

AL TAYYAR TRAVEL GROUP HOLDING COMPANY
(A Saudi Joint Stock Company)
AND IT'S SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
(UNAUDITED)
For the period ended 30 June 2015
together with
Review Report



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**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 30 June 2015, 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 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

Riyadh on 12 Shawwal 1436H
Corresponding to: 28 July 2015



AL TAYYAR TRAVEL GROUP HOLDING COMPANY
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)
As at 30 June 2015
(Saudi Riyals)

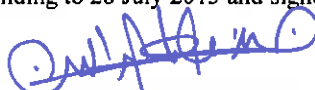
	<u>Notes</u>	30 June 2015	31 December 2014 <i>(Audited)</i>	30 June 2014
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents		1,680,141,020	1,958,637,662	1,443,554,043
Trade receivables, net		971,339,914	855,383,486	1,016,924,174
Due from related parties		32,973,185	23,518,456	19,767,888
Advances, prepayments and other receivables		529,175,451	609,031,424	543,808,186
Total current assets		3,213,629,570	3,446,571,028	3,024,054,291
Non current assets				
Investments in equity accounted investees	1	77,892,435	89,040,731	107,006,578
Investment properties		25,000,000	25,000,000	25,000,000
Available for sale investments		6,684,145	1,000,000	1,000,000
Intangible assets, net	4	310,305,785	300,200,837	276,077,053
Property and equipment, net	5	1,344,803,604	1,318,308,692	886,840,692
Capital work in progress for disposal	6	359,747,097	359,747,097	359,747,097
Capital work in progress	6	2,216,475,124	661,258,495	946,239,678
Total non current assets		4,340,908,190	2,754,555,852	2,601,911,098
Total assets		7,554,537,760	6,201,126,880	5,625,965,389
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Bank overdrafts	7	137,678,762	14,782,117	18,700,181
Short term debts	8	252,480,000	459,299,318	712,085,306
Current portion of long term loan	10	61,433,622	--	--
Trade payables		971,703,113	1,040,946,343	744,429,591
Accrued expenses and other liabilities	9	1,200,867,136	1,604,312,434	1,042,669,880
Provisions		25,000,000	25,000,000	25,000,000
Due to related parties		99,121,533	91,155,236	100,978,673
Zakat and income tax provision		36,277,613	43,300,067	29,953,915
Total current liabilities		2,784,561,779	3,278,795,515	2,673,817,546
Non current liabilities				
Long term loan	10	1,170,705,026	--	--
Employees' end of service benefits		68,522,144	57,300,201	54,479,300
Total non current liabilities		1,239,227,170	57,300,201	54,479,300
Total liabilities		4,023,788,949	3,336,095,716	2,728,296,846
<u>EQUITY</u>				
Equity attributable to the Company's shareholders				
Share capital	1	2,000,000,000	1,500,000,000	1,500,000,000
Statutory reserve		419,705,333	419,705,333	304,384,486
Translation adjustments for foreign operations		(36,391,941)	(18,719,964)	(18,598,842)
Fair value reserve		1,790,895	--	--
Retained earnings		1,121,465,669	940,292,754	864,201,349
Total shareholders' equity		3,506,569,956	2,841,278,123	2,649,986,993
Non-controlling interest	11	24,178,855	23,753,041	247,681,550
Total equity		3,530,748,811	2,865,031,164	2,897,668,543
Total liabilities and equity		7,554,537,760	6,201,126,880	5,625,965,389

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 12 Shawal 1436H corresponding to 28 July 2015 and signed on behalf of the Board by:



Dr. Nasser Al Tayyar
Vice Chairman & Managing Director



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)
For the period ended 30 June 2015
(Saudi Riyals)

	<i>Note</i>	3 Month		6 Month	
		30 June 2015	30 June 2014	30 June 2015	30 June 2014
Revenue	12	2,386,886,256	1,977,948,701	4,539,470,244	3,768,256,910
Cost of revenue		(1,832,115,130)	(1,501,757,337)	(3,543,619,028)	(2,928,802,312)
Gross profit	12	554,771,126	476,191,364	995,851,216	839,454,598
Selling and marketing expenses		(74,694,525)	(59,931,637)	(139,402,993)	(116,822,279)
General and administrative expenses		(96,468,661)	(70,701,171)	(188,519,477)	(134,946,095)
Share of (loss) / income from equity accounted investees		(1,374,570)	(675,666)	(3,898,296)	1,568,266
Impairment loss of equity accounted investees	1	(20,000,000)	--	(20,000,000)	--
Other operating income, net		42,321,410	30,268,919	60,995,130	51,648,767
Operating income		404,554,780	375,151,809	705,025,580	640,903,257
Gain / (loss) on disposal of property and equipment		1,735,835	(201,741)	1,985,551	28,917,911
Finance income		4,168,624	2,260,525	4,443,062	8,384,813
Finance and bank charges		(3,480,156)	(4,246,645)	(6,108,563)	(6,452,131)
Other income / (expenses), net		2,424,303	(2,187,861)	320,050	30,850,593
Income before Zakat, income tax and non-controlling interest		406,979,083	372,963,948	705,345,630	671,753,850
Zakat and income tax		(10,295,824)	(8,780,657)	(21,207,598)	(19,978,242)
Net income before non-controlling interest		396,683,259	364,183,291	684,138,032	651,775,608
Non-controlling interest		(1,135,087)	(490,402)	(2,965,117)	(8,088,547)
Net income for the period		395,548,172	363,692,889	681,172,915	643,687,061
Earnings per share from operating income	13	2.02	1.88	3.53	3.20
Earnings / (loss) per share from other income / (expenses), net	13	0.01	(0.01)	0.00	0.15
Basic earnings per share	13	1.98	1.82	3.41	3.22

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 period ended 30 June 2015
(Saudi Riyals)

	30 June 2015	30 June 2014
<i>Cash flows from operating activities</i>		
Net income for the period	681,172,915	643,687,061
<i>Adjustments to reconcile net income to net cash from operating activities:</i>		
Depreciation and amortisation	38,108,767	23,190,792
Gain on disposal of property and equipment	(1,985,551)	(28,917,911)
Gain on foreign currency translation	(13,363,096)	(5,021,557)
Share of loss / (income) of equity accounted investees	3,898,296	(1,568,266)
Impairment loss of equity accounted investees	20,000,000	--
Provision for trade receivables	5,000,000	12,000,000
Non-controlling interest	2,965,117	8,088,547
Finance and bank charges	6,108,563	6,452,131
Provision for employees' end of service benefits	12,816,878	9,243,448
Provision for Zakat and income tax	21,207,598	19,978,242
	775,929,487	687,132,487
<i>Changes in operating assets and liabilities</i>		
Trade receivables	(120,956,428)	(396,217,318)
Due from related parties	(9,454,729)	10,479,647
Advances, prepayments and other receivables	79,855,973	(53,672,798)
Trade payables	(69,243,229)	(63,071,104)
Due to related parties	7,966,296	(17,704,354)
Accrued expenses and other liabilities	(404,110,975)	(534,331,766)
Employees' end of service benefits paid	(1,594,935)	(1,875,649)
Finance and bank charges paid	(5,442,886)	(5,820,524)
Zakat and income tax paid	(28,230,052)	(34,655,504)
Net cash from / (used in) operating activities	224,718,522	(409,736,883)
<i>Cash flows from investing activities</i>		
Payments for investments in equity accounted investees	(12,750,000)	(3,670,772)
Purchase of property and equipment	(64,048,381)	(246,664,519)
Purchase of available for sale investment	(3,893,250)	--
Dividends received from equity accounted investees	--	28,096
Purchase of intangible assets	(7,729,643)	--
Proceeds from disposal of property and equipment	5,692,850	123,131,644
Acquisition of subsidiaries, net of cash acquired	(4,874,740)	(47,773,700)
Acquisition of interest in subsidiary	2,892,000	--
Net movement in capital work in progress	(1,561,288,672)	(66,320,328)
Net cash used in investing activities	(1,645,999,836)	(241,269,579)
<i>Cash flows from financing activities</i>		
Net movement in short term debts	(206,819,318)	216,118,277
Net movement in bank overdrafts	122,896,645	1,347,634
Net movement in long term loan	1,232,138,648	--
Dividends paid to shareholders	--	(240,000,000)
Dividends paid to non-controlling interest of subsidiary	(5,431,303)	--
Net cash from / (used in) financing activities	1,142,784,672	(22,534,089)
Net change in cash and cash equivalents	(278,496,642)	(673,540,551)
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	1,680,141,020	1,443,554,043

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 period ended 30 June 2015
(Saudi Riyals)

	<u>Notes</u>	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Translation adjustment for foreign operations</u>	<u>Fair value reserve</u>	<u>Retained earnings</u>	<u>Total shareholders' equity</u>	<u>Non-controlling interest</u>	<u>Total</u>
30 June 2014									
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
Adjustment		--	--	--	--	34,286,062	34,286,062	11,428,688	45,714,750
At the beginning of the period - restated		1,200,000,000	304,384,486	(15,502,255)	--	760,514,288	2,249,396,519	237,824,590	2,487,221,109
Net income for the period		--	--	--	--	643,687,061	643,687,061	8,088,547	651,775,608
Bonus shares		300,000,000	--	--	--	(300,000,000)	--	--	--
Acquisition of interest in subsidiary		--	--	--	--	--	--	1,768,413	1,768,413
Translation adjustment for foreign operations		--	--	(3,096,587)	--	--	(3,096,587)	--	(3,096,587)
Dividends		--	--	--	--	(240,000,000)	(240,000,000)	--	(240,000,000)
At the end of the period		<u>1,500,000,000</u>	<u>304,384,486</u>	<u>(18,598,842)</u>	<u>--</u>	<u>864,201,349</u>	<u>2,649,986,993</u>	<u>247,681,550</u>	<u>2,897,668,543</u>
30 June 2015									
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	(1)	500,000,000	--	--	--	(500,000,000)	--	--	--
Dividends paid non-controlling interest		--	--	--	--	--	--	(5,431,303)	(5,431,303)
Acquisition of interest in subsidiary – B2B	(1)	--	--	--	--	--	--	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>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>

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 period ended 30 June 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 20 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 and consists of 200,000,000 ordinary shares of SAR 10 each.

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>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
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 TAYYAR TRAVEL GROUP HOLDING COMPANY

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**
For the period ended 30 June 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>June</u>		
		<u>2015</u>	<u>2014</u>	
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%	70%	31 December
Mawasem Limited (formerly 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
B2B Travel Group S.L. (B2B) *	Spain	80%	--	31 December

* B2B – is a limited liability company registered in Spain under Registration No. 2014C3688470304X. B2B is a newly incorporated company and engaged in travel and tours related services.

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>June</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
Saudi Heritage Hospitality Company (SHHC) ***	KSA	20%	--	31 December

* During the period, management have reviewed the carrying value of ASI in light of current and expected trading levels. As a result, an impairment charge of SAR 20 million has been recognized.

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

*** SHHC is a newly incorporated closed joint stock company registered in KSA and engaged in the development and management of tourism, heritage accommodation and traditional hospitality facilities.

<u>Available for sale investments</u>	<u>Country of incorporation</u>	<u>Effective ownership</u>		<u>Financial year end</u>
		<u>June</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
Saudi Ground Services Company (SGS)	KSA	0.04%	--	31 December

AL TAYYAR TRAVEL GROUP HOLDING COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

For the period ended 30 June 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. The balance sheet comparative for December 2014 has been presented for illustrative purpose only.

These interim condensed consolidated financial statements were authorized for issue by the board of directors of the Parent Company on 12 Shawwal 1436H (corresponding to 28 July 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 period ended 30 June 2015***(Saudi Riyals)***4. INTANGIBLE ASSETS, NET**

	30 June 2015	31 December 2014 (Audited)	30 June 2014
Goodwill	(a) 246,582,881	246,168,241	217,043,134
Brand name	23,646,542	24,081,992	25,747,845
Customer list	20,309,297	21,285,358	25,257,634
Software	19,767,065	8,665,246	8,028,440
	<u>310,305,785</u>	<u>300,200,837</u>	<u>276,077,053</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:

	30 June 2015	31 December 2014 (Audited)	30 June 2014
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	36,829,020
Co-op Group Travel 1 Limited	11,652,929	11,652,929	--
Connecting Trade & Services	7,569,646	7,569,646	--
Fayfa Travel & Toursim Agency Company	16,846,286	16,846,286	--
	<u>281,874,041</u>	<u>281,874,041</u>	<u>246,477,576</u>
Foreign currency translation	(2,572,681)	(2,987,321)	3,284,037
Total	<u>279,301,360</u>	<u>278,886,720</u>	<u>249,761,613</u>
Impairment losses *	(32,718,479)	(32,718,479)	(32,718,479)
Net	<u>246,582,881</u>	<u>246,168,241</u>	<u>217,043,134</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.

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Movement in property and equipment since 30 June 2014 includes SAR 351 million in relation to MREIC properties transferred from capital work in progress and SAR 184 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

	30 June <u>2015</u>	31 December <u>2014</u> (Audited)	30 June <u>2014</u>
Tawarruq	723,680	9,846,757	16,197,584
Murabaha	136,376,508	40,948	491,484
Other overdrafts *	578,574	4,894,412	2,011,113
	<u>137,678,762</u>	<u>14,782,117</u>	<u>18,700,181</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

	30 June <u>2015</u>	31 December <u>2014</u> (Audited)	30 June <u>2014</u>
Short term bank debts (Murabaha) – MREIC *	--	452,014,157	500,137,455
Short term bank debts (Murabaha) – others **	242,480,000	1,000,000	200,393,600
Short term bank debts (Tawarruq)	10,000,000	5,000,000	5,000,000
Short term bank debts – others	--	1,285,161	6,554,251
	<u>252,480,000</u>	<u>459,299,318</u>	<u>712,085,306</u>

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

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

9. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities include advances from certain customers. The balance of these advances as at 30 June 2015 totalled SAR 964 million (31 December 2014: SAR 1.33 billion; 30 June 2014: SAR 831 million).

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)****For the period ended 30 June 2015***(Saudi 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 14.4 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:

	30 June 2015	30 June <u>2014</u>
<u>Revenue</u>		
Air Ticketing, Travel and Tours	4,303,542,856	3,668,567,361
Cargo	84,783,366	72,554,076
Transportation and other ('Others')	151,144,022	27,135,473
	<u>4,539,470,244</u>	<u>3,768,256,910</u>
	30 June 2015	30 June <u>2014</u>
<u>Gross profit</u>		
Air Ticketing, Travel and Tours	944,775,054	822,250,838
Cargo	8,011,036	6,971,457
Transportation and other ('Others')	43,065,126	10,232,303
	<u>995,851,216</u>	<u>839,454,598</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 25% of the gross revenue for the period is generated from one governmental entity (30 June 2014: 28%). The contract with this governmental entity has been renewed until 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 and a new hotel in February 2015. As at 30 June 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).

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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 30 June 2015				
	<u>ATI</u>	<u>ATH</u>	<u>MREIC</u>	<u>Other entities/ consolidation adjustments</u>	<u>Total</u>
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	16,204,464	149,211,452	995,851,216
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

	As at and for the period ended 30 June 2014				
	<u>ATI</u>	<u>ATH</u>	<u>MREIC</u>	<u>Other entities/ consolidation adjustments</u>	<u>Total</u>
Revenue	1,630,725,119	1,319,155,033	470,006	817,906,752	3,768,256,910
Gross profit	538,017,474	203,686,905	467,193	97,283,026	839,454,598
Depreciation	3,893,431	1,968,131	489,254	16,839,976	23,190,792
Total assets	3,271,637,830	2,146,467,051	1,375,296,899	(1,167,436,391)	5,625,965,389
Total liabilities	1,274,078,589	1,349,994,138	522,478,288	(418,254,169)	2,728,296,846

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:

	30 June <u>2015</u>	30 June <u>2014</u>
Net commission earned on sale of airline tickets, travel and tours	<u>944,775,054</u>	<u>822,250,838</u>

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	
	30 June <u>2015</u>	30 June <u>2014</u>
Revenue	3,903,873,506	3,591,021,653
Gross profit	931,382,923	814,060,333
Depreciation	31,074,735	21,001,718
Total Assets	6,944,422,227	5,211,178,301
Total Liabilities	3,459,207,339	2,350,933,113

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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 30 June 2015 of 200 million shares (30 June 2014: 200 million shares) after adjustment for bonus shares issued on 4 March 2015.

14. COMMITMENTS

The Group has capital commitments as at 30 June 2015 of SAR 148.5 million (31 December 2014: SAR 180 million; 30 June 2014: SAR 221.9 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 second quarter 2015, this agreement has been terminated by mutual consent. The previous advance balance of SAR 77 million has been re-paid to the Group as at 30 June 2015 (31 December 2014: SAR 77 million; 30 June 2014: SAR 77 million).

15. CONTINGENT LIABILITIES

At 30 June 2015, the Group has letter of guarantees totaling SAR 281 million (31 December 2014: SAR 223 million; 30 June 2014: SAR 153.5 million) issued by the Company's banks in favor of certain suppliers.

16. CURRENT PERIOD RESULTS

Due to seasonality and other factors, the interim consolidated results for the period ended 30 June 2015 may not be an accurate indicator for the actual operating results for the whole year.