

**AL TAYYAR TRAVEL GROUP HOLDING  
COMPANY AND ITS SUBSIDIARIES**  
(A Saudi Joint Stock Company)

**INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS (UNAUDITED)  
FOR THE SIX MONTH PERIOD ENDED  
30 JUNE 2016 TOGETHER WITH  
REVIEW REPORT**

**AL TAYYAR TRAVEL GROUP HOLDING COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**For the six month period ended 30 June 2016**

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**REVIEW REPORT ON THE INTERIM  
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 30 June 2016, the related interim consolidated statements of income for the three month and the six month periods then ended, cash flows and changes in equity for the six month period then ended and the attached notes (1) to (16) which form an integral part of these interim consolidated financial statements. These interim 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 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 consolidated financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.,

Gihad Al-Amri  
Certified Public Accountant  
Registration No. 362



Shawal 22, 1437 H  
July 27, 2016 G


**AL TAYYAR TRAVEL GROUP HOLDING COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)**  
(Saudi Riyals)

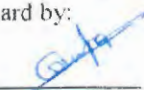
	<i>Notes</i>	<b>30 June 2016</b>	<b>31 December 2015</b> (Audited)	<b>30 June 2015</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents		1,761,504,857	2,008,773,003	1,680,141,020
Trade receivables, net		1,168,433,608	732,312,383	971,339,914
Due from related parties		15,370,559	12,465,096	32,973,185
Advances, prepayments and other receivables		607,684,821	648,363,403	529,175,451
<b>Total current assets</b>		<b>3,552,993,845</b>	<b>3,401,913,885</b>	<b>3,213,629,570</b>
<b>Non-current assets</b>				
Investments in associates	1.4	1,052,982,330	149,574,221	77,892,435
Investment properties		408,092,575	415,995,025	423,759,693
Available for sale investments		4,762,437	4,524,949	6,684,145
Intangible assets, net	5	209,449,438	290,359,673	310,305,785
Property and equipment, net		991,970,650	1,023,710,582	946,043,911
Assets held for sale	6	359,747,097	359,747,097	359,747,097
Capital work in progress	7	2,869,075,585	2,775,603,643	2,216,475,124
<b>Total non-current assets</b>		<b>5,896,080,112</b>	<b>5,019,515,190</b>	<b>4,340,908,190</b>
<b>Total assets</b>		<b>9,449,073,957</b>	<b>8,421,429,075</b>	<b>7,554,537,760</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Bank overdrafts	8	25,390,941	10,824,105	137,678,762
Short term debts	9	815,075,888	198,344,161	252,480,000
Current portion of long term loan	11	139,918,632	142,583,316	61,433,622
Trade payables		1,031,086,276	1,005,841,769	971,703,113
Accrued expenses and other liabilities	10	654,471,052	1,430,854,114	1,200,867,136
Provisions		25,000,000	25,000,000	25,000,000
Due to related parties	7	330,179,241	372,947,040	99,121,533
Zakat and income tax provision		36,824,451	48,747,350	36,277,613
<b>Total current liabilities</b>		<b>3,057,946,481</b>	<b>3,235,141,855</b>	<b>2,784,561,779</b>
<b>Non-current liabilities</b>				
Long term loan	11	1,049,228,734	1,106,905,939	1,170,705,026
Employees' end of service benefits		70,145,421	73,575,448	68,522,144
<b>Total non-current liabilities</b>		<b>1,119,374,155</b>	<b>1,180,481,387</b>	<b>1,239,227,170</b>
<b>Total liabilities</b>		<b>4,177,320,636</b>	<b>4,415,623,242</b>	<b>4,023,788,949</b>
<b>EQUITY</b>				
<b>Shareholders' equity:</b>				
Share capital	1	2,096,500,000	2,000,000,000	2,000,000,000
Share premium reserve	1	707,345,000	--	--
Statutory reserve		535,860,943	535,860,943	419,705,333
Translation adjustments for foreign operations		(80,561,807)	(49,858,357)	(36,391,941)
Fair value reserve		(130,813)	(368,301)	1,790,895
Retained earnings		1,979,367,064	1,485,693,245	1,121,465,669
<b>Total shareholders' equity</b>		<b>5,238,380,387</b>	<b>3,971,327,530</b>	<b>3,506,569,956</b>
Non-controlling interest		33,372,934	34,478,303	24,178,855
<b>Total equity</b>		<b>5,271,753,321</b>	<b>4,005,805,833</b>	<b>3,530,748,811</b>
<b>Total liabilities and equity</b>		<b>9,449,073,957</b>	<b>8,421,429,075</b>	<b>7,554,537,760</b>

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

The financial statements on pages (1) to (15) were approved on behalf of the Shareholders by the Board of Directors on 21 Shawal 1437H (corresponding to 26 July 2016) and signed on behalf of the Board by:

  
Yazeed Khalid Al Muhayzie  
Board Member

  
Abdullah Nasser Al Dawood  
Chief Executive Officer

  
Yousif Mousa Yousif  
Group Chief Financial Officer



**AL TAYYAR TRAVEL GROUP HOLDING COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)**  
(Saudi Riyals)

		3 Months		6 Months	
		30 June 2016	30 June 2015	30 June 2016	30 June 2015
	<i>Notes</i>				
Revenue	12	2,214,186,834	2,386,886,256	4,182,514,884	4,539,470,244
Cost of revenue		(1,741,332,977)	(1,841,462,040)	(3,332,486,235)	(3,552,965,938)
<b>Gross profit</b>	12	<b>472,853,857</b>	<b>545,424,216</b>	<b>850,028,649</b>	<b>986,504,306</b>
Selling and marketing expenses		(61,065,962)	(70,955,761)	(126,454,175)	(135,664,229)
General and administrative expenses		(94,379,765)	(90,860,515)	(192,392,484)	(182,911,331)
Share of (loss) / income from investments in associates		(12,727,971)	(1,374,570)	(16,498,565)	(3,898,296)
Impairment loss of investments in associates		--	(20,000,000)	(6,432,669)	(20,000,000)
Impairment loss of intangible assets		(44,500,000)	--	(68,915,932)	--
Other operating income, net		50,891,193	42,321,410	77,326,288	60,995,130
<b>Operating income</b>		<b>311,071,352</b>	<b>404,554,780</b>	<b>516,661,112</b>	<b>705,025,580</b>
Gain on disposal of property and equipment		3,925,116	1,735,835	3,073,475	1,985,551
Finance income		10,156,592	4,168,624	19,152,078	4,443,062
Loss from disposal of subsidiaries		(4,169,592)	--	(4,619,592)	--
Finance and bank charges		(7,880,130)	(3,480,156)	(17,746,741)	(6,108,563)
<b>Other income / (expenses), net</b>		<b>2,031,986</b>	<b>2,424,303</b>	<b>(140,780)</b>	<b>320,050</b>
<b>Income before Zakat, income tax and non-controlling interest</b>		<b>313,103,338</b>	<b>406,979,083</b>	<b>516,520,332</b>	<b>705,345,630</b>
Zakat and income tax		(9,944,154)	(10,295,824)	(20,205,408)	(21,207,598)
<b>Net income before non-controlling interest</b>		<b>303,159,184</b>	<b>396,683,259</b>	<b>496,314,924</b>	<b>684,138,032</b>
Non-controlling interest		(3,328,655)	(1,135,087)	(2,641,105)	(2,965,117)
<b>Net income for the period</b>		<b>299,830,529</b>	<b>395,548,172</b>	<b>493,673,819</b>	<b>681,172,915</b>
<b>Basic earnings per share</b>					
Earnings per share from operating income	13	1.52	2.02	2.52	3.53
Earnings per share from other income / (expenses), net	13	0.01	0.01	0.00	0.00
<b>Net income for the period</b>	13	<b>1.46</b>	<b>1.98</b>	<b>2.41</b>	<b>3.41</b>

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

**AL TAYYAR TRAVEL GROUP HOLDING COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
(Saudi Riyals)

	30 June 2016	30 June 2015
<b>Cash flows from operating activities</b>		
Net income	493,673,819	681,172,915
<b>Adjustments to reconcile net income to net cash (used in) from operating activities:</b>		
Depreciation and amortisation	47,090,529	38,108,767
Loss on disposal of property and equipment	(3,073,475)	(1,985,551)
Share of loss of investments in associates	16,498,565	3,898,296
Impairment loss of investments in associates	6,432,669	20,000,000
Loss on disposal of subsidiary	4,619,592	--
Impairment loss of intangible assets	68,915,932	--
Provision for trade receivables	921,564	5,000,000
Provision for employees' end of service benefits	9,762,831	12,816,878
Provision for Zakat and income tax	20,205,408	21,207,598
	<u>665,047,434</u>	<u>780,218,903</u>
<b>(Increase) decrease in operating assets</b>		
Trade receivables	(437,042,789)	(120,956,428)
Due from related parties	(2,905,463)	(9,454,729)
Advances, prepayments and other receivables	41,178,582	79,855,973
<b>Increase (decrease) in operating liabilities</b>		
Trade payables	25,244,507	(69,243,229)
Due to related parties	(40,993,542)	7,966,296
Accrued expenses and other liabilities	(776,383,062)	(403,445,298)
	<u>(525,854,333)</u>	<u>264,941,488</u>
<b>(Deficit) surplus cash from operation</b>		
Employees' end of service benefits paid	(13,192,858)	(1,594,935)
Zakat and income tax (paid)	(32,128,307)	(28,230,052)
	<u>(571,175,498)</u>	<u>235,116,501</u>
<b>Cash flows from investing activities</b>		
Payments for investments in associates	(124,268,600)	(12,750,000)
Purchase of property and equipment	(13,474,950)	(64,048,381)
Disposal of Subsidiaries, net of cash	155,076	(3,893,250)
Net paid of purchase of intangible assets	(5,354,803)	(7,729,643)
Proceeds from sale of property and equipment	7,436,120	5,692,850
Net movement in capital work in progress	(99,195,420)	(1,561,288,672)
	<u>(234,702,577)</u>	<u>(1,644,017,096)</u>
<b>Cash flows from financing activities</b>		
Net movement in short term debts	616,731,727	(206,819,318)
Net movement in bank overdrafts	14,566,836	122,896,645
Net movement in long term loan	(60,341,889)	1,232,138,648
Change in non-controlling interest	(1,105,369)	(4,448,926)
	<u>569,851,305</u>	<u>1,143,767,049</u>
Net change in cash and cash equivalents	(236,026,770)	(265,133,546)
Cash and cash equivalents at the beginning of the period	2,008,773,003	1,958,637,662
Foreign currency translation gain	(11,241,376)	(13,363,096)
	<u>1,761,504,857</u>	<u>1,680,141,020</u>
<b>Non-cash transactions:</b>		
Capital increase against investment in associate	803,845,000	--
Capital works in progress transferred to property and equipment	(12,620,551)	--
Property and equipment transferred to capital works in progress	6,897,073	--
Transfer from property and equipment to intangible assets	--	6,072,043
Foreign currency translation	19,462,074	4,308,881

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

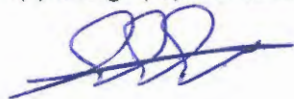
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**AL TAYYAR TRAVEL GROUP HOLDING COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
*(Saudi Riyals)*

	Share capital	Share premium reserve	Statutory reserve	Translation adjustment for foreign operations	Fair value reserve	Retained earnings	Total shareholders' equity	Non-controlling interest	Total
<b>For the six month period ended 30 June 2015</b>									
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	--	--	--	--	--	681,172,915	681,172,915	2,965,117	684,138,032
Bonus shares	500,000,000	--	--	--	--	(500,000,000)	--	--	--
Dividends paid non-controlling interest	--	--	--	--	--	--	--	(5,431,303)	(5,431,303)
Acquisition of interest in subsidiary – B2B	--	--	--	--	--	--	--	2,892,000	2,892,000
Change in fair value of available for sale investment	--	--	--	--	1,790,895	--	1,790,895	--	1,790,895
Translation adjustment for foreign operations	--	--	--	(17,671,977)	--	--	(17,671,977)	--	(17,671,977)
At the end of the period	<u>2,000,000,000</u>	<u>--</u>	<u>419,705,333</u>	<u>(36,391,941)</u>	<u>1,790,895</u>	<u>1,121,465,669</u>	<u>3,506,569,956</u>	<u>24,178,855</u>	<u>3,530,748,811</u>
<b>For the six month period ended 30 June 2016</b>									
At the beginning of the period	2,000,000,000	--	535,860,943	(49,858,357)	(368,301)	1,485,693,245	3,971,327,530	34,478,303	4,005,805,833
Increase in capital	96,500,000	707,345,000	--	--	--	--	803,845,000	--	803,845,000
Net income for the period	--	--	--	--	--	493,673,819	493,673,819	2,641,105	496,314,924
Minority share of subsidiary disposed	--	--	--	--	--	--	--	(840,706)	(840,706)
Loss on equity transaction	--	--	--	--	--	--	--	(740,614)	(740,614)
Change in fair value of available for sale investment	--	--	--	--	237,488	--	237,488	--	237,488
Dividends paid non-controlling interest	--	--	--	--	--	--	--	(2,165,154)	(2,165,154)
Translation adjustment for foreign operations	--	--	--	(30,703,450)	--	--	(30,703,450)	--	(30,703,450)
At the end of the period	<u>2,096,500,000</u>	<u>707,345,000</u>	<u>535,860,943</u>	<u>(80,561,807)</u>	<u>(130,813)</u>	<u>1,979,367,064</u>	<u>5,238,380,387</u>	<u>33,372,934</u>	<u>5,271,753,321</u>

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





**AL TAYYAR TRAVEL GROUP HOLDING COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)****For the six month period ended 30 June 2016****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').

Al Tayyar Travel Group Holding Company (ATG) activities encompass scheduled air travel ticketing 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.

On 10 March 2016, the extra-ordinary general assembly meeting of Shareholders approved to issue 9,650,000 new ordinary shares at the price of SR 83.3 per share to acquire 30% of the share capital of Thakher Investment and Real Estate Company (TIREC) for a consideration of SR 804 million. Following the shares issue, the capital of the Parent is being of SR 2,096.5 million and consists of 209,650,000 ordinary shares of SR 10 each, and an amount of SR 707.34 million has been recorded in Share premium reserve.

The capital increase of SR 96.5 million has been recorded in commercial register on 3 April 2016.

The Company's registered address is:

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

These interim 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>June</u>		
		<u>2016</u>	<u>2015</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%	31 December
Al Tayyar Rent A Car (ARAC)	KSA	100%	100%	31 December
Al Musaffir Magazine (AMM)	KSA	100%	100%	31 December
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 Jazirah Travel	KSA	-	70%	31 December



**AL TAYYAR TRAVEL GROUP HOLDING COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**For the six month period ended 30 June 2016**

**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>June</u>		
		<u>2016</u>	<u>2015</u>	
Al Mawasim Tourism and Umrah Services (MWT)	KSA	51%	51%	31 December
Fly IT (FIT)	KSA	60%	60%	31 December
Muthmerah Real Estate Investment Company (MREIC)	KSA	100%	100%	31 December
Saudi World Travel and Tourism Company (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%	70%	31 December
Mawasem Limited (formerly Co-op Group Travel 1 Limited (CTM))	UK	100%	100%	31 December
Connecting Trade & Services (CTS)	Lebanon	51%	51%	31 December
Fayfa Travel & Tourism Agency Company (FTT)	KSA	100%	100%	31 December
Saudi Conference & Incentive Tours Company (SCI)	KSA	100%	100%	31 December
Calculus Technologies LLC (CTL)	Oman	100%	100%	31 December
B2B Travel Group S.L. (B2B)	Spain	100%	80%	31 December
Hanay Trading Company Limited (HTCL)	KSA	80%	--	31 December
Saudi Company for Transportation United (SCT)*	KSA	100%	--	31 December
Mosafer Company for Travel and Tourism (MCT)*	KSA	60%	--	31 December

\* SCT – is a limited liability company registered in Saudi Arabia under Registration No. 1010079694. SCT is engaged in rent a car business. This is an entity in which ATG has invested SAR 7 million.

\* MCT – is a limited liability company registered in Saudi Arabia under Registration No. 1010363465. MCT is engaged in the sale of holiday packages (see note 5a).

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

<u>Investment in associates</u>	<u>Country of incorporation</u>	<u>Effective ownership</u>		<u>Financial year end</u>
		<u>30 June</u>		
		<u>2016</u>	<u>2015</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) (a)	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	20%	18%	31 December
Saudi Heritage Hospitality Company (SHHC)	KSA	20%	--	31 December
Equinox Group Limited (EGL)	UAE	40%	--	31 December
Thakher Investment and Real Estate Co. (TIREC) (b)	KSA	30%	--	31 December
Wadi Middle East S.A.R.L. (WME) (c)	LUX	33.3%	--	31 December

- a) There is a significant influence but no control over the joint venture financial and operating policies.
- b) During 2016, ATG acquired a 30% stake in TIREC for SR 804 million.
- c) Wadi Middle East S.A.R.L (WME), a limited liability company under the laws of the Grand Duchy of Luxembourg with its statutory seat in Luxembourg, registered with the Luxembourg Trade and Companies' Register under no. B 183.137, having its business address at 5 Heinhaff, L-1736 Senningerberg, Grand Duchy of Luxembourg.

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**1. THE COMPANY, ITS SUBSIDIARIES AND PRINCIPAL ACTIVITIES (Continued)**

<u>Available for sale investments</u>	<u>Country of incorporation</u>	<u>Effective ownership</u>		<u>Financial year end</u>
		<u>June</u>		
		<u>2016</u>	<u>2015</u>	
Al Wafeer Air (AWA)	KSA	<b>12.75%</b>	12.75%	31 December
Taif Investments and Tourism Company (TITC)	KSA	<b>0.09%</b>	0.09%	31 December
Saudi Ground Services Company (SGS)	KSA	<b>0.04%</b>	--	31 December

**2. BASIS OF PREPARATION**

**(a) *Statement of compliance***

The accompanying interim 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.

**(b) *Basis of measurement***

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

**(c) *Functional and presentation currency***

These interim consolidated financial statements are presented in Saudi Riyals (SR), which is the functional currency.

**(d) *Use of estimates and judgements***

The preparation of interim 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
- Assets Held for sale
- Provisions

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**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 2015.

The interim consolidated financial statements should be read together with the consolidated financial statements of the Group for the year ended 31 December 2015, where all the significant accounting policies are shown in detail.

**4. Investments in associates**

	<u>30 June 2016</u>	<u>31 December 2015</u> <u>(Audited)</u>	<u>30 June 2015</u>
Al-Shamel Int'l, Holding Company K,S,C (ASI)	25,988,755	25,825,067	35,895,865
Voyage Amro Travel (VAT)	6,247,782	7,297,101	6,234,482
Al Tayyar Travel & Tourism Abu Dhabi (TTAD)	--	512,269	512,269
Taqniatech Company for Communication Technology JV (TAQJV)	--	1,752,110	1,752,110
2share Emerging Technology (TSET)	--	1,105,000	1,105,000
Net Tours (NT)	--	3,063,290	4,410,132
Careem INC, (CIL)	80,070,405	87,940,913	15,232,577
Saudi Heritage Hospitality Company (SHHC)	12,307,893	12,750,000	12,750,000
Equinox Group Limited (EGL)	9,335,251	9,328,471	--
Thakher Investment and Real Estate Co, (TIREC)	805,325,452	--	--
Wadi Middle East S.A.R.L. (WME)	113,706,792	--	--
	<u>1,052,982,330</u>	<u>149,574,221</u>	<u>77,892,435</u>

On 4 January 2016, the Group signed a conditional purchase agreement to acquire 30% of the share capital of Thakher Investment and Real Estate Company (TIREC) for a consideration of SR 804 million. The consideration was paid through issuance of new shares in the Company. On 10 March 2016, the general assembly meeting of Shareholders approved to issue 9,650,000 new ordinary shares at the price of SR 83.3 per share to acquire 30% of the share capital of Thakher Investment and Real Estate Company (TIREC). TIREC is engaged in the development and operation of residential and commercial buildings in Makkah area.

On 21 March 2016, the Group has been signed an agreement for acquisition of share of 33.3% of Wadi Middle East (WME) for a consideration of SR 122,768,680. Company's share of the loss for the period amounting to SR 9,061,888.

**5. INTANGIBLE ASSETS, NET**

	<u>30 June 2016</u>	31 December 2015 <u>(Audited)</u>	<u>30 June 2015</u>
Goodwill	(a) 162,265,015	233,018,093	246,582,881
Brand name	17,857,254	20,591,645	23,646,542
Customer list	16,117,988	19,159,211	20,309,297
Software	13,209,181	17,590,724	19,767,065
	<u>209,449,438</u>	<u>290,359,673</u>	<u>310,305,785</u>



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(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:

	<b>30 June 2016</b>	31 December 2015	30 June 2015
		(Audited)	
National Travel and Tourism Bureau Limited	<b>6,212,311</b>	6,212,311	6,212,311
Al Sarh Travel and Tourism Limited	<b>11,600,000</b>	11,600,000	11,600,000
E Al Tayyar Tours Company *	<b>26,297,274</b>	26,297,274	26,297,274
Al Tayyar Rent a Car Company *	<b>13,390,372</b>	13,390,372	13,390,372
E Al Tayyar Tourism Company *	<b>13,805,118</b>	13,805,118	13,805,118
Nile Holidays Tourism Company *	<b>13,603,448</b>	13,603,448	13,603,448
Lena Tours and Travel *	<b>2,718,479</b>	2,718,479	2,718,479
Al Tayyar Rent A Car *	<b>44,500,000</b>	44,500,000	44,500,000
Al Musaffir Magazine	<b>1,426,644</b>	1,426,644	1,426,644
Al Mousim Travel and Tours	<b>13,750,000</b>	13,750,000	13,750,000
Jawlah Tours Establishment for Tourism	<b>1,578,247</b>	1,578,247	1,578,247
Al Mawasim Tourism and Umrah Services	<b>21,235,000</b>	21,235,000	21,235,000
Al Jazirah Travel	--	2,014,001	2,014,001
Elegant Resorts Limited	<b>37,517,662</b>	37,517,662	37,517,662
Al Hanove Tourism and Services Company	<b>36,156,624</b>	36,156,624	36,156,624
Co-op Group Travel 1 Limited	<b>11,652,929</b>	11,652,929	11,652,929
Connecting Trade & Services *	<b>7,569,646</b>	7,569,646	7,569,646
Fayfa Travel & Tours *	<b>16,846,286</b>	16,846,286	16,846,286
Hanay Trading Company Limited	<b>7,735,409</b>	7,735,409	--
Mosafer Company for Travel and Tourism	<b>18,434,785</b>	18,434,785	--
Calculus Technologies LLC	<b>4,868,970</b>	--	--
	<b>310,899,204</b>	308,044,235	281,874,041
Foreign currency translation	<b>(9,903,567)</b>	(5,211,451)	(2,572,681)
Total	<b>300,995,637</b>	302,832,784	279,301,360
Impairment losses *	<b>(138,730,622)</b>	(69,814,691)	(32,718,479)
	<b>162,265,015</b>	233,018,093	246,582,881

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.

\* As a result of adverse events impacting the tourism sector, during the period 2016, management have reviewed the carrying value of subsidiaries considering the current and expected trading levels. As a result, an impairment of SR44.5 million, SR 16.8 million and SR 7.6 million has been recognized for Al Tayyar Rent A Car, Fayfa Travel & Tours and Connecting Trade & Services respectively. Lena Tours and Travel and Egypt subsidiaries goodwill had been impaired by an amount of SR 2.7 million and SR 67 million respectively.

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**6. ASSETS HELD FOR SALE**

Assets held for sales represent certain land parcels and hotel, which were under construction. 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 the disposal of these projects. Additionally, certain land parcels are still under the process of being transferred into the name of MREIC which is expected to be completed during 2016.

**7. CAPITAL WORK IN PROGRESS**

During February 2015, the Company has been purchased a hotel in Makkah amounting to SR 1.5 billion. This has been financed through obtaining a long term loan. Facility arrangement and finance costs of SR 75.9 million is capitalised to capital work in progress till 30 June 2016.

During December 2015, a hotel had been purchased in Jeddah for a consideration of SR 260 million. This has been purchased from Al Tayyar Real Estate Development Company, a related party following an independent valuation. The consideration is payable in installments and as such is recorded within the 'Due to related parties' account.

Currently, both of the above hotels are under complete refurbishment, therefore have been recorded in capital work in progress. Completion of the refurbishments is expected during 2016.

**8. BANK OVERDRAFTS**

	<b>30 June 2016</b>	31 December 2015	30 June 2015
		<u>(Audited)</u>	
Tawarruq	<b>11,188,745</b>	8,006,981	723,680
Murabaha	<b>11,103,811</b>	--	136,376,508
Other overdrafts *	<b>3,098,385</b>	2,817,124	578,574
	<b><u>25,390,941</u></b>	<u>10,824,105</u>	<u>137,678,762</u>

\* These overdrafts relate to Group's foreign subsidiaries and are in process of being repaid during the year 2016.

**9. SHORT TERM DEBTS**

	<b>30 June 2016</b>	31 December 2015	30 June 2015
		<u>(Audited)</u>	
Short term bank debts (Murabaha)	<b>509,878,227</b>	38,144,000	242,480,000
Short term bank debts (Tawarruq)	<b>304,997,500</b>	155,000,000	10,000,000
Short term bank debts – others	<b>200,161</b>	5,200,161	--
	<b><u>815,075,888</u></b>	<u>198,344,161</u>	<u>252,480,000</u>

These short term loan facilities obtained from local banks under normal commercial terms.

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**10. ACCRUED EXPENSES AND OTHER LIABILITIES**

Accrued expenses and other liabilities include advances from certain government customers. The balance of these advances as at 30 June 2016 totalled of SR 344 million (31 December 2015: SR 1.05 billion; 30 June 2015 totalled of SR 964 million).

**11. LONG TERM LOAN**

During February 2015, the Group obtained a long term loan (Tawarruq) from a local commercial bank totalling SR 1.17 billion for financing the acquisition of a hotel in Makkah (see note 7). 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. Facility arrangement and finance costs of SR 75.9 million is capitalised to capital work in progress till 30 June 2016. The following are the movement of the loans during the period/year ended:

	<u>30 June 2016</u>	<u>31 December 2015</u> <i>(Audited)</i>	<u>30 June 2015</u>
At the beginning of the period/year	<b>1,249,489,255</b>	--	--
Addition during the period/year	--	1,230,000,000	1,230,000,000
Repayment during the period/year	<b>(83,355,391)</b>	(20,813,617)	--
At the end of the period/year	<b>1,166,133,864</b>	1,209,186,383	1,230,000,000
Financing cost	<b>23,013,502</b>	40,302,872	2,138,648
Balance at the end of the period/year, net	<b>1,189,147,366</b>	1,249,489,255	1,232,138,648
Current portion	<b>139,918,632</b>	142,583,316	61,433,622
Non-current portion	<b>1,049,228,734</b>	1,106,905,939	1,170,705,026

**12. SEGMENT REPORTING**

The Group comprises the following main business segments:

- Air Ticketing, Travel & Tours
- Cargo
- Transportation and other

The revenue and gross profit by segment are shown below:

	<u>30 June 2016</u>	<u>30 June 2015</u>
<b><u>Revenue</u></b>		
Air Ticketing, Travel and Tours	<b>3,911,695,216</b>	4,303,542,856
Cargo	<b>88,727,044</b>	84,783,366
Transportation and other	<b>182,092,624</b>	151,144,022
	<b>4,182,514,884</b>	4,539,470,244



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	<b>30 June 2016</b>	30 June 2015
<b><u>Gross profit</u></b>		
Air Ticketing, Travel and Tours	<b>814,089,503</b>	944,775,054
Cargo	<b>8,095,788</b>	8,011,036
Transportation and other	<b>27,843,358</b>	33,718,216
	<b>850,028,649</b>	986,504,306

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 35% of the gross revenue for the period is generated from one governmental entity (30 June 2015: 25%). The contract with this governmental entity has been extended until Jumada II 1438H (corresponding to February 2017) with same terms and conditions.

A segment for Hotels is currently in progress following the acquisition of MREIC in 2013 and other new hotels in February and December 2015. As at 30 June 2016, 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 note 11).

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

<b>As at and for the period ended 30 June 2016</b>					
	<b>ATI</b>	<b>ATH</b>	<b>MREIC</b>	<b>Other entities/ consolidation adjustments</b>	<b>Total</b>
Revenue	1,545,985,502	1,053,393,069	15,737,481	1,567,398,832	4,182,514,884
Gross profit	447,569,369	234,114,510	9,281,432	159,063,338	850,028,649
Depreciation	3,586,838	2,589,812	6,681,483	31,211,852	44,069,985
Total assets	3,560,354,240	2,926,111,709	1,362,471,239	1,600,136,769	9,449,073,957
Total liabilities	740,330,894	1,346,072,374	499,558,548	1,591,358,820	4,177,320,636
<b>As at and for the period ended 30 June 2015</b>					
	<b>ATI</b>	<b>ATH</b>	<b>MREIC</b>	<b>Other entities/ consolidation adjustments</b>	<b>Total</b>
Revenue	2,047,032,880	1,053,186,571	16,365,982	1,422,884,811	4,539,470,244
Gross profit	480,803,437	349,631,863	10,179,559	145,889,447	986,504,306
Depreciation	4,076,443	2,259,467	6,262,648	22,175,519	34,774,077
Total assets	3,196,732,992	2,339,236,369	1,331,145,870	687,422,529	7,554,537,760
Total liabilities	1,071,363,139	1,075,197,571	476,114,374	1,401,113,865	4,023,788,949

**Air ticketing, travel and tours**

Air ticketing, travel and tours revenue includes 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:

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**12. SEGMENT REPORTING (Continued)**

	<u>30 June 2016</u>	<u>30 June 2015</u>
Net commission earned on sale of airline tickets, travel and tours	<b><u>814,089,503</u></b>	<u>944,775,054</u>

**Geographical Segments**

The Group mainly operates in the geographical areas including Kingdom of Saudi Arabia, Sudan, Oman, Spain, 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 and the United Kingdom.

	<b>As at and for the period ended</b>			
	<u>KSA</u>		<u>UK</u>	
	<u>30 June 2016</u>	30 June 2015	<u>30 June 2016</u>	30 June 2015
Revenue	<b>3,477,115,824</b>	3,903,873,506	<b>571,400,002</b>	504,660,021
Gross profit	<b>784,199,802</b>	922,036,013	<b>46,191,658</b>	46,248,658
Depreciation	<b>40,434,487</b>	31,074,735	<b>785,561</b>	665,248
Total Assets	<b>8,776,132,639</b>	6,944,422,227	<b>297,985,964</b>	331,177,426
Total Liabilities	<b>3,530,651,811</b>	3,459,207,339	<b>295,528,304</b>	329,443,543

**13. EARNINGS PER SHARE**

Earnings / (loss) per share from operating income, other income / (expense) and net income for the current period has been calculated by using the weighted average number of ordinary shares outstanding as at 30 June 2016 of 204.7 million shares (30 June 2015: 200 million shares).

**14. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

The Group has capital commitments as at 30 June 2016 of SR 94.7 million (31 December 2015: SR 291 million; 30 June 2015 of SAR 148.5 million) principally in respect of MREIC / other hotel developments and construction of new office premises.

At 30 June 2016, the Group has letter of guarantees amounting to SR 264.7 million (31 December 2015: SR 304 million; 30 June 2015: SAR 281 million) issued by the Company's banks in favor of certain suppliers.

**15. CURRENT PERIOD RESULTS**

The interim consolidated results for the period ended 30 June 2016 may not be an accurate indicator for the actual operating results for the whole year.

**16. COMPARATIVE FIGURES**

Certain comparative figures are reclassified to conform current period classification.