

**AL TAYYAR TRAVEL GROUP HOLDING COMPANY
AND ITS SUBSIDIARIES**
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED
31, MARCH 2016 TOGETHER WITH
REVIEW REPORT

AL TAYYAR TRAVEL GROUP HOLDING COMPANY
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the three month period ended 31 March 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

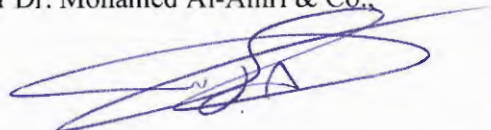
We have reviewed the accompanying interim consolidated balance sheet of **Al Tayyar Travel Group Holding Company** and its subsidiaries ('the Group') as at 31 March 2016, the related consolidated interim statements of income, cash flows and changes in equity for the three month period then ended and 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 consolidated interim 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 consolidated interim 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



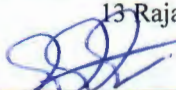
Rajab 13, 1437 H
April 20, 2016 G


AL TAYYAR TRAVEL GROUP HOLDING COMPANY
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)
As at 31 March 2016
(Saudi Riyals)

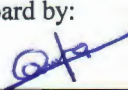
	<u>Notes</u>	<u>31 March 2016</u>	<u>31 December 2015 (Audited)</u>	<u>31 March 2015</u>
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents		1,749,423,628	2,008,773,003	1,134,603,304
Trade receivables, net		793,925,491	732,312,383	833,028,153
Due from related parties		11,831,858	12,465,096	25,633,946
Advances, prepayments and other receivables		721,148,029	648,363,403	645,087,383
Total current assets		3,276,329,006	3,401,913,885	2,638,352,786
Non-current assets				
Investments in associates	1,4	943,215,958	149,574,221	86,517,006
Investment properties		25,000,000	25,000,000	25,000,000
Available for sale investments		4,170,663	4,524,949	1,000,000
Intangible assets, net	5	261,519,046	290,359,673	303,218,472
Property and equipment, net		1,393,500,171	1,414,705,607	1,334,726,172
Assets held for sale	6	359,747,097	359,747,097	359,747,097
Capital work in progress	7	2,819,249,988	2,775,603,643	2,195,949,503
Total non-current assets		5,806,402,923	5,019,515,190	4,306,158,250
Total assets		9,082,731,929	8,421,429,075	6,944,511,036
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Bank overdrafts	8	29,674,757	10,824,105	28,970,389
Short term debts	9	413,687,965	198,344,161	10,000,000
Current portion of long term loan	11	125,919,922	142,583,316	59,294,974
Trade payables		1,126,458,166	1,005,841,769	972,692,275
Accrued expenses and other liabilities	10	870,875,711	1,430,854,114	1,363,252,036
Provisions		25,000,000	25,000,000	25,000,000
Due to related parties	7	327,602,735	372,947,040	95,353,000
Zakat and income tax provision		59,051,992	48,747,350	27,798,172
Total current liabilities		2,978,271,248	3,235,141,855	2,582,360,846
Non-current liabilities				
Long term loan	11	1,049,228,734	1,106,905,939	1,170,705,026
Employees' end of service benefits		71,683,967	73,575,448	65,495,523
Total non-current liabilities		1,120,912,701	1,180,481,387	1,236,200,549
Total liabilities		4,099,183,949	4,415,623,242	3,818,561,395
<u>EQUITY</u>				
Shareholders' equity:				
Share capital	1	2,000,000,000	2,000,000,000	2,000,000,000
Capital increase	1	96,500,000	--	--
Share premium reserve	1	707,345,000	--	--
Statutory reserve		535,860,943	535,860,943	419,705,333
Translation adjustments for foreign operations		(66,972,781)	(49,858,357)	(45,256,260)
Fair value reserve		(722,587)	(368,301)	--
Retained earnings		1,679,536,535	1,485,693,245	725,917,497
Total shareholders' equity		4,951,547,110	3,971,327,530	3,100,366,570
Non-controlling interest		32,000,870	34,478,303	25,583,071
Total equity		4,983,547,980	4,005,805,833	3,125,949,641
Total liabilities and equity		9,082,731,929	8,421,429,075	6,944,511,036

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 13 Rajab 1437H (corresponding to 20 April 2016) and signed on behalf of the Board by:

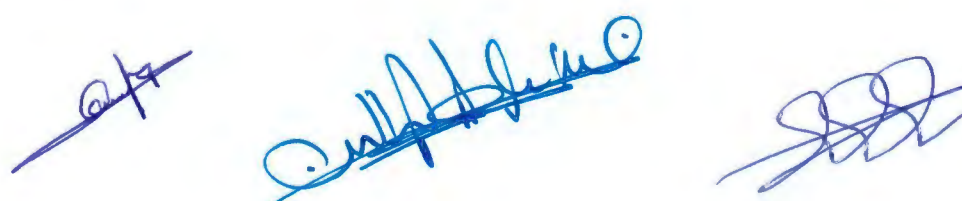

Yazeed Khalid Al Muhayzie
Board Member


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)
For the three month period ended 31 March 2016
(Saudi Riyals)

	<i>Note</i>	31 March 2016	31 March 2015
Revenue	12	1,968,328,050	2,152,583,988
Cost of revenue		(1,591,153,258)	(1,711,503,898)
Gross profit	12	377,174,792	441,080,090
Selling and marketing expenses		(65,388,213)	(64,708,468)
General and administrative expenses		(98,012,719)	(92,050,816)
Share of loss from investments in associates		(3,770,594)	(2,523,726)
Impairment loss of investments in associates		(6,432,669)	-
Loss on disposal of subsidiary		(450,000)	-
Impairment loss on intangible assets		(24,415,932)	-
Other operating income, net		26,435,095	18,673,720
Operating income		205,139,760	300,470,800
(Loss) / gain on disposal of property and equipment		(851,641)	249,716
Finance income		8,995,486	274,438
Finance and bank charges		(9,866,611)	(2,628,407)
Other (expenses) / income, net		(1,722,766)	(2,104,253)
Income before Zakat, income tax and non-controlling interest		203,416,994	298,366,547
Zakat and income tax		(10,261,254)	(10,911,774)
Net income before non-controlling interest		193,155,740	287,454,773
Non-controlling interest		687,550	(1,830,030)
Net income for the period		193,843,290	285,624,743
Earnings per share from operating income	13	1.03	1.50
(Loss) per share from other (expenses) / income, net	13	(0.01)	(0.01)
Basic earnings per share	13	0.97	1.43



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)
For the three month period ended 31 March 2016
(Saudi Riyals)

	31 March 2016	31 March 2015
<i>Cash flows from operating activities</i>		
Net income	193,843,290	285,624,743
<i>Adjustments to reconcile net income to net cash used in operating activities:</i>		
Depreciation and amortisation	23,256,193	19,299,775
Loss (gain) on disposal of property and equipment	851,641	(249,716)
Share of loss of investments in associates	3,770,594	2,523,725
Impairment loss of investments in associates	6,432,669	--
Loss on disposal of subsidiary	450,000	--
Impairment loss of goodwill	24,415,933	--
Provision for trade receivables	921,554	--
Provision for employees' end of service benefits	5,032,268	8,693,048
Provision for Zakat and income tax	10,261,254	10,911,774
	<u>269,235,396</u>	<u>326,803,349</u>
(Increase) decrease in operating assets		
Trade receivables	(62,534,662)	22,355,333
Due from related parties	633,238	(2,115,490)
Advances, prepayments and other receivables	(72,784,626)	(36,055,959)
Increase (decrease) in operating liabilities		
Trade payables	120,616,397	(68,254,068)
Due to related parties	(45,344,305)	4,197,764
Accrued expenses and other liabilities	(559,478,403)	(241,060,398)
(Deficit) surplus cash from operation	<u>(349,656,965)</u>	<u>5,870,531</u>
Employees' end of service benefits paid	(6,923,749)	(497,726)
Zakat and income tax refund / (paid)	43,388	(26,413,669)
Net cash used in operating activities	<u>(356,537,326)</u>	<u>(21,040,864)</u>
<i>Cash flows from investing activities</i>		
Purchase of property and equipment	(8,713,733)	(34,234,097)
Proceeds from disposal of subsidiary	1,500,000	--
Purchase of intangible assets	--	(4,332,059)
Proceeds from disposal of property and equipment	965,758	1,022,028
Net movement in capital work in progress	(46,644,507)	(1,540,763,051)
Net cash used in investing activities	<u>(52,892,482)</u>	<u>(1,578,307,179)</u>
<i>Cash flows from financing activities</i>		
Net movement in short term debts	215,343,804	(449,299,318)
Net movement in bank overdrafts	18,850,652	14,188,272
Net movement in long term loan	(74,340,599)	1,230,000,000
Change in non-controlling interest	(4,564,807)	(3,044,710)
Net cash from financing activities	<u>155,289,050</u>	<u>791,844,244</u>
Net change in cash and cash equivalents	(254,140,758)	(807,503,799)
Cash and cash equivalents at the beginning of the period	2,008,773,003	1,958,637,662
Foreign currency translation gain	(5,208,617)	(16,530,559)
Cash and cash equivalents at the end of the period	<u>1,749,423,628</u>	<u>1,134,603,304</u>
Non-cash transactions:		
Capital increase against investment in associate	803,845,000	--
Capital works in progress transferred to property and equipment	2,998,162	--
Accrued expense and other liabilities	500,000	--
Transfer from property and equipment to intangible assets	--	6,072,043

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)

For the three month period ended 31 March 2016

(Saudi Riyals)

	Share capital	Capital Increase	Share premium reserve	Statutory reserve	Translation adjustment for foreign operations	Fair value reserve	Retained earnings	Total shareholders' equity	Non-controlling interest	Total
31 March 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	--	--	--	--	--	--	285,624,743	285,624,743	1,830,030	287,454,773
Bonus shares	500,000,000	--	--	--	--	--	(500,000,000)	--	--	--
Translation adjustment for foreign operations	--	--	--	--	(26,536,296)	--	--	(26,536,296)	--	(26,536,296)
At the end of the period	<u>2,000,000,000</u>	<u>--</u>	<u>--</u>	<u>419,705,333</u>	<u>(45,256,260)</u>	<u>--</u>	<u>725,917,497</u>	<u>3,100,366,570</u>	<u>25,583,071</u>	<u>3,125,949,641</u>
31 March 2016										
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	--	--	--	--	--	--	193,843,290	193,843,290	(687,550)	193,155,740
Minority share of subsidiary disposed	--	--	--	--	--	--	--	--	(1,049,269)	(1,049,269)
Loss on equity transaction	--	--	--	--	--	--	--	--	(740,614)	(740,614)
Change in fair value of available for sale investment	--	--	--	--	--	(354,286)	--	(354,286)	--	(354,286)
Translation adjustment for foreign operations	--	--	--	--	(17,114,424)	--	--	(17,114,424)	--	(17,114,424)
At the end of the period	<u>2,000,000,000</u>	<u>96,500,000</u>	<u>707,345,000</u>	<u>535,860,943</u>	<u>(66,972,781)</u>	<u>(722,587)</u>	<u>1,679,536,535</u>	<u>4,951,547,110</u>	<u>32,000,870</u>	<u>4,983,547,980</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 three month period ended 31 March 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>March</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%	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 three month period ended 31 March 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>March</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	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>31March</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

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.

AL TAYYAR TRAVEL GROUP HOLDING COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the three month period ended 31 March 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>March</u>		
		<u>2016</u>	<u>2015</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

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.

(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), 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

AL TAYYAR TRAVEL GROUP HOLDING COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**For the three month period ended 31 March 2016***(Saudi Riyals)***2. 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.

3. INVESTMENTS IN ASSOCIATES

	31 March 2016	31 December 2015 (Audited)	31 March 2015
Al-Shamel Int'l, Holding Company K,S,C (ASI)	25,459,690	25,825,067	55,895,865
Voyage Amro Travel (VAT)	7,621,172	7,297,101	5,932,323
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	4,710,132
Careem INC, (CIL)	84,430,155	87,940,913	16,609,307
Saudi Heritage Hospitality Company (SHHC)	12,750,000	12,750,000	--
Equinox Group Limited (EGL)	9,119,675	9,328,471	--
Thakher Investment and Real Estate Co, (TIREC)	803,835,266	--	--
	943,215,958	149,574,221	86,517,006

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.

4. INTANGIBLE ASSETS, NET

	31 March 2016	31 December 2015 (Audited)	31 March 2015
Goodwill	(a) 210,111,158	233,018,093	243,795,205
Brand name	19,670,058	20,591,645	22,545,312
Customer list	18,032,032	19,159,211	19,635,918
Software	13,705,798	17,590,724	17,242,037
	261,519,046	290,359,673	303,218,472

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

	31 March 2016	31 December 2015	31 March 2015
		(Audited)	
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
Elegant Resorts Limited	37,517,662	37,517,662	37,517,662
Al Hanove Tourism and Services Company	36,156,624	36,156,624	36,156,624
Co-op Group Travel 1 Limited	11,652,929	11,652,929	11,652,929
Connecting Trade & Services *	7,569,646	7,569,646	7,569,646
Fayfa Travel & Tours *	16,846,286	16,846,286	16,846,286
Hanay Trading Company Limited	7,735,409	7,735,409	--
Mosafer Company for Travel and Tourism	18,434,785	18,434,785	--
Calculus Technologies LLC	4,868,970	--	--
	310,899,204	308,044,235	281,874,041
Foreign currency translation	(6,557,423)	(5,211,451)	(5,360,357)
Total	304,341,781	302,832,784	276,513,684
Impairment losses *	(94,230,623)	(69,814,691)	(32,718,479)
	210,111,158	233,018,093	243,795,205

* As a result of adverse events impacting the tourism sector, during Q1 2016, management have reviewed the carrying value of subsidiaries considering the current and expected trading levels. As a result, an impairment of SR 16.8 million and SR 7.6 million has been recognized for 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.

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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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.

6. CAPITAL WORK IN PROGRESS

During February 2015, the Company has bought 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 61.9 million is capitalised to capital work in progress till 31 March 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.

7. BANK OVERDRAFTS

	31 March 2016	31 December 2015	31 March 2015
		<u>(Audited)</u>	
Tawarruq	15,486,855	8,006,981	5,869,353
Murabaha	12,092,290	--	19,894,490
Other overdrafts *	2,095,612	2,817,124	3,206,546
	29,674,757	10,824,105	28,970,389

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

8. SHORT TERM DEBTS

	31 March 2016	31 December 2015	31 March 2015
		<u>(Audited)</u>	
Short term bank debts (Murabaha)	253,487,804	38,144,000	--
Short term bank debts (Tawarruq)	160,000,000	155,000,000	10,000,000
Short term bank debts – others	200,161	5,200,161	--
	413,687,965	198,344,161	10,000,000

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

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Accrued expenses and other liabilities include advances from certain government customers. The balance of these advances as at 31 March 2016 totalled of SR 549 million (31 December 2015: SR 1.05 billion; 31 March 2015 totalled of SR 1.11 billion).

10. LONG TERM LOAN

During February 2015, the Group obtained a long term loan (Tawarruq) from a local commercial bank totalling SR 1.23 billion for financing the acquisition of a hotel in Makkah (see note 6a). 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 61.9 million is capitalised to capital work in progress till 31 march 2016. The following are the movement of the loans during the period/year ended:

	31 March 2016	31 December 2015 <i>(Audited)</i>	31 March 2015
At the beginning of the period/year	1,249,489,255	--	--
Addition during the period/year	--	1,230,000,000	1,230,000,000
Repayment during the period/year	(83,355,391)	(20,813,617)	--
At the end of the period/year	1,166,133,864	1,209,186,383	1,230,000,000
Financing cost	9,014,792	40,302,872	--
Balance at the end of the period/year, net	1,175,148,656	1,249,489,255	1,230,000,000
Current portion	125,919,922	142,583,316	59,294,974
Non-current portion	1,049,228,734	1,106,905,939	1,170,705,026

11. 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:

	31 March 2016	31 March 2015
<u>Revenue</u>		
Air Ticketing, Travel and Tours	1,847,187,990	2,046,431,312
Cargo	31,943,268	32,889,576
Transportation and other	89,196,792	73,263,100
	1,968,328,050	2,152,583,988

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	31 March 2016	31 March 2015
<u>Gross profit</u>		
Air Ticketing, Travel and Tours	356,423,228	418,996,965
Cargo	3,047,389	2,867,641
Transportation and other	17,704,175	19,215,484
	<u>377,174,792</u>	<u>441,080,090</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 40% of the gross revenue for the period is generated from one governmental entity (31 March 2015: 26%). 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 under formation following the acquisition of MREIC in 2013 and other new hotels in February and December 2015. As at 31 March 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 31 March 2016					
	ATI	ATH	MREIC	Other entities/ consolidation adjustments	Total
Revenue	749,981,043	502,026,442	7,829,192	708,491,373	1,968,328,050
Gross profit	245,524,439	55,868,979	7,810,192	67,971,182	377,174,792
Depreciation	1,821,303	1,306,013	3,341,610	15,226,134	21,695,060
Total assets	3,634,766,755	2,855,006,036	1,344,686,607	1,248,272,531	9,082,731,929
Total liabilities	948,200,279	1,461,820,229	484,706,925	1,204,456,516	4,099,183,949
As at and for the period ended 31 March 2015					
	ATI	ATH	MREIC	Other entities/ consolidation adjustments	Total
Revenue	974,208,609	508,373,124	8,139,993	661,862,262	2,152,583,988
Gross profit	290,670,520	59,887,739	8,045,172	82,476,659	441,080,090
Depreciation	2,011,420	1,035,606	3,112,074	11,731,768	17,890,868
Total assets	3,200,485,633	2,122,975,980	1,328,246,521	292,802,902	6,944,511,036
Total liabilities	1,169,923,394	1,145,401,948	476,454,683	1,026,781,370	3,818,561,395

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)

	31 March 2016	31 March 2015
Net commission earned on sale of airline tickets, travel and tours	356,423,228	418,996,965

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.

	As at and for the period ended			
	KSA		UK	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Revenue	1,607,569,317	1,842,070,899	311,133,418	254,631,233
Gross profit	346,097,705	407,870,022	26,526,766	23,387,726
Depreciation	20,126,907	15,880,690	377,467	305,048
Total Assets	8,426,241,822	6,369,447,352	302,052,584	310,456,404
Total Liabilities	3,466,723,649	3,288,242,576	299,620,296	307,445,609

13. EARNINGS PER SHARE

Earnings / (loss) per share from operating income, other income / (expense) and net income for the current and comparative period have been calculated by using the number of ordinary shares outstanding as at 31 March 2016 of 200 million shares (31 March 2015: 200 million shares). The new ordinary shares will be effective during April 2016 (see note 1).

14. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group has capital commitments as at 31 March 2016 of SR 218 million (31 December 2015: SR 279 million; 31 March 2015 of SAR 164 million) principally in respect of MREIC / other hotel developments and construction of new office premises.

At 31 March 2016, the Group has letter of guarantees totaling SR 259 million (31 December 2015: SR 304 million; 31 March 2015: SAR 274 million) issued by the Company's banks in favor of certain suppliers.

15. CURRENT PERIOD RESULTS

The interim consolidated results for the period ended 31 March 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.