

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

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

**AL TAYYAR TRAVEL GROUP HOLDING COMPANY**

(A Saudi Joint Stock Company)

**INDEX TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

*For the nine month period ended 30 September 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***

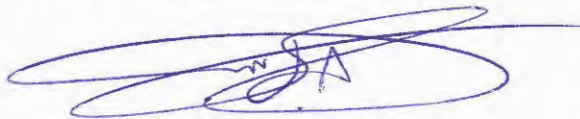
We have reviewed the accompanying interim consolidated balance sheet of **Al Tayyar Travel Group Holding Company** and its subsidiaries ('the Group') as at 30 September 2016, the related interim consolidated statements of income for the three month and the nine month periods then ended, cash flows and changes in equity for the nine month period then ended and the attached notes from (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**



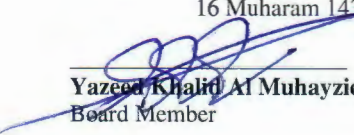
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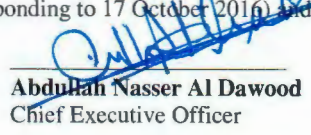
**AL TAYYAR TRAVEL GROUP HOLDING COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)**  
(Saudi Riyals)

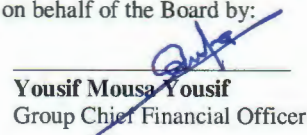
	<i>Notes</i>	<u>30 September 2016</u>	<u>31 December 2015</u> (Audited)	<u>30 September 2015</u>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents		1,736,500,596	2,008,773,003	1,947,965,082
Trade receivables, net		1,463,157,752	732,312,383	969,632,865
Due from related parties		14,074,791	12,465,096	35,428,857
Advances, prepayments and other receivables		597,333,543	648,363,403	609,150,523
<b>Total current assets</b>		<b>3,811,066,682</b>	<b>3,401,913,885</b>	<b>3,562,177,327</b>
<b>Non-current assets</b>				
Investments in associates	1,4	1,055,730,120	149,574,221	66,822,615
Investment properties		404,212,565	415,995,025	419,773,935
Available for sale investments		4,154,312	4,524,949	5,775,460
Intangible assets, net	5	199,063,917	290,359,673	313,249,476
Property and equipment, net		1,015,871,963	1,023,710,582	958,152,791
Assets held for sale	6	359,747,097	359,747,097	359,747,097
Capital work in progress	7	2,915,548,175	2,775,603,643	2,280,742,796
<b>Total non-current assets</b>		<b>5,954,328,149</b>	<b>5,019,515,190</b>	<b>4,404,264,170</b>
<b>Total assets</b>		<b>9,765,394,831</b>	<b>8,421,429,075</b>	<b>7,966,441,497</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Bank overdrafts	8	28,963,068	10,824,105	92,469,760
Short term debts	9	685,194,961	198,344,161	269,922,644
Current portion of long term loan	11	124,729,297	142,583,316	119,556,765
Current portion of finance lease obligation		--	--	4,483,850
Trade payables		1,300,701,162	1,005,841,769	877,416,821
Accrued expenses and other liabilities	10	699,867,583	1,430,854,114	1,468,323,839
Provisions		25,000,000	25,000,000	25,000,000
Due to related parties	7	334,492,074	372,947,040	96,209,200
Zakat and income tax provision		46,115,694	48,747,350	38,484,628
<b>Total current liabilities</b>		<b>3,245,063,839</b>	<b>3,235,141,855</b>	<b>2,991,867,507</b>
<b>Non-current liabilities</b>				
Long term loan	11	991,655,302	1,106,905,939	1,111,183,235
Employees' end of service benefits		70,885,443	73,575,448	71,128,322
<b>Total non-current liabilities</b>		<b>1,062,540,745</b>	<b>1,180,481,387</b>	<b>1,182,311,557</b>
<b>Total liabilities</b>		<b>4,307,604,584</b>	<b>4,415,623,242</b>	<b>4,174,179,064</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		(83,250,428)	(49,858,357)	(45,724,861)
Fair value reserve		(738,938)	(368,301)	882,210
Retained earnings		2,167,207,091	1,485,693,245	1,386,589,150
<b>Total shareholders' equity</b>		<b>5,422,923,668</b>	<b>3,971,327,530</b>	<b>3,761,451,832</b>
Non-controlling interest		34,866,579	34,478,303	30,810,601
<b>Total equity</b>		<b>5,457,790,247</b>	<b>4,005,805,833</b>	<b>3,792,262,433</b>
<b>Total liabilities and equity</b>		<b>9,765,394,831</b>	<b>8,421,429,075</b>	<b>7,966,441,497</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 16 Muharam 1438H (corresponding to 17 October 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)*

		For the three month ended 30 September		For the nine month ended 30 September	
		2016	2015	2016	2015
	<i>Notes</i>				
Revenue	12	1,822,603,972	1,906,805,666	6,005,118,856	6,446,275,910
Cost of revenue		(1,497,632,431)	(1,519,088,347)	(4,830,118,666)	(5,062,707,375)
<b>Gross profit</b>	12	<b>324,971,541</b>	387,717,319	<b>1,175,000,190</b>	1,383,568,535
Selling and marketing expenses		(59,779,964)	(63,625,496)	(186,234,139)	(203,028,489)
General and administrative expenses		(85,702,912)	(100,810,437)	(278,095,396)	(289,329,914)
Share of (loss) from investments in associates		(15,029,830)	(1,069,820)	(31,528,395)	(4,968,116)
Impairment loss of investments in associates		--	(10,000,000)	(6,432,669)	(30,000,000)
Impairment loss of intangible assets		(7,735,409)	--	(76,651,341)	--
Other operating income, net		56,700,189	58,225,561	134,026,477	119,220,691
<b>Operating income</b>		<b>213,423,615</b>	270,437,127	<b>730,084,727</b>	975,462,707
Gain on disposal of property and equipment		(11,059,839)	2,067,925	(7,986,364)	4,053,476
Finance income		10,325,960	5,550,518	29,478,038	9,993,580
Loss from disposal of subsidiaries		--	--	(4,619,592)	--
Finance and bank charges		(15,177,266)	(4,950,082)	(32,924,007)	(11,058,645)
<b>Other income / (expenses), net</b>		<b>(15,911,145)</b>	2,668,361	<b>(16,051,925)</b>	2,988,411
<b>Income before Zakat, income tax and non-controlling interest</b>		<b>197,512,470</b>	273,105,488	<b>714,032,802</b>	978,451,118
Zakat and income tax		(8,178,798)	(3,916,409)	(28,384,206)	(25,124,007)
<b>Net income before non-controlling interest</b>		<b>189,333,672</b>	269,189,079	<b>685,648,596</b>	953,327,111
Non-controlling interest		(1,493,645)	(4,065,598)	(4,134,750)	(7,030,715)
<b>Net income for the period</b>		<b>187,840,027</b>	265,123,481	<b>681,513,846</b>	946,296,396
<b>Basic earnings per share</b>					
Earnings per share from operating income	13	1.03	1.35	3.54	4.88
Earnings per share from other income / (expenses), net	13	(0.08)	0.01	(0.08)	0.01
<b>Net income for the period</b>	13	<b>0.91</b>	1.33	<b>3.30</b>	4.73

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)

	For the nine period ended September 30	
	2016	2015
<b>Cash flows from operating activities</b>		
Net income	681,513,846	946,296,396
<b>Adjustments to reconcile net income to net cash (used in)from operating activities:</b>		
Depreciation and amortisation	71,229,353	62,962,505
Loss (gain) on disposal of property and equipment	7,986,364	(4,053,476)
Share of loss of investments in associates	31,528,395	4,968,116
Impairment loss of investments in associates	6,432,669	30,000,000
Loss on disposal of subsidiary	4,619,592	--
Impairment loss of intangible assets	76,651,341	--
Provision for trade receivables	922,398	5,000,000
Provision for employees' end of service benefits	11,844,734	19,319,436
Provision for Zakat and income tax	28,684,206	25,124,007
	<b>921,412,898</b>	<b>1,089,616,984</b>
<b>(Increase) decrease in operating assets</b>		
Trade receivables	(731,767,767)	(116,813,337)
Due from related parties	(1,609,695)	(11,910,401)
Advances, prepayments and other receivables	51,529,860	4,467,721
<b>Increase (decrease) in operating liabilities</b>		
Trade payables	294,859,393	(164,116,637)
Due to related parties	(38,454,966)	5,053,964
Accrued expenses and other liabilities	(730,986,531)	(138,252,451)
<b>(Deficit) surplus cash from operation</b>		
Employees' end of service benefits paid	(14,534,739)	(6,299,372)
Zakat and income tax (paid)	(31,315,862)	(29,939,446)
<b>Net cash (used in) from operating activities</b>	<b>(280,867,409)</b>	<b>631,807,025</b>
<b>Cash flows from investing activities</b>		
Payments for investments in associates	(142,046,220)	(12,750,000)
Dividends received from investment in associates	1,774,257	--
Purchase of property and equipment	(76,518,658)	(90,172,007)
Purchase of available for sale investment	--	(3,893,250)
Acquisition of subsidiaries, net of cash	--	(22,532,433)
Acquisition of interest in subsidiary	--	2,892,000
Disposal of Subsidiaries, net of cash	156,601	--
Net paid of purchase of intangible assets	(5,419,027)	(7,756,853)
Proceeds from sale of property and equipment	16,198,381	20,087,122
Net movement in capital work in progress	(145,320,716)	(1,628,824,872)
<b>Net cash used in investing activities</b>	<b>(351,175,382)</b>	<b>(1,742,950,293)</b>
<b>Cash flows from financing activities</b>		
Net movement in short term debts	486,850,800	(189,376,674)
Net movement in bank overdrafts	18,138,963	77,687,643
Net movement in long term loan	(133,104,656)	1,230,000,000
Net movement in finance lease obligation	--	(2,307,459)
Change in non-controlling interest	388,276	1,599,412
<b>Net cash from financing activities</b>	<b>372,273,383</b>	<b>1,117,602,922</b>
Net change in cash and cash equivalents	(259,769,408)	6,459,654
Cash and cash equivalents at the beginning of the period	2,008,773,003	1,958,637,662
Foreign currency translation gain	(12,502,999)	(17,132,234)
<b>Cash and cash equivalents at the end of the period</b>	<b>1,736,500,596</b>	<b>1,947,965,082</b>
<b>Non-cash transactions:</b>		
Capital increase against investment in associate	803,845,000	--
Advances, prepayments and receivables	500,000	--
Capital works in progress transferred to property and equipment	(12,620,551)	--
Property and equipment transferred to capital works in progress	7,244,369	--
Transfer from property and equipment to intangible assets	--	9,340,571
Foreign currency translation	20,889,072	9,872,663

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 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 nine month period ended 30 September 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	--	--	--	--	--	946,296,396	946,296,396	7,030,715	953,327,111
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	--	--	--	--	--	--	--	5,458,148	5,458,148
Change in fair value of available for sale investment	--	--	--	--	882,210	--	882,210	--	882,210
Translation adjustment for foreign operations	--	--	--	(27,004,897)	--	--	(27,004,897)	--	(27,004,897)
<b>At the end of the period</b>	<b>2,000,000,000</b>	<b>--</b>	<b>419,705,333</b>	<b>(45,724,861)</b>	<b>882,210</b>	<b>1,386,589,150</b>	<b>3,761,451,832</b>	<b>30,810,601</b>	<b>3,792,262,433</b>
<b>For the nine month period ended 30 September 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	--	--	--	--	--	681,513,846	681,513,846	4,134,750	685,648,596
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	--	--	--	--	(370,637)	--	(370,637)	--	(370,637)
Dividends paid non-controlling interest	--	--	--	--	--	--	--	(2,165,154)	(2,165,154)
Translation adjustment for foreign operations	--	--	--	(33,392,071)	--	--	(33,392,071)	--	(33,392,071)
<b>At the end of the period</b>	<b>2,096,500,000</b>	<b>707,345,000</b>	<b>535,860,943</b>	<b>(83,250,428)</b>	<b>(738,938)</b>	<b>2,167,207,091</b>	<b>5,422,923,668</b>	<b>34,866,579</b>	<b>5,457,790,247</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)

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)****For the nine month period ended 30 September 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>September 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
Fuego Travel & Tours SDN. BHD (FTTSB)	Malaysia	80%	80%	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 nine month period ended 30 September 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>September</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 September</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 United 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
Equinox Ventures Ltd. (EVL)	UAE	40%	--	31 December

- There is a significant influence but no control over the joint venture financial and operating policies.
- During 2016, ATG acquired a 30% stake in TIREC for SR 804 million.
- 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.

**AL TAYYAR TRAVEL GROUP HOLDING COMPANY**

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)****For the nine month period ended 30 September 2016****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>30 September 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
- Impairment of property and equipment
- Assets Held for sale
- Provisions

**AL TAYYAR TRAVEL GROUP HOLDING COMPANY**

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)****For the nine month period ended 30 September 2016***(Saudi Riyals)***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 September</u> <u>2016</u>	<u>31 December</u> <u>2015</u> <i>(Audited)</i>	<u>30 September</u> <u>2015</u>
Al-Shamel Int'l, Holding Company K,S,C (ASI)	<b>26,081,365</b>	25,825,067	25,982,450
Voyage Amro Travel (VAT)	<b>6,564,607</b>	7,297,101	6,906,858
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 United Technology (TSET)	--	1,105,000	1,105,000
Net Tours (NT)	--	3,063,290	3,601,614
Careem INC, (CIL)	<b>73,658,428</b>	87,940,913	14,212,314
Saudi Heritage Hospitality Company (SHHC)	<b>11,639,359</b>	12,750,000	12,750,000
Equinox Group Limited (EGL)	<b>9,478,083</b>	9,328,471	--
Thakher Investment and Real Estate Co, (TIREC)	<b>810,140,121</b>	--	--
Wadi Middle East S.A.R.L. (WME)	<b>108,168,157</b>	--	--
Equinox Ventures Ltd.	<b>10,000,000</b>	--	--
	<b><u>1,055,730,120</u></b>	<u>149,574,221</u>	<u>66,822,615</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 September</u> <u>2016</u>	<u>31 December</u> <u>2015</u> <i>(Audited)</i>	<u>30 September</u> <u>2015</u>
Goodwill	<b>153,835,239</b>	233,018,093	252,655,487
Brand name	<b>15,343,676</b>	20,591,645	21,925,775
Customer list	<b>17,277,985</b>	19,159,211	19,584,579
Software	<b>12,607,017</b>	17,590,724	19,083,635
	<b><u>199,063,917</u></b>	<u>290,359,673</u>	<u>313,249,476</u>

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)****For the nine month period ended 30 September 2016***(Saudi Riyals)**(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 September 2016</b>	31 December 2015	30 September 2015
		<u>(Audited)</u>	
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	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	289,609,450
Foreign currency translation	<b>(10,597,934)</b>	(5,211,451)	(4,235,484)
Total	<b>300,301,270</b>	302,832,784	285,373,966
Impairment losses *	<b>(146,466,031)</b>	(69,814,691)	(32,718,479)
	<b>153,835,239</b>	233,018,093	252,655,487

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, SR 7.7 million and SR 7.6 million has been recognized for Al Tayyar Rent A Car, Fayfa Travel & Tours, Hanay Trading Co. Ltd. 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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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)****For the nine month period ended 30 September 2016***(Saudi Riyals)***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 90.7 million is capitalised to capital work in progress till 30 September 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.

Certain land parcels of Beer Balela and Shaob Amer are currently under the process of being transferred into the name of the subsidiary (Muthmerah Real Estate Investment Company (MREIC)) which is expected to be completed during 2016.

**8. BANK OVERDRAFTS**

	<b>30 September 2016</b>	31 December 2015	30 September 2015
		<i>(Audited)</i>	
Tawarruq	<b>13,299,259</b>	8,006,981	17,838,002
Murabaha	<b>12,863,522</b>	--	71,633,133
Other overdrafts *	<b>2,800,287</b>	2,817,124	2,998,625
	<b><u>28,963,068</u></b>	<u>10,824,105</u>	<u>92,469,760</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 September 2016</b>	31 December 2015	30 September 2015
		<i>(Audited)</i>	
Short term bank debts (Murabaha)	<b>429,996,300</b>	38,144,000	259,722,483
Short term bank debts (Tawarruq)	<b>254,998,500</b>	155,000,000	10,000,000
Short term bank debts – others	<b>200,161</b>	5,200,161	200,161
	<b><u>685,194,961</u></b>	<u>198,344,161</u>	<u>269,922,644</u>

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

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)****For the nine month period ended 30 September 2016***(Saudi Riyals)***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 September 2016 totalled of SR 416 million (31 December 2015: SR 1.05 billion; 30 September 2015 totalled of SR 1.22 billion).

**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 90.7 million is capitalised to capital work in progress till 30 September 2016. The following are the movement of the loans during the period/year ended:

	<b>30 September 2016</b>	31 December 2015 <i>(Audited)</i>	30 September 2015
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>(170,986,370)</b>	(20,813,617)	--
At the end of the period/year	<b>1,078,502,885</b>	1,209,186,383	1,230,000,000
Financing cost	<b>37,881,714</b>	40,302,872	740,000
Balance at the end of the period/year, net	<b>1,116,384,599</b>	1,249,489,255	1,230,740,000
Current portion	<b>124,729,297</b>	142,583,316	119,556,765
Non-current portion	<b>991,655,302</b>	1,106,905,939	1,111,183,235

**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:

	<b>For the period ended 30 September</b>	
	<b>2016</b>	2015
<b>Revenue</b>		
Air Ticketing, Travel and Tours	<b>5,576,871,993</b>	6,090,811,720
Cargo	<b>125,394,662</b>	123,160,732
Transportation and other	<b>302,852,201</b>	232,303,458
	<b>6,005,118,856</b>	6,446,275,910

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

**For the nine month period ended 30 September 2016**

(Saudi Riyals)

	For the period ended 30 September	
	2016	2015
<b><u>Gross profit</u></b>		
Air Ticketing, Travel and Tours	<b>1,120,865,296</b>	1,316,807,791
Cargo	<b>13,792,785</b>	11,662,374
Transportation and other	<b>40,342,109</b>	55,098,370
	<b><u>1,175,000,190</u></b>	<b><u>1,383,568,535</u></b>

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 32% of the gross revenue for the period is generated from one governmental entity (30 September 2015: 23%). 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 September 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:

	As at and for the period ended 30 September 2016				
	ATI	ATH	MREIC	Other entities/ consolidation adjustments	Total
Revenue	1,882,777,186	1,620,645,206	24,941,884	2,476,754,580	6,005,118,856
Gross profit	485,617,239	481,683,956	14,908,686	192,790,309	1,175,000,190
Depreciation	5,026,660	3,752,605	10,014,198	48,004,937	66,798,400
Total assets	3,563,479,381	3,297,281,531	1,361,741,852	1,542,892,067	9,765,394,831
Total liabilities	769,225,706	1,472,648,684	506,365,063	1,559,365,131	4,307,604,584

	As at and for the period ended 30 September 2015				
	ATI	ATH	MREIC	Other entities/ consolidation adjustments	Total
Revenue	2,779,005,758	1,502,482,674	24,682,366	2,140,105,112	6,446,275,910
Gross profit	826,824,184	312,069,953	15,117,526	229,556,872	1,383,568,535
Depreciation	6,125,934	3,508,899	9,703,510	38,805,980	58,144,323
Total assets	3,726,505,133	2,191,364,677	1,331,583,837	716,987,850	7,966,441,497
Total liabilities	1,332,254,271	973,100,017	473,597,978	1,395,226,798	4,174,179,064

**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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	<b>For the period ended 30 September</b>	
	<b>2016</b>	2015
Net commission earned on sale of airline tickets, travel and tours	<b><u>1,120,865,296</u></b>	<u>1,316,807,791</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>			
	<b>Kingdom of Saudi Arabia</b>		<b>United Kingdom</b>	
	<b>30 September 2016</b>	30 September 2015	<b>30 September 2016</b>	30 September 2015
Revenue	<b>4,851,636,258</b>	5,474,038,808	<b>899,170,213</b>	724,287,581
Gross profit	<b>1,072,405,484</b>	1,288,272,770	<b>70,854,808</b>	66,431,132
Depreciation	<b>60,697,189</b>	52,390,277	<b>1,056,754</b>	1,044,075
Total Assets	<b>9,050,874,960</b>	7,346,515,531	<b>302,614,591</b>	324,506,400
Total Liabilities	<b>3,624,495,688</b>	3,597,264,882	<b>295,993,487</b>	324,102,615

**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 September 2016 of 206.3 million shares (30 September 2015: 200 million shares).

**14. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

The Group has capital commitments as at 30 September 2016 of SR 65.9 million (31 December 2015: SR 291 million; 30 September 2015 of SR 341 million) principally in respect of MREIC / other hotel developments and construction of new office premises.

At 30 September 2016, the Group has letter of guarantees amounting to SR 254 million (31 December 2015: SR 304 million; 30 September 2015: SR 275 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 September 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.