

AL TAYYAR TRAVEL GROUP HOLDING COMPANY
(formerly Al Tayyar Travel Group)
(A Saudi Joint Stock Company)
AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2013
together with
Auditors' Report



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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Al Tayyar Travel Group Holding Company ("the Company") and its subsidiaries (collectively referred as "the Group") which comprise the consolidated balance sheet as at 31 December 2013 and the related consolidated statements of income, cash flows and changes in equity for the year then ended and the attached notes (1) through (31) which form an integral part of the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia and in compliance with Article 123 of the Regulations for Companies and the Company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management has provided us with all the information and explanations that we require relating to our audit of these financial statements.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



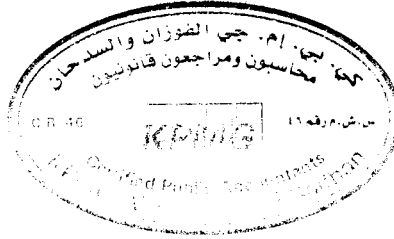
Opinion

In our opinion, the consolidated financial statements taken as a whole:

- 1) present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2013, and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the circumstances of the Group; and
- 2) comply with the requirements of the Regulations for Companies and the Company's Articles of Association with respect to the preparation and presentation of financial statements.

For KPMG Al Fozan & Al Sadhan

Abdullah H. Al Fozan
Licence No.: 348



Date: 23 February 2014
Corresponding to: 23 Rabi II 1435H

Al Tayyar Travel Group Holding Company
(A Saudi Joint Stock Company)

CONSOLIDATED BALANCE SHEET

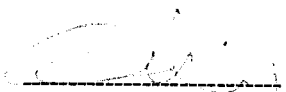
As at 31 December 2013

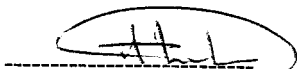
(Saudi Arabian Riyals)


	<i>Notes</i>	31 December <u>2013</u>	31 December <u>2012</u>
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	(4)	2,117,094,594	746,837,577
Trade receivables, net	(5)	583,223,166	974,091,822
Due from related parties	(6b)	30,247,535	37,133,636
Advances, prepayments and other receivables	(7)	484,752,033	275,834,933
Total current assets		<u>3,215,317,328</u>	<u>2,033,897,968</u>
Non current assets			
Investments in equity accounted investees	(8)	101,795,636	413,154,558
Investment properties	(9)	25,000,000	25,000,000
Available for sale investments	(10)	1,000,000	1,000,000
Intangible assets, net	(13)	139,412,415	146,606,629
Property and equipment, net	(11)	729,954,670	578,245,126
Capital work in progress for disposal	(12b)	343,657,097	--
Capital work in progress	(12)	872,435,135	51,689,219
Total non current assets		<u>2,213,254,953</u>	<u>1,215,695,532</u>
Total assets		<u>5,428,572,281</u>	<u>3,249,593,500</u>
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Bank overdrafts		15,490,301	4,814,134
Short term debts	(14)	490,626,377	1,385,160
Trade payables		772,054,735	393,387,322
Accrued expenses and other liabilities	(15)	1,479,858,028	991,657,182
Other provisions		25,000,000	--
Due to related parties	(6c)	112,293,803	51,171,981
Zakat and income tax provision	(16b)	44,631,177	34,413,686
Total current liabilities		<u>2,939,954,421</u>	<u>1,476,829,465</u>
Non current liabilities			
Employees' end of service benefits		47,111,501	35,342,290
Total non current liabilities		<u>47,111,501</u>	<u>35,342,290</u>
Total liabilities		<u>2,987,065,922</u>	<u>1,512,171,755</u>
<u>EQUITY</u>			
Equity attributable to the company's shareholders			
Share capital	(1)	1,200,000,000	800,000,000
Statutory reserve	(18)	304,384,486	210,091,652
Translation adjustments for foreign operations		(15,502,255)	(4,717,110)
Retained earnings		726,228,226	717,592,722
Total shareholders' equity		<u>2,215,110,457</u>	<u>1,722,967,264</u>
Non-controlling interest	(19)	226,395,902	14,454,481
Total equity		<u>2,441,506,359</u>	<u>1,737,421,745</u>
Total liabilities and equity		<u>5,428,572,281</u>	<u>3,249,593,500</u>

The accompanying notes (1) through (31) form an integral part of these consolidated financial statements.

The financial statement on pages (1) to (30) were approved on behalf of the shareholders by the Board of Directors on 23 Rabi II 1435H corresponding to 23 February 2014 and signed on behalf of the Board by:


Dr. Nasser Al Tayyar
Vice Chairman & Managing
Director


Dr. Ali El Tigani Ahmed
Acting Chief Executive Officer


Yousif Mousa Yousif
Group Chief Financial Officer

Al Tayyar Travel Group Holding Company
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2013
(Saudi Arabian Riyals)

	<u>Notes</u>	<u>31 December 2013</u>	<u>31 December 2012</u>
Revenue	(20,25)	6,260,265,171	5,389,948,204
Cost of revenue	(21)	<u>(4,918,845,435)</u>	<u>(4,241,401,819)</u>
Gross profit		1,341,419,736	1,148,546,385
Selling and marketing expenses	(22)	(196,329,131)	(184,424,129)
General and administrative expenses	(23)	(250,085,249)	(188,809,840)
Share of income / (loss) and loss on disposal of equity accounted investees		(140,708)	(9,914,537)
Impairment loss of equity accounted investees		--	(35,285,930)
Impairment loss of intangible assets	(13)	(2,718,479)	--
Other operating income		96,195,959	92,182,502
Operating income		988,342,128	822,294,451
Gain on disposal of property and equipment		6,952,197	2,302,726
Finance income		3,471,095	960,071
Finance and bank charges		<u>(13,014,800)</u>	<u>(29,496,429)</u>
Other (expense) / income, net		(2,591,508)	(26,233,632)
Income before Zakat, income tax and non-controlling interest		985,750,620	796,060,819
Zakat and income tax	(16a)	<u>(36,443,579)</u>	<u>(32,015,378)</u>
Net income before non-controlling interest		949,307,041	764,045,441
Non-controlling interest		<u>(6,378,703)</u>	<u>(8,675,029)</u>
Net income for the year		942,928,338	755,370,412
Earnings per share from operating income	(24)	<u>8.24</u>	<u>6.85</u>
Loss per share from other (expense) / income, net	(24)	<u>(0.02)</u>	<u>(0.22)</u>
Basic earnings per share from net income	(24)	<u>7.86</u>	<u>6.29</u>

The accompanying notes (1) through (31) form an integral part of these consolidated financial statements.

Al Tayyar Travel Group Holding Company
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2013
(Saudi Arabian Riyals)

	<u>Notes</u>	31 December <u>2013</u>	31 December <u>2012</u>
<i>Cash flows from operating activities</i>			
Net income for the year		942,928,338	755,370,412
<i>Adjustments to reconcile net income to net cash from operating activities:</i>			
Depreciation	(11)	44,842,112	40,025,104
Gain on disposal of property and equipment		(6,952,197)	(2,302,726)
Gain on foreign currency translation		(2,809,220)	(1,713,574)
Share of income / (loss) and loss on disposal of equity accounted investees		(2,549,924)	9,914,537
Fair value adjustment of equity accounted investees		2,690,632	--
Impairment loss of equity accounted investees		--	35,285,930
Impairment loss of intangible assets		2,718,479	--
Provision for trade receivables		25,097,838	20,362,466
Other provisions		25,000,000	--
Non-controlling interest		6,378,703	8,675,029
Finance and bank charges		13,014,800	29,496,429
Provision for employees' end of service benefits		14,048,827	6,607,534
Provision for Zakat and income tax		36,443,579	32,015,378
		<u>1,100,851,967</u>	<u>933,736,519</u>
Changes in operating assets and liabilities			
Trade receivables		384,466,209	(286,644,553)
Due from related parties		6,886,101	(12,414,323)
Advances, prepayments and other receivables		(208,917,100)	(3,393,485)
Trade payables		378,667,413	207,937,058
Due to related parties		61,121,822	18,084,142
Accrued expenses and other liabilities		476,027,270	414,669,029
Employees' end of service benefits paid		(2,751,400)	(1,904,065)
Finance and bank charges paid		(13,014,800)	(30,082,828)
Zakat and income tax paid		(26,226,088)	(25,318,723)
Net cash from operating activities		<u>2,157,111,394</u>	<u>1,214,668,771</u>
<i>Cash flows from investing activities</i>			
Payments for investments in equity accounted investees		(1,105,000)	(303,750,000)
Purchase of property and equipment		(143,808,827)	(164,723,206)
Dividend received from equity accounted investees		10,823,214	8,962,582
Proceeds from disposal of property and equipment		15,216,175	5,951,912
Acquisition of subsidiaries, net of cash acquired	(13)	(201,845,564)	(2,021,798)
Net movement in capital work in progress		(49,067,552)	(16,885,196)
Net cash used in investing activities		<u>(369,787,554)</u>	<u>(472,465,706)</u>
<i>Cash flows from financing activities</i>			
Net movement in short term debts		15,027,292	(91,817,032)
Net movement in bank over drafts		10,676,167	(2,898,973)
Non-controlling interest share of capital		277,946	2,517,769
Dividends paid to non-controlling interest		(3,048,228)	(3,826,825)
Dividends paid to shareholders		(440,000,000)	(306,776,585)
Net cash used in financing activities		<u>(417,066,823)</u>	<u>(402,801,646)</u>
Net change in cash and cash equivalents		1,370,257,017	339,401,419
Cash and cash equivalents at the beginning of the year		746,837,577	407,436,158
Cash and cash equivalents at the end of the year	(4)	<u>2,117,094,594</u>	<u>746,837,577</u>

The accompanying notes (1) through (31) form an integral part of these consolidated financial statements.

Al Tayyar Travel Group Holding Company
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013
(Saudi Arabian Riyals)

	<u>Notes</u>	<u>Share Capital</u>	<u>Statutory reserve</u>	<u>Translation adjustment for foreign operations</u>	<u>Retained Earnings</u>	<u>Total Shareholders' Equity</u>	<u>Non-controlling Interest</u>	<u>Total</u>
At 31 December 2011		800,000,000	134,554,611	(1,853,075)	237,759,351	1,170,460,887	7,419,420	1,177,880,307
Net income for the year		--	--	--	755,370,412	755,370,412	8,675,029	764,045,441
Transferred to statutory reserve		--	75,537,041	--	(75,537,041)	--	--	--
Acquisition of interest in subsidiary		--	--	--	--	--	2,186,857	2,186,857
Translation adjustment for foreign operations		--	--	(2,864,035)	--	(2,864,035)	--	(2,864,035)
Dividends to shareholders		--	--	--	(200,000,000)	(200,000,000)	--	(200,000,000)
Dividends paid to non-controlling interest		--	--	--	--	--	(3,826,825)	(3,826,825)
At 31 December 2012		800,000,000	210,091,652	(4,717,110)	717,592,722	1,722,967,264	14,454,481	1,737,421,745
Net income for the year		--	--	--	942,928,338	942,928,338	6,378,703	949,307,041
Transferred to statutory reserve		--	94,292,834	--	(94,292,834)	--	--	--
Bonus shares issued	(1)	400,000,000	--	--	(400,000,000)	--	--	--
Acquisition of interest in subsidiary	(13)	--	--	--	--	--	208,333,000	208,333,000
Translation adjustment for foreign operations		--	--	(10,785,145)	--	(10,785,145)	--	(10,785,145)
Dividends to shareholders	(17)	--	--	--	(440,000,000)	(440,000,000)	--	(440,000,000)
Acquisition of / dividends paid to non-controlling interest		--	--	--	--	--	(2,770,282)	(2,770,282)
At 31 December 2013		1,200,000,000	304,384,486	(15,502,255)	726,228,226	2,215,110,457	226,395,902	2,441,506,359

The accompanying notes (1) through (31) form an integral part of these consolidated financial statements.

Al Tayyar Travel Group Holding Company
(A Saudi Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
For the year ended 31 December 2013

1. THE COMPANY, ITS SUBSIDIARIES AND PRINCIPAL ACTIVITIES

Al Tayyar Travel Group Holding Company (ATG), formerly Al Tayyar Travel Group, 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'). From 4 June 2012, the shares of the Company have been listed on the Saudi Stock Exchange.

On 2 April 2013, the extra ordinary general assembly meeting of Shareholders approved to issue one Ordinary bonus share for every two Ordinary shares held. The bonus shares have been issued from the retained earnings of the Company. Following the bonus shares issue, the capital of the Parent is increased from SAR 800 million to SAR 1.2 billion and consists of 120,000,000 Ordinary shares of SAR 10 each.

On the same date, the extra ordinary general assembly meeting of Shareholders approved the change in the name of the Company to Al Tayyar Travel Group Holding Company. The Commercial Registration Certificate of the Company was updated on 19 Jumada' II 1434H (corresponding to 29 April 2013).

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 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>December 2013</u>	<u>December 2012</u>	
National Tourism and Travel Bureau Limited (NTTB)	Kingdom of Saudi Arabia	100%	100%	31 December
Al Sarh Travel and Tourism Limited (ASTT)	Kingdom of Saudi Arabia	80%	80%	31 December
Al-Tayyar International Air Transportation Agency Company Limited (ATI)	Kingdom of Saudi Arabia	100%	100%	31 December
Al-Tayyar Holiday for Travel and Tourism Company Limited (ATH)	Kingdom of Saudi Arabia	100%	100%	31 December
Al-Tayyar Travel, Tourism and Cargo Company Limited (ATC)	Kingdom of Saudi Arabia	100%	100%	31 December
Al-Tayyar Holidays Travel Group Company (formerly Al-Tayyar Tourism and Travel Group – Egypt) - (ATE)	Egypt	100%	100%	31 December
Al Tayyar Cargo and Custom Clearance Company (ATCC)	Egypt	100%	100%	31 December
E Al-Tayyar Tourism Company (formerly E Al-Tayyar For Tourist and Transportation Company) - (ATT)	Egypt	100%	100%	31 December
E Al-Tayyar Tours Company (formerly E Al-Tayyar Limousine Company) - (ALC)	Egypt	100%	100%	31 December

Al Tayyar Travel Group Holding Company
(A Saudi Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
For the year ended 31 December 2013

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>December 2013</u>	<u>December 2012</u>	
Nile Holidays Tourism Company (formerly New Al-Tayyar Limousine Company) - (NALC)	Egypt	100%	100%	31 December
Al Tayyar Rent A Car Company (ARC)	Egypt	100%	100%	31 December
Lena Tours & Travel (LTT)	Lebanon	100%	75%	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 – Dubai (ATD)	United Arab Emirates	100%	100%	31 December
Taqniatech Company for Communication Technology Limited (TAQ)	Kingdom of Saudi Arabia	100%	100%	31 December
Al Tayyar Real Estate, Tourism Development and Investment Company - Hotels (ARE)	Kingdom of Saudi Arabia	100%	100%	31 December
Al Tayyar Insurance Broker Company Limited (INS)	Kingdom of Saudi Arabia	100%	100%	31 December
Al Tayyar Rent A Car (ARAC)	Kingdom of Saudi Arabia	100%	100%	31 December
Al Musaffir Magazine (AMM)	Kingdom of Saudi Arabia	100%	100%	31 December
Al Mousim Travel & Tours (AMTT)	Kingdom of Saudi Arabia	100%	100%	31 December
Jawlah Tours Establishment for Tourism (JTET)	Kingdom of Saudi Arabia	51%	51%	31 December
Al Mawasim Tourism and Umrah Services (MWT)	Kingdom of Saudi Arabia	51%	51%	31 December
Al Jazirah Travel (AJT)	Kingdom of Saudi Arabia	70%	70%	31 December
Fly IT (FIT)	Kingdom of Saudi Arabia	60%	60%	31 December
Muthmerah Real Estate Investment Company (MREIC) – (see notes 12 and 13)	Kingdom of Saudi Arabia	75%	36%	31 December
Saudi World Travel and Tourism Company Limited (SWTT)	Kingdom of Saudi Arabia	100%	--	31 December

The 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>December 2013</u>	<u>December 2012</u>	
Felix Airways Limited (FAL)	Yemen	30%	30%	31 December
Al-Shamel Int'l. Holding Co. K.S.C. (Closed) (ASI)	Kuwait	30%	30%	31 December
Grand Travel & Tours, LLC. (GTT) – see note 8	USA	--	40%	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)*	Kingdom of Saudi Arabia	70%	70%	31 December
2share Emerging Technology (TSET)	Kingdom of Saudi Arabia	35%	--	31 December

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

Al Tayyar Travel Group Holding Company
(A Saudi Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
For the year ended 31 December 2013

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>December 2013</u>	<u>December 2012</u>	
Al Wafeer Air (AWA)	Kingdom of Saudi Arabia	12.75%	12.75%	31 December
Taif Investments and Tourism Company (TITC)	Kingdom of Saudi Arabia	0.09%	0.09%	31 December

Subsidiaries:

NTTB – is a limited liability company, registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010055724 dated 04/01/1405 H corresponding to 29/09/1984. NTTB is a travel agency.

ASTT – is a limited liability company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010015548 dated 17/04/1398 H corresponding to 26/03/1978. ASTT is engaged in the travel and tourism business.

ATI – is a limited liability company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010202741 dated 09/09/1425 H corresponding to 22/10/2004. ATI is engaged in travel and tourism, air transportation services, owning and leasing of aeroplanes.

ATH – is a limited liability company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010169341 dated 02/07/1422 H corresponding to 19/09/2001. ATH is engaged in travel and tourism, triptiques and international driving licences.

ATC – is a limited liability company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010169340 dated 02/07/1422 H corresponding to 19/09/2001. ATC is engaged in air, sea and land cargo services, custom duty services and ships.

ATE – is a limited liability company registered in Egypt under Commercial Registration No. 4846 dated 08/03/2000. ATE is engaged in travel and tourism business.

ATCC – is a limited liability company registered in Egypt under Commercial Registration No. 9235 dated 14/11/2002. ATCC is engaged in air, sea, land cargo and custom duty services.

ATT – is a limited liability company registered in Egypt under Commercial Registration No. 328719 dated 23/01/2000. ATT is engaged in rent a car business.

ALC – is a limited liability company registered in Egypt under Commercial Registration No. 328138 dated 18/12/1999. ALC is engaged in rent a car business.

NALC – is a limited liability company registered in Egypt under Commercial Registration No. 13215 dated 10/04/2004. NALC is engaged in rent a car business.

ARC – is a limited liability company registered in Egypt under Commercial Registration No. 3965 dated 12/10/1999. ARC is engaged in rent a car business.

LTT – is a limited liability company incorporated in Lebanon as per commercial registration # 030996 dated 14 February 1989. LTT is engaged in travel and tourism business.

Al Tayyar Travel Group Holding Company
(A Saudi Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
For the year ended 31 December 2013

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

BHSB – is a private limited liability company registered in Malaysia under Commercial Registration No. 653642-T. BHSB is engaged in travel and tourism business. The Parent acquired control of this subsidiary during 2006. BHSB is registered in the name of third party Malaysian nationals who do not possess any controlling interest and do not have any stake in the operating assets of BHSB.

ATS – is a limited liability company registered in Sudan under Commercial Registration No. 14412 dated 06/12/1999. ATS is engaged in travel and tourism business.

ATD – is an overseas Travel and Tourism sole establishment registered in the United Arab Emirates not in the name of Group, a sole establishment under License No. 70699 dated 03/12/1420 H corresponding to 09/08/1997. ATD is registered in the name of Dr. Nasser Al Tayyar (the major shareholder) who does not possess any controlling interest and does not have any stake in the operating assets of ATD. The Parent has 100% beneficial ownership of ATD. The sole establishment activities are confined to organizing and promoting tourism programs in Dubai.

TAQ / TAQJV – is a limited liability company registered in KSA under Commercial Registration No. 1010230475 dated 1428/12/03. TAQ is engaged in telecommunications. TAQ entered into a joint venture (TAQJV) with a Jordanian national Mr. Subhi Azmi dated 13/01/1428 H corresponding to 01/02/2008 and was engaged in telecommunication services. TAQJV currently has no operational activities.

ARE – is a limited liability company registered in KSA under the commercial registration number 1010256065 dated 8/09/1429 H. ARE is mainly engaged in the hotel business that includes furnished suites & apartments, leisure facilities and other related activities.

INS – is a limited liability company registered in KSA under the Commercial registration number 1010229332 dated 2007/02/05. INS is engaged in general insurance. 50% of the company's ownership is held by Dr. Nasser Al Tayyar (the major shareholder) on trust as a nominee for the beneficial ownership of the Parent and does not possess any controlling interest and does not have any stake in the operating assets of INS and the legal formalities for the transfer of ownership is still in progress.

ARAC – is a limited liability company registered in KSA under the commercial registration number 1010228226 dated 01/08/1422 H. The company is licensed by Ministry of Transport, license number 10102050800, dated 21/12/1421 H to carry out all the rental related services.

AMM – is a limited liability company registered in KSA under the commercial registration number 1010119673 dated 13/07/1414 H. AMM is engaged in providing printing media and advertising service.

AMTT – is a limited liability company registered in KSA under the commercial registration number 1010011422 dated 16/03/1397 H. AMTT is engaged in travel, tourism, and other travel related services.

JTET – is a limited liability company registered in KSA under the commercial registration number 4650036550 dated 22/05/1426 H. JTET is a tours organization inside the Kingdom of Saudi Arabia under the letter of the General Authority for Tourism and Antiques.

MWT – is a limited liability company registered in KSA under the commercial registration number 4030127417 dated 7/03/1420H. MWT is mainly engaged in the travel, tourism, Hajj and Umrah, hotels and other travel and tourism related services.

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

AJT – is a limited liability company registered in KSA under the commercial registration number 4030219463 dated 15/01/1433 H. AJT is engaged in travel, tourism, and other travel related services.

FIT – is a limited liability company registered in KSA under the commercial registration number 4030211616 dated 19/05/1432 H. FIT is engaged in providing SMS/MMS services.

MREIC - is a limited liability company registered in KSA under the commercial registration number 1010327099 dated 08/03/1433 H. The main activity of MREIC is development and operation of residential and commercial buildings in Makkah area.

SWTT - is a limited liability company registered in KSA under Commercial Registration No. 1010315116 dated 23/09/1432. SWTT is engaged in travel, tourism, and other travel related services.

Investment in equity accounted investees:

FAL - is a limited liability company registered in Yemen as per commercial registration # 792 dated 04 November 2007. FAL is engaged in providing domestic and international airline services within and outside Yemen.

ASI – is a closed Kuwaiti Shareholding Company incorporated as a holding company as per commercial registration # 65134 dated 12 March 1996. The main activities of the Company are to invest in equity instruments of local and foreign companies, grant loans to such companies, own moveable and immoveable properties and to participate in the formation of similar companies.

GTT – is a limited liability company incorporated in the United States of America as per the commercial registration # CIS0306 dated 26 October 2007 issued by the Commonwealth of Virginia State Corporation Commission. The effective date of conversion as LLC is 9 November 2007. The Company is engaged in providing travel and related services (see note 8).

VAT – is incorporated under the Canada business Corporations Act on 9 January 1995 and is engaged in providing travel agency and reservation services.

TTAD – is a limited liability company incorporated in the United Arab Emirates under the commercial registration number 10073. The Company is engaged in providing travel agency and reservation services.

TSET - is a limited liability company registered in KSA under the commercial registration number 1010237069. The main activity of TSET is to provide telecommunication and call center services under the license number 11-13-28 dated 16/11/1428.

Available for sale investments:

AWA – is a limited liability company registered in KSA under the commercial registration number 178108 dated 06/04/1429 H. AWA is engaged in providing Hajj and Umrah chartered flights. The operating activities of the Company have been ceased in 2011.

TITC - is a limited liability company registered in KSA under the commercial registration number 4022021101 dated 20/03/1420 H. TITC is mainly engaged in real estate management, construction, design, leisure and tourism.

Al Tayyar Travel Group Holding Company
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2. BASIS OF PREPARATION

(a) *Statement of compliance*

The accompanying 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).

These consolidated financial statements were authorized for issue on behalf of the shareholders by the board of directors of the Parent Company on 23 Rabi II 1435H (corresponding to 23 February 2014).

(b) *Basis of measurement*

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

(d) *Use of estimates and judgements*

The preparation of 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 notes:

- Trade receivables (note 5)
- Property and equipment (note 11)
- Intangible assets (note 13)

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 notes:

- Provision for trade receivables (note 5)
- Capital work in progress for disposal (note 12)
- Impairment of intangible assets (note 13)
- Other Provisions

Al Tayyar Travel Group Holding Company
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3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in the consolidated financial statements.

(a) *Basis of consolidation*

These consolidated financial statements include the financial statements of the Group entities set out in Note 1 above. Associates are accounted for using the equity method.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases.

Transactions eliminated on consolidation

All internal group balances and financial transactions resulting from transactions between the Company and the subsidiaries and those arising between the subsidiaries are eliminated in preparing these consolidated financial statements. Also, any unrealized gains and losses arising from intra group transactions are eliminated on consolidation.

(b) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash with banks and highly liquid investments, if any, with original maturities of three months or less, which are available to the Group without any restrictions.

(c) *Trade receivables*

Trade receivables are stated at original invoice amount less provisions made for amounts which in the opinion of the management may not be received. Bad debts are written off when identified as a result of objective evidence which can include default or delinquency by a debtor, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers or economic conditions that correlate with defaults.

(d) *Investments*

Investments in associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decision. Associates and jointly controlled entities are accounted for using the equity method (equity accounted investee) and are initially recognized at cost. The financial statements include the Group's share of income and expenses and equity movement of the equity accounted investees from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate. The Group's share of profits or losses of the investee companies is credited or charged to the consolidated statement of income.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) *Investments (continued)*

Available for sale investments

Investments which are not for trading purposes and where the Parent does not have any significant influence or control are classified as available for sale investments and subsequent to initial recognition they are measured at fair value and changes therein other than impairment losses are recognized in equity. Fair value is determined by reference to the market value in the open market if an open market exists. In the absence of an open market, the cost less impairment losses recognised is considered to be the fair value for these investments.

(e) *Property and equipment*

Property and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Finance costs on borrowings to finance the construction of qualified assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure is recognized in the income statement when incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of individual items of property and equipment.

The estimated useful lives of assets for current and comparative years are as follow:

	<u>Years</u>
Buildings	20
Furniture, fixtures, decorations, telecommunication systems, air conditioning and cooling systems, tools and hardware, safes and vaults	6.67- 10
Computers and office equipment, security systems	5
Vehicles	4

(f) *Intangible assets*

Goodwill

Goodwill represents the excess cost of investments over the fair value of the net assets acquired in a business combination. Goodwill is tested annually for impairment and is carried at cost net of accumulated impairment losses. Impairment losses on goodwill are not reversed once recorded. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Negative goodwill represents the excess of the fair value of the net assets acquired and the cost of investments in a business combination. Negative goodwill is recognised in the consolidated statement of income.

(g) *Impairment of assets*

Property and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss, if any, is recognized in the statement of income for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) *Provisions*

A provision is recognized if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

(i) *Employees' end of service benefits*

Employees' end of service benefits, calculated in accordance with labour regulations of the countries of incorporation of the group member companies, are accrued and charged to the consolidated statement of income. The liability is calculated at the current value of the vested benefits to which the employee is entitled, should his services be terminated at the balance sheet date.

(j) *Revenue recognition*

Revenue from airline tickets reflects the ticketing price and is recognized when the tickets are issued. Revenue from other services is recognized when services are performed. Other income is recorded when earned. Airline incentives are recorded in other operating income once earned.

(k) *Operating leases*

Payments under operating leases are recognized in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense over the term of the lease.

(l) *Expenses*

Selling and marketing expenses are those arising from the Group's efforts underlying the marketing, selling and distribution functions. All other expenses, excluding cost of revenue and financial charges, are classified as general and administrative expenses. Allocations of common expenses between cost of sales and selling, marketing, general and administrative expenses, when required, are made on a consistent basis.

(m) *Zakat and income tax*

The Company and its Saudi Arabian subsidiaries are subject to Zakat and income-tax in accordance with the regulations of the Department of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. The foreign subsidiaries are subject to tax regulations in their countries of incorporation. Zakat and income tax are charged to the current consolidated statement of income.

(n) *Foreign currency translation and foreign subsidiaries*

Transactions denominated in foreign currencies are translated to the functional currency of the Parent at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currencies of the Parent at the foreign exchange rate ruling at that date. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Exchange differences arising on translation are recognized in the current consolidated statement of income.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Foreign currency translation and foreign subsidiaries (continued)

The Company's books and accounts are maintained in Saudi Arabian Riyals. Assets and liabilities of foreign subsidiaries are translated into Saudi Arabian Riyals at the exchange rates in effect at the date of the consolidated balance sheet. The components of foreign subsidiaries' equity accounts, except retained earnings, are translated at the exchange rates in effect at the dates the related items originated. The elements of foreign subsidiaries' income statement are translated using the weighted-average exchange rate for the year.

Material adjustments resulting from the translation of foreign subsidiaries' financial statements into Saudi Arabian Riyals are reported as a separate component of equity attributable to shareholders of the Company in the consolidated financial statements.

(o) Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Company's management and internal reporting structure.

(p) Dividends

Interim dividends are recorded as a liability in the period in which they are approved by the Board of Directors. Final dividends are recorded in the period in which they are approved by the shareholders.

(q) Financial instruments

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments. The assets and liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these are measured at cost, less any impairment losses (financial assets). The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair value. Fair value is determined on the basis of objective evidence at balance sheet date.

4 CASH AND CASH EQUIVALENTS

	31 December 2013	31 December 2012
Cash on hand	4,430,379	11,307,081
Bank balances – Current accounts	1,195,312,465	317,528,472
Bank balances – Time deposit accounts	917,351,750	418,002,024
	<u>2,117,094,594</u>	<u>746,837,577</u>

5 TRADE RECEIVABLES, NET

	31 December 2013	31 December 2012
Trade receivables	810,273,580	1,176,044,413
Provision for doubtful receivables	(227,050,414)	(201,952,591)
	<u>583,223,166</u>	<u>974,091,822</u>

The Group's exposure to credit risk in respect of trade receivables is shown in note 29.

Al Tayyar Travel Group Holding Company
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6 RELATED PARTY TRANSACTIONS AND BALANCES

<u>Name of Related Party</u>	<u>Relationship</u>
Felix Airways Limited	Associate
Voyage Amro Travel	Associate
Al Shamel international Holding Company	Associate
Al Wafeer Air	Investee
Ahmed Al Tigani Ahmed	Minority shareholder of ATS
Majid Bin Aziz Al Nafai	Minority shareholder of MWT
Abdullah Aqeel Abdullah Al Tayyar	Vice president administration
Omar Ali Balsharaf Trading Company	Ownership interest by Board member
Samama Company	Ownership interest by Board member
Riyadh Cables Group	Ownership interest by Board member
Gulf International Trading and Real Estate Company	Ownership interest by Board member
Bonyan Almdaen Company	Ownership interest by majority shareholder of ATG
Emerging Technology Limited	Ownership interest by majority shareholder of ATG
Forbes Middle East	Ownership interest by majority shareholder of ATG
Medina Publishing & Printing Company	Ownership interest by majority shareholder of ATG
Nile Air	Ownership interest by majority shareholder of ATG
Saudi Batal Design Company	Ownership interest by majority shareholder of ATG
Lebanese Food Company Limited - Yilnilzar	Ownership interest by majority shareholder of ATG
Medina Press Group	Ownership interest by majority shareholder of ATG
Al Tayyar Real Estate Development Company	Ownership interest by majority shareholder of ATG
Others	Ownership interest by majority shareholder of ATG

- a) Related party transactions mainly represent purchases, sales and services rendered which are at arms length and undertaken at mutually agreed terms and approved by management.

	For the year ended 31 December 2013				
	<u>Sales</u>	<u>Purchases</u>	<u>Receipts</u>	<u>Payments</u>	<u>Other costs / (revenues)</u>
Felix Airways Limited	--	10,408,118	--	8,157,738	2,000,317
Voyage Amro Travel	--	212,076,928	--	136,612,837	--
Al Shamel International Holding Company	1,090	7,897,187	--	7,990,090	(3,966)
Ahmed Al Tigani Ahmed	--	--	--	--	(757)
Majid Bin Aziz Al Nafai	--	--	--	--	378,228
Abdullah Aqeel Abdullah Al Tayyar	--	--	--	--	(60,000)
Omar Ali Balsharaf Trading Company	3,155,956	--	3,349,049	--	--
Samama Company	5,475,760	--	3,199,792	--	(5,404,280)
Riyadh Cables Group	378,387	--	345,915	--	--
Gulf International Trading and Real Estate Company	566,680	--	520,000	--	--
Bonyan Almdaen Company	--	--	--	7,719,981	(7,725,431)
Emerging Technology Limited	109,776	--	--	3,517,553	(1,298,544)
Forbes Middle East	30,146	--	--	801,397	(894,610)
Medina Publishing & Printing Company	448,843	--	431,981	--	--
Nile Air	111,524	89,997,452	30,213,142	113,826,449	98,591
Saudi Batal Design Company	453,043	--	405,834	--	48,750
Lebanese Food Company Limited - Yilnilzar	--	--	--	158,796	(91,296)
Madina Press Group	57,045	--	--	809,901	(899,341)
Al Tayyar Real Estate Development Company	2,968,436	--	1,296,836	13,324,386	(689,165)
Others	--	763,864	--	(763,864)	--

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6. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

	For the year ended 31 December 2012				
	<u>Sales</u>	<u>Purchases</u>	<u>Receipts</u>	<u>Payments</u>	<u>Other costs / (revenues)</u>
Felix Airways limited	16,893	22,149,674	--	18,877,236	4,742,930
Voyage Amro Travel	--	178,027,521	--	154,109,074	--
Al Shamel International Holding Company	--	9,866,336	--	10,051,108	(2,184)
Al Wafeer Air	--	--	--	--	(7,982)
Ahmed Al Tigani Ahmed	--	--	--	--	243,969
Majid Bin Aziz Al Nafai	--	--	--	--	(44,286)
Abdullah Aqeel Abdullah Al Tayyar	--	--	--	--	(57,000)
Omar Ali Balsharaf Trading Company	3,856,227	--	3,797,540	--	697,351
Samama Company	5,762,785	--	4,126,934	--	1,092,805
Gulf International Trading and Real Estate Company	774,518	--	853,000	--	--
Bonyan Almdaen Company	--	14,887,699	--	15,560,375	(303,934)
Emerging Technology Limited	198,405	--	125,000	816,997	(624,677)
Forbes Middle East	50,087	1,065,915	--	784,646	352,932
Medina Publishing & Printing Company	314,172	--	348,508	--	84,706
Nile Air	120,041	101,678,169	--	108,327,132	(35,263)
Saudi Batal Design Company	362,693	--	409,155	--	91,843
Al Tayyar Real Estate Development Company	2,371,032	--	1,082,800	1,350	(9,082,735)

b) Due from related parties

	31 December 2013	31 December 2012
Nile Air	23,677,494	29,851,524
Emerging Technology Limited	2,594,510	265,725
Felix Airways Limited	2,580,118	2,830,181
Omar Ali Balsharaf Trading Company	562,945	756,038
Bonyan Almdaen Company	363,292	368,742
Saudi Batal Design Company	141,340	45,381
Gulf International Trading and Real Estate Company	89,684	43,004
Lebanese Food Company Limited - Yilnilzar	67,500	--
Medina Publishing & Printing Company	67,232	50,370
Forbes Middle East	58,683	121,750
Riyadh Cables Group	32,472	--
Abdullah Aqeel Abdullah Al Tayyar	12,265	72,265
Samama Company	--	2,728,656
	30,247,535	37,133,636

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6. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

<i>c) Due to related parties</i>	31 December 2013	31 December 2012
Voyage Amro Travel	103,981,414	28,517,324
Al Taysar Real Estate Development Company	7,009,132	21,315,953
Samama Company	399,656	--
Ahmed Al Tigani Ahmed	374,701	373,944
Al Shamel International Holding Company	363,438	453,465
Majid Bin Aziz Al Nafai	133,067	511,295
Medina Press Group	32,395	--
	<u>112,293,803</u>	<u>51,171,981</u>

d) Aggregate remuneration charged to the consolidated financial statements for the year relating to Board members and key management personnel amounted to SAR 19,080,645 (2012: SAR 13,864,000). This has been charged to the general & administrative and selling & marketing expenses.

7. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2013	31 December 2012
<i>Advances</i>		
Advances to suppliers	223,408,222	118,563,086
Advances for aircraft*	100,154,522	96,304,117
Advances for operating lease (see note 28)	77,137,500	--
Advances for letter of guarantee margins (see note 27)	13,096,337	11,821,401
Other advances	10,704,971	1,887,811
	<u>424,501,552</u>	<u>228,576,415</u>
<i>Prepayments</i>		
Rents	9,903,757	9,317,696
Insurance	5,044,586	4,517,636
Subscription fees	22,853	63,630
Advertising	25,000	79,629
Other prepayments	2,668,776	910,280
	<u>17,664,972</u>	<u>14,888,871</u>
<i>Other receivables</i>		
Accrued incentives	17,724,164	9,060,824
Employee receivables	5,116,248	4,774,175
Amount held for unclaimed refunded tickets	1,269,624	984,291
Other receivables	18,475,473	17,550,357
	<u>42,585,509</u>	<u>32,369,647</u>
	<u>484,752,033</u>	<u>275,834,933</u>

*The Group has placed an advance for an aircraft which is expected to be in operational use by the Group during 2014.

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8 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

	Share holding %	December 31, 2012	Current year profit / (loss)	Dividends received	Others*	31 December 2013
Al Shamel International Holding Co. KSC (ASI)	30%	96,087,013	2,871,329	(3,891,181)	--	95,067,161
Grand Travel & Tours, LLC. (GTT)	40%	8,514,963	6,868,692	(4,136,827)	(11,246,828)	--
Taqniatech Company for Communication Technology JV (TAQJV)	70%	1,752,110	--	--	--	1,752,110
Al Tayyar Travel and Tourism - Abu Dhabi (TTAD)	49%	512,269	--	--	--	512,269
Voyage Amro Travel (VAT)	49%	3,597,571	2,556,730	(2,795,205)	--	3,359,096
Muthmerah Real Estate Investment Company (MREIC)	--	302,690,632	--	--	(302,690,632)	--
2Share Emerging Technology (TSET)	35%	--	--	--	1,105,000	1,105,000
		<u>413,154,558</u>	<u>12,296,751</u>	<u>(10,823,213)</u>	<u>(312,832,460)</u>	<u>101,795,636</u>

* GTT – The investment was disposed by the Group on 16 December 2013. Also as a result, the amounts due to GTT are now included within the Trade Payables along with the comparative amount being reclassified (2013: SAR 344 million; 2012: SAR 170 million). Purchases made by the Group during the year totaled SAR 702 million (2012: SAR 720 million).

* MREIC – Additional investment made in May 2013 (see note 13).

* TSET – Investment made during the year.

9 INVESTMENT PROPERTIES

	31 December 2013	31 December 2012
Land in Dammam	<u>25,000,000</u>	<u>25,000,000</u>

This represents the Group's share of investment of land in Dammam in the Kingdom of Saudi Arabia. The land is to be used for the development of a residential / commercial compound.

There is no active market for the above investment but there are no indications that the fair value is lower than the cost. The investment was purchased during 2009.

10 AVAILABLE FOR SALE INVESTMENTS

	Shareholding %	31 December 2013	31 December 2012
Al Wafeer Air (AWA)			
- Cost	12.75%	27,272,715	27,272,715
- Impairment losses		(27,272,715)	(27,272,715)
		--	--
Taif Investments and Tourism Company (TITC)	0.09%	1,000,000	1,000,000
		<u>1,000,000</u>	<u>1,000,000</u>

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11 PROPERTY AND EQUIPMENT, NET

	31 December 2013							31 December 2013	31 December 2012
	Land & buildings	Safes, decorations & furniture & fixtures	Computers & office Equipment	Vehicles	Air Conditioners	Telecom & security systems	Tools & Hardware	Total	Total
Cost:									
At 1 January	480,229,490	70,824,568	32,954,118	128,339,515	6,133,709	6,966,663	7,855,111	733,303,174	580,932,068
Foreign currency translation difference	(290,686)	(44,364)	(17,015)	(3,137,929)	(7,723)	(1,148)	(1,325)	(3,500,190)	(2,402,325)
Acquisition through business combination	85,012,593	2,754,457	257,054	71,653	1,001,253	--	409,987	89,506,997	443,767
Additions during the year	39,402,037	22,690,359	23,336,365	26,744,970	812,790	580,948	5,241,358	118,808,827	164,279,439
Disposals during the year	--	(464,404)	(386,340)	(29,571,333)	(9,407)	(25,000)	--	(30,456,484)	(9,949,775)
At 31 December	<u>604,353,434</u>	<u>95,760,616</u>	<u>56,144,182</u>	<u>122,446,876</u>	<u>7,930,622</u>	<u>7,521,463</u>	<u>13,505,131</u>	<u>907,662,324</u>	<u>733,303,174</u>
Accumulated depreciation:									
At January	30,574,645	43,978,522	19,780,425	46,368,816	4,161,593	5,418,477	4,775,570	155,058,048	121,333,533
Charge for the year	7,850,725	8,033,620	4,482,253	21,968,511	694,400	581,215	1,231,388	44,842,112	40,025,104
Disposals during the year	--	(409,974)	(373,214)	(21,400,767)	(6,201)	(2,350)	--	(22,192,506)	(6,300,589)
At 31 December	<u>38,425,370</u>	<u>51,602,168</u>	<u>23,889,464</u>	<u>46,936,560</u>	<u>4,849,792</u>	<u>5,997,342</u>	<u>6,006,958</u>	<u>177,707,654</u>	<u>155,058,048</u>
Net book value at 31 December 2013	<u>565,928,064</u>	<u>44,158,448</u>	<u>32,254,718</u>	<u>75,510,316</u>	<u>3,080,830</u>	<u>1,524,121</u>	<u>7,498,173</u>	<u>729,954,670</u>	
<i>31 December 2012</i>	<i><u>449,654,845</u></i>	<i><u>26,846,046</u></i>	<i><u>13,173,693</u></i>	<i><u>81,970,699</u></i>	<i><u>1,972,116</u></i>	<i><u>1,548,186</u></i>	<i><u>3,079,541</u></i>		<i><u>578,245,126</u></i>

Land and buildings include lands amounting to SAR 416 million (2012: SAR 351 million) which is not depreciated.

Included within the vehicles caption is a net book value amount of SAR 62.1 million (2012: SAR 64.3 million) in respect of vehicles used in the car rental business to customers.

Depreciation charge for the year has been allocated as follows:

	31 December 2013	31 December 2012
Depreciation charged to cost of revenue	15,296,285	14,162,681
Depreciation charged to selling and marketing expenses (note 22)	11,818,331	10,344,969
Depreciation charged to general & administrative expenses (note 23)	17,727,496	15,517,454
Total Depreciation	<u>44,842,112</u>	<u>40,025,104</u>

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12 CAPITAL WORK IN PROGRESS

		31 December 2013	31 December 2012
MREIC	(a)	1,151,521,663	--
MREIC Capital work in progress for disposal	(b)	(343,657,097)	--
		807,864,566	--
Others:			
- New head office building	(c)	26,702,572	16,530,925
- Hotel building	(d)	15,580,031	13,167,901
- Staff accommodation building	(e)	8,700,003	8,901,732
- TAPRO accounting software	(f)	8,455,867	8,423,367
- Call center project	(g)	5,132,096	4,665,294
		872,435,135	51,689,219

(a) The movement in capital work in progress is mainly due to the full consolidation of the MREIC financial statements. The MREIC capital work in progress totals SAR 808 million as at 31 December 2013, reflecting the land acquisition and hotel development costs to date for projects in Makkah (also see notes 13 and 14). During 2013, finance charges totaling SAR 25 million have been capitalized in the MREIC capital work in progress.

(b) This represents certain land parcels and hotel which were under construction totaling SAR 344 million. These assets have recently been included in the Haram expansion project and other projects in Makkah and as a result, are likely 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. These assets have therefore been classified as capital work in progress for disposal.

(c) New head office building construction is estimated to cost SAR 30 million and is expected to be completed during 2014.

(d) Hotel building construction is estimated to cost SAR 17 million and is expected to be completed by the end of 2014.

(e) Staff accommodation building is estimated to cost SAR 14 million and is expected to be completed during 2014.

(f) TAPRO accounting software is estimated to cost SAR 10 million and is expected to be completed during 2014.

(g) Call center project is estimated to cost SAR 6 million and to be completed by the first half of 2014.

Capital work in progress includes land amounting to SAR 751 million (2012: SAR 16 million).

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13 INTANGIBLE ASSETS

Goodwill

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

	31 December 2013	31 December 2012
National Travel and Tourism Bureau	6,212,311	6,212,311
Al Sarh Travel and Tourism Limited	11,600,000	11,600,000
E Al-Tayyar Tours Company *	26,297,274	26,297,274
Al Tayyar Rent a Car Company *	13,390,372	13,390,372
E Al-Tayyar Tourism Company *	13,805,118	13,805,118
Nile Holidays Tourism Company *	13,603,448	13,603,448
Lena Tours and Travel	2,718,479	2,718,479
Al Tayyar Rent A Car	44,500,000	44,500,000
Al Musaffir Magazine	1,426,644	1,426,644
Al Mousim Travel and Tours	13,750,000	13,750,000
Jawlah Tours Establishment for Tourism	1,578,247	1,578,247
Al Mawasim Tourism and Umrah Services	21,235,000	21,235,000
Al Jazirah Travel	2,014,001	2,014,001
	172,130,894	172,130,894
Foreign currency translation	--	4,475,735
Total	172,130,894	176,606,629
Impairment losses *	(32,718,479)	(30,000,000)
Net	139,412,415	146,606,629

* The loss on impairment was as a result of the continuing political uncertainty in Egypt and the impairment of LTT goodwill of SAR 2.7 million in the year 2013.

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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13 INTANGIBLE ASSETS (Continued)

Acquisition of subsidiary

Business combination

On 31 May 2013, the Company increased its shareholding in Muthmerah Real Estate Investment Company (MREIC) from 36% to 75% for a consideration amount of SAR 325 million. This step acquisition results in the Company consolidating MREIC financial statements as a subsidiary instead of equity accounting the investment. The acquisition has resulted in an increase in the non controlling interest of SAR 208.3 million.

The Company is currently in the process of allocating the purchase consideration to the identifiable assets and liabilities acquired. This exercise is expected to be completed within one year of the acquisition date as required by generally accepted accounting standards in Kingdom of Saudi Arabia. Any difference between the consideration paid and the fair value of the net assets acquired will be recognised as goodwill or negative goodwill as appropriate. However, the Company has initially accounted for the fair value of transaction based on the carrying values of the assets and liabilities as of the acquisition date which are summarized below:

	Initial Fair Value Recognized on Acquisition
<u>Assets</u>	
Property and equipment	89,506,997
Capital work in progress	1,090,335,461
Trade receivables and prepayments	17,195,391
Cash and cash equivalents	123,154,436
	<u>1,320,192,285</u>
<u>Liabilities</u>	
Short term loans	(474,213,925)
Accrued expenses and other liabilities	(12,173,576)
Employees' end of service benefits	(471,784)
	<u>(486,859,285)</u>
Initial fair value of the identifiable net assets	833,333,000
Non controlling interest of MREIC	(208,333,000)
Purchase consideration transferred	<u>625,000,000</u>
<u>Total acquisition cost:</u>	
Cash consideration	325,000,000
Fair value of previously held equity interest	300,000,000
Total	<u>625,000,000</u>
<u>Cash outflow on acquisition</u>	
Net cash acquired with the subsidiaries	123,154,436
Cash paid	(325,000,000)
Net cash outflow	<u>(201,845,564)</u>

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14 SHORT TERM DEBTS

	31 December 2013	31 December 2012
Short term loans – MREIC	(a) 489,241,217	--
Short term bank debts	(b) 1,385,160	1,385,160
	490,626,377	1,385,160

(a) *Short-term loans – MREIC:*

The MREIC short term loan facilities were novated to MREIC by Muthmerah Holding Company (the previous majority shareholder of MREIC) as part of the transaction disclosed in Note 13. The legal formalities of the transfer of this loan by the bank are still under process.

This amount outstanding is at agreed commercial rates. As at 31 December 2013, certain land assets of MREIC amounting to SAR 606.2 million have been pledged against these loan facilities.

The loan facility was due for repayment on 18 January 2014. The Group is currently in advanced discussions for the renewal of these facilities and is expected to be renewed shortly.

(b) *Short-term bank debts:*

This represents amounts outstanding under the short-term bank loan facilities with certain local commercial banks at agreed commercial rates.

15 ACCRUED EXPENSES AND OTHER LIABILITIES

	31 December 2013	31 December 2012
Advances from customers	1,290,057,343	861,354,094
Employees social security and welfare fund *	48,944,606	36,898,309
Charities	41,515,639	30,342,191
Salaries and benefits	35,606,772	24,584,540
Non trade payables	17,371,331	13,559,193
Tickets under settlement	19,439,581	9,902,377
Rents and utilities	1,376,420	1,014,956
Dividends payable	--	144,625
Others	25,546,336	13,856,897
	1,479,858,028	991,657,182

*The Company is in the process of establishing the operating principles of this fund.

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16 ZAKAT AND INCOME TAX PROVISION

a) Charge for the year

	31 December 2013	31 December 2012
1 Zakat charge comprises the following:		
Zakat for the Company and Saudi based subsidiaries	35,880,809	31,608,005
Income tax for the overseas subsidiaries	562,770	407,373
Total	<u>36,443,579</u>	<u>32,015,378</u>

2 The significant components of Zakat base for the year are as follows:

	31 December 2013	31 December 2012
Capital	1,200,000,000	800,000,000
Adjusted net income year	1,060,490,635	870,957,303
Adjusted equity and provision at beginning of year	1,541,957,758	649,174,839
Deduction for property and equipment and Capital work in progress	(1,976,774,762)	(570,701,388)
Deduction for investment	(27,105,000)	(328,690,632)
Deduction for intangible assets	(139,412,415)	(146,606,629)
Deduction from dividend paid	(440,000,000)	(237,759,351)

b) Accrued Zakat and Income Tax

	31 December 2013	31 December 2012
The movement of Zakat and income tax provision is as follows:		
At the beginning of the year	34,413,686	27,717,031
Charges for the year	36,443,579	32,015,378
Payments during the year	(26,226,088)	(25,318,723)
At the end of the year	<u>44,631,177</u>	<u>34,413,686</u>

c) Status of Assessments

Zakat assessments for the Company have been finalized with the Department of Zakat and Income Tax (DZIT) and final zakat certificates obtained for the years up to 2007. The company has submitted the zakat returns for the years 2008 to 2012.

All subsidiaries are filing zakat and income tax returns regularly as per their country laws and there is no dispute that requires any additional provisions.

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17 DIVIDENDS

An amount of SAR 200 million has been paid during 2013 in respect of the dividends accrued as of 31 December 2012. The board of directors of the Company during their meeting dated 24 July 2013 approved an interim dividend for the first half of the year ended 31 December 2013 amounting to SAR 240 million (2012: interim dividend SAR 200 million) This was paid on 8 September 2013.

18 STATUTORY RESERVE

In accordance with its Articles of Association and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to transfer each year 10% of its net income to a statutory reserve until such reserve equals 50% of its share capital.

The statutory reserve is not available for distribution to the shareholders. However, the statutory reserve can be used for meeting the Company's losses or for increasing its capital.

19 NON-CONTROLLING INTEREST

	<u>Company</u>	<u>Minority %</u>	<u>31 December 2013</u>	<u>31 December 2012</u>
Muthmerah Holding Company	MREIC	25	208,201,562	--
Majid Bin Aziz Al Nafai	MWT	49	8,593,930	7,114,103
Mohaideb Ali Al Mohaideb	ASTT	20	7,044,923	5,148,228
Hassan A. Sökkery	FIT	40	1,158,262	1,524,366
Fahad Hader Alarifi	AJT	30	714,049	473,778
Ahmed Al Tigani Ahmed	ATS	25	572,148	391,767
Saud Al-Harbi	JTET	49	111,028	80,186
Fouad Kurban	LTT	--	--	(277,947)
			<u>226,395,902</u>	<u>14,454,481</u>

20 REVENUE, NET

	<u>31 December 2013</u>	<u>31 December 2012</u>
Gross revenue	8,233,585,035	7,305,958,692
Refunds	(1,973,319,864)	(1,916,010,488)
	<u>6,260,265,171</u>	<u>5,389,948,204</u>

Air ticketing, travel and tours

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

	<u>31 December 2013</u>	<u>31 December 2012</u>
Commission earned on sale of airline tickets, travel and tours	<u>1,291,758,169</u>	<u>1,099,453,522</u>

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21	<u>COST OF REVENUE, NET</u>	31 December 2013	31 December <u>2012</u>
	Cost of revenue	6,892,165,299	6,157,412,307
	Refunds	<u>(1,973,319,864)</u>	<u>(1,916,010,488)</u>
		<u>4,918,845,435</u>	<u>4,241,401,819</u>
22	<u>SELLING AND MARKETING EXPENSES</u>	31 December 2013	31 December <u>2012</u>
	Employee costs	74,876,006	60,134,450
	Sales commission and incentives	37,246,188	42,159,148
	Provision / write off for doubtful receivables	25,097,838	20,362,466
	Rentals	24,140,743	20,876,255
	Advertising	23,150,025	30,546,841
	Depreciation (note 11)	11,818,331	10,344,969
		<u>196,329,131</u>	<u>184,424,129</u>
23	<u>GENERAL AND ADMINISTRATIVE EXPENSES</u>	31 December 2013	31 December <u>2012</u>
	Employee costs	133,625,076	109,099,523
	Other provisions	25,000,000	--
	Depreciation (note 11)	17,727,496	15,517,454
	Charities and donations	14,677,146	11,596,623
	Contribution for employees social security and welfare fund (note 15)	10,095,620	7,502,005
	Consultancy	8,369,928	12,146,759
	Communication	8,368,295	10,375,167
	Insurance	6,658,581	2,996,109
	Repairs and maintenance	5,339,269	4,915,734
	Stationery	4,966,176	4,006,372
	Vehicles maintenance	2,890,436	2,444,500
	Utilities	2,863,589	2,863,730
	Travel	1,922,169	1,090,374
	Entertainment expenses	976,029	841,007
	Information technology	271,694	243,846
	Other expenses	6,333,745	3,170,637
		<u>250,085,249</u>	<u>188,809,840</u>

24. EARNINGS PER SHARE

Earnings / (loss) per share from operating income, other income / expense and net income for the current and comparative years has been calculated by using the average number of ordinary shares outstanding as at 31 December 2013 of 120 million shares (120 million shares at 31 December 2012 adjusted for bonus shares issued on 2 April 2013 - see note 1).

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25 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 is shown below:

	31 December <u>2013</u>	31 December <u>2012</u>
<u>Revenue</u>		
Air Ticketing, Travel & Tours	6,065,751,159	5,208,503,034
Cargo	129,186,499	116,594,908
Transportation and other	65,327,513	64,850,262
	<u>6,260,265,171</u>	<u>5,389,948,204</u>
	31 December <u>2013</u>	31 December <u>2012</u>
<u>Gross Profit</u>		
Air Ticketing, Travel & Tours	1,291,758,169	1,099,453,522
Cargo	13,100,221	11,935,241
Transportation and other	36,561,346	37,157,622
	<u>1,341,419,736</u>	<u>1,148,546,385</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 34% of the revenue for the year is generated from one governmental entity (2012: 40%). The contract with this governmental entity is valid till May 2014. Management is currently discussing the renewal of this contract.

A segment for Hotels is currently under formation following the acquisition of the majority stake in MREIC during 2013 (see notes 12 and 13). As at 31 December 2013, MREIC represents more than 10% of the consolidated assets. MREIC has started to generate some revenue from hotels. However, majority of the hotels are currently under construction. These are expected to be fully operational from 2015.

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25 SEGMENT REPORTING (Continued)

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

As at and for the year ended 31 December 2013					
	<u>ATI</u>	<u>ATH</u>	<u>MREIC</u>	Other entities / Consolidation <u>Adjustments</u>	<u>Total</u>
Revenues	3,347,493,636	1,534,639,947	2,728,582	1,375,403,006	6,260,265,171
Gross profit	940,716,042	244,038,449	2,728,582	153,936,663	1,341,419,736
Depreciation	7,534,154	3,562,150	2,022,600	31,723,208	44,842,112
Total Assets	2,581,075,253	1,822,186,656	1,340,778,700	(315,468,328)	5,428,572,281
Total Liabilities	948,523,216	1,244,207,540	509,023,606	285,311,560	2,987,065,922
As at and for the year ended 31 December 2012					
	<u>ATI</u>	<u>ATH</u>	<u>MREIC</u>	Other entities / Consolidation <u>Adjustments</u>	<u>Total</u>
Revenues	2,117,683,963	1,798,785,730	--	1,473,478,511	5,389,948,204
Gross profit	753,536,641	222,461,819	--	172,547,925	1,148,546,385
Depreciation	6,969,769	3,099,794	--	29,955,541	40,025,104
Total Assets	1,860,634,266	789,314,887	--	599,644,347	3,249,593,500
Total Liabilities	910,230,082	387,101,392	--	214,840,281	1,512,171,755

Geographical Segments

The Group subsidiaries operate in the following principal geographical areas:

- Kingdom of Saudi Arabia
- Sudan
- Egypt
- Lebanon
- Malaysia
- United Arab Emirates

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

	<u>Kingdom of Saudi Arabia</u>	
	<u>31 December</u> <u>2013</u>	31 December <u>2012</u>
Revenues	6,169,979,809	5,289,399,737
Gross profit	1,322,256,067	1,130,556,732
Depreciation	39,469,066	34,852,014
Total Assets	5,245,999,022	3,088,511,759
Total Liabilities	2,835,556,733	1,380,108,190

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26 OPERATING LEASES

The Group has various operating leases for office space, warehouse, retail outlets and employees' accommodations. The leases are for an initial period of one year with options to renew the leases after expiry of the initial lease periods. Lease payments are either fixed or increase annually to reflect market rentals. Rental expenses for the year ended 31 December 2013 amounted to SAR 24.1 million (2012: SAR 20.9 million).

27 CONTINGENT LIABILITIES

At 31 December 2013, the Group has letter of guarantees totalling SAR 150 million (2012: SAR 138 million) issued by the Group's banks in favour of certain suppliers. Included within this advances are amounts for letter of guarantee margins totalling SAR 13.1 million (2012: SAR 11.8 million) - see note 7.

28 CAPITAL COMMITMENTS

The Group has capital commitments as at 31 December 2013 of SAR 202 million (2012: SAR 16.7 million) in respect of the construction of new office premises and others.

During 2013, the Group entered into non-cancellable operating lease arrangement for the lease of certain properties in Makkah. During December 2013, this lease agreement was amended. The revised agreement is for an initial duration of approximately 8 years effective from January 2014. The lease payments are fixed and increase annually to reflect market rentals. The total amount payable over the lease period is SAR 2.47 billion. An advance of SAR 77 million (2012: Nil) has been paid by the Group (see note 7).

29 FINANCIAL INSTRUMENTS

Financial instruments carried in the balance sheet include cash and cash equivalents, trade and other receivables, investments, short-term borrowings, trade payables, other liabilities, and long-term debt.

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group has no significant concentration of credit risks with a large proportion of its debtors being governmental entities in the Kingdom of Saudi Arabia. As of 31 December 2013, two customers (2012: two) accounted for 32% (2012: 36%) of the gross trade receivables. Cash and cash equivalents are placed with national and international banks with sound credit ratings. Trade and other receivables are mainly due from local customers and related parties and are stated at their estimated realisable values.

Fair value and cash flow interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing market rates on the Group's financial position and cash flows. The Group's market rate risk arises mainly from short term bank deposits, bank and other debts, which are at floating market rates. All deposits and debts are subject to re-pricing on a regular basis.

Management monitors the changes in market rates and believes that the fair value and cash flow market rate risks to the Group are not significant.

29 FINANCIAL INSTRUMENTS (Continued)

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value.

Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet the Group's future commitments.

The Group currently has surplus cash and minimal external borrowings. Short term borrowing requirements for working capital when required are in place with certain local commercial banks.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Arabian Riyal and United States Dollar. Other transactions in foreign currencies, primarily Egyptian Pound, are not material to the results of the Group. Currency risk is managed on a regular basis.

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the accompanying financial statements are prepared under the historical cost method, except for the revaluation of the available-for-sale and trade securities at fair value through equity, differences may arise between the book values and the fair value estimates. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

30 SUBSEQUENT EVENTS

Dividends

The Board of Directors of the Company during their meeting dated 2 February 2014 approved a further dividend for the second half of the year ended 31 December 2013 amounting to SAR 240 million.

Bonus shares

The Board of Directors in their meeting dated 2 February 2014, proposed to issue as bonus shares one Ordinary share for every four Ordinary shares held subject to approval by the Shareholders at the forthcoming Annual General meeting. The bonus shares are proposed to be issued from the retained earnings of the Company. Following the bonus issue, the total Ordinary share capital of the Company will consist of 150 million Ordinary shares.

Investment in subsidiary

On 6 February 2014, the Group concluded the acquisition of 100% of the Ordinary share capital of Elegant Resorts Limited, a Company registered in England & Wales, for a consideration of GBP 14.3 million (SAR 87.5 million) which includes GBP 4.3 million (SAR 26.3 million) in respect of net working capital. Elegant Resorts Limited operates in the UK and is a luxury holiday tour operator.

31 COMPARATIVE FIGURES

Certain prior year figures have been reclassified to conform to the current year presentation.