

**Abdilmouhsen Al-Hokair Group for
Tourism and Development Company
(A Saudi Joint Stock Company)**

**INTERIM CONSOLIDATED FINANCIAL
STATEMENTS AND AUDITORS' LIMITED
REVIEW REPORT**

**FOR THE NINE MONTH PERIOD ENDED
30 SEPTEMBER 2015**

Abdilmouhsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the nine month period ended 30 September 2015

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**LIMITED REVIEW REPORT
TO THE SHAREHOLDERS OF ABDULMOUHSEN AL-HOKAIR GROUP FOR TOURISM AND
DEVELOPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)**

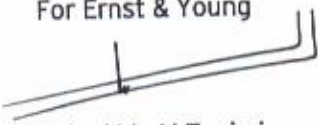
Scope of review

We have reviewed the accompanying interim consolidated balance sheet of Abdulmouhsen Al-Hokair Group for Tourism and Development Company - a Saudi Joint Stock Company (the "Company") and its subsidiary (the "Group") as at 30 September 2015, and the related interim consolidated statement of income for the three and nine month periods ended 30 September 2015, and the interim consolidated statement of cash flows for the nine month period then ended. 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. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A limited review consists principally of applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim consolidated financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

For Ernst & Young


Fahad M. Al-Toaimi
Certified Public Accountant
Registration No. 354



Riyadh: 6 Muharram 1437H
(19 October 2015)

Abdulmouhsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 September 2015

	Note	30 September 2015 SR	30 September 2014 SR
ASSETS			
CURRENT ASSETS			
Bank balances and cash		60,293,765	35,709,532
Accounts receivable		49,282,622	46,325,221
Prepayments and other current assets		139,044,961	122,218,217
Inventories		31,594,977	30,179,607
Amounts due from related parties		63,461,162	31,038,495
TOTAL CURRENT ASSETS		343,677,487	265,471,072
NON-CURRENT ASSETS			
Investments in associates	4	103,208,393	92,174,594
Projects under construction		158,173,219	135,497,072
Property and equipment		863,213,319	708,092,393
Goodwill		39,317,484	39,317,484
TOTAL NON-CURRENT ASSETS		1,163,912,415	975,081,543
TOTAL ASSETS		1,507,589,902	1,240,552,615
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable		65,949,070	70,362,027
Accrued expenses and other current liabilities		169,549,306	132,996,032
Bank borrowings and term loans	6	124,263,813	114,369,296
TOTAL CURRENT LIABILITIES		359,762,189	317,727,355
NON-CURRENT LIABILITIES			
Term loans	6	253,389,259	176,542,850
Employees' terminal benefits		56,515,873	47,729,628
TOTAL NON-CURRENT LIABILITIES		309,905,132	224,272,478
TOTAL LIABILITIES		669,667,321	541,999,833
SHAREHOLDERS' EQUITY			
Share capital	7	550,000,000	550,000,000
Statutory reserve		39,214,267	19,565,386
Retained earnings		179,958,314	128,987,396
Proposed dividends	12	68,750,000	-
TOTAL SHAREHOLDERS' EQUITY		837,922,581	698,552,782
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,507,589,902	1,240,552,615

The accompanying notes from 1 to 15 form an integral part of these interim consolidated financial statements.

Abdulmouhsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the three and nine month periods ended 30 September 2015

	Note	For the three month period ended 30 September		For the nine month period ended 30 September	
		2015 SR	2014 SR	2015 SR	2014 SR
REVENUES					
- Hotels		178,246,479	142,079,684	525,050,170	447,991,051
- Entertainment		133,190,223	98,500,500	330,269,352	257,251,950
- Others		5,197,035	4,908,993	14,990,206	13,902,685
TOTAL REVENUES		316,633,737	245,489,177	870,309,728	719,145,686
DIRECT COSTS					
- Hotels		(118,649,635)	(93,199,459)	(329,585,097)	(271,050,050)
- Entertainment		(77,000,743)	(60,159,311)	(204,998,544)	(173,548,211)
- Others		(2,005,191)	(1,542,090)	(5,315,824)	(4,606,320)
TOTAL DIRECT COSTS		(197,655,569)	(154,900,860)	(539,899,465)	(449,204,581)
GROSS PROFIT		118,978,168	90,588,317	330,410,263	269,941,105
EXPENSES					
Selling and marketing		(12,359,343)	(9,631,717)	(37,958,356)	(27,223,432)
General and administrative		(53,707,339)	(40,952,811)	(149,076,652)	(108,053,827)
TOTAL EXPENSES		(66,066,682)	(50,584,528)	(187,035,008)	(135,277,259)
INCOME FROM MAIN OPERATIONS		52,911,486	40,003,789	143,375,255	134,663,846
Share in net results of associates	4	10,857,727	6,451,733	28,394,067	22,655,129
Financial charges	6	(3,706,571)	(3,483,207)	(9,831,872)	(9,338,396)
Other (expenses) income, net		(1,559,654)	716,806	(491,515)	1,743,178
INCOME BEFORE ZAKAT		58,502,988	43,689,121	161,445,935	149,723,757
Zakat	5	(1,299,459)	(1,108,022)	(3,564,350)	(3,473,166)
NET INCOME FOR THE PERIOD		57,203,529	42,581,099	157,881,585	146,250,591
EARNINGS PER SHARE:					
<i>Attributable to:</i>					
Income from main operations	8	0.96	0.73	2.61	2.45
Net income for the period	8	1.04	0.77	2.87	2.66

The accompanying notes from 1 to 15 form an integral part of these interim consolidated financial statements.

Abdulmouhsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine month period ended 30 September 2015

	For the nine month period ended 30 September	
	2015 SR	2014 SR
OPERATING ACTIVITIES		
Income before Zakat	161,445,935	149,723,757
Adjustments for:		
Depreciation	92,562,593	76,108,060
Provision for doubtful debts	201,718	570,485
Provision for slow moving inventory	558,992	-
Share in net results of associates	(28,394,067)	(22,655,129)
Loss (Gain) on sale of property and equipment	575,137	(1,607,751)
Employees' terminal benefits, net	7,389,078	6,767,114
	<u>234,339,386</u>	<u>208,906,536</u>
Changes in operating assets and liabilities:		
Receivables	(35,166,296)	(20,786,201)
Inventories	(5,864,383)	(7,187,319)
Payables	<u>44,304,163</u>	<u>35,589,246</u>
Cash from operations	237,612,870	216,522,262
Zakat paid	<u>(1,256,387)</u>	<u>(172,337)</u>
Net cash from operating activities	<u>236,356,483</u>	<u>216,349,925</u>
INVESTING ACTIVITIES		
Murabaha deposit	-	90,000,000
Additions to property and equipment	(92,051,193)	(54,516,063)
Projects under construction	(130,962,287)	(130,115,580)
Dividends received from associates	23,305,489	37,472,552
Proceeds from sale of property and equipment	<u>4,132,225</u>	<u>3,394,773</u>
Net cash used in investing activities	<u>(195,575,766)</u>	<u>(53,764,318)</u>
FINANCING ACTIVITIES		
Proceeds from bank borrowings and term loans, net	62,103,600	39,669,773
Balances with related parties, net	(30,945,257)	(4,904,296)
Dividends paid (note 12)	<u>(68,750,000)</u>	<u>(206,250,000)</u>
Net cash used in financing activities	<u>(37,591,657)</u>	<u>(171,484,523)</u>
INCREASE (DECREASE) IN BANK BALANCES AND CASH	3,189,060	(8,898,916)
Bank balances and cash at the beginning of the period	<u>57,104,705</u>	<u>44,608,448</u>
BANK BALANCES AND CASH AT THE END OF THE PERIOD	<u>60,293,765</u>	<u>35,709,532</u>
Non-cash transactions:		
Transfer from projects under construction to property and equipment	116,677,298	70,423,311
Transfer of projects under construction to a related party	-	3,287,453

The accompanying notes from 1 to 15 form an integral part of these interim consolidated financial statements.

Abdilmouhsen Al-Hokair Group for Tourism and Development Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) 30 September 2015

1 ACTIVITIES

Abdilmouhsen Al-Hokair Group for Tourism and Development Company (the "Company") is a Saudi Joint Stock Company that operates under commercial registration number 1010014211 dated 16 Sha'aban 1398H (corresponding to 22 July 1978) and has branches and divisions operating in Riyadh, Jeddah, Khobar and other cities within the Kingdom of Saudi Arabia.

The Company and its subsidiary listed below (the "Group") are engaged in the establishment, management and operation of the following:

- Hotels and furnished apartments.
- Entertainment centers, recreation centers and tourist resorts.
- Commercial malls.
- Restaurants, parks and similar facilities.

The company has an investment in the following subsidiary which is included in these interim consolidated financial statements:

<u>Subsidiary</u>	<u>Direct and Indirect Ownership</u>		<u>Principal field of activity</u>	<u>Country of incorporation</u>
	<u>2015</u>	<u>2014</u>		
Sparky's Land Amusement Toys ("Sparky's")	100 %	100 %	Operation and management of electrical games hall, children amusement games hall and electronic games.	United Arab Emirates

2 BASIS OF CONSOLIDATION

These interim consolidated financial statements include assets, liabilities and results of operations of the Company and its subsidiary listed in note (1) above.

A subsidiary company is that in which the Company has direct and indirect long term investment comprising an interest of more than 50% in the voting capital and/or over which it exercises practical control. The subsidiary's financial statements are prepared using similar accounting policies as adopted by the Company. A subsidiary company is consolidated from the date on which the Company obtains control until the date that control ceases.

All significant inter-group accounts and transactions, as well as unrealized gains and losses arising from transactions with the subsidiary have been eliminated in interim consolidated financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The interim consolidated financial statements have been prepared in accordance with Saudi Organization for Certified Public Accountants standard on Interim Financial Reporting. The significant accounting policies adopted in preparation of the interim consolidated financial statements are consistent with those adopted in the preparation of annual consolidated financial statements for the year ended 31 December 2014.

The interim consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements and related notes for the year ended 31 December 2014.

Significant accounting policies adopted by the Group are summarized as follows:

Accounting convention

The accompanying interim consolidated financial statements have been prepared under the historical cost convention.

Abdulmouhsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 September 2015

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of interim consolidated financial statements in accordance with generally accepted accounting principles requires the use of estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Accounts receivable

Accounts receivable are stated at original invoice amount less provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Unbilled revenue

Unbilled revenue represents the value of services executed but not yet invoiced as at the interim consolidated balance sheet date. Such amount will be billed in the subsequent period

Inventories

Inventories are stated at lower of cost or estimated net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less any cost to complete the sale transaction. Cost is determined based on purchase cost using the weighted average method. Appropriate provision is made for slow moving inventories, if any.

Investments in associates

Associates are entities over which the Group exercises significant influence and which are neither subsidiaries nor joint ventures. Investments in associates are accounted for under the equity method of accounting whereby investments in associates are carried in the interim consolidated balance sheet at cost, adjusted by post-acquisition changes in the Group's share of net assets of associates, less any impairment in value. The interim consolidated statement of income reflects the Group's share of the net results of its associates.

Unrealized profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in associates.

Projects under construction

Projects under construction are stated at cost less any impairment in value. Projects under construction are classified as property and equipment upon completion of these projects.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost less estimated residual value of property and equipment is depreciated on a straight line basis over the estimated useful lives of the assets.

Expenditures for repair and maintenance are charged to the interim consolidated statement of income. Betterments that increase the value or materially extend the life of the related assets are capitalized.

Goodwill

Goodwill is initially recognized at cost being the excess of the value determined for the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses

Abdulmouhsen Al-Hokair Group for Tourism and Development Company
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

30 September 2015

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-current assets

The Group periodically reviews the carrying amounts of its long term tangible and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of the asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment is recognized in the interim consolidated statement of income.

Except for goodwill, where impairment subsequently reverses, the carrying amount of the asset or the cash generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognized for the asset or cash generating unit in prior years. A reversal of impairment is recognized immediately in the interim consolidated statement of income.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably.

Zakat

Zakat is provided for in accordance with Saudi Arabian fiscal regulations. The provision is charged to the interim consolidated statement of income.

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required by Saudi Arabian fiscal regulations.

Financing

Loans are recognized at the proceeds received after deducting incurred transaction costs if any. Financing costs that are directly attributable to the construction, acquisition and production of qualifying assets are capitalized as part of that asset's cost. Other financing costs are charged to the interim consolidated statement of income.

Employees' terminal benefits

Provision is made for amounts payable to the Company's employees under the Saudi Arabian labor law (for the subsidiary, the United Arab Emirates law) applicable to employees' accumulated periods of service at the interim consolidated balance sheet date.

Statutory reserve

As required by Saudi Arabian Regulations for Companies, 10% of the Company's net income for the year is to be transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 50% of the share capital. The reserve is not available for distribution.

Dividends distribution

Final dividends are recognized as a liability at the time of their approval by the General Assembly. Interim dividends are recorded when approved by the Board of Directors.

Abdulmouhsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
30 September 2015

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Hotel rooms' revenue is recognized when services are performed and / or food and beverages are provided to customers. Revenues from advance theme park ticket sales are recognized when the tickets are used. For non-expiring and rechargeable playing cards, revenue is recognized based on an estimated usage pattern that are derived from historical usage patterns.

Other income is recognized when earned.

Expenses

Selling and marketing expenses are those that specifically relate to salesmen and marketing activities. All other expenses except for financial charges are classified as general and administration expenses.

Operating leases

Rentals payments under operating leases are charged to the interim consolidated statement of income on a straight line basis over the term of the operating lease.

Foreign currencies

Transactions

Transactions in foreign currencies are recorded in Saudi Riyal at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the interim consolidated financial statements date. All differences are recognized in the interim consolidated statement of income.

Translation

Financial statements of the foreign operation are translated into Saudi Riyal using the exchange rate at each interim consolidated balance sheet date, for assets and liabilities, and the average exchange rate for each period for revenues, expenses, gains and losses. Components of equity, other than retained earnings, are translated at the rate ruling at the date of occurrence of each component. Translation adjustments, if material, are recorded as a separate component of shareholders' equity.

Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

4 INVESTMENTS IN ASSOCIATES

Investments in associates represent investments in the below companies that are considered limited liability companies' except for Tourism and Real Estate Development Company which is considered a Saudi closed joint stock company and all are registered in the Kingdom of Saudi Arabia:

	Ownership		30 September	30 September
	%		2015	2014
	2015	2014	SR	SR
Tourism and Real Estate Development Company	48.5	48.5	67,702,513	65,700,373
Al Qaseem Trading Company Limited	50.0	50.0	26,494,006	20,107,004
Asateer Company for Entertainment Projects Limited	50.0	50.0	4,714,568	6,916,835
Tarfeeh Company for Tourism and Projects Limited	50.0	50.0	4,247,306	2,400,382
Al Khaleejiya Company for Entertainment	50.0	50.0	50,000	50,000
			103,208,393	92,174,594

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(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
30 September 2015

4 INVESTMENTS IN ASSOCIATES (continued)

Movement in the investments in associates during the period was as follows:

	<i>For the nine months period ended 30 September</i>	
	<i>2015 SR</i>	<i>2014 SR</i>
At the beginning of the period	95,495,711	106,992,017
Share in net earnings	28,394,067	22,655,129
Dividends	(23,305,489)	(37,472,552)
Other	2,624,104	-
At the end of the period	<u>103,208,393</u>	<u>92,174,594</u>

5 ZAKAT

Zakat expense is provided for and charged to the interim consolidated statement of income on estimation basis. Differences resulting from the final Zakat calculation, if any, are adjusted at year end.

The Company has filed its Zakat declarations for all years from 2007 up to 2013 and obtained the relevant Zakat certificates. During the year ended 31 December 2014, the Company has received the Zakat assessments from the Department of Zakat and Income (the "DZIT") for the years from 2007 up to 2011. Based on these assessments, the DZIT claimed the Company to settle additional Zakat liability of SR 9.25 million. The Company has filed an appeal against these assessments to the preliminary Zakat and Income Tax Appeal Committee. However, the principal shareholder has committed to pay on behalf the Company any additional Zakat in respect of any amounts exceed the Zakat provision reported by the Company in the consolidated financial statement for all years up to 31 December 2013.

6 BANK BORROWINGS AND TERM LOANS

Loans have been obtained from local banks. These loans carry borrowing costs at prevailing commercial interest rates.

The following is a summary of the banks borrowings and term loans:

	<i>30 September 2015 SR</i>	<i>30 September 2014 SR</i>
Short term loans and bank overdrafts	4,787	945,665
Current portion of term loans	<u>124,259,026</u>	<u>113,423,631</u>
	124,263,813	114,369,296
Non-current portion of term loans	<u>253,389,259</u>	<u>176,542,850</u>
	<u>377,653,072</u>	<u>290,912,146</u>

Loans agreements contain covenants which require certain level of leverage ratio, current ratio, total debt to equity ratio and others to be maintained. Under the terms of these agreements, breaches in meeting these covenants would permit the banks to demand immediate repayment of these loans.

7 SHARE CAPITAL

Share capital is divided into 55,000,000 shares (30 September 2014: 55,000,000 shares) of SR 10 each.

Abdilmouhsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (continued)
30 September 2015

8 EARNINGS PER SHARE

Earnings per share attributable to income from main operations and net income for the period are calculated by dividing income from main operations and net income for the period, respectively, by the number of outstanding shares of 55,000,000 shares as at 30 September 2015.

9 SEGMENTAL INFORMATION

The Group's operations comprise of the following major business segments:

- **Hotels:** engaged in providing hospitality services, tourism, health resorts, furnished apartments, restaurants and cafes.
- **Entertainment:** engaged in establishment, administration, operation and maintenance of fun cities, entertainment centers and parks.
- **Others:** includes the operations of head office, a commercial center and other segments.

Following is summary of certain information which are disclosing above mentioned business segments as at 30 September 2015 and 2014. Vast majority of the Group's business segments operate in the Kingdom of Saudi Arabia:

30 September 2015
(Unaudited)

	Hotels SR	Entertainment SR	Others SR	Eliminations SR	Total SR
Revenues	525,050,170	330,377,901	16,891,054	(2,009,397)	870,309,728
Gross profit	195,465,073	125,270,808	9,674,382	-	330,410,263
Property and equipment	414,715,620	438,425,893	10,071,806	-	863,213,319
Total assets	714,947,926	660,411,924	132,230,052	-	1,507,589,902
Total liabilities	173,382,854	92,751,931	403,532,536	-	669,667,321

30 September 2014
(Unaudited)

	Hotels SR	Entertainment SR	Others SR	Eliminations SR	Total SR
Revenues	447,991,051	257,705,614	15,884,179	(2,435,158)	719,145,686
Gross profit	176,941,001	83,703,739	9,296,365	-	269,941,105
Property and equipment	321,472,213	384,414,649	2,205,531	-	708,092,393
Total assets	553,202,362	577,990,541	109,359,712	-	1,240,552,615
Total liabilities	166,301,540	62,223,655	313,474,638	-	541,999,833

10 COMMITMENTS AND CONTINGENCIES

Commitments

As at 30 September 2015, the Group has capital commitments of SR 102.4 million (30 September 2014: SR 61.1 million).

Contingencies

- At 30 September 2015, the Group has outstanding letters of credit and guarantees amounting to SR 35.1 million (30 September 2014: SR 28.9 million).
- The Group is involved in litigation matters in the ordinary course of business, which are being defended. While the ultimate results of these matters cannot be determined with certainty, the Group's management does not expect that these will have a material adverse effect on its financial position or results of operations.

Abdulmouhsen Al-Hokair Group for Tourism and Development Company
(A Saudi Joint Stock Company)

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

30 September 2015

11 INTERIM RESULTS

Interim results may not be an accurate indication of the annual results of operations.

12 DIVIDENDS DECLARATION AND APPROVAL

On 15 July 2015, the Board of Directors proposed interim cash dividends of SR 68.8 million for the first half of the year 2015. This is subject to the shareholders' approval in the upcoming General Assembly Meeting.

On 16 July 2014, the Board of Directors proposed interim cash dividends of SR 68.8 million for the first half of the year 2014. In a subsequent meeting dated 19 February 2015, the Board of Directors proposed interim cash dividends for the second half of 2014 of SR 68.8 million. The proposed dividends were approved by the General Assembly in its meeting dated 10 May 2015.

13 FAIR VALUES OF FINANCIAL INSTRUMENTS

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. Financial instruments comprise of financial assets and financial liabilities. The Group's financial assets consist of bank balances and cash, receivables and certain other assets. Its financial liabilities consist of bank borrowings, term loans, payables, and certain other liabilities.

The fair values of financial instruments are not materially different from their carrying values at the interim consolidated balance sheet date.

14 RISK MANAGEMENT

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Group is subject to interest rate risk on its interest bearing assets and liabilities, including bank borrowings and term loans.

Credit risk

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 seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables. At the interim consolidated balance sheet date, no significant concentrations of credit risk were identified by management.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group undertakes transactions in foreign currencies, mainly in UAE Dirham, US Dollar, and Euro. The Group is not exposed to significant currency risk as the Saudi Riyal and UAE Dirham are pegged to the US Dollar and transactions denominated in other currencies are not considered to represent significant currency risk.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group manages its liquidity risk and negative working capital by ensuring that bank facilities are available.

15 COMPARATIVE FIGURES

Certain prior period figures have been re-classified to conform to the presentation in the current period.