

**Saudi Public Transport  
Company - SAPTCO**

**A Saudi Joint Stock Company**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2009**

## AUDITORS' REPORT TO THE SHAREHOLDERS OF SAUDI PUBLIC TRANSPORT COMPANY - SAPTCO

### Scope of Audit:

We have audited the accompanying balance of Saudi Public Transport Company - a Saudi Joint Stock Company (the company) as of 31 December 2009 and the related statements of income, cash flows and changes in shareholders' equity for the year then ended. These financial statements are the responsibility of the company's management and have been prepared by them in accordance with the provisions of Article 123 of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the financial statements.

### Unqualified opinion:

In our opinion, the financial statements taken as a whole:

- i) present fairly, in all material respects, the financial position of the company as of 31 December 2009 and the results of its operations and its cash flows for the year then ended in accordance with the accounting standards generally accepted in the Kingdom of Saudi Arabia.
- ii) comply with the requirements of the Regulations for Companies and the Company's bylaws in so far as they affect the preparation and presentation of the financial statements.

for Ernst & Young



Fahad M. Al-Toaimi  
Certified Public Accountant  
Registration No. 354



Riyadh: 7 Rabi Al Awal 1431 H  
(21 February 2010)

Saudi Public Transport Company  
A Saudi Joint Stock Company

**BALANCE SHEET**

As at 31 December 2009  
(SR'000)

	Note	2009	2008
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	310,872	410,135
Accounts receivable and prepayments	4	120,200	114,427
Spare parts inventory	5	76,983	77,625
		<u>508,055</u>	<u>602,187</u>
<b>NON-CURRENT ASSETS</b>			
Investments	6	53,630	49,064
Property, plant and equipment	7	1,253,899	1,136,260
		<u>1,307,529</u>	<u>1,185,324</u>
<b>TOTAL ASSETS</b>		<u>1,815,584</u>	<u>1,787,511</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accruals	9	157,430	164,061
Murabaha loan – current portion	10	57,084	38,582
Dividends payable	11	72,759	69,906
Provision for zakat	12	6,158	8,112
		<u>293,431</u>	<u>280,661</u>
<b>NON-CURRENT LIABILITIES</b>			
Murabaha term loan	10	50,662	24,522
Employees' terminal benefits		81,185	65,735
Deferred income		3,009	2,692
		<u>134,856</u>	<u>92,949</u>
<b>TOTAL LIABILITIES</b>		<u>428,287</u>	<u>373,610</u>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	13	1,250,000	1,250,000
Statutory reserve	14	99,287	96,094
Contractual reserve	15	19,881	31,587
Retained earnings		27,141	50,998
Unrealized losses on revaluation of investments in available for sale securities	6	(9,012)	(14,778)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>1,387,297</u>	<u>1,413,901</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>1,815,584</u>	<u>1,787,511</u>

The attached notes 1 to 27 form part of these financial statements

Saudi Public Transport Company  
A Saudi Joint Stock Company

STATEMENT OF INCOME

Year ended 31 December 2009

(SR'000)

	<i>Note</i>	<i>2009</i>	<i>2008</i>
Revenues	16	752,430	766,470
Direct costs	17	650,338	640,883
<b>GROSS PROFIT</b>		<u>102,092</u>	<u>125,587</u>
<b>EXPENSES</b>			
General and administration	18	54,855	53,506
Marketing and selling	19	32,291	28,011
		<u>87,146</u>	<u>81,517</u>
<b>INCOME FROM MAIN OPERATIONS</b>		<u>14,946</u>	44,070
Income from investments in murabaha contracts	3	2,249	13,384
Share in earnings of an associate company	6 b	-	3,099
Other income	20	20,831	14,821
Financial charges		(4,396)	(3,658)
Cost of early collection of Governmental subsidy	8	-	(32,331)
<b>INCOME BEFORE ZAKAT</b>		<u>33,630</u>	39,385
Zakat	12	(1,700)	(9,290)
<b>NET INCOME FOR THE YEAR</b>		<u>31,930</u>	<u>30,095</u>
<b>EARNINGS PER SHARE:</b>			
Attributable to income from main and continuing operations (SR)	21	<u>0.12</u>	<u>0,35</u>
Attributable to net income for the year (SR)	21	<u>0.26</u>	<u>0,24</u>

The attached notes 1 to 27 form part of these financial statements

Saudi Public Transport Company  
A Saudi Joint Stock Company

STATEMENT OF CASH FLOWS

Year ended 31 December 2009

(SR'000)

	2009	2008
<b>OPERATING ACTIVITIES</b>		
Income before zakat	33,630	39,385
Adjustments for:		
Depreciation	141,140	136,301
Provision for doubtful debts	1,923	500
Provision for employees' terminal benefits	11,560	9,933
Cost of early collection of Governmental subsidy	-	32,331
Share in earnings of an associate company	-	(3,099)
Gain on sale of property, plant and equipment	(2,581)	(5,918)
Amortization of deferred income	(670)	(832)
	<u>185,002</u>	<u>208,601</u>
Changes in operating assets and liabilities:		
Accounts receivable and prepayments	(7,696)	19,270
Spare parts inventories	642	(14,964)
Accounts payable and accruals	(570)	9,606
	<u>177,378</u>	<u>222,513</u>
Cash from operation	177,378	222,513
Employees' terminal benefits paid	(1,185)	(3,176)
Zakat paid	(3,652)	(14,679)
	<u>172,541</u>	<u>204,658</u>
Net cash from operating activities	172,541	204,658
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(258,780)	(590,122)
Proceeds from sale of property, plant and equipment	2,581	6,686
Dividends received from an associate company	1,200	1,600
	<u>(254,999)</u>	<u>(581,836)</u>
Net cash used in investing activities	(254,999)	(581,836)
<b>FINANCING ACTIVITIES</b>		
Received from (repayments of) Murabaha loans	44,642	(38,581)
Governmental subsidy received	-	228,466
Dividends paid	(61,447)	(70,949)
	<u>(16,805)</u>	<u>118,936</u>
Net cash (used in) from financing activities	(16,805)	118,936
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(99,263)</b>	<b>(258,242)</b>
Cash and cash equivalents at the beginning of the year	410,135	668,377
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 3)</b>	<b><u>310,872</u></b>	<b><u>410,135</u></b>

The attached notes 1 to 27 form part of these financial statements

Saudi Public Transport Company  
A Saudi Joint Stock Company

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended 31 December 2009

(SR'000)

	<i>Share capital</i>	<i>Statutory reserve</i>	<i>Contractual reserve</i>	<i>Retained earnings</i>	<i>Unrealized (losses) gains on revaluation of investments in available for sale securities</i>	<i>Total</i>
Balance at 31 December 2007	1,250,000	93,084	30,082	89,718	25,576	1,488,460
Net Income for the year	-	-	-	30,095	-	30,095
Transfer to statutory reserve	-	3,010	-	(3,010)	-	-
Transfer to contractual reserve	-	-	1,505	(1,505)	-	-
Unrealized losses on revaluation of investments in available for sale securities ( note 6-a)	-	-	-	-	(40,354)	(40,354)
Dividends (note 26)	-	-	-	(62,500)	-	(62,500)
Board of directors' remunerations (note 26)	-	-	-	(1,800)	-	(1,800)
Balance at 31 December 2008	1,250,000	96,094	31,587	50,998	(14,778)	1,413,901
Net Income for the year	-	-	-	31,930	-	31,930
Transfer to statutory reserve	-	3,193	-	(3,193)	-	-
Transfer to contractual reserve	-	-	1,596	(1,596)	-	-
Unrealized gain on revaluation of investments in available for sale securities ( note 6-a)	-	-	-	-	5,766	5,766
Transfer from contractual revenue (note 26)	-	-	(13,302)	13,302	-	-
Dividends (note 26)	-	-	-	(62,500)	-	(62,500)
Board of directors' remunerations (note 26)	-	-	-	(1,800)	-	(1,800)
Balance at 31 December 2009	1,250,000	99,287	19,881	27,141	(9,012)	1,387,297

The attached notes 1 to 27 form part of these financial statements



1 **ACTIVITIES**

Saudi Public Transport Company is a Saudi Joint Stock Company formed under the Royal Decree No. M/11, dated 7/3/1399H corresponding 5/2/1979. The formation was declared pursuant to the resolution of His Excellency, The Minister of Commerce, No. 254, dated 14/8/1399H corresponding 9/7/1979. The company is engaged in passenger land transport both intra and inter-city throughout the Kingdom and between the Kingdom and the neighboring countries. The company is also engaged in sand and gravel transport, purchase and sale of land and investment in properties. The company operates under commercial registration number 1010024335 dated 5/9/1399H to corresponding 29/7/1979.

The Company has stopped carrying sand and gravel outside the Kingdom pursuant to the Cabinet's resolution issued in this regards.

2 **SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies adopted are as follows:

*Accounting convention*

The financial statements are prepared under the historical cost convention except for the measurement at fair value of available for sale securities.

*Use of estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates

*Cash and cash equivalents*

Cash and cash equivalents consists of bank balances, cash on hand, and Murabaha investments that are readily convertible into known amounts of cash and have a maturity of three months or less when purchased.

*Spare parts inventory*

The cost of spare parts inventory is stated at cost. Cost is determined on the weighted average basis. Material repair costs of spare parts are capitalized and added to the spare parts value. An appropriate provision is provided for any obsolete and slow moving items. Spare parts inventory is not available for resale.

*Accounts receivable*

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

*Depreciation*

Freehold land is not depreciated. The cost, less estimated residual value of other property, plant and equipment, is depreciated on a straight line basis over the expected useful lives of the assets.

Expenditure for repairs and maintenance are charged to statement of income. Betterments that increase the value or materially extend the life of the related assets are capitalized.

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Investments***

**a) Investments in available for sale securities**

Investments, that are bought neither with the intention of being held to maturity nor for trading purposes, are stated at fair value and are included under non-current assets unless they will be sold in the next fiscal year. Unrealized gains or losses on fair valuation of these investments are credited or charged to the statement of changes in shareholders' equity. A decline in value considered to be other than temporary, is charged to the statement of income. Income from such investments is recognized when declared.

Fair value is determined by reference to the market value if an open market exists or on the basis of other alternative methods. Other wise, cost is considered to be the fair value. Where partial holdings are sold, these are accounted for on a weighted average basis

**b) Investments in an associate company**

An associate company is that in which the company has a long-term investment comprising an interest between 20% to 50% in the voting capital and over which it exercises significant influence.

Investments in associate companies are accounted for under the equity method, whereby the original investment cost is adjusted by an appropriate share of the associated companies' post acquisition results and retained earnings based on their latest available financial statements.

***Employees' terminal benefits***

Provision is made for amounts payable under the Saudi Arabian Labour Law applicable to employees' accumulated periods of service at the balance sheet date.

***Accounts payable and accruals***

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the suppliers or not

***Deferred income***

Deferred income represents the fair market value of the buses and equipment granted to the company, and are amortized using straight-line over the estimated period to benefit.

***Impairment***

As assessment is made of each balance sheet date of determine whether there is objective evidence in that a non-current assets or group of the non current assets may be impaired. If such indication exists, the recoverable amount of that assessment is estimated and the impairment loss is recognized by the difference between the recoverable amount and the carrying value of the assets. Impairment los is recognized in the statement of income.

***Islamic murabaha contracts***

Murabaha costs relating to the property, plant and equipment acquired under Islamic murabaha contracts, are shown as deferred murabaha loan commissions and are amortized over the period of the contract, as per the practice adopted in respect of murabaha transactions in the Kingdom of Saudi Arabia.

***Revenue***

Revenue is recognized when services are rendered to the customers. Rent and contract revenues are recognized proportionately recognized over the terms of these agreements. Other income is recognized when earned.



**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Expenses**

Marketing expenses are those which specifically relate to advertising, and promotion agents' commission, other marketing expenses as well as in the provision for doubtful debts. All other expenses are classified as general and administration expenses.

**Operating leases**

Operating lease payments are recognized as an expense in the statement of income. Prepaid rent is amortized on a straight line basis over the lease term.

**Bus renovation costs**

All costs associated with the renovation of buses are capitalized and added to the cost of the renovated buses.

Bus renovation costs are depreciated with effect from the date of operating the renovated buses by equal annual installments over their expected useful lives.

**Zakat**

Zakat is provided for in accordance with Saudi Arabian fiscal regulations. The Zakat liabilities and any adjustment arising from the recalculation of Zakat or upon the issuance of the final assessment is charged to the statement of income.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of income.

**Segmental reporting**

A segment is a distinguishable component of the company that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments. Because the company carries out its activities entirely in the Kingdom of Saudi Arabia, reporting is provided by business segment only.

**3 CASH AND CASH EQUIVALENTS**

	2009 SR'000	2008 SR'000
Bank balances and cash	100,675	157,018
Investments in murabaha contracts	210,197	253,117
	<u>310,872</u>	<u>410,135</u>

Investment in Murabaha contracts represent short-term deposits with local banks in accordance with the practice adopted in respect of murrabah transactions in the kingdom of Saudi Arabia.

**4 ACCOUNTS RECEIVABLE AND PREPAYMENTS**

	2009 SR'000	2008 SR'000
Trade receivables – Government and quasi - governments institutions	74,182	83,545
Trade receivables - Private sector	12,976	12,243
	<u>87,158</u>	<u>95,788</u>
Less: provision for doubtful debts.	(8,068)	(8,068)
Trade receivables, net	<u>79,090</u>	<u>87,720</u>
Prepaid expenses	6,533	4,192
Margins on letters of credit	6,634	3,308
Advances to suppliers	10,780	8,147
Zakat payments receivable	3,489	3,489
Employees' receivables	4,664	4,681
Other receivables	11,998	3,955
	<u>44,098</u>	<u>27,772</u>
Less: Provision for doubtful debts	(2,988)	(1,065)
Prepayments and other receivables, net	<u>41,110</u>	<u>26,707</u>
	<u>120,200</u>	<u>114,427</u>

**5 SPARE PARTS INVENTORY**

	2009 SR'000	2008 SR'000
Spear parts inventory	87,598	86,551
Provision for slow moving inventory	(10,615)	(8,926)
	<u>76,983</u>	<u>77,625</u>

**6 INVESTMENTS**

Investments comprise the following as of 31 December:	2009 SR'000	2008 SR'000
Investments in available for sale securities (a)	47,146	41,380
Investments in an associate company (b)	6,484	7,684
	<u>53,630</u>	<u>49,064</u>

6 INVESTMENTS (continued)

(a) The movement of investments in available for sale securities during the year was as follows:

	2009 SR'000	2008 SR'000
<i>Cost:</i>		
At beginning and end of the year	56,158	56,158
<i>Unrealized (loss) gain on revaluation:</i>		
At the beginning the year	(14,778)	25,576
Fair value adjustment	5,766	(40,354)
	<u>(9,012)</u>	<u>(14,778)</u>
At the end of the year	<u>(9,012)</u>	<u>(14,778)</u>
Net carrying amount	<u>47,146</u>	<u>41,380</u>

(b) The movement of the investment in the associate company was as follows:

	2009 SR'000	2008 SR'000
At the beginning the year	7,684	6,185
Share in company's earnings	-	3,099
Dividends received	(1,200)	(1,600)
	<u>6,484</u>	<u>7,684</u>
At the end the year	<u>6,484</u>	<u>7,684</u>

Investment in an associate company comprises 40% interest in the Saudi Bahraini Transport Company, a limited liability company registered in Kingdom of Saudi Arabia. Investment in this Company is account for on equity basis based on the recent audited financial statement. Since the financial statements of the associate company for the current year is not available as at the date of issuance of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2009

7 PROPERTY, PLANT AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Buildings Machinery and equipment Furniture and fixtures	33 years 5 to 20 years 3 to 10 years		Buses and trucks Motor vehicles		6 to 10 years 3 to 6 years		Projects & buses in progress	Motor vehicles	Furniture & fixtures	Machinery & equipment	Total 2009	Total 2008
	Land	Buildings	Buses & trucks	Motor vehicles	Machinery & equipment	Projects & buses in progress						
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
<b>Cost:</b>												
At the beginning of the year	355,782	336,365	1,935,383	85,501	13,059	22,273	42,407	2,790,770	2,323,947			
Additions	-	1,736	212,391	3,121	1,570	1,858	38,104	258,780	590,122			
Disposals	-	-	(65,546)	(14,012)	(1,189)	(862)	-	(81,609)	(123,299)			
Transfers	-	22,081	-	-	-	-	(22,081)	-	-			
At the end of the year	355,782	360,182	2,082,228	74,610	13,440	23,269	58,430	2,967,941	2,790,770			
<b>Depreciation:</b>												
At the beginning of the year	-	259,064	1,307,300	60,213	9,621	18,312	-	1,654,510	1,640,740			
Charge for the year	-	8,276	126,655	4,114	595	1,500	-	141,140	136,301			
Disposals	-	-	(65,546)	(14,011)	(1,189)	(862)	-	(81,608)	(122,531)			
At the end of the year	-	267,340	1,368,409	50,316	9,027	18,950	-	1,714,042	1,654,510			
<b>Net book value:</b>												
At 31 December 2009	355,782	92,842	713,819	24,294	4,413	4,319	58,430	1,253,899	1,136,260			
At 31 December 2008	355,782	77,301	628,083	25,288	3,438	3,961	42,407					

The depreciation charge for the year is allocated in the statement of income as follows:

	2009	2008
	SR'000	SR'000
Direct costs (note 17)	139,189	133,014
General and administration expense (note 18)	1,951	3,287
	141,140	136,301

**8 ACCRUED GOVERNMENTAL SUBSIDY**

- a) This represents the subsidy due for the years prior to 1991 and for the years 1995 and 1998, which used to be granted by the government to absorb the intra-city operating losses and to enable the company to achieve annual profits sufficient to distribute net cash dividends of 7%. In accordance with the Cabinet's Resolution No. 167 dated 11.8.1419 (corresponding to 30 November 1998), the government's subsidy to the company was ceased with effect from that date.
- b) The company has agreed with the Ministry of Finance and National Economy during 2004 to reschedule the subsidy installments due, the subsidy is collected over ten years in accordance with this agreement after deducting the zakat dues.
- c) Based on the Company's suggestion, Ministry of Finance has agreed to settle the outstanding subsidy's amount of SR 217.33 million. Consequently, the amount of SR 185 million has been collected as a final settlement of the governmental subsidy and the balance of SR 32.3 million has been deducted as a cost of early collection of this subsidy which has been charged to the statement of income for the year ended 31 December 2008.

**9 ACCOUNTS PAYABLE AND ACCRUALS**

	2009 SR'000	2008 SR'000
Trade payables	87,833	87,466
Accrued expense	46,574	52,808
Retentions payable	6,597	6,306
Advanced income	12,080	11,664
Other payables	4,346	5,817
	<u>157,430</u>	<u>164,061</u>

**10 MURABAHA LOANS**

The company has obtained murabaha loans from a local bank to finance the purchase of property, plant and equipment. These loans are secured by promissory notes and are repayable over three years from the dates of the loan agreements on 11 August 2007 and 19 August 2009 and carries murabaha costs in line with the rates prevailing for murabaha transaction in the kingdom Saudi Arabia.

Following are details of the loans:

	2009 SR'000	2008 SR'000
<b>Current portion</b>		
Total loan amounts payable	61,504	42,310
Deferred murabaha commissions	(4,420)	(3,728)
	<u>57,084</u>	<u>38,582</u>
<b>Non-current portion</b>		
Total loan amounts payable	54,586	26,891
Deferred murabaha commissions	(3,924)	(2,369)
	<u>50,662</u>	<u>24,522</u>
Total, net	<u>107,746</u>	<u>63,104</u>



## 11 DIVIDENDS PAYABLE

These represent dividends declared in prior years and amounts due to the shareholders relating to the shares issued in prior years. Such amounts have not been claimed by the respective shareholders up to date.

## 12 ZAKAT

Provision for zakat for the year is calculated as follows:

	2009 SR'000	2008 SR'000
Equity	1,432,502	1,468,490
Opening provisions and other adjustments	152,696	136,771
Book value of long term assets	(1,753,689)	(1,372,997)
	<u>(168,491)</u>	<u>232,264</u>
Zakatable income for the year	<u>68,122</u>	<u>92,208</u>
Zakat base	<u><u>68,122</u></u>	<u><u>324,472</u></u>

The difference between the financial and zakatable results is mainly due to provisions which are not allowed in the calculation of zakatable income.

### Movement in provision for Zakat

The Movement in Zakat provision was as follows:

	2009 SR'000	2008 SR'000
Balance at the beginning of the year	8,112	13,501
Provided during the year	1,700	9,290
Paid during the year	(3,654)	(14,679)
Balance at the end of the year	<u><u>6,158</u></u>	<u><u>8,112</u></u>

The company has obtained zakat certificates up to the year 2004. The Company has filed zakat returns for the years 2005 to 2008 and, settled the zakat due accordingly. The final assessments for the said years have not yet been received.

## 13 SHARE CAPITAL

The share capital consists of 125 millions shares of SR 10 each (2008: 125 million shares)

## 14 STATUTORY RESERVE

In accordance with the Saudi Regulations for Companies, the company must set aside 10% of the net income for the year to the statutory reserve. The company may resolve to discontinue such transfers when the reserve totals 50% of the share capital. The statutory reserve is not available for distribution.

**15 CONTRACTUAL RESERVE**

In accordance with the its bye-laws, the company must set aside 5% of the income for the year to the contractual reserve until it has built up a reserve equals to 25% of the share capital. This reserve may be used for the purpose authorized by the Board of Directors.

**16 REVENUES**

	2009 SR'000	2008 SR'000
Passenger transport	526,625	508,371
Contracts and leases	176,952	214,592
Head office and Sand carrying activities	48,853	43,507
	<u>752,430</u>	<u>766,470</u>

**17 DIRECT COSTS**

	2009 SR'000	2008 SR'000
Salaries and related benefits	263,871	242,157
Depreciation	139,189	133,014
Maintenance and repair	123,244	122,428
Rentals	39,945	49,963
Contractual services	24,148	27,832
Insurance	17,588	19,660
Passenger services	11,950	14,884
General services	13,410	10,206
Services fees	8,212	7,308
Visa fees	4,290	3,424
Miscellaneous expense	4,491	10,007
	<u>650,338</u>	<u>640,883</u>

**18 GENERAL AND ADMINISTRATION EXPENSES**

	2009 SR'000	2008 SR'000
Salaries and related costs	36,233	31,893
Depreciation	1,951	3,287
Rentals	2,449	2,735
Telephone, electricity and water	830	2,506
Recruitment fees	2,863	1,764
Travel, training and transport	1,021	2,578
Maintenance and cleaning	2,308	1,492
Printing expense	337	1,262
Airfares	1,018	1,094
Board of Directors' expenses	450	431
Other	5,395	4,464
	<u>54,855</u>	<u>53,506</u>

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19      **MARKETING AND SELLING EXPENSES**

	2009 SR'000	2008 SR'000
Domestic agents' commission	18,856	18,908
International agents' commission	5,236	4,326
Advertising	4,620	2,508
Publicity and promotions	1,656	1,769
Provision for doubtful debts	1,923	500
	<u>32,291</u>	<u>28,011</u>

20      **OTHER INCOME**

	2009 SR'000	2008 SR'000
Advertising Income	10,000	-
Gains on sale of property, plant and equipment	2,581	5,918
Rental income	2,049	1,987
Supplier penalties	1,926	2,053
Gain on sale of scrap	900	710
Amortization of deferred charges	670	962
Other	2,705	3,191
	<u>20,831</u>	<u>14,821</u>

21      **EARNINGS PER SHARE**

Earning per share are calculated on the basis of the net income from main and continuing operations, divided by the weighted average number of shares outstanding during the year.

The earning per share attributable to net income for the year is calculated on the basis of income for the year divided by the weighted average number of outstanding shares issued during the year.

22      **SEGMENTAL INFORMATION**

The Company's operations are mainly conducted in the Kingdom of Saudi Arabia.

In accordance with the sources allocation policy, the Company consists of three main operating segments as follows:

***Passenger Transport***

Includes scheduled transport services which incorporate inter and intra city transport inside and outside the Kingdom, as well as international transport services. This is the major segment of the Company.

***Contract and Leasing***

Incorporates transport services per lease agreements contracted with others whether governmental or non-governmental inside and outside the Kingdom.

***Head Office***

Includes the headquarters of the Company, financial information attributable to support units activities, and carrying of sand and gravel.

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22 SEGMENTAL INFORMATION – continued

<i>Description</i>	<i>Passenger transport SR'000</i>	<i>Contracts and leases SR'000</i>	<i>Head Office SR'000</i>	<i>Total SR'000</i>
<b>2009</b>				
1. Total revenue	526,625	176,952	48,853	752,430
2. Gross profit	78,846	5,238	18,008	102,092
3. Property, plant & equipment	523,668	342,144	388,087	1,253,899
4. Total assets	602,104	455,220	758,260	1,815,584
5. Total liabilities	213,823	106,137	108,327	428,287
<b>2008</b>				
1. Total revenue	508,371	214,592	43,507	766,470
2. Gross profit	71,649	45,590	8,368	125,607
3. Property, plant & equipment	370,698	380,948	384,610	1,136,256
4. Total assets	116,300	155,638	101,672	373,610
5. Total liabilities	437,856	498,897	850,758	1,787,511

23 RELATED PARTIES TRANSACTIONS

Following are the details of major related party transactions during the year and balances at the year end.

<i>Related Party</i>	<i>Nature of transaction</i>	<i>Amount of Transaction</i>		<i>Balance</i>	
		<i>2009 SR'000</i>	<i>2008 SR'000</i>	<i>2009 SR'000</i>	<i>2008 SR'000</i>
Directors	Remuneration	1,800	1,800	-	-
	Expenses	1,575	1,331	-	-
Associate company	Services provided	777	1,063	1,8	402
	Services received	542	1,227	-	(361)

24 CONTINGENT LIABILITIES

The company's bankers have issued, on its behalf, guarantees and acceptances limited to SR 6.2 million (2008 – SR 18.2 million) during the normal course of business.

25 RISK MANAGEMENT

**Commission rate risk**

The company is subject to commission rate risk on its commission bearing assets and liabilities, including Islamic Murabaha deposits, and loans.

**Credit risk**

Credit risk is the risk that one party of a financial instrument will fail to discharge an obligation and which causes the other party to incur a financial loss. The company seeks to limit its credit risk with respect to customers by setting credit limits for individual and agents and monitoring outstanding receivables. At the balance sheet date, no significant concentrations of credit risk were identified by the management, except for transactions with governmental institutions as set out in note (4).

**25 RISK MANAGEMENT (continued)**

**Liquidity risk**

The company limits its liquidity risk by ensuring that the sufficient liquid funds are available to meets its future obligations.

**Currency risk**

The company is subject to fluctuations in foreign exchange rates in the normal course of its business. The company did not undertake significant transactions in currencies other than Saudi Riyals, Egyptian Pounds, US Dollars and Euros during the year.

**26 APPROVAL OF THE FINANCIAL STATEMENTS AND APPROPRIATION OF DIVIDENDS**

In its meeting held on 7 Rabi Al Awal 1431H corresponding to 21 February 2010, the board of directors approved the financial statements for the year ended 31 December 2009

The general ordinary meeting in its meeting held on 8 Rabi Al Thani 1430 (corresponding to 5 April 2009) approved distribution of dividends of SR 62.5 million and payment of SR 1.8 million as board of directors' remunerations for the year ended 31 December 2008 (2007: SR 62.5 million and SR 1.8 million respectively).

**27 COMPARATIVE FIGURES**

Certain of the prior year amounts have been reclassified to conform to the presentation in the current year.