for inventory losses
b) Note 3.7 - impairment in financial and non-financial assets.
c) Note 3.8 - measurement of defined benefit obligations
d) Note 23 - measurement of fair values

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in the preparation of these special purpose condensed consolidated interim financial statements and in preparing the opening IFRS statement of financial position at January 1, 2016 for the purposes of transition to IFRS, except for the application of relevant exceptions or available exemptions as stipulated in IFRS 1. Details of such exceptions and exemption are disclosed in note 25.

3.1 Basis of consolidation

(a) Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the total of the consideration transferred, measured at fair value and any non-controlling interests held in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognised amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Goodwill (the excess of consideration transferred and the amount of non-controlling interests over the identifiable assets and liabilities) is initially measured at cost. Subsequently, goodwill is measure at cost less any accumulated impairment losses.

As part of its transition to IFRS and in accordance with the exemptions available to a first time adoption of IFRS under IFRS 1, the Group has elected to restate only those business combinations that occurred on or after January 1, 2016.

(b) Subsidiaries

Subsidiaries are entities which are controlled by the Group. To meet the definition of control, all three criteria must be met:

i) the Group has power over the entity;
ii) the Group has exposure, or rights, to variable returns from its involvement with the entity; and
iii) the Group has the ability to use its power over the entity to affect the amount of the entity's returns.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which the control is transferred from the Group. The results of subsidiaries acquired or disposed of during the year, if any, are included in the special purpose condensed consolidated statement of profit or loss and other comprehensive income from the date of the acquisition or up to the date of disposal, as appropriate

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Investments in associates and jointly controlled entities ("equity accounted investees")

An associate is an entity over which the Group has significant influence, but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The special purpose condensed consolidated interim financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has a corresponding obligation.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, arising from intra-group transactions, are eliminated in preparing the special purpose condensed consolidated interim financial statements. Income, expenses and unrealised gains arising from transactions with equity accounted investees are eliminated to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates prevailing at the dates of the respective transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation (see (ii) below), or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Saudi Riyals at exchange rates at the reporting date

Dividends received from foreign associates are translated at the exchange rate in effect at the transaction date and related currency translation differences are realized in profit or loss.

When a foreign operation is disposed of, the relevant amount in the translation is transferred to profit or loss as part of the profit or loss on disposal. On the partial disposal (without loss of control) of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in the foreign exchange translation reserve via other comprehensive income.

3.3 Financial instruments

Recognition and initial measurement

The Group initially recognises loans and receivables, deposits and debt securities issued on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss transaction costs that are directly attributable to its acquisition or issue.

Classification

Financial Assets: On initial recognition, a financial asset is classified as measured at: amortised cost, Fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). A financial assets is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset to give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at Fair value through other comprehensive income only if it meets both of the following conditions and is not designated as at FVTPL.

- the asset is held within a business model whose objective is to achieved by both collecting contractual cash flows; and selling financial assets; and
- the contractual terms of the financial asset to give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in Other Comprehensive Income (OCI). This election is made on an investment by investment basis. All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at Fair Value through Profit or Loss because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Financial liabilities: The Group classifies its financial liabilities as measured at amortized cost.

Derecognition

Financial assets: The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfer the rights to receive the contractual cash flow in a transaction in which substantially all of the risk and rewards of the ownership of the financial asset are transferred or in which it neither transfer nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss. Cumulative gain/loss recognised in Other Comprehensive Income in respect of equity investment securities designated as at Fair Value through Other Comprehensive Income is not recognised in profit or loss on derecognition of such securities. Ant interest is transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability. In transactions in which the Group neither retains nor transfers substantially all of the risk and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities: The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or of gains and losses arising from a group of similar transactions.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Operating fixed assets

Property and Equipment

a) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment (other than vehicles transferred to inventories as 'Vehicles for sale' [note 3.6]) are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised net within other income in profit or loss.

b) Subsequent costs

The cost of replacing a part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

c) Depreciation

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

	Years
• Buildings and other installation	10 – 20
• Machinery and equipment	4 – 7
• Furniture and office equipment	4 – 5
• Vehicles	2 – 3

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required. For discussion on impairment assessment of property, plant and equipment, please refer note 3.7(ii).

Intangibles

Intangibles comprise software, which have finite lives and are amortised over the period of its useful life. These are tested for impairment whenever there is an indication that the intangible may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least annually. Any change in the estimated useful life is treated as a change in accounting estimate and accounted for prospectively.

3.5 Leases

Agreements with third parties are classified as leases when the arrangement is dependent on the use of a specific asset or assets, and, the arrangement conveys a right to use that asset. The assessment of whether an arrangement contains a lease is made at the inception of the arrangement, being the earlier of the date of the arrangement and the date of commitment by the parties to the principal terms of the arrangement, on the basis of all of the facts and circumstances. A reassessment of whether the arrangement contains a lease after the inception of the arrangement is made only if there is a change in the contractual terms, unless the change only renews or extends the arrangement, or, there is a change in the determination of whether fulfilment is dependent on a specified asset, or, there is a substantial change to the asset.

Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the asset or assets subject to the lease arrangement. Payments made under operating leases are charged to the statement of profit or loss and other comprehensive income on a Straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty, net of anticipated rental income (if any), is recognized as an expense in the period in which termination takes place.

Finance leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the asset or assets subject to the lease arrangement.

Net investment in finance lease represents the gross investment in finance lease discounted at the interest rate implicit in the lease.

Gross investment in finance lease represents the total payments receivable by the Company under the lease. The difference between the gross and net investment is recognised as unearned finance income.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. For Group's accounting policy with regards to payments received under vehicle rental arrangements, refer note 3.10

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Inventories

Inventories represent vehicles for sale, spare parts and other supplies. These are measured at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The carrying amount of inventories is recognized as an expense when the inventories are sold.

Vehicles for sale

Vehicles for sale that were previously held as part of property and equipment for lease and rental arrangements are transferred to inventories at their carrying amount when they cease to be held for lease and rental purposes and become held for sale in the ordinary course of the Group's business. Other costs are included in the cost of vehicle inventories only to the extent that they are incurred in bringing the vehicles to their present location and condition necessary to make the sale.

Spare parts and supplies

The cost of spare parts and supplies is based on weighted average principle. Other costs are included in the cost of spare parts and supplies only to the extent that they are incurred in bringing them to their present location and condition.

Allowance for inventory losses

The Group recognizes an allowance for inventory losses due to factors such as obsolescence, technical faults, physical damage etc. The estimation of such losses includes the consideration of factors including but not limited to introduction of new models or technology by the specific manufacturer, past sales trends and both existing and emerging market conditions.

3.7 Impairment

Financial assets (including account receivables)

The Group recognizes loss allowances for expected credit losses ("ECL") representing "12 month ECL" or "lifetime ECL" on the following financial instruments that are not measured at fair value through profit or loss:

- Financial assets that are in the nature of debt instruments
- Lease receivables

The Group measures loss allowances at an amount equal to lifetime ECL, except for financial instruments (other than lease receivables) that are determined to have low credit risk at the reporting date or on which credit risk has not increased significantly since their initial recognition.

Loss allowance for lease and other accounts receivables are measured at an amount equal to lifetime ECL.

12 month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Impairment (continued)

Financial assets (including account receivables) (continued)

ECL are a probability weighted estimate of credit losses and are estimated with reference to loss norms as well as probability of defaults and loss given default percentages where available. ECL for specifically identified significant credit impaired receivables is computed as the difference between the gross carrying amount and the present value of estimated future cash flows, to the extent that corresponding information is reliably available.

At each reporting date, the Group assesses whether a financial asset is credit impaired, which includes assessment of factors such as:

-
- Significant financial difficulty or bankruptcy of counterparty
- Breach of terms of agreement

Loss allowances for ECL are presented in the special purpose condensed consolidated interim financial statements as a deduction from the gross carrying value of the corresponding financial asset.

Lease and other receivables are written off when there is no realistic prospect of recovery.

Non-financial assets

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds the recoverable amount, which is the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is arrived based on available data from binding sales transactions at arm's length, for similar assets. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Employee Benefits

Short term employee benefits

Short term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Post employment benefits

a) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as personnel expenses in profit or loss. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

b) Defined benefit plans

The Group's obligation under employee end of service benefit plan is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in OCI. The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in personnel expenses in profit or loss.

c) Other long-term employee benefits

The Group's net obligation in respect of other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise

d) Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.10 Revenue

Revenue represents the gross inflow of economic benefits arising in the course of the ordinary activities of the Company when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Revenue is recorded at the fair value of the consideration received or receivable

i) Vehicle rental and lease arrangements

Revenue from vehicle rental is recognised on accrual basis over the rental period in accordance with the terms of the agreements. Lease revenue is recognized over the period of lease agreement. In case the vehicle is not returned by the expiry of the rental agreement period, revenue is continued to be recognized till the vehicle is returned by the customer to the extent that revenue recognition criteria is met, such as the probability that the associated economic benefits will flow to the Group.

ii) Inventories

Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of vehicles can be estimated reliably, there is no continuing management involvement with the vehicles, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. The timing of the transfer of risks and rewards depends on the terms of the sales agreement.

iii) Income from other services

Income from other services that are incidental to vehicle rental arrangements or sale of vehicles are recognized when these related services are provided and classified as part of revenue from these core operating activities.

Income from other services is recognized similarly and classified as other income in profit or loss.

3.11 Finance cost

Finance costs comprise profit on borrowings (financial charges), unwinding of the discount on provisions and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Zakat

The Company is subject to Zakat in accordance with the regulations of the General Authority of Zakat and Income Tax ("GAZT"). Provision for Zakat for the Company and zakat related to the Company's ownership in the Saudi Arabian subsidiary is charged to the profit or loss. Additional amounts payable, if any, at the finalization of final assessments are accounted for in the period in which these are determined.

The Company withholds taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with GAZT regulations, which is not recognize as an expenses being the obligation of the counter party on whose behalf the amounts are withheld.

3.13 Expenses

i) Cost of revenue

Cost of revenue represents all expenses directly attributable or incidental to the core operating activities of the Group including but not limited to: depreciation of vehicles under rental arrangements, cost of vehicle inventories disposed of, directly attributable employee related costs etc.

ii) Selling and marketing and general and administrative expenses

Selling and marketing expenses are costs arising from the Group's efforts underlying marketing activities and function. All other expenses are classified as general and administrative expenses. Allocation of common expenses between cost of revenue, selling and marketing and general and administrative expenses, where required, is made on a reasonable basis with regards to the nature and circumstances of the common expenses.

iii) Franchise fee

Franchise and similar fee that the Company is obligated to pay under contractual arrangements are recognized on accrual basis.

3.14 Dividends

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

4. OPERATING SEGMENTS

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.

Segment results that are reported to the top management (Chairman, Chief Executive Officer (CEO), Chief Operating Officer (COO) and Chief Financial Officer (CFO)) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenues, as included in the internal management reports that are reviewed by the top management. The following table presents segment information for the three months period ended March 31, 2016:

	Reportable Segments			
Operating Segment Results for the three months ended March 31,	**Lease 2016**	**Rental 2016**	**Others 2016**	**Total 2016**
External revenues	**130,489**	**88,189**	**81,642**	**300,320**
Inter-segment revenue	--	--	--	--
Segment profit (loss) before tax (unallocated)	--	--	--	**50,351**
Financial charges (unallocated)	--	--	--	**(4,004)**
Depreciation and amortization	**(84,750)**	**(44,625)**	--	**(129,375)**
Share of loss of equity accounted investees	--	--	**(585)**	**(585)**
Other material non-cash items				
- impairment losses on financial assets	--	--	**(6,619)**	**(6,619)**

4. OPERATING SEGMENTS (continued)

Operating Segment Results	Reportable Segments							
	Lease		Rental		Others		Total	
	March 31, 2016	January 1, 2016	March 31, 2016	January 1, 2016	March 31, 2016	January 1, 2016	March 31, 2016	January 1, 2016
Segment assets	**884,922**	923,836	**472,057**	468,385	**320,822**	310,573	**1,677,801**	1,702,794
Equity accounted investees	--	--	--	--	--	--	**18,857**	26,061
Segment liabilities (unallocated)	--	--	--	--	--	--	**725,917**	799,707

5. OPERATING FIXED ASSETS

	March 31, 2016	January 1, 2016
Property and equipment (note 5a)	**1,461,829**	**1,498,059**
Intangible asset (note 5b)	**662**	**751**
	1,462,491	**1,498,810**

5. OPERATING FIXED ASSETS (continued)

5 (a) *Property and equipment*

	Land	Buildings and other Installation	Machinery and equipment	Furniture and office equipment	Vehicles	Capital work in progress	Total
Cost							
Balance at January 1, 2016	46,780	75,878	7,108	26,121	2,216,367	216	**2,372,470**
Additions	--	361	14	443	143,557	--	**144,375**
Disposals	--	--	(51)	--	(155,810)	--	**(155,861)**
Transfer from CWIP	--	206	--	--	--	(206)	**--**
Transfer to inventories (note 5ai)	--	--	--	--	(28,513)	--	**(28,513)**
Balance at March 31, 2016	**46,780**	**76,445**	**7,071**	**26,564**	**2,175,601**	**10**	**2,332,471**
Depreciation							
Balance at January 1, 2016	--	22,599	6,145	21,521	824,146	--	**874,411**
Depreciation for the period	--	1,145	109	537	127,495		**129,286**
Disposals	--	--	(35)	--	(113,851)	--	**(113,886)**
Transfer to inventories (note 5ai)	--	--	--	--	(19,169)	--	**(19,169)**
Balance at March 31, 2016	--	23,744	6,219	22,058	818,621	--	**870,642**
Carrying value as at March 31, 2016	**46,780**	**52,701**	**852**	**4,506**	**1,356,980**	**10**	**1,461,829**
Carrying value as at January 1, 2016	46,780	53,279	963	4,600	1,392,221	216	1,498,059

5ai) This represents cost and accumulated depreciation of vehicles retired from rental fleets and held for sale as part of the vehicle inventories (note 7)

5. OPERATING FIXED ASSETS (continued)

5 (b) *Intangible asset*

	Total
Cost:	
Balance at January 1, 2016 and March 31, 2016	**7,662**
Amortization:	
Balance at January 1, 2016	**6,911**
Charge for the period	**89**
Balance at March 31, 2016	**7,000**
Carrying value:	
at March 31, 2016	**662**
at January 1, 2016	**751**

6. EQUITY ACCOUNTED INVESTEES

These represent Group's investment in following associates:

	Effective Ownership interest (%)		**March 31, 2016**	January 1, 2016
	March 31, 2016	**January 1, 2016**		
Tranzlease Holdings India Private Limited ("THL")- (Operating Lease of Motor Vehicle)	**32.96%**	32.96%	**17,404**	24,619
Unitrans Infotech Services India Private Limited ("Unitrans")- (Providing Information Technology Services)	**49%**	49%	**1,453**	1,442
			18,857	26,061

Movement in the investment in associates for the three months period ended March 31, 2016 is as follows:

	2016
Balance at January 1,	**26,061**
Share of losses, net	**(585)**
Impairment (note 6a)	**(6,619)**
Balance at March 31,	**18,857**

6. EQUITY ACCOUNTED INVESTEE (continued)

6(a) During the period ended March 31, 2016, the Group identified certain impairment triggers with respect to THL. Accordingly, an impairment study was carried out via an independent valuer. Consequently, the value in use of the investment was found to be lower than the carrying value by SR 6.6 million, which has been recognized as an impairment loss for the period and charged to special purpose condensed consolidated statement of profit or loss and other comprehensive income. The value in use was determined using the discounted cash flow ("DCF") method using a weighted average cost of capital (WACC) in the range of 15% to 15.5% and 5 year free cash flows approved by the management. The impairment computation was found to be most sensitive to changes in WACC and terminal growth rate. As such, a 100 bps change in WACC and terminal growth rate (independent of each other) would have resulted in ± 11 million and ±4 million change in recoverable amount of THL respectively.

6 (b) Quantitative information about each of the associate is as follows:

	Tranzlease Holding	
Balance as at:	**March 31, 2016**	January 1, 2016
Non-current assets	**88,136**	**85,045**
Current assets	**6,759**	**7,839**
Non-current liabilities	**(65,926)**	**(62,311)**
Current liabilities	**(4,284)**	**(4,080)**
Net assets (100%)	**24,685**	**26,493**
Group's share of net assets	**8,136**	**8,732**
Goodwill	**15,887**	**15,887**
Impairment in investment (note 6a)	**(6,619)**	**--**
Carrying value as at	**17,404**	**24,619**

For the three months period ended	**March 31, 2016**
Revenue	**25,667**
Loss from continuing operations	**(1,810)**
Other comprehensive income	**--**
Total comprehensive loss	**(1,810)**
Group's share of loss and total comprehensive income	**(597)**

6. EQUITY ACCOUNTED INVESTEE (continued)

	Unitrans Infotech	
Balance as at:	**March 31, 2016**	January 1, 2016
Non-current assets	**84**	**89**
Current assets	**3,233**	**3,147**
Non-current liabilities	**(122)**	**--**
Current liabilities	**(229)**	**(293)**
Net assets (100%)	**2,966**	**2,943**
Carrying value as at	**1,453**	**1,442**

For the three months period ended	**March 31, 2016**
Revenue	**636**
Profit from continuing operations	**24**
Other comprehensive income	**--**
Total comprehensive income	**24**
Group's share of profit and total comprehensive income	**12**

On September 30, 2015, the Group entered into a transaction for the effective disposal of 51% of its investment in Unitrans Infotech, thereby losing control over the investee, while assuming significant influence. Accordingly, with effect from October 1, 2015 Unitrans Infotech has been accounted for as an associate. The accounting for the transaction was carried out consistent with the requirements of IFRS.

7. INVENTORIES

	March 31, 2016	January 1, 2016
Vehicles held for sale	**9,344**	**11,516**
Spare parts and supplies	**3,048**	**3,643**
	12,392	**15,159**

8. TRADE RECEIVABLES

	March 31, 2016	January 1, 2016
Trade receivables	**160,752**	145,226
Less: Allowance for credit losses	**(21,883)**	(21,584)
	138,869	123,642

Following is the movement in allowance for credit losses for the three months period ended March 31, 2016:

Balance as at January 1,	**21,584**
Charge for the period	**479**
Write offs	**(180)**
Balance as at March 31,	**21,883**

For credit risk disclosures refer note 23.

9. PREPAYMENTS AND OTHER RECEIVABLES

	March 31, 2016	January 1, 2016
Prepaid rent and other expenses	**14,070**	11,105
Employee loans	**3,932**	4,794
Advances for vehicles under lease	**541**	1,076
Due from related party	**--**	69
	18,543	17,044

10. CASH AND CASH EQUIVALENTS

	March 31, 2016	January 1, 2016
Cash in hand	**1,226**	865
Cash at bank	**25,423**	21,213
	26,649	22,078

11. SHARE CAPITAL

At 31 March 2016, the Company's issued share capital of SR 508.3 million (January 1, 2016: SR 508.3 million) consists of 50.8 million (2015: 50.8 million) fully paid shares of SR 10 each.

The Board of Directors in its meeting held on January 19, 2016, proposed final dividend of SR 76.25 million (SR 1.5 per share) for the year ended December 31, 2015. Additionally, the Board of Directors also proposed to increase the Company's share capital to SR 610 million by issuing one bonus share for every five outstanding ordinary shares. The shareholders vide their Extraordinary General Assembly Meeting held on May 5, 2016, approved the proposal and authorised issuance of 10.17 million bonus share at a nominal value of SR 10 each and resultantly, the share capital of the Company was increased from SR 508.3 million to SR 610 million. The legal formalities for the increase in capital were completed on June 21, 2016.

12. STATUTORY RESERVE

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Company and Rahaal are required to transfer 10% of their net income for the period to a statutory reserve until such reserve equals 50% of the share capital of the Company and Rahaal respectively. This reserve currently is not available for distribution to the shareholders of the Company.

In lieu of the legal standing of statutory reserve, the transfer to the reserve for the three months period ended March 31, 2016 is based on the net income as per the statutory condensed consolidated interim financial statements, which is SR 45,000 higher than 10% of net income as per the special purpose condensed consolidated interim financial statements due to the reclassification adjustment indicated in note 25(f).

13. BORROWINGS

Following are the contractual terms of the Group's financial charges-bearing borrowings:

	March 31, 2016	January 1, 2016
Secured bank loans – long term portion		
Murabaha	**186,286**	238,425
Al Tawarroq	**5,000**	10,834
	191,286	249,259
Secured bank loans – current portion		
Murabaha	**333,688**	332,898
Al Tawarroq	**49,723**	67,774
	383,411	400,672

Long-term bank borrowings consist of funds obtained under various Islamic Finance arrangements such as Murabaha and Al Tawarroq with commercial banks domiciled in Kingdom of Saudi Arabia. These borrowings are secured by promissory notes and carry profit (financial charges) at prevailing fixed market rates. The borrowing agreements include covenants which, among other things, require certain financial ratios to be maintained.

14. EMPLOYEE END OF SERVICE BENEFITS

General Description of the plan

The Company operates an approved unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the Saudi Arabian Labor Law. The movement in EOSB during the three months ended March 31, 2016 is as follows:

Balance at January 1, 2016	**35,655**
Included in profit or loss	
Current service cost	**803**
Interest cost	**426**
Past service cost	**--**
	1,229
Included in other comprehensive income	
Actuarial (gain) / loss	**--**
Benefits paid	**(526)**
Balance at March 31, 2016	**36,358**

Allocation of EOSB charge between cost of revenue, selling and marketing expenses and general and administrative expenses is as follows:

Cost of revenue	**500**
Selling and marketing expenses	**335**
General and administrative expenses	**394**
	1,229

14 (a) There has been no change in actuarial assumptions for the three months period ended March 31, 2016. Hence, actuarial gain/loss for the period is nil.

14. EMPLOYEE BENEFITS (continued)

Actuarial assumptions

The following were the principal actuarial assumptions applied at the reporting date:

	March 31, 2016
Discount rate	5%
Future salary growth / Expected rate of salary increase	
- First four years	3%
- Thereafter	5%
Mortality rate	0.650 – 6.670 per thousand
Employee turnover / withdrawal rates	0 – 57.36 per thousand
Retirement age	60 years

Similar assumptions, as above, were applied in the computation of EOSB as at January 1, 2016.

The sensitivity of EOSB to changes in the weighted principal assumptions is as follows:

		Impact on EOSB Increase / (decrease) in actual figures	
	Change in assumption by	**Increase in assumption by**	**Decrease in assumption by**
Discount rate	1%	(3,910)	4,770
Future salary growth / Expected rate of salary increase	1%	4,517	(3,793)
Mortality rate	1 year	(28)	34
Employee turnover / withdrawal rates	1 year	71	(77)
Retirement age	1 year	206	(212)

The weighted average duration of the defined benefit obligation is 9 years.

15. ACCRUED AND OTHER CURRENT LIABILITIES

	Note	March 31, 2016	January 1, 2016
Accrued expenses		**16,727**	24,786
Accrued Zakat and income tax	15(a)	**6,800**	5,246
Employees related accruals		**5,356**	--
Advances from customers		**1,541**	2,627
Other provisions		**20,123**	11,694
		50,547	44,353

15(a) Movement in accrued Zakat and income tax for the three months period ended March 31, 2016 is as follows:

	Note	Accrued Zakat	Tax
Balance as at January 1, 2016		**5,246**	--
Charge for the period		**1,554**	--
Payments during the period		**--**	--
Balance as at March 31, 2016		**6,800**	--

Status of assessments

United International transportation Company

The Company has filed the Zakat returns upto and including the financial year ended December 31, 2015. Assessments have been finalized by the General Authority of Zakat and Income Tax (GAZT) up to the end of the financial year December 31, 2008. For the years from 2009 to 2011, the GAZT completed its assessment and raised an additional demand for Zakat differences amounting to SR 1,194,951. The Company settled this demand on December 25, 2013 and filed an objection against the assessment, which is under the review of GAZT. The assessments for the financial years 2012 through 2015 are under process.

Aljozoor Alrasekha Trucking Company Limited

The subsidiary has filed the Zakat returns upto and including the financial year ended December 31, 2015. The assessments for the financial years 2012 to 2015 are under process.

16. COMMITMENTS AND CONTINGENCIES

The Group has outstanding bank guarantees and letters of credit amounting to SR 6.3 million at March 31, 2016 (January 1, 2016: SR 6.7 million), which were issued in favor of the Group in the normal course of its business.

17. REVENUE

	March 31, 2016
Vehicle rental and lease arrangements	**218,678**
Proceeds of sales from vehicles	**81,642**
	300,320

18. COST OF REVENUE

	March 31, 2016
Depreciation and amortization	**129,088**
Cost of sale of vehicle	**41,974**
Repairs and maintenance	**25,967**
Insurance	**13,499**
Employees' related expenses	**6,449**
Rent of counters and workshop	**4,754**
Incentives, Commission and Franchise Fee	**1,513**
Communication expense	**687**
Operating lease expense	**495**
Others	**1,980**
	226,406

19. SELLING AND MARKETING EXPENSES

	March 31, 2016
Employee related expenses	**6,310**
Advertisement costs	**1,136**
	7,446

20. GENERAL AND ADMINISTRATIVE EXPENSES

	March 31, 2016
Employees' related expenses	**6,089**
Rent	**1,169**
Subscriptions	**1,109**
Allowance for credit losses (note 8)	**479**
Board of Directors remuneration	**450**
Depreciation and amortization	**288**
Repairs and maintenance	**243**
Communication	**189**
Legal and professional charges	**180**
Others	**571**
	10,767

21. EARNINGS PER SHARE

Basic earnings per share for the three months period ended March 31, 2016 has been computed by dividing the profit for the period attributable to the ordinary shareholders of the Company for such period by the weighted average number of shares outstanding during the period. The calculation of diluted earnings per share ('EPS') is not applicable to the Group. Also, no separate earning per share calculation from continuing operations has been presented since there were on discontinued operations during the period. Had the EPS been computed with reference to the weighted average number of shares subsequent to the bonus share issue (note 11), the basic and diluted EPS for the period would have been SR 0.80.

22. RELATED PARTIES

The Group transacts with the following related parties in the normal course of its business at terms mutually agreed upon and approved by the Board of Directors:

Name of related party	Relationship
Zahid Group	Shareholder
Automotive Maintenance Centre (AMC)	Affiliate
Sheikh Fahd Zahid	Affiliate
Key Management	CEO, CFO , COO &,Regional Managers

22. RELATED PARTIES (continued)

Significant related party transactions during the period and balances therefrom are as follows:

Name	Description of transaction	Amount of transaction during the three months ended March 31, 2016	Balance as at March 31, 2016 Due from / (Due to)	Balance as at January 1, 2016 Due from / (Due to)
Zahid Group	Car Rental	**103**	**90**	71
	Spare parts	**--**	**(2)**	(2)
AMC	Service Received	**926**	**(106)**	--
	Used Car Sales	**11,594**	**8,648**	--
Key management	Salaries	**1,045**	**--**	--
	End of service benefits	**472**	**4,315**	3,843
	Board of Directors remuneration	**450**	**450**	4,548

23. FINANCIAL RISK MANAGEMENT

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

Risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and mitigates financial risks in close co-operation with the Group's operating units. The types of risk that would require to be analyzed and disclosed are market risk, credit risk and liquidity risk.

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

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

23. FINANCIAL RISK MANAGEMENT (continued)

The audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial instruments carried on the special purpose condensed consolidated statement of financial position include cash and cash equivalents, trade and other receivables, borrowings, accounts payable and accrued and other current liabilities (other than accrued Zakat and income tax). The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and liability is offset and net amounts reported in the special purpose condensed consolidated interim financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is represented by: interest rate risk, currency risk and other price risk.

Interest rate risk

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

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

Currency risk

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

23. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group has no significant concentration of credit risk. Concentration risk arises when a number of counterparties engaged in similar business activities or activities in the same geographical region or have economic features that would cause them to fail their contractual obligations. To reduce exposure to credit risk the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Group has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of inland letters of credit, cash security deposit, bank guarantees and insurance guarantees.

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	March 31, 2016	January 1, 2016
Financial assets		
Trade receivables	**138,869**	123,642
Cash and cash equivalents	**26,649**	22,078
	165,518	145,720

Trade receivables are due from customers who have been assessed for credit worthiness prior to the execution of vehicle rental arrangements. While cash at bank is placed with local banks having sound credit rating.

The Group regards receivable overdue for more than six months as partially impaired. As at the reporting date, receivable overdue for more than six months amounting to SR 67,098 (January 1, 2016: SR 56,027). While total allowance for credit losses at March 31, 2016 amounted to SR 21,833 (January 1, 2016: SR 21,584).

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

23. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments. The Group has no significant concentration of credit risk. For instance, concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowings or reliance on a particular market in which to realize liquid assets. The following is contractual undiscounted maturity analysis of the financial liabilities of the Group as at March 31, 2016. The Group does not hold financial assets for managing liquidity risk. Hence, these risks have not been considered for maturity analysis.

31 March 2016	**1 year or less**	**1 year to 3 years**	**More than 3 years**	**Interest accruals for future periods**	**Carrying Amount**
Non derivative financial liabilities					
Borrowings	**392,881**	**193,781**	**--**	**(11,965)**	**574,697**
Trade payables	**65,898**	**--**	**--**	**--**	**65,898**
Accrued and other current liabilities	**50,547**	**--**	**--**	**--**	**50,547**
	509,326	**193,781**	**--**	**(11,965)**	**691,142**

January 1, 2016	**1 year or less**	**1 year to 3 years**	**More than 3 years**	**Interest accruals for future periods**	**Carrying Amount**
Non derivative financial liabilities					
Borrowings	**411,659**	**253,072**	**--**	**(14,800)**	**649,931**
Trade payables	**71,351**	**--**	**--**		**71,351**
Accrued and other current liabilities	**44,353**	**--**	**--**		**44,353**
	527,363	**253,072**	**-**	**(14,800)**	**765,635**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

23. FINANCIAL RISK MANAGEMENT (continued)

Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses. The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

Fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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

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

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

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

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

As at March 31, 2016 and January 1, 2016, 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, other than trade receivables which are classified under level 3. No significant inputs were applied in the valuation of trade receivables as at March 31, 2016 and January 1, 2016.

During the 3 months period ended March 31, 2016, there were no movements between the levels.

24. PROSPECTIVE CHANGES IN ACCOUNTING POLICIES

Standards issued but not yet effective up to the date of issuance of the Company's special purpose condensed consolidated interim financial statements are listed below.

a) New standards

Effective for annual periods beginning on or after	Standard, amendment or interpretation	Summary of requirements
Annual reporting periods beginning on or after January 1, 2018, early adoption is permitted	IFRS 15 – Revenue from contracts with Customers	IFRS 15 establishes a five step model for all types of revenue contracts, accordingly revenue can either be recognised at appoint in time or over a period of time. The standard replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction contracts, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for Construction of Real Estate and IFRIC 18 Transfer of Assets from Customers.
Annual reporting periods beginning on or after 1 January 2019, early adoption is permitted	IFRS 16 – Leases	IFRS 16 proposes a lease classification that would be based on the nature of asset that was the subject of the lease. Accordingly, all leases would be classified as Type A or Type B leases. The standard features a right of use (ROU) model that would require lessees to recognise most leases on the balance sheets as lease liabilities with corresponding right of use assets.

24. PROSPECTIVE CHANGES IN ACCOUNTING POLICIES (Continued)

b) Amendments to existing standards

- Amendments to IFRS 10 – "Consolidated Financial Statements", IFRS 12 – "Disclosure of Interests in Other Entities" and IAS 28 – "Investments in Associates", applicable for the annual periods beginning on or after 1 January 2016, address three issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures its subsidiaries at fair value. Furthermore, only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

- Amendments to IFRS 11 – "Joint Arrangements", applicable for the annual periods beginning on or after 1 January 2016, require an entity acquiring an interest in a joint operation, in which the activity of the joint operation constitutes a business, to apply, to the extent of its share, all of the principles in IFRS 3 – "Business Combinations" and other IFRSs that do not conflict with the requirements of IFRS 11 Joint Arrangements. Furthermore, entities are required to disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments also apply to an entity on the formation of a joint operation if, and only if, an existing business is contributed by one of the parties to the joint operation on its formation. Furthermore, the amendments clarify that, for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, previously held interests in the joint operation must not be remeasured if the joint operator retains joint control.

- Amendments to IAS 1 – "Presentation of Financial Statements", applicable for the annual periods beginning on or after 1 January 2016, clarify, existing IAS 1 requirements in relation to;

- The materiality requirements in IAS 1.
- That specific line items in the statement(s) of profit or loss and other comprehensive income ("OCI") and the statement of financial position may be disaggregated.
- That entities have flexibility as to the order in which they present the notes to financial statements.
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

'The amendments further clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.

- Amendments to IAS 16 – "Property, Plant and Equipment" and IAS 38 – "Intangible Assets", applicable for the annual periods beginning on or after 1 January 2016, restricts the use of ratio of revenue generated to total revenue expected to be generated to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

- Amendments to IAS 16 – "Property, Plant and Equipment" and IAS 41 – "Agriculture", applicable for the annual periods beginning on or after 1 January 2016, change the scope of IAS 16 to include biological assets that meet the definition of bearer plants. Agricultural produce growing on bearer plants will remain within the scope of IAS 41. In addition, government grants relating to bearer plants will be accounted for in accordance with IAS 20 – "Accounting for Government Grants and Disclosure of Government Assistance", instead of IAS 41.

24. PROSPECTIVE CHANGES IN ACCOUNTING POLICIES (Continued)

- Amendments to IAS 27 – "Separate Financial Statements", applicable for the annual periods beginning on or after 1 January 2016, allows an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

25. EXPLANATION OF TRANSITION TO IFRS

As stated in note 2.1, these are the Group's first special purpose condensed consolidated financial statements prepared in accordance with IFRS.

The accounting policies set out in note 3 have been applied in preparing the special purpose condensed consolidated interim financial statements for the three months period ended March 31, 2016, and the financial position as at January 1, 2016, (the Group's date of transition), except for the application of relevant exceptions and available exemptions laid down under IFRS 1 in the preparation of opening balance sheet at January 1, 2016 ("Opening IFRS statement of financial position").

In preparing its Opening IFRS statement of financial position, the Group has adjusted amounts previously reported in the statutory interim financial statements prepared in accordance with SOCPA standards. An explanation of how the transition from SOCPA standards to IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Reconciliation of financial position

	Note	*SOCPA*	*Effect of transition to IFRS*	*IFRSs*	*SOCPA*	*Effect of transition to IFRS*	*IFRSs*
		January 1, 2016			***March 31, 2016***		
Assets							
Operating fixed assets	25(a)	1,498,810	--	1,498,810	1,462,491	--	1,462,491
Equity accounted investees		26,061	--	26,061	18,857	--	18,857
Total non-current assets		**1,524,871**	**--**	**1,524,871**	**1,481,348**	**--**	**1,481,348**
Inventories	25 (b)	3,643	11,516	15,159	3,048	9,344	12,392
Trade receivable		123,642	--	123,642	138,869	--	138,869
Prepayments and other receivables	25 (b)	28,560	(11,516)	17,044	27,887	(9,344)	18,543
Cash and cash equivalents		22,078	--	22,078	26,649	--	26,649
Total current assets		**177,923**	**--**	**177,923**	**196,453**	**--**	**196,453**
Total assets		**1,702,794**	**--**	**1,702,794**	**1,677,801**	**--**	**1,677,801**

25. EXPLANATION OF TRANSITION TO IFRS (continued)

Reconciliation of financial position (continued)

	Note	*SOCPA*	*Effect of transition to IFRS*	*IFRSs*	*SOCPA*	*Effect of transition to IFRS*	*IFRSs*
Equity		***January 1, 2016***			***March 31, 2016***		
Share capital		508,333	--	508,333	508,333	--	508,333
Statutory reserves		114,936	--	114,936	119,860	--	119,860
Retained earnings	25 (c)	278,235	--	278,235	322,108	--	322,108
Total equity		**901,504**	**--**	**901,504**	**950,301**	**--**	**950,301**
Liabilities							
Borrowings		249,259	--	249,259	191,286	--	191,286
Employees' end of service benefits	25 (c)	35,655	--	35,655	36,358	--	36,358
Total non-current liabilities		**284,914**	**--**	**284,914**	**227,644**	**--**	**227,644**
Borrowings-current portion		400,672	--	400,672	383,411	--	383,411
Trade payable		71,351	--	71,351	65,898	--	65,898
Accrued and other liabilities		44,353	--	44,353	50,547	--	50,547
Total current liabilities		**516,376**	**--**	**516,376**	**499,856**	**--**	**499,856**
Total liabilities		**801,290**	**--**	**801,290**	**727,500**	**--**	**727,500**
Total liabilities and equity		**1,702,794**	**--**	**1,702,794**	**1,677,801**	**--**	**1,677,801**
Contingencies and Commitments							

25. EXPLANATION OF TRANSITION TO IFRS (continued)

Reconciliation of statement of profit and loss and other comprehensive income for the three months period ended March 31, 2016.

		March 31, 2016		
	Note	*SOCPA*	*Effect of transition to IFRS*	*IFRSs*
Revenue	**25(d) & 25 (e)**	219,398	80,922	300,320
Cost of revenue	**25(d)**	(184,432)	(41,974)	(226,406)
Gross profit		**34,966**	**38,948**	**73,914**
Gain on sale of vehicles	**25(d)**	39,668	(39,668)	--
Other income	**25 (e)**	5,138	720	5,858
Selling and marketing		(7,446)	--	(7,446)
Administrative expenses	**25 (f)**	(10,317)	(450)	(10,767)
Other expenses		--	--	--
Results from operating activities		**62,009**	**(450)**	**61,559**
Impairment of investment		(6,619)	--	(6,619)
Finance costs		(4,004)	--	(4,004)
Share of loss of equity accounted investees (net of zakat)		(585)	--	(585)
Profit before zakat and income tax		**50,801**	**(450)**	**50,351**
Zakat expense		(1,554)	--	(1,554)
Profit from continuing operations		**49,247**	**(450)**	**48,797**
Profit for the period		**49,247**	**(450)**	**48,797**
Other comprehensive income				
Items that will never be classified to profit or loss				
Defined benefit actuarial gains and losses		--	--	--
Related zakat and income tax		--	--	--
Items that are or may be classified to profit or loss				
Equity accounted investees - share of OCI		--	--	--
Related zakat and income tax		--	--	--
Other comprehensive income (net of tax)		--	--	--
Total comprehensive income		--	--	--

25. EXPLANATION OF TRANSITION TO IFRS (continued)

25.1 Notes to the reconciliations

a) Within operating fixed assets, an amount of SR 751 thousand as at March 31, 2016 (Jan 1, 2016:SR 662) has been reclassified from property, plant and equipment to Intangible representing software that were previously classified as part of property, plant and equipment under SOCPA .

b) The vehicles held for sale by the Group in the ordinary course of its operations (note 3.6) were previously classified as "assets held for sale" as part of prepayment and other receivables. Since these vehicles and their subsequent sale represents a routine operating activity of the Group, hence these have been classified to inventories.

c) Under SOCPA, the Group accounted for employees' end of service benefit obligations ("EOSB") with reference to the mode of computation stipulated under the Saudi Arabian Labor law. Upon transition to IFRS, the Group accounts for EOSB as a defined benefit obligation. Accordingly, the Group has appointed an independent actuary for the computation of the IFRS transitional defined benefit liability as at January 1, 2016 and onwards. As at the transition date, an immaterial difference was identified between the obligation computed by the actuary and the liability recorded under SOCPA as of December 31, 2015. Accordingly, no adjustment to that effect was accounted for in the preparation of the opening IFRS statement of financial position. As at and for the three months period ended March 31, 2016, the Group has accounted for EOSB in its statutory interim financial statements with reference to the guidance and requirements of IFRS insofar as they relate to accounting of defined benefit obligation. Hence, no reconciliation difference has been identified between the EOSB obligation as reported in the statutory interim financial statements and the special purpose condensed consolidated interim financial statements.

d) Consistent with the reclassification of vehicle for sale from assets held for sale to inventories (note 25 a), an amount of SR 39,668 representing the net gain on sale of vehicles has been reclassified to revenue and cost of sales via adjustments of SR 80,922 (gross sales value) and SR 41,974 (net carrying value of inventories).

e) As explained in note 3.10 (iii), income from other services that are not incidental to the core operating activities of the Group are classified as other income in profit or loss. However these amounts were classified as revenue under SOCPA. Hence, an amount of SR 720 thousand has been reclassified from revenue to other income.

f) The Group previously recognized Board of Directors remuneration in retained earnings via statement of changes in equity. Such remuneration is required to be recorded in profit or loss under IFRS and therefore an amount of SR 450 thousand has been reclassified from changes in equity to Profit or loss.

26. DATE OF AUTHORISATION FOR ISSUE

These special purpose condensed consolidated financial statements were approved by management on September 08, 2016.