

AL TAYYAR TRAVEL GROUP HOLDING COMPANY
(A Saudi Joint Stock Company)
AND IT'S SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
(UNAUDITED)
For the three month period ended 31 March 2015
together with
Review Report



KPMG Al Fozan & Al Sadhan
KPMG Tower
Salahudeen Al Ayoubi Road
P O Box 92876
Riyadh 11663
Kingdom of Saudi Arabia

Telephone +966 11 874 8500
Fax +966 11 874 8600
Internet www.kpmg.com.sa

License No. 46/11/323 issued 11/3/1992

**REVIEW REPORT ON THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

To: **The Shareholders**
Al Tayyar Travel Group Holding Company
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Scope of Review

We have reviewed the accompanying interim consolidated balance sheet of **Al Tayyar Travel Group Holding Company** and its subsidiaries ('the Group') as at 31 March 2015, the related interim consolidated statements of income, cash flows and changes in equity for the three month period then ended and the attached condensed notes (1) to (16) which form an integral part of these interim condensed consolidated financial statements. These interim condensed consolidated financial statements are the responsibility of the Group's management and have been prepared by them and submitted to us together with all the information and explanations which we required. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with the auditing standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed consolidated financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

For KPMG Al Fozan & Al Sadhan

Abdullah H. Al Fozan
License No: 348

Date: 1 Rajab 1436H
Corresponding to: 20 April 2015

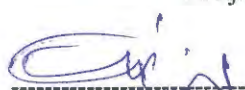


AL TAYYAR TRAVEL GROUP HOLDING COMPANY
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)
As at 31 March 2015
(Saudi Arabian Riyals)

	<i>Notes</i>	31 March 2015	31 December 2014 <i>(Audited)</i>	31 March 2014
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents		1,134,603,304	1,958,637,662	1,495,318,789
Trade receivables, net		833,028,153	855,383,486	738,963,748
Due from related parties		25,633,946	23,518,456	32,692,907
Advances, prepayments and other receivables		645,087,383	609,031,424	418,541,459
Total current assets		2,638,352,786	3,446,571,028	2,685,516,903
Non current assets				
Investments in equity accounted investees		86,517,006	89,040,731	107,710,340
Investment properties		25,000,000	25,000,000	25,000,000
Available for sale investments		1,000,000	1,000,000	1,000,000
Intangible assets, net	4	303,218,472	300,200,837	237,365,574
Property and equipment, net	5	1,334,726,172	1,318,308,692	769,107,935
Capital work in progress for disposal	6	359,747,097	359,747,097	343,657,097
Capital work in progress	6	2,195,949,503	661,258,495	865,256,791
Total non current assets		4,306,158,250	2,754,555,852	2,349,097,737
Total assets		6,944,511,036	6,201,126,880	5,034,614,640
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Bank overdrafts	7	28,970,389	14,782,117	14,381,328
Short term debts	8	10,000,000	459,299,318	495,522,615
Current portion of long term loan	10	59,294,974	--	--
Trade payables		972,692,275	1,040,946,343	711,582,878
Accrued expenses and other liabilities	9	1,363,252,036	1,604,312,434	1,145,685,440
Provisions		25,000,000	25,000,000	25,000,000
Due to related parties		95,353,000	91,155,236	75,648,188
Zakat and income tax provision		27,798,172	43,300,067	25,577,230
Total current liabilities		2,582,360,846	3,278,795,515	2,493,397,679
Non current liabilities				
Long term loan	10	1,170,705,026	--	--
Employees' end of service benefits		65,495,523	57,300,201	53,064,921
Total non current liabilities		1,236,200,549	57,300,201	53,064,921
Total liabilities		3,818,561,395	3,336,095,716	2,546,462,600
<u>EQUITY</u>				
Equity attributable to the Company's shareholders				
Share capital	1	2,000,000,000	1,500,000,000	1,200,000,000
Capital increase		--	--	300,000,000
Statutory reserve		419,705,333	419,705,333	304,384,486
Translation adjustments for foreign operations		(45,256,260)	(18,719,964)	(16,448,891)
Retained earnings		725,917,497	940,292,754	466,222,398
Total shareholders' equity		3,100,366,570	2,841,278,123	2,254,157,993
Non controlling interest	11	25,583,071	23,753,041	233,994,047
Total equity		3,125,949,641	2,865,031,164	2,488,152,040
Total liabilities and equity		6,944,511,036	6,201,126,880	5,034,614,640

The accompanying notes (1) through (16) form an integral part of these interim condensed consolidated financial statements.

The financial statements on pages (1) to (12) were approved on behalf of the Shareholders by the Board of Directors on 1 Rajab 1436H corresponding to 20 April 2015 and signed on behalf of the Board by:



Dr. Nasser Al Tayyar
Vice Chairman & Managing Director



Abdullah Nasser Al Dawood
Chief Executive Officer



Youssef Mousa Youssef
Group Chief Financial Officer

AL TAYYAR TRAVEL GROUP HOLDING COMPANY
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
For the three month period ended 31 March 2015
(Saudi Arabian Riyals)

		31 March <u>2015</u>	31 March <u>2014</u>
	<i>Note</i>		
Revenue	12	2,152,583,988	1,790,308,209
Cost of revenue		<u>(1,711,503,898)</u>	<u>(1,427,044,975)</u>
Gross profit	12	441,080,090	363,263,234
Selling and marketing expenses		(64,708,468)	(56,890,642)
General and administrative expenses		(92,050,816)	(64,244,924)
Share of (loss) / income from equity accounted investees		(2,523,726)	2,243,932
Other operating income, net		<u>18,673,720</u>	<u>21,379,848</u>
Operating income		300,470,800	265,751,448
Gain on disposal of property and equipment		249,716	29,119,652
Finance income		274,438	6,124,288
Finance and bank charges		<u>(2,628,407)</u>	<u>(2,205,486)</u>
Other (expenses) / income, net		(2,104,253)	33,038,454
Income before Zakat, income tax and non controlling interest		298,366,547	298,789,902
Zakat and income tax		<u>(10,911,774)</u>	<u>(11,197,585)</u>
Net income before non controlling interest		287,454,773	287,592,317
Non controlling interest		<u>(1,830,030)</u>	<u>(7,598,145)</u>
Net income for the period		285,624,743	279,994,172
Earnings per share from operating income	13	<u>1.50</u>	1.33
(Loss) / earnings per share from other (expenses) / income, net	13	<u>(0.01)</u>	0.17
Basic earnings per share	13	<u>1.43</u>	1.40

The accompanying notes (1) through (16) form an integral part of these interim condensed consolidated financial statements.





AL TAYYAR TRAVEL GROUP HOLDING COMPANY
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the three month period ended 31 March 2015
(Saudi Arabian Riyals)

	31 March 2015	31 March 2014
<i>Cash flows from operating activities</i>		
Net income for the period	285,624,743	279,994,172
<i>Adjustments to reconcile net income to net cash from operating activities:</i>		
Depreciation and amortisation	19,299,775	11,048,269
Gain on disposal of property and equipment	(249,716)	(29,119,652)
Gain on foreign currency translation	(16,530,559)	(1,548,348)
Share of loss / (income) of equity accounted investees	2,523,725	(2,243,932)
Provision for trade receivables	--	5,000,000
Non controlling interest	1,830,030	7,598,145
Provision for employees' end of service benefits	8,693,048	6,098,626
Provision for Zakat and income tax	10,911,774	11,197,585
	<u>312,102,820</u>	<u>288,024,865</u>
Changes in operating assets and liabilities		
Trade receivables	22,355,333	(127,441,682)
Due from related parties	(2,115,490)	(2,445,372)
Advances, prepayments and other receivables	(36,055,939)	71,582,115
Trade payables	(68,254,068)	(84,115,838)
Due to related parties	4,197,764	(36,645,615)
Accrued expenses and other liabilities	(241,060,398)	(430,684,599)
Employees' end of service benefits paid	(497,726)	(145,206)
Zakat and income tax paid	(26,413,669)	(30,251,532)
Net cash used in operating activities	<u>(35,741,393)</u>	<u>(352,122,864)</u>
<i>Cash flows from investing activities</i>		
Payments for investments in equity accounted investees	--	(3,670,772)
Purchase of property and equipment	(34,234,096)	(123,268,735)
Purchase of intangible assets	(4,332,059)	--
Proceeds from disposal of property and equipment	1,022,028	119,625,021
Acquisition of subsidiaries, net of cash acquired	(4,874,740)	(8,304,064)
Net movement in capital work in progress	(1,540,763,052)	(17,821,656)
Net cash used in investing activities	<u>(1,583,181,919)</u>	<u>(33,440,206)</u>
<i>Cash flows from financing activities</i>		
Net movement in short term debts	(449,299,318)	4,896,238
Net movement in bank overdrafts	14,188,272	(1,108,973)
Net movement in long term loan	1,230,000,000	--
Dividends paid to shareholders	--	(240,000,000)
Net cash from / (used in) financing activities	<u>794,888,954</u>	<u>(236,212,735)</u>
Net change in cash and cash equivalents	(824,034,358)	(621,775,805)
Cash and cash equivalents at the beginning of the period	1,958,637,662	2,117,094,594
Cash and cash equivalents at the end of the period	<u>1,134,603,304</u>	<u>1,495,318,789</u>

The accompanying notes (1) through (16) form an integral part of these interim condensed consolidated financial statements.

AL TAYYAR TRAVEL GROUP HOLDING COMPANY
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three month period ended 31 March 2015
(Saudi Arabian Riyals)

	<u>Notes</u>	<u>Share capital</u>	<u>Capital increase</u>	<u>Statutory reserve</u>	<u>Translation adjustment for foreign operations</u>	<u>Retained earnings</u>	<u>Total shareholders' equity</u>	<u>Non-controlling interest</u>	<u>Total</u>
<u>31 March 2014</u>									
At the beginning of the period		1,200,000,000	--	304,384,486	(15,502,255)	726,228,226	2,215,110,457	226,395,902	2,441,506,359
Net income for the period		--	--	--	--	279,994,172	279,994,172	7,598,145	287,592,317
Bonus shares		--	300,000,000	--	--	(300,000,000)	--	--	--
Translation adjustment for foreign operations		--	--	--	(946,636)	--	(946,636)	--	(946,636)
Dividends to shareholders		--	--	--	--	(240,000,000)	(240,000,000)	--	(240,000,000)
At the end of the period		<u>1,200,000,000</u>	<u>300,000,000</u>	<u>304,384,486</u>	<u>(16,448,891)</u>	<u>466,222,398</u>	<u>2,254,157,993</u>	<u>233,994,047</u>	<u>2,488,152,040</u>
<u>31 March 2015</u>									
At the beginning of the period		1,500,000,000	--	419,705,333	(18,719,964)	940,292,754	2,841,278,123	23,753,041	2,865,031,164
Net income for the period		--	--	--	--	285,624,743	285,624,743	1,830,030	287,454,773
Bonus shares	(1)	500,000,000	--	--	--	(500,000,000)	--	--	--
Translation adjustment for foreign operations		--	--	--	(26,536,296)	--	(26,536,296)	--	(26,536,296)
At the end of the period		<u>2,000,000,000</u>	<u>--</u>	<u>419,705,333</u>	<u>(45,256,260)</u>	<u>725,917,497</u>	<u>3,100,366,570</u>	<u>25,583,071</u>	<u>3,125,949,641</u>

The accompanying notes (1) through (16) form an integral part of these interim condensed consolidated financial statements.

AL TAYYAR TRAVEL GROUP HOLDING COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three month period ended 31 March 2015

1. THE COMPANY, ITS SUBSIDIARIES AND PRINCIPAL ACTIVITIES

Al Tayyar Travel Group Holding Company (ATG), is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010148039 dated 24/07/1418H corresponding to 24/11/1997 (hereinafter referred to as 'the Company' or 'the Parent').

On 4 March 2015, the general assembly meeting of Shareholders approved to issue one ordinary bonus share for every three ordinary shares held. The bonus shares have been approved to be issued from the retained earnings of the Company. Following the bonus shares issue, the capital of the Parent is SAR 2 billion consists of 200,000,000 ordinary shares of SAR 10 each. The process of updating the Commercial Registration Certificate was completed during April 2015 before the issuance of the financial statements.

Al Tayyar Travel Group Holding Company (ATG) activities encompass scheduled air travel services, tourism, cargo, transportation, Hajj and Umrah, conference and events, education, chartered flights, furnished suites and hotels, shipping and other travel related services and products.

The Company's registered address is:

P.O. Box 52660
Riyadh 11573
Kingdom of Saudi Arabia

These interim condensed consolidated financial statements cover the activities of the Parent and the following subsidiaries (collectively referred to as 'the Group'):

<u>Consolidated subsidiaries</u>	<u>Country of incorporation</u>	<u>Effective ownership</u>		<u>Financial year end</u>
		<u>March</u>		
		<u>2015</u>	<u>2014</u>	
National Travel and Tourism Bureau Limited (NTTB)	KSA	100%	100%	31 December
Al Sarh Travel and Tourism Limited (ASTT)	KSA	80%	80%	31 December
Al Tayyar International Air Transportation Agency Company Limited (ATI)	KSA	100%	100%	31 December
Al Tayyar Holiday for Travel and Tourism Company Limited (ATH)	KSA	100%	100%	31 December
Al Tayyar Travel, Tourism and Cargo Company Limited (ATC)	KSA	100%	100%	31 December
Al Tayyar Holidays Travel Group Company (ATE)	Egypt	100%	100%	31 December
Al Tayyar Cargo and Custom Clearance Company (ATCC)	Egypt	100%	100%	31 December
E Al Tayyar Tourism Company (ATT)	Egypt	100%	100%	31 December
E Al Tayyar Tours Company (ALC)	Egypt	100%	100%	31 December
Nile Holidays Tourism Company (NALC)	Egypt	100%	100%	31 December
Al Tayyar Rent A Car Company (ARC)	Egypt	100%	100%	31 December
Lena Tours and Travel (LTT)	Lebanon	100%	100%	31 December
Belantara Holidays SDN. BHD (BHSB)	Malaysia	100%	100%	31 December
Al Tayyar International Company Limited (ATS)	Sudan	75%	75%	31 December
Al Tayyar Travel and Tourism (ATD)	UAE	100%	100%	31 December
Taqniatech Company for Communication Technology Limited (TAQ)	KSA	100%	100%	31 December
Al Tayyar Real Estate, Tourism Development and Investment Company Hotels (ARE)	KSA	100%	100%	31 December
Al Tayyar Insurance Broker Company Limited (INS)	KSA	100%	100%	31 December
Al Tayyar Rent A Car (ARAC)	KSA	100%	100%	31 December
Al Musaffir Magazine (AMM)	KSA	100%	100%	31 December

AL TAYYAR TRAVEL GROUP HOLDING COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**(UNAUDITED)****For the three month period ended 31 March 2015****1. THE COMPANY, ITS SUBSIDIARIES AND PRINCIPAL ACTIVITIES (Continued)**

<u>Consolidated subsidiaries (continued)</u>	<u>Country of incorporation</u>	<u>Effective ownership</u>		<u>Financial year end</u>
		<u>March</u>		
		<u>2015</u>	<u>2014</u>	
High Speed Company for Transportation (HSC)	KSA	100%	100%	31 December
Al Mousim Travel and Tours (AMTT)	KSA	100%	100%	31 December
Jawlah Tours Establishment for Tourism (JTET)	KSA	51%	51%	31 December
Al Mawasim Tourism and Umrah Services (MWT)	KSA	51%	51%	31 December
Al Jazirah Travel (AJT)	KSA	70%	70%	31 December
Fly IT (FIT)	KSA	60%	60%	31 December
Muthmerah Real Estate Investment Company (MREIC)	KSA	100%	75%	31 December
Saudi World Travel and Tourism Company Limited (SWTT)	KSA	100%	100%	31 December
Mawasem Travel and Tourism Limited (MTT)	UK	100%	100%	31 December
Elegant Resorts Limited and subsidiaries (ERL)	UK	100%	100%	31 December
Elite Private Jet Services Company (ANPJ)	KSA	100%	100%	31 December
Al Hanove Tourism and Services Company (AHTS)	Egypt	70%	--	31 December
Co-op Group Travel 1 Limited (CTM)	UK	100%	--	31 December
Connecting Trade & Services (CTS)	Lebanon	51%	--	31 December
Fayfa Travel & Tourism Agency Company (FTT)	KSA	100%	--	31 December
Saudi Conference & Incentive Tours Company (SCI) *	KSA	100%	--	31 December
Calculus Technologies LLC (CTL) *	Oman	100%	--	31 December

* SCI - is a limited liability company registered in Riyadh under Commercial Registration No. 1010412539. SCI is a newly incorporated company and engaged in event management.

* CTL - is a limited liability company registered in Oman under Commercial Registration No. 1066007. CTL is engaged in travel and tourism information technology services. CTL was acquired in the period for a consideration of SAR 4.8 million.

The interim condensed consolidated financial statements include the following investments of the Group:

<u>Investment in equity accounted investees</u>	<u>Country of incorporation</u>	<u>Effective ownership</u>		<u>Financial year end</u>
		<u>March</u>		
		<u>2015</u>	<u>2014</u>	
Felix Airways Limited (FAL)	Yemen	30%	30%	31 December
Al-Shamel Int'l. Holding Company K.S.C (ASI)	Kuwait	30%	30%	31 December
Voyage Amro Travel (VAT)	Canada	49%	49%	31 December
Al Tayyar Travel & Tourism Abu Dhabi (TTAD)	UAE	49%	49%	31 December
Taqniatech Company for Communication Technology JV (TAQJV) *	KSA	70%	70%	31 December
2share Emerging Technology (TSET)	KSA	35%	35%	31 December
Net Tours (NT)	UAE	44.3%	44.3%	31 December
Careem INC. (CIL)	BVI	18%	--	31 December

* There is a significant influence but no control over the joint venture financial and operating policies.

<u>Available for sale investments</u>	<u>Country of incorporation</u>	<u>Effective ownership</u>		<u>Financial year end</u>
		<u>March</u>		
		<u>2015</u>	<u>2014</u>	
Al Wafeer Air (AWA)	KSA	12.75%	12.75%	31 December
Taif Investments and Tourism Company (TITC)	KSA	0.09%	0.09%	31 December

AL TAYYAR TRAVEL GROUP HOLDING COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

For the three month period ended 31 March 2015

2. **BASIS OF PREPARATION**

(a) *Statement of compliance*

The accompanying interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants (SOCPA) applicable for interim financial reporting. Certain prior period comparative amounts have been reclassified to be consistent with the current period presentation.

These interim condensed consolidated financial statements were authorized for issue by the board of directors of the Parent Company on 1 Rajab 1436H (corresponding to 20 April 2015).

(b) *Basis of measurement*

These interim condensed consolidated financial statements have been prepared on the historical cost basis (except for available-for-sale investments which are stated at their fair values), using the accrual basis of accounting and the going concern concept.

(c) *Functional and presentation currency*

These interim condensed consolidated financial statements are presented in Saudi Arabian Riyals (SAR) which is the functional currency.

(d) *Use of estimates and judgements*

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amount recognized in the financial statements is included in the following accounts:

- Trade receivables
- Property and equipment
- Intangible assets

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following accounts:

- Provision for trade receivables
- Impairment of intangible assets
- Capital work in progress for disposal
- Provisions

3. **SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2014.

The interim condensed consolidated financial statements should be read together with the consolidated financial statements of the Group for the year ended 31 December 2014, where all the significant accounting policies are shown in detail.

AL TAYYAR TRAVEL GROUP HOLDING COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**(UNAUDITED)****For the three month period ended 31 March 2015***(Saudi Arabian Riyals)***4. INTANGIBLE ASSETS, NET**

	31 March <u>2015</u>	31 December <u>2014</u> (Audited)	31 March <u>2014</u>
Goodwill	(a) 243,795,205	246,168,241	176,937,313
Brand name	22,545,312	24,081,992	26,395,544
Customer list	19,635,918	21,285,358	25,581,484
Software	17,242,037	8,665,246	8,451,233
	<u>303,218,472</u>	<u>300,200,837</u>	<u>237,365,574</u>

(a) Goodwill:

The goodwill represents excess of purchase consideration over the share of the fair values of net assets acquired. Following is the breakdown of the Goodwill:

	31 March <u>2015</u>	31 December <u>2014</u> (Audited)	31 March <u>2014</u>
National Travel and Tourism Bureau Limited	6,212,311	6,212,311	6,212,311
Al Sarh Travel and Tourism Limited	11,600,000	11,600,000	11,600,000
E Al Tayyar Tours Company *	26,297,274	26,297,274	26,297,274
Al Tayyar Rent a Car Company *	13,390,372	13,390,372	13,390,372
E Al Tayyar Tourism Company *	13,805,118	13,805,118	13,805,118
Nile Holidays Tourism Company *	13,603,448	13,603,448	13,603,448
Lena Tours and Travel *	2,718,479	2,718,479	2,718,479
Al Tayyar Rent A Car	44,500,000	44,500,000	44,500,000
Al Musaffir Magazine	1,426,644	1,426,644	1,426,644
Al Mousim Travel and Tours	13,750,000	13,750,000	13,750,000
Jawlah Tours Establishment for Tourism	1,578,247	1,578,247	1,578,247
Al Mawasim Tourism and Umrah Services	21,235,000	21,235,000	21,235,000
Al Jazirah Travel	2,014,001	2,014,001	2,014,001
Elegant Resorts Limited	37,517,662	37,517,662	37,517,662
Al Hanove Tourism and Services Company	36,156,624	36,156,624	--
Co-op Group Travel 1 Limited	11,652,929	11,652,929	--
Connecting Trade & Services	7,569,646	7,569,646	--
Fayfa Travel & Tours	16,846,286	16,846,286	--
	<u>281,874,041</u>	<u>281,874,041</u>	<u>209,648,556</u>
Foreign currency translation	<u>(5,360,357)</u>	<u>(2,987,321)</u>	<u>7,236</u>
Total	<u>276,513,684</u>	<u>278,886,720</u>	<u>209,655,792</u>
Impairment losses *	<u>(32,718,479)</u>	<u>(32,718,479)</u>	<u>(32,718,479)</u>
Net	<u>243,795,205</u>	<u>246,168,241</u>	<u>176,937,313</u>

* The loss on impairment was as a result of previous political uncertainty in Egypt of SAR 30 million and the impairment of Lena Tours and Travel's goodwill of SAR 2.7 million.

The value of assets, liabilities and contingent liabilities recognized on acquisition are their pre-acquisition carrying amounts. The Group management considers that these carrying amounts are their estimated fair values. The goodwill recognized on the acquisition is attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating these companies into the Group's existing business.

AL TAYYAR TRAVEL GROUP HOLDING COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**(UNAUDITED)****For the three month period ended 31 March 2015***(Saudi Arabian Riyals)***5. PROPERTY AND EQUIPMENT, NET**

Movement in property and equipment since 31 March 2014 includes SAR 351 million in relation to MREIC properties transferred from capital work in progress and SAR 166 million in respect of addition of new lands by the Group.

6. CAPITAL WORK IN PROGRESS

During February 2015, the Company has bought a hotel in Makkah amounting to SAR 1.5 billion. This has been financed through obtaining a long term loan (see note 10). Currently, the hotel is under completion phase, therefore has been recorded in capital work in progress.

Capital work in progress for disposal

Capital work in progress for disposal represents certain land parcels and hotel which were under construction totaling SAR 360 million. During 2013, these assets have been included in the Haram expansion project and other projects in Makkah and as a result, are to be acquired by the respective local authorities. MREIC is not expecting such disposal to conclude within the next twelve months. Further, the management is not expecting any losses as a result of these projects.

7. BANK OVERDRAFTS

	31 March <u>2015</u>	31 December <u>2014</u> (Audited)	31 March <u>2014</u>
Tawarruq	5,869,353	9,846,757	11,279,889
Murabaha	19,894,490	40,948	420,792
Other overdrafts *	3,206,546	4,894,412	2,680,647
	<u>28,970,389</u>	<u>14,782,117</u>	<u>14,381,328</u>

* These overdrafts relate to Group's foreign subsidiaries and are in process of being repaid subsequent to the period end.

8. SHORT TERM DEBTS

	31 March <u>2015</u>	31 December <u>2014</u> (Audited)	31 March <u>2014</u>
Short term bank debts (Murabaha) – MREIC *	--	452,014,157	494,137,455
Short term bank debts (Murabaha) – others	--	1,000,000	--
Short term bank debts (Tawarruq)	10,000,000	5,000,000	--
Short term bank debts – others	--	1,285,161	1,385,160
	<u>10,000,000</u>	<u>459,299,318</u>	<u>495,522,615</u>

* The short term MREIC bank debts were repaid during Q1 2015.

9. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities include advances from certain customers. The balance of these advances as at 31 March 2015 totalled SAR 1.11 billion (31 December 2014: SAR 1.33 billion; 31 March 2014: SAR 904 million).

AL TAYYAR TRAVEL GROUP HOLDING COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three month period ended 31 March 2015

(Saudi Arabian Riyals)

10. LONG TERM LOAN

During February 2015, the Group obtained a long term loan (Tawarruq) from a local commercial bank totalling SAR 1.23 billion for financing the acquisition of hotel in Makkah (see note 6). The facilities bear financial charges on prevailing market rates at SIBOR plus margin as defined in the facilities agreements. The loan is repayable in equal instalments over the period of 10 years and is secured against the hotel in Makkah. During 2015, facility arrangement and finance costs of SAR 12.7 million is capitalised to capital work in progress.

11. NON-CONTROLLING INTEREST

During the third quarter of 2014, the Group acquired the remaining 25% shareholding of MREIC bringing the total ownership to 100% from 75%. This resulted in an elimination of SAR 224 million non-controlling interest relating to MREIC.

12. SEGMENT REPORTING

The Group comprises the following main business segments:

- Air Ticketing, Travel & Tours
- Cargo
- Transportation and other ('Others')

The revenue and gross profit by segment is shown below:

	31 March 2015	31 March 2014
<u>Revenue</u>		
Air Ticketing, Travel and Tours	2,046,431,312	1,742,781,590
Cargo	32,889,576	33,007,942
Transportation and other ('Others')	73,263,100	14,518,677
	<u>2,152,583,988</u>	<u>1,790,308,209</u>
	31 March 2015	31 March 2014
<u>Gross profit</u>		
Air Ticketing, Travel and Tours	418,996,965	353,601,422
Cargo	2,867,641	3,010,061
Transportation and other ('Others')	19,215,484	6,651,751
	<u>441,080,090</u>	<u>363,263,234</u>

Due to the nature of the Group's business, all the companies in the Group can provide any travel related service, so it is not practical to split the assets, liabilities and depreciation related to these business segments. The assets, liabilities and depreciation therefore are shown in respect of the key subsidiaries ATI, ATH and MREIC below.

None of the above segments comprises 10% or more of the total consolidated revenue except for Air Ticketing, Travel and Tours. Further 29% of the gross revenue for the period is generated from one governmental entity (31 March 2014: 34%). The contract with this governmental entity has been renewed till Jumada II 1438H (corresponding to February 2017) with same terms and conditions.

A segment for Hotels is currently under formation following the acquisition of MREIC in 2013. As at 31 March 2015, MREIC represents more than 10% of the consolidated assets. MREIC has started to generate some revenue from the hotels. However, the majority of the hotels are currently under construction. Other entities caption below includes the assets and liabilities for the hotel property and related loans acquired by the Company in Q1 2015 (see notes 6 and 10)

AL TAYYAR TRAVEL GROUP HOLDING COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**(UNAUDITED)****For the three month period ended 31 March 2015***(Saudi Arabian Riyals)***12. SEGMENT REPORTING (Continued)**

The revenue, gross profit, depreciation, assets and liabilities in respect of the key subsidiaries ATI, ATH and MREIC are shown below:

	As at and for the period ended 31 March 2015				
	<u>ATI</u>	<u>ATH</u>	<u>MREIC</u>	<u>Other entities/ consolidation adjustments</u>	<u>Total</u>
Revenue	974,208,609	508,373,124	8,139,993	661,862,262	2,152,583,988
Gross profit	290,670,520	59,887,739	8,045,172	82,476,659	441,080,090
Depreciation	2,011,420	1,035,606	3,112,074	11,731,768	17,890,868
Total Assets	3,200,485,633	2,122,975,980	1,328,246,521	292,802,902	6,944,511,036
Total Liabilities	1,169,923,394	1,145,401,948	476,454,683	1,026,781,370	3,818,561,395

	As at and for the period ended 31 March 2014				
	<u>ATI</u>	<u>ATH</u>	<u>MREIC</u>	<u>Other entities/ consolidation adjustments</u>	<u>Total</u>
Revenue	679,989,728	757,144,455	470,006	352,704,020	1,790,308,209
Gross profit	234,192,975	80,415,594	467,196	48,187,469	363,263,234
Depreciation	1,786,076	921,531	42,982	8,297,680	11,048,269
Total Assets	2,753,770,611	1,742,848,983	1,365,861,148	(827,866,102)	5,034,614,640
Total Liabilities	979,338,838	1,081,579,101	509,357,178	(23,812,517)	2,546,462,600

Air ticketing, travel and tours

Air ticketing, travel and tours revenue comprises the gross value of airline tickets sold by the Group which include the related commissions earned. The net commission earned on the sale of these tickets, travels and tours is shown below:

	31 March 2015	31 March 2014
Net commission earned on sale of airline tickets, travel and tours	418,996,965	353,601,422

Geographical Segments

The Group mainly operates in the geographical areas including Kingdom of Saudi Arabia, Sudan, Egypt, Lebanon, Malaysia, United Arab Emirates and United Kingdom.

None of the above geographical segments comprises 10% or more of the total consolidated assets or revenue except the Kingdom of Saudi Arabia.

	As at and for the period ended	
	31 March 2015	31 March 2014
Revenue	1,842,070,899	1,712,656,719
Gross profit	407,870,022	352,522,628
Depreciation	15,880,690	9,749,068
Total Assets	6,369,447,352	4,658,124,842
Total Liabilities	3,288,242,576	2,204,032,135

AL TAYYAR TRAVEL GROUP HOLDING COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

For the three month period ended 31 March 2015

13. EARNINGS PER SHARE

Earnings / (loss) per share from operating income, other income / (expense) and net income for the current and comparative period has been calculated by using the number of ordinary shares outstanding as at 31 March 2015 of 200 million shares (31 March 2014: 200 million shares) after adjustment for the issue of the bonus shares (see note 1).

14. COMMITMENTS

The Group has capital commitments as at 31 March 2015 of SAR 164 million (31 December 2014: SAR 180 million; 31 March 2014: SAR 196 million) principally in respect of MREIC hotel developments and construction of new office premises.

During 2013, the Group entered into an operating lease arrangement for the lease of certain properties in Makkah. During December 2013, this lease agreement was amended. The revised agreement is for an initial duration of approximately 8 years effective from January 2014. The Group is currently in discussion to revise the commencement date of the lease agreement. This is due to certain requirements by government authorities which the lessor is responsible to complete. The completion process has delayed the access and handover of the properties to the Group. As per the current agreement, the lease payments are fixed and increase annually to reflect market rentals. The total amount payable over the lease period is SAR 2.47 billion. An advance of SAR 77 million has been paid by the Group as at 31 March 2015 (31 December 2014: SAR 77 million; 31 March 2014: SAR 77 million). This amount is included in advances, prepayments and other current assets.

15. CONTINGENT LIABILITIES

At 31 March 2015, the Group has letter of guarantees totaling SAR 274 million (31 December 2014: SAR 223 million; 31 March 2014: SAR 146 million) issued by the Company's banks in favor of certain suppliers.

16. CURRENT PERIOD RESULTS

The interim consolidated results for the period ended 31 March 2015 may not be an accurate indicator for the actual operating results for the whole year.