AL TAYYAR TRAVEL GROUP HOLDING COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 AND
INDEPENDENT AUDITORS' REPORT

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

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Dr. Mohamed Al-Amri & Co.
Accountants & Consultants

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Independent Auditor's Report
To the Shareholders of
Al Tayyar Travel Group Holding Company (A Saudi Joint Stock Company)

Opinion
We have audited the consolidated financial statements of Al Tayyar Travel Group Holding Company (a Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") endorsed in the Kingdom of Saudi Arabia, and other standards and versions endorsed by Saudi Organization for Certified Public Accountants ("SOCPA").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Code of Ethics for Professional Accountants ("IESBA Code") endorsed in the Kingdom of Saudi Arabia, and we have fulfilled our other ethical responsibilities in accordance with its requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Overview of audit
We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "key audit matters" below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the consolidated financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters include:

Revenue recognition
Revenue represents commission based revenue such as airline ticketing and incentives, hotel bookings, shipments and train ticketing, and non-commission based revenue such as package holidays, car rentals, chartered flights, property rentals and hospitality revenue.

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Our procedures included considering the appropriateness of revenue recognition as per the Group policies, and assessing compliance with applicable accounting standards. We tested the design and effectiveness of internal controls implemented by the Group through the revenue cycle. We tested sales transactions taking place at either side of the consolidated statement of financial position date to assess whether the revenue was recognised in the correct period. We also performed an analytical review on revenue based on trends of sales and profit margins.

Impairment of trade receivables
Management estimates the collectible amount of trade receivables. For significant account balances this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time that the amount is past due.

Our procedures included critically considering management's assumptions used in determining impairment losses for both specific and collective loss components, identifying those trade receivables with credit risk exposure and checking if they are properly included in management's impairment assessment and examining, on a sample basis, evidence related to post year-end cash receipts. We re-calculated the provision against trade receivables based on the Group's policies to ensure that impairment is appropriate at the statement of financial position date.

Impairment of non-current assets
Non-current assets mainly comprise property and equipment, intangible assets and goodwill, investment property and investment in equity-accounted associates.

We considered management's testing of impairment. We obtained future cash flows related to intangible assets and future cash flows of subsidiaries related to goodwill. We critically reviewed the inputs and assumptions in the impairment tests performed, and where appropriate performed sensitivity analysis as part of testing to determine headroom within tests and the residual risk of material misstatement.

Capital work in progress located in the Haram expansion area
Some of the Group's capital work in progress sites in Makkah have been designated by the government as forming part of the Haram expansion area. The Group expects to receive compensation for the loss of these sites. The relevant amount is shown as a separate line in the balance sheet under non-current assets.

We reviewed the Group's accounting treatment, evaluated the reasonableness of the assumptions and considered the appropriateness of the related disclosures.

IFRS transition
The Group adopted IFRS as endorsed in the Kingdom of Saudi Arabia from 1 January 2017.

Our procedures included obtaining an understanding of the analysis performed by management to identify all significant differences between previous reporting under SOCPA and IFRS as endorsed in the Kingdom of Saudi Arabia that impact on consolidated financial statements. We evaluated the adjustments as well as the disclosures required by IFRS 1 in relation to the IFRS transition.

Other information
Management is responsible for the other information. The other information in the annual report comprise of Directors' report and Corporate governance report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Those Charged With Governance ("TCWG") for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS endorsed in the Kingdom of Saudi Arabia, other standards and versions endorsed by SOCPA and Regulations of Companies requirements, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those Charged With Governance, in particular the Audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the management and TCWG regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide TCWG with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)
From the matters communicated with TCWG, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements
Further we confirm that in our opinion the consolidated financial statements comply with requirements of the Regulations for Companies and the Company's Articles of Association with respect to the preparation and presentation of consolidated financial statements.

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362

د. محمد العمري وشركاه - محاسبون قانونيون
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Riyadh
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

Riyadh, on: 22 Jumada I' 1439(H)
Corresponding to: 8 February 2018(G)

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

Consolidated statement of financial position
As at 31 December 2017
(Saudi Riyals)

	Note	**31 December 2017**	31 December 2016	1 January 2016
ASSETS				
Non-current				
Property and equipment	7	**3,384,064,647**	1,290,316,182	1,023,710,582
Capital work in progress	8	**132,147,360**	2,357,743,410	2,775,603,643
Capital work in progress – recoverable on disposal	9	**359,747,097**	359,747,097	359,747,097
Intangible assets and goodwill	10	**168,796,890**	202,753,670	290,359,673
Investment property	11	**1,058,975,801**	757,555,159	415,995,025
Investments in equity-accounted associates	12	**921,489,825**	1,041,771,975	147,822,111
Investments in equity-accounted joint ventures	12	**-**	-	1,752,110
Available for sale investments	13	**-**	1,000,000	4,524,949
Deferred tax assets	21	**4,445,627**	5,767,470	2,765,104
		6,029,667,247	6,016,654,963	5,022,280,294
Current				
Trade and other receivables	14	**1,883,708,123**	1,655,404,480	836,524,722
Due from related parties	26	**173,185,170**	55,735,574	12,465,096
Prepayments and advances	15	**295,016,153**	398,738,813	541,385,960
Cash and bank balances	16	**981,198,632**	1,249,531,766	2,008,773,003
		3,333,108,078	3,359,410,633	3,399,148,781
TOTAL ASSETS		**9,362,775,325**	9,376,065,596	8,421,429,075
EQUITY AND LIABILITIES				
Equity				
Equity attributable to owners of the parent:				
Share capital	17	**2,096,500,000**	2,096,500,000	2,000,000,000
Share premium		**707,345,000**	707,345,000	-
Statutory reserve		**628,950,000**	618,485,496	535,860,943
Other reserves		**7,998,371**	(18,210,886)	65,186,858
Retained earnings		**2,594,564,298**	2,197,536,615	1,456,194,372
		6,035,357,669	5,601,656,225	4,057,242,173
Non-controlling interests	18	**9,340,498**	31,579,794	31,940,135
TOTAL EQUITY		**6,044,698,167**	5,633,236,019	4,089,182,308
LIABILITIES				
Non-current				
Loans and borrowings	19	**880,433,761**	861,000,000	1,106,905,939
Employee benefits	20	**98,169,751**	100,737,137	104,182,322
Deferred tax liabilities	21	**4,548,751**	4,433,809	8,358,609
		983,152,263	966,170,946	1,219,446,870
Current				
Bank overdraft	16	**10,399,165**	9,836,262	10,824,105
Zakat and tax liabilities	21	**46,551,046**	43,458,250	48,747,350
Loans and borrowings	19	**497,429,810**	216,542,672	340,927,477
Employee benefits	20	**1,870,896**	1,805,915	2,811,234
Trade and other payables	22	**1,295,968,242**	1,706,260,505	1,248,848,246
Due to related parties	26	**92,057,947**	324,377,669	372,947,040
Deferred revenue	23	**365,647,789**	449,377,358	1,062,694,445
Provisions	24	**25,000,000**	25,000,000	25,000,000
		2,334,924,895	2,776,658,631	3,112,799,897
TOTAL LIABILITIES		**3,318,077,158**	3,742,829,577	4,332,246,767
TOTAL EQUITY AND LIABILITIES		**9,362,775,325**	9,376,065,596	8,421,429,075

Yazeed Khalid Al Muhayzie (Board Member) **Abdullah Nasser Al Dawood** (CEO) **Yousif Mousa Yousif** (Group CFO)

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and comprehensive income
For the year ended 31 December 2017
(Saudi Riyals)

	Note	2017	2016
Revenue	27	**2,107,018,325**	2,144,469,974
Cost of revenue		**(503,935,095)**	(473,874,159)
Gross profit		**1,603,083,230**	1,670,595,815
Selling expenses	28	**(332,858,133)**	(275,862,545)
Administrative expenses	29	**(494,794,534)**	(399,627,519)
Other expenses, net	30	**(96,070,589)**	(89,903,269)
Operating profit		**679,359,974**	905,202,482
Finance income		**28,623,809**	45,161,020
Finance costs		**(57,821,030)**	(46,291,742)
Net finance cost	33	**(29,197,221)**	(1,130,722)
Loss in disposal of subsidiaries	32	**(607,355)**	(4,619,592)
Recognized foreign currency loss in disposal of subsidiaries		**(1,535,132)**	-
Share of loss of equity-accounted investees, net of tax	12	**(127,838,764)**	(53,074,910)
Profit before Zakat and tax		**520,181,502**	846,377,258
Zakat and income tax expense	21	**(30,982,132)**	(30,000,385)
Profit for the year		**489,199,370**	816,376,873
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability	20	**16,190,218**	10,976,056
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations – foreign currency translation differences	17	**24,674,125**	(91,825,980)
Available for sale investments – net change in fair value	13	**-**	368,301
		24,674,125	(91,457,679)
Other comprehensive income / (loss), net of tax		**40,864,343**	(80,481,623)
Total comprehensive income		**530,063,713**	735,895,250
Profit attributable to:			
Owners of the parent		**496,796,473**	813,767,797
Non-controlling interests	18	**(7,597,103)**	2,609,076
		489,199,370	816,376,873
Total comprehensive income attributable to:			
Owners of the parent		**536,991,312**	732,616,831
Non-controlling interests		**(6,927,599)**	3,278,419
		530,063,713	735,895,250
Earnings per share			
Basic and diluted earnings per share	34	**2.37**	3.88

Yazeed Khalid Al Muhayzie (Board Member) | **Abdullah Nasser Al Dawood** (CEO) | **Yousif Mousa Yousif** (Group CFO)

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended 31 December 2017
(Saudi Riyals)

					Other reserves								
	Note	Share Capital	Share premium	Statutory reserve	Translation reserve	Staff general fund reserve	Charity fund reserve	Fair value reserve	Total	Retained earnings	Total attributable to the owners of the parent	Non-controlling interests	Total equity
Balance at 1 January 2017		2,096,500,000	707,345,000	618,485,496	(141,684,337)	88,054,182	35,419,269	-	(18,210,886)	2,197,536,615	5,601,656,225	31,579,794	5,633,236,019
Profit		-	-	-	-	-	-	-	-	496,796,473	496,796,473	(7,597,103)	489,199,370
Other comprehensive income		-	-	-	24,674,125	-	-	-	24,674,125	15,520,714	40,194,839	669,504	40,864,343
Total comprehensive income		-	-	-	24,674,125	-	-	-	24,674,125	512,317,187	536,991,312	(6,927,599)	530,063,713
Transferred to statutory reserve		-	-	10,464,504	-	-	-	-	-	(10,464,504)	-	-	-
Net movement of staff general fund reserve	6	-	-	-	-	-	-	-	-	-	-	-	-
Net movement of charity fund reserve	6	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with shareholders													
Dividends	17	-	-	-	-	-	-	-	-	(104,825,000)	(104,825,000)	(17,256,572)	(122,081,572)
Changes in ownership interests		-	-	-	-	-	-	-	-				
Increase in capital of subsidiary	18	-	-	-	-	-	-	-	-	-	-	2,240,020	2,240,020
Translation reserve realized on disposal of a subsidiary		-	-	-	1,535,132	-	-	-	1,535,132	-	1,535,132	(295,145)	1,239,987
Balance at 31 December 2017		2,096,500,000	707,345,000	628,950,000	(115,475,080)	88,054,182	35,419,269	-	7,998,371	2,594,564,298	6,035,357,669	9,340,498	6,044,698,167

Yazeed Khalid Al Muhayzie (Board Member)

Abdullah Nasser Al Dawood (CEO)

Yousif Mousa Yousif (Group CFO)

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)
For the year ended 31 December 2017
(Saudi Riyals)

					Other reserves								
	Note	Share Capital	Share premium	Statutory reserve	Translation reserve	Staff general fund reserve	Charity fund reserve	Fair value reserve	Total	Retained earnings	Total attributable to the owners of the parent	Non-controlling interests	Total equity
Balance at 1 January 2016		2,000,000,000	-	535,860,943	(49,858,357)	78,806,340	36,607,176	(368,301)	65,186,858	1,456,194,372	4,057,242,173	31,940,135	4,089,182,308
Profit		-	-	-	-	-	-	-	-	813,767,797	813,767,797	2,609,076	816,376,873
Other comprehensive income		-	-	-	(91,825,980)	-	-	368,301	(91,457,679)	10,306,713	(81,150,966)	669,343	(80,481,622)
Total comprehensive income		-	-	-	(91,825,980)	-	-	368,301	(91,457,679)	824,074,510	732,616,831	3,278,419	735,895,251
Transferred to statutory reserve		-	-	82,624,553	-	-	-	-	-	(82,624,553)	-	-	-
Net movement of staff general fund reserve	6	-	-	-	-	9,247,842	-	-	9,247,842	-	9,247,842	-	9,247,842
Net movement of charity fund reserve	6	-	-	-	-	-	(1,187,907)	-	(1,187,907)	-	(1,187,907)	-	(1,187,907)
Transactions with shareholders													
Shares issue	17	96,500,000	707,345,000	-	-	-	-	-	-	-	803,845,000	-	803,845,000
Dividends	17	-	-	-	-	-	-	-	-	-	-	(2,165,153)	(2,165,153)
Changes in ownership interests													
Disposal of subsidiary with NCI		-	-	-	-	-	-	-	-	-	-	(840,706)	(840,706)
Loss on equity transaction		-	-	-	-	-	-	-	-	(107,714)	(107,714)	(632,901)	(740,615)
Balance at 31 December 2016		2,096,500,000	707,345,000	618,485,496	(141,684,337)	88,054,182	35,419,269	-	(18,210,886)	2,197,536,615	5,601,656,225	31,579,794	5,633,236,019

Yazeed Khalid Al Muhayzie (Board Member)

Abdullah Nasser Al Dawood (CEO)

Yousif Mousa Yousif (Group CFO)

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2017
(Saudi Riyals

	Note	2017	2016
Cash flows from operating activities			
Profit before zakat and tax		**520,181,502**	846,377,258
Adjustments for:			
- Depreciation	7,11	**117,200,860**	93,714,214
- Amortisation	10	**8,322,762**	5,877,955
- Impairment loss on property and equipment	31	**65,971,262**	-
- Impairment loss on investment property	31	**19,706,446**	-
- Impairment loss on goodwill	31	**36,156,624**	76,651,340
- Impairment loss on available for sale investment	31	**1,000,000**	-
- Allowance for doubtful debts	14	**1,776,813**	-
- Provision for other receivables	15	**10,000,000**	-
- Net finance cost	33	**29,197,221**	1,130,722
- Gain from acquisition of subsidiaries		**-**	(10,119,972)
- Loss on disposal of subsidiaries	32	**607,355**	4,619,592
- Share of loss of equity-accounted investees, net of tax	12	**127,838,764**	53,074,910
- Impairment loss of equity accounted investees	12	**-**	6,432,669
- Gain on sale of property and equipment	31	**(7,516,850)**	7,107,049
- Gain on sale of investment property		**(26,584,624)**	-
- Gain on sale of equity accounted investees		**(1,397,539)**	-
- Gain on sale of available for sale investment		**-**	(1,137,043)
- Employee benefits	20	**31,120,607**	27,866,213
Changes in:			
- Trade and other receivables		**(219,975,561)**	(733,559,635)
- Prepayments and advances		**93,722,660**	143,147,147
- Related parties		**(349,769,318)**	(91,839,849)
- Trade and other payables		**(424,129,724)**	355,463,782
- Deferred revenue		**(83,729,569)**	(613,317,087)
Cash generated from operating activities		**(50,300,309)**	171,489,265
Finance expense paid		**(43,803,646)**	(41,977,588)
Finance income received		**46,141,069**	29,644,897
Employee benefits paid	20	**(17,497,775)**	(20,335,342)
Zakat and income taxes paid	21	**(27,889,336)**	(35,289,485)
Net cash (used) from operating activities		**(93,349,997)**	103,531,747
Cash flows from investing activities			
Proceeds from sale of property and equipment	7	**46,958,971**	56,364,636
Proceeds from sale of investment property		**386,242**	-
Proceeds from sale of equity accounted investees		**12,589,926**	-
Disposal of subsidiaries	32	**(3,489,461)**	(5,405,592)
Proceeds from disposal of subsidiaries	32	**4,308,750**	5,576,556
Proceeds from disposal of available for sale investment		**-**	5,030,293
Acquisition of subsidiaries, net of cash acquired	32	**-**	15,695,189
Acquisition of property and equipment	7	**(189,213,600)**	(167,613,953)
Acquisition of investment property		**(3,205,891)**	-
Acquisition of intangible assets	10	**(4,682,196)**	(6,563,317)
Acquisition of equity-accounted investees	12	**(18,749,001)**	(138,442,202)
Dividends received		**-**	1,774,257
Net movement in capital work in progress	8	**(218,295,949)**	(223,116,229)
Net cash used in investing activities		**(373,392,209)**	(456,700,362)
Cash flows from financing activities			
Proceeds from loans and borrowings	19	**2,350,976,004**	2,141,931,134
Repayment of loans and borrowings	19	**(2,050,655,105)**	(2,512,221,878)
Acquisition of non-controlling interest	18	**1,944,875**	(1,581,322)
Dividends paid to non-controlling interest	18	**(122,081,572)**	(2,165,153)
Net cash from (used) in financing activities		**180,184,202**	(374,037,219)
Net decrease in cash and cash equivalents		**(286,558,004)**	(727,205,834)
Cash and cash equivalents at 1 January		**1,239,695,504**	1,997,948,898
Effect of movements in exchange rates on cash held		**17,661,967**	(31,047,560)
Cash and cash equivalents at 31 December	16	**970,799,467**	1,239,695,504

Yazeed Khalid Al Muhayzie (Board Member)	**Abdullah Nasser Al Dawood** (CEO)	**Yousif Mousa Yousif** (Group CFO)

The accompanying notes from 1 to 38 form an integral part of these consolidated financial statements.

1. LEGAL STATUS AND NATURE OF OPERATIONS

Al Tayyar Travel Group Holding Company ('the Company') 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. These consolidated financial statements ("financial statements") comprise the Company and its subsidiaries (together referred to as 'the Group').

The Group is primarily involved in selling tickets for scheduled air travel services, tourism, cargo, transportation, Hajj and Umrah, arranging conference and events, education, chartered flights, furnished suites and hotels, shipping and other travel related products and services (refer operating segments note 36).

The Company's registered address is:

P.O. Box 52660
Riyadh 11573
Kingdom of Saudi Arabia

1.1 Interest in subsidiaries

			Effective ownership		
Name of subsidiary	**Activities**	**Country of incorporation**	**31 December 2017**	**31 December 2016**	**01 January 2016**
National Travel and Tourism Bureau Limited (NTTB)	Travel and tourism business	KSA	**100%**	100%	100%
Al Sarh Travel and Tourism Limited (ASTT)	Travel and tourism business	KSA	**80%**	80%	80%
Al Tayyar International Air Transportation Agency Company Limited (ATI)	Travel and tourism business	KSA	**100%**	100%	100%
Al Tayyar Holiday for Travel and Tourism Company Limited (ATH)	Travel and tourism business	KSA	**100%**	100%	100%
Al Tayyar Travel, Tourism and Cargo Company Limited (ATC)	Travel and cargo business	KSA	**100%**	100%	100%
Al Tayyar Holidays Travel Group Company (ATE)	Travel and tourism business	Egypt	**100%**	100%	100%
Al Tayyar Cargo and Custom Clearance Company (ATCC)	Travel and cargo business	Egypt	**100%**	100%	100%
E Al Tayyar Tourism Company (ATT)	Rent a car business	Egypt	**100%**	100%	100%
E Al Tayyar Tours Company (ALC)	Rent a car business	Egypt	**100%**	100%	100%
Nile Holidays Tourism Company (NALC)	Rent a car business	Egypt	**100%**	100%	100%
Al Tayyar Rent A Car Company (ARC)	Rent a car business	Egypt	**100%**	100%	100%
Lena Tours & Travel (LTT)	Travel and tourism business	Lebanon	**100%**	100%	100%
Fuego Travel & Tours SDN. BHD (FTTSB)	Travel and tourism business	Malaysia	**80%**	80%	80%
Al Tayyar International Company Limited (ATS)	Travel and tourism business	Sudan	**-**	75%	75%
Al Tayyar Travel and Tourism (ATD)	Tourism business	UAE	**100%**	100%	100%
Taqniatech Company for Communication Technology Limited (TAQ)	Telecommunication services	KSA	**100%**	100%	100%
Al Tayyar Real Estate, Tourism Development and Investment Company Hotels (ARE)	Hotel and property business	KSA	**100%**	100%	100%
Al Tayyar Insurance Broker Company Limited (INS)	General insurance	KSA	**-**	-	100%
Al Tayyar Rent A Car (ARAC)	Rent a car business	KSA	**100%**	100%	100%
Saudi World Travel and Tourism Company (SWTT)	Travel and tourism business	KSA	**100%**	100%	100%
Al Musaffir Magazine (AMM)	Printing media and advertising service	KSA	**-**	100%	100%
High Speed Company for Transportation (HSC)	Transportation business	KSA	**100%**	100%	100%
Tajawal Travel and Tourism Company Limited (TTC)	Travel and tourism business	KSA	**100%**	100%	100%
Tajawal General Trading LLC (TGT)	Travel and tourism business	UAE	**100%**	-	-
Al Mousim Travel & Tours (AMTT)	Travel and tourism business	KSA	**100%**	100%	100%
Jawlah Tours Establishment for Tourism (JTET)	Tourism business	KSA	**51%**	51%	51%
Al Mawasim Tourism and Umrah Services (MWT)	Tourism business	KSA	**51%**	51%	51%
Al Jazirah Travel (AJT)	Travel and tourism business	KSA	**-**	-	70%
Fly IT (FIT)	SMS / MMS services	KSA	**60%**	60%	60%
Muthmerah Real Estate Investment Company (MREIC)	Property rental business	KSA	**100%**	100%	100%

1. LEGAL STATUS AND NATURE OF OPERATIONS (continued)

1.1 Interest in subsidiaries (continued)

Name of subsidiary	Activities	Country of Incorporation	Effective ownership 31 December 2017	31 December 2016	01 January 2016
Mawasem Travel and Tourism Limited (MTT)	Travel and tourism business	UK	**100%**	100%	100%
Elegant Resorts Limited and subsidiaries (ERL)	Tourism business	UK	**100%**	100%	100%
Elite Private Jet Services Company (EPJS)	Own and operate aircraft	KSA	**100%**	100%	100%
Al Hanove Tourism and Services Company (AHTS)	Tourism business	Egypt	**70%**	70%	70%
Mawasem Limited (formerly Co-op Group Travel 1 Limited (CTM))	Transportation service	UK	**100%**	100%	100%
Connecting Trade & Services (CTS)	Travel and tourism business	Lebanon	**51%**	51%	51%
Fayfa Travel & Tourism Agency Company (FTT)	Travel and tourism business	KSA	**100%**	100%	100%
Saudi Conference & Incentive Tours Company (SCI)	Event management services	KSA	**100%**	100%	100%
Calculus Technologies LLC (CTL)	Travel and tourism business	India	**100%**	100%	100%
B2B Travel Group S.L. (B2B)	Travel and tourism business	Spain	**100%**	100%	80%
Hanay Trading Company Limited (HTCL)	Rent a car business	KSA	**80%**	80%	80%
Saudi Company for Transportation United (SCT)	Rent a car business	KSA	**100%**	100%	90%
Mosafer Company for Travel and Tourism (MCT)	Tourism business	KSA	**60%**	60%	60%
Wadi Saudi Trading Co. (WSTC)	Online shopping for fashion and accessories	KSA	**100%**	100%	-
Portman Group International S.A.R.L. (PGI)	Travel and tourism business	UK	**100%**	100%	-

During the year, the Company disposed of its interest in the following subsidiaries:

- On 1 January 2017, the Company received SR 90,000 from the disposal of 100% owned subsidiary, Al Musaffir Magazine (AMM). The Company recognised a net loss of SR 2,862,066 from this disposal.
- On 8 February 2017, the Company disposed its entire 75% shareholding in Al Tayyar International Company Limited (ATS) for a total consideration of SR 4,218,750. The Company recognised a net gain of SR 2,254,710 from this disposal.

1.2 Interest in associates

Name of associates	Activities	Country of incorporation	Effective ownership 31 December 2017	31 December 2016	01 January 2016
Felix Airways Limited (FAL)	Travel business	Yemen	30%	30%	30%
Al Shamel International Holding Company KSC (ASI)	Travel business	Kuwait	30%	30%	30%
Taqniatech Company for Communication Technology JV (TAQJV)	Telecommunication services	KSA	70%	70%	70%
Al Tayyar Travel and Tourism - Abu Dhabi (TTAD)	Travel business	UAE	49%	49%	49%
Voyage Amro Travel (VAT)	Travel business	Canada	49%	49%	49%
2share United Communication Company (TUCC)	Call Centre services	KSA	35%	35%	35%
Net Tours & Travels LLC (NT)	Tourism business	UAE	44.3%	44.3%	44.3%
Careem Inc. (CIL)	Rent a car business	BVI	14.7%	20%	20%
Saudi Heritage Hospitality Company (SHHC)	Hospitality services	KSA	20%	20%	20%
Equinox Group Limited (EGL)	Hospitality services	UAE	40%	40%	40%
Thakher Investment and Real Estate Company (TIREC)	Real estate business	KSA	30%	30%	-
Wadi Middle East S.A.R.L (WME)	Trading companies and distributors	LUX	33.3%	33.3%	-
CHME Limited (CHM)	Hospitality services	UAE	40%	40%	-
Radius Global Travel Company (RGTC)	Travel business	USA	-	26%	-

1. LEGAL STATUS AND NATURE OF OPERATIONS (continued)

1.3 Branches

Branch Commercial Registration No.	Date	Location
1010174910	09/01/1432	King Fahd Road - Hay Al - Aqeeq
1116004947	03/04/1426	Main Street
1010174908	09/01/1423	Saad bin Abi Waqas Street
1010207107	12/02/1426	Khaled Bin Al-Waleed street
1010174977	10/01/1423	Main Street
1010174966	10/01/1423	Jarir - Malaz district
1010174973	10/01/1423	Aljazirah neighborhood - Al Rajhi complex
1011011630	03/07/1428	Al Kharj City - 60th Street
1011010938	19/10/1427	Al Kharj City - 60th Street
1010174899	09/01/1423	Specialist - Head Office
1010174968	10/01/1423	Al-Thalatheen Street - Hay Al Olaya General
1116004839	17/09/1425	Blonde - King Saud Street
1015001488	28/05/1432	Aflaj, public street
1117003533	23/08/1434	Al Quwaiyah City - General Street
1010174899	09/01/1433	Al Tayyar Travel Center, Al Takhasusi Street Al-'Olayya District
1010613744	30/03/1439	Al - Sali neighborhood
1010280241	04/03/1431	Intersection of Orouba with King Abdulaziz
1010315925	16/10/1432	Jarir Street - Malaz District
1010369506	25/05/1434	Jarir Street - Malaz District
1010374984	03/07/1434	Al Amin Street Abdullah Al Naim
1010395001	16/01/1435	Sulaymaniyah - Prince Mamdouh Street
1010421750	22/10/1435	Intersection of the fog with Khurais road
1010462948	21/10/1437	Jarir Street - Malaz District
1116010051	05/04/1435	Al - Dawadmi - Saudi Office
1010204965	29/11/1425	Arrival hall
1010343346	28/07/1433	Inside the airport is the International Terminal
1010174972	10/01/1423	Prince Salman bin Abdulaziz Street
1010211389	19/06/1426	New Kharj Road
1010174918	09/01/1423	Hassan bin Ali
1010174920	09/01/1423	King Abdulaziz Road - Al-Ward District
1010174971	10/01/1423	Umm Al Hammam - Al Arbaeen Street
1010174900	09/01/1423	Al Batha General Street, Al Sanea Building
1010174915	09/01/1423	Resort, King Abdulaziz Road
1010235828	03/07/1428	El Murooj / El Amir Turky St.
1010404624	13/04/1435	Saad bin Abdulrahman I Street
1111002463	12/08/1437	King Faisal Street - Granada district
1010461284	09/08/1437	Moncey - Sahaba Street
1010465814	24/02/1438	Prosperity - Othman bin Affan Street
1010430639	30/04/1436	Abi Said Al Khudri Street
1010175466	23/01/1423	Ishaq bin Abdul Rahman Street
1010402139	20/03/1435	Abi Al Aswad Al Dowali Street
1010298763	08/01/1432	Khaled Bin Al-Waleed street
1013002418	02/03/01439	Prince Sultan Street
2051026830	07/08/1423	Khobar - King Faisal Bin Abdulaziz Street
2050041384	03/08/1423	Dammam - King Saud Street - intersection of the first street
2251028779	18/11/1423	Hofuf - Prince Fahad Bin Jalawi Street - Al Kout
1010174910	09/01/1432	King Fahd Road - Hay Al - Aqeeq

1. LEGAL STATUS AND NATURE OF OPERATIONS (continued)

1.3 Branches (continued)

Branch Commercial Registration No.	Date	Location
2055005400	07/08/1423	Jubail Al Jubail Country
2051030710	20/01/1426	Khobar - Al Rashed Complex Dhahran Street
2055010609	16/06/1430	Jubail - Industrial Fannater Marine Fence
2252039922	04/04/1431	Al-Mabarz - Al-Hazm Street Prince Abdullah Bin Jalawi
2051035800	10/11/1428	Khobar - General Street Al Khalidiya District
2051063167	02/02/1438	Nazawi market
2050078020	22/10/1432	Dammam - King Saud Street
2051046624	22/10/1432	Khobar King Faisal Road
2252057035	25/05/1435	Ahsa - Prince Abdullah bin Jalawi Street
2051058335	09/10/1435	Khobar - Dammam Road
2252062678	18/10/1436	Al-Ahsa Al-Mabarz - Prince Abdullah Bin Jalawi Street
2060026831	7/8/1423	Al-Khobar - Al Thaqbah Mecca Street Intersection 15/14
2066002537	11/01/1429	Ras Tanura - Downtown 29th Street
2053018636	11/01/1429	Al Qatif - Al Quds Street - Al Majidia District
2059002420	24/12/1432	Abqaiq - King Abdulaziz Street - Airport District
2251044419	25/01/1433	Hofuf - Khalidiya King Faisal University Street
2257044417	25/01/1433	Al Ahsa Eyes Bowl Third Area
2050079094	24/12/1432	Dammam King Fahad Road, Ehad District, 71
2057008557	04/06/1437	Prince Nayef street
2251067758	08/06/1438	Nazawi market
3550023792	28/05/1429	Tabuk - Sulaymaniyah - Prince Abdul Majid Street
3550021381	01/12/1425	Tabuk - Al Faisaliah neighborhood - Prince Fahad Bin Sultan Street
3550021380	01/12/1425	Tabuk - Al Faisaliah neighborhood - Prince Fahad Bin Sultan Street
3550023791	28/05/1429	Tabuk - Al Mansheya District - Lamam Street Mohammed Bin Abdul Wahab
3400012637	23/01/1431	Sakaka - King Abdul Aziz Street - Al-Maqala neighborhood
3450010511	02/02/1431	Arar - General Street - Khalidiya District
3452006495	08/04/1432	Al Qurayyat - Airport District
3453004317	23/06/1435	Refha - Azizia District
3550023790	28/05/1429	Tabuk - Hay Al Mansheya - Mohammed Bin Abdul Wahab Street
3400020154	25/11/1438	Sakaka - King Abdul Aziz Street - Al-Maqala neighborhood
3550033657	24/05/1435	Tabuk - Sulaymaniyah - Prince Abdul Majid Street
3550033661	24/05/1435	Tayuk - Al Faisaliah District - Prince Fahad Bin Sultan Street
3400019730	24/04/1437	Sakaka - King Abdul Aziz Street - Al-Maqala neighborhood
3400019731	24/04/1437	Sakaka - King Abdul Aziz Street - Al-Maqala neighborhood
3550026438	11/03/1432	Tabuk - Tabuk Airport - departure lounge
3400013572	03/03/1432	Al Jouf - Inside the airport departure lounge
3450011017	12/03/1432	Arar - Inside the airport departure lounge
3452010481	07/02/1438	El Qurayat - Inside the airport departure lounge
3451001615	16/03/1432	Tarif - Inside the airport departure lounge
3453002913	13/03/1432	Rafha - Inside the airport departure lounge
3552000993	11/03/1432	Facial - Face Airport Departure Lounge
3451002721	01/07/1435	Tarif - King Abdulaziz Road
3550038927	04/09/1438	Al Murooj - Al Khwarizmi
3550038270	20/02/1438	Sultana

1. LEGAL STATUS AND NATURE OF OPERATIONS (continued)

1.3 Branches (continued)

Branch Commercial Registration No.	Date	Location
3400019814	18/07/1437	Rahmaniyah neighborhood
1131016643	25/02/1423	Buraidah King Abdulaziz Road - Al-Khubayb District opposite the National Bank
1131040546	24/03/1433	Buraidah - Al Hamra - King Abdulaziz Street
1123001495	25/01/1426	Al - Zulfi - King Fahd Road
1128005977	15/06/1425	Onaiza Street, Al-Silasila,
1134002370	10/06/1433	Bakiriya - King Khalid Road
1132003408	25/04/1423	King Abdulaziz Road
1131017048	21/05/1423	Buraidah - Al Rashidiya - Omar Bin Al Khattab Street Al Rayan District
3350017317	18/01/1425	Hail - Mahatta - King Khalid Street Commercial Center
3350017318	18/01/1435	Hail - Tunis Street - Hay Sharaf
1131019984	10/05/1425	Shipping Office - Al-Khubayb / King Abdul Aziz Road
3350024150	15/03/1431	Hail - Mahatta - King Khalid Street Commercial Center
1131036513	10/09/1432	Buraidah - King Abdulaziz Road - opposite to the National Bank
1131037213	04/11/1432	Buraidah Al Khubayb - King Abdulaziz Road
1131056611	16/04/1437	Buraidah Al Khubayb - King Abdulaziz Road
3350042541	01/11/1435	Hail - King Abdulaziz Road - Hay Sharaf
3350042542	01/11/1435	Hail - King Abdulaziz Road - Hay Sharaf
14370789	12/10/1440	King Fahd Road
37/14346	04/01/1441	Al-Fayezia District - Prince Sultan Street
3806255	06/04/1441	Ali Bin Abi Talib Street
3804259	05/05/1441	Al Rayyan neighborhood - King Salman Road
5079	28/03/1441	Beqaa - General Street - opposite Al Rajhi Bank
8956	06/08/1439	King Abdulaziz Road
5855025898	02/02/1426	Khamis Mushait - General Street Gulf Center - Khamis 1
5855029704	29/11/1428	Khamis Mushait - Old Country Street
5860026007	10/03/1426	General Street - Jeddah Road
5850026008	10/03/1426	Abha - Abha General Street - Market district
5950010469	22/08/1426	Najran - Al Faisaliah - King Abdul Aziz Street
5951001095	02/03/1429	Sharurah - Al Amara Street Al Faisaliah District
5851003631	07/06/1430	Bisha - General street Al - Rawshan district
5859003207	05/06/1431	Alnmas - public street
5856035652	23/12/1431	Sarra Obeida - the public street
5855025899	02/02/1426	Khamis Mushait - Military Road - Khamis 3
5850053522	15/08/1434	Abha - Khalidiya Belt Ways
118500264	03/04/1426	General - General Street
5855025900	03/02/1426	Khamis Mushait - King Fahad Street
5855050048	05/05/1434	Khamis Mushait - Military Road
5850068157	02/04/1436	Abha Airport
5857034485	05/06/1431	One of the beneficiaries - the public street
5855034483	05/06/1431	Khamis Mushait - Al Rouneh -
5900010282	06/02/1426	Jazan Regional Administration Prince Abdullah Al Faisal Street
5903010281	09/02/1426	BISH - Mousa Building General street
5903010274	09/02/1426	Al - Darb - Ben Nazaah Building General street
5900010285	10/02/1426	Jazan - the public street - the modern Adnan Hotel - South Roda
5900037299	13/02/1439	Jizan - Prince Abdullah Al Faisal Street
5900035120	26/11/1437	Jizan - Street of the Insect
4030139666	02/06/1423	Jeddah - Sari Street - neighborhood kindergarten

1. LEGAL STATUS AND NATURE OF OPERATIONS (continued)

1.3 Branches (continued)

Branch Commercial Registration No.	Date	Location
4030139615	27/05/1423	Jeddah - Intersection of Al Madina Road with Crown Prince Road
4030143742	07/05/1424	Jeddah - Souq Al Khaimah - Hindawi - King Khalid Street
4030226035	10/05/1433	Jeddah - Al Rawda Street - Al Safa District
4602003769	05/07/1433	Rabigh - the public street
4031047108	01/12/1425	Makkah Al-Mukarramah - Durrat Al Azizia - Azizah - Holy Mosque - Shasha
4031048640	25/11/1426	Makkah Al-Mukarramah - Al Rusaifa - Abdullah Arif Street - Prince Ahmed Mosque
4700009058	01/12/1425	Yanbu - King Abdulaziz Street
4700017817	06/07/1435	Yanbu Street - Omar Bin Abdul Aziz Bin Siddiq Complex
4700009073	03/01/1426	Yanbu - Center of nucleus - Jeddah Road - Royal Commission
4032023506	13/01/1424	Taef - Shoubra District - Shoubra El-Sham St.
4032027669	26/05/1429	Taif - Al Shifa - Al Shifa 'General Street
4650035144	28/03/1425	Al - Madinah Al - Munawwarah - Sultana neighborhood - Abu Bakr Al Siddiq
4650047980	30/03/1431	Al Madinah Al Munawwarah - Sultana -2 Abu Bakr Al Siddiq Street
4651002069	07/05/1436	King Fahad Road
5800010290	14/10/1429	Al - Baha - the public street next to the National Bank - King Fahad Road
4030139646	01/06/1423	Jeddah - Hay Al Nakheel - Map of Ben Yaqoub
4030194671	21/11/1430	Jeddah - Astronomical Center - King Khalid Street - Hindwana District
4650040877	25/02/1429	Madinah - Airport Road
4031063669	24/08/1432	Makkah Al - Mukarramah - Al - Zahra neighborhood - Umm Al - Qura Street
4032025562	27/08/1426	Taif - Shibra neighborhood - Shubra General Street
4030139647	01/06/1423	Jeddah - Ashour Center - Ashrafieh - King Abdullah and Medina intersection
4030154855	01/03/1426	Jeddah - Hay Al Ruwais Hail Commercial Center - Hail Street
4030168092	13/03/1428	Jeddah - King Abdullah Road Al Sharbatli Center
4030139643	01/06/1423	Jeddah - Hayndawiya neighborhood - Souq Al Khaimah - King Khalid Street
4700013259	16/09/1432	Yanbu - Nucleus Center - Jeddah Highway
4700013098	05/07/1432	Yanbu - Sharbatli neighborhood - Old Airport Road
4030213582	11/07/1432	Jeddah Al - Safa neighborhood Al - Rawda Street next to the pilot office
4032032985	02/05/1433	Al - Tayyar Center for Furnished Apartments - Al - Shifa District
4032032984	02/05/1433	Taif - Al-Shifa District
4030213579	11/07/1432	JEDDAH - MICHAEL CENTER
4030248279	17/07/1434	Jeddah - Hayndawiya - Sharbatli Center
4030274467	09/10/1435	Jeddah - Madina Road
4650069005	12/02/1435	Al Madinah Al Munawwarah - Sultana District - Abu Baker Al Siddiq Street
4650073787	20/09/1435	Al Madinah Al Munawwarah - Sultana District - Abu Baker Al Siddiq Street
4650079802	29/01/1437	Al Madinah Al Munawwarah - Sultana District - Abu Baker Al Siddiq Street
4032033171	16/06/1433	Taif - Passenger Terminal Taif Regional Airport
4030225154	25/04/1433	Jeddah - King Abdulaziz Airport - South Terminal

1. LEGAL STATUS AND NATURE OF OPERATIONS (continued)

1.3 Branches (continued)

Branch Commercial Registration No.	Date	Location
4700014406	10/06/1433	Yanbu - Inside the airport
4030229075	05/07/1433	Jeddah - King Abdulaziz Airport - North Hall
4651001238	18/05/1433	Ola - Ula Airport
5810018254	26/08/1435	Al Baha Airport
4031064375	20/10/1432	Makkah Al - Mukarramah - Al Sharaa - General Street
4031080879	14/01/1435	Makkah Al - Mukarramah - Al - Shouqeya neighborhood
4650055547	04/05/1433	Al-Madinah Al-Munawwarah - Al-Hazam District - General Belt Street
4030294683	12/10/1438	Al - Samer neighborhood - Al - Ajwad Street
4030289739	25/08/1437	Neighborhood safety
4032026248	15/11/1427	Taif - Hawiyah - Sixt Street
4653001472	29/02/1438	City of Qassim Road
1010015548	17/04/1398	Head office
1126000748	09/07/1422	Sudair
1122001008	02/06/1406	Majmaa
1011014157	05/08/1431	Alkharj
3450015430	14/02/1438	Arar
3401020117	04/09/1438	Dumat aljandal
3350044437	23/02/1438	Hail
1131048285	11/06/1434	QASIM
2051057125	16/0681435	Alkhobar
1010067227	20/02/1408	Alhijaz
1010067228	20/02/1408	Alsarh cargo - solai
2251069609	17/03/1439	Alhofouf
1010095404	25/11/1412	Alrabwah
2050099565	16/06/1435	Dammam
1010152673	24/10/1419	Manfouha
1010163035	22/08/1421	Alsarh international
1010164969	23/12/1421	Alshifa
1010178558	22/04/1423	Takhassosi
4030290495	04/11/1437	Jeddah
1010313084	22/08/1432	Jarir
1010398263	13/02/1435	Alyasmin
1010439521	19/02/1437	Hutein
1010443399	04/07/1437	Almasif
1010465091	30/01/1438	Almalqa
1010468389	01/06/1438	Alnasim
1010612837	18/02/1439	Alswaidi
1010095397	25/11/1412	Alrawdah
1010095398	25/11/1412	Aldabab
1010095402	25/11/1412	Alfrazdaq
U72900MH2015PTC263663	04/02/15	MUMBAI, INDIA
500549	08/09/97	Jumeirah – Dubai
732098	04/16/15	Karama – Dubai
731113	12/24/14	Rolla – Sharjah
CN-2240070	06/27/10	Electra - Abu Dhabi
1010205008	11/11/05	Exit #5 Hay Ul Maseef
1010216028	22/12/2006	Exit#24 Sawidi
1010011422	16/03/1397	RIYADH/ RABWA
1010434300	10/08/1436	RIYADH/ MALAZ
81733	06/17/15	Ground Floor Store Entrance F1 at Capital 8 Building InterContinental Citystars

1. LEGAL STATUS AND NATURE OF OPERATIONS (continued)

1.3 Branches (continued)

Branch Commercial Registration No.	Date	Location
1010166471	25/02/1422	Sulimaniya – Riyadh
1010166471	25/02/1422	Shefa – Riyadh
1010166471	25/02/1422	Izdihar – Riyadh
1010166471	25/02/1422	Sewedi – Riyadh
1010166471	25/02/1422	Oliya - Riyadh
1010228226	16/01/1438	Main Branch – Riyadh
1010166471	25/02/1429	Wadi labn – Riyadh
1010166471	25/02/1428	Main Branch – Riyadh
1010324433	13/02/1433	Al Tayyar Workshop – Riyadh
1010366240	23/04/1434	Hanay Workshop – Riyadh
1010228226	16/01/1438	Airport Terminal 2 – Riyadh
1010228226	16/01/1438	Airport Terminal 5 –Riyadh
4030216024	22/09/1432	Jamia – Jeddah
4030216024	22/09/1432	Palasteen4 – Jeddah
4030216024	22/09/1432	Palasteen5 – Jeddah
4030216024	22/09/1432	Althalia – Jeddah
4030279663	08/03/1436	Baghdadi – Jeddah
4030216024	22/09/1432	Madinah Road – Jeddah
1010228226	16/01/1438	North Terminal Airport Jeddah
1010228226	16/01/1438	South Terminal Airport Jeddah
4650081697	15/02/1438	Al Hezam – Madina
4650081697	15/02/1438	Qurban – Madina
4650081697	15/02/1438	Sultana – Madina
4650081697	15/02/1438	Madinah Air Port – Madina
4650077802	10/05/1436	Air Port Road – Madina
2050108931	28/06/1437	Eeskan Dammam – Dammam
2050110614	19/01/1438	Benkhaldon – Dammam
1010166471	25/02/1422	Alahsa - Al Ahsa
5900035839	05/05/1438	Jazan Air Port – Jazan
1131057206	15/02/1438	Qassim Airport – Qassim
1131057206	15/02/1439	Qassim Branch – Qassim
4032051279	05/05/1438	Taif Airport – Taif
4031098316	15/03/1438	Makkah branch – Makkah
9235	14 /1/ 2002	5 Al- Obour Building Salah Salem st.Nasr City, Cairo – Egypt
9235	07/01/16	7– 9 Aswan Square -Mohandeseen , Giza - Egypt
4846	08/03/00	5 Al- Obour Building Salah Salem st.Nasr City, Cairo – Egypt
4846	08/03/00	10 Al-Obour Building ,Salah Salem Ave., Nasr City , Cairo , Egypt
4846	08/03/00	5 Abd-Elhamed Badawy Elraml Station , Alexandria – Egypt
4846	01/07/16	7– 9 Aswan Square -Mohandeseen , Giza - Egypt
3965	12/01/99	5 Al- Obour Building Salah Salem st.Nasr City, Cairo – Egypt
3965	01/07/16	7– 9 Aswan Square -Mohandeseen , Giza - Egypt
328138	12/16/99	5 Al- Obour Building Salah Salem st.Nasr City, Cairo – Egypt
328138	07/01/16	7– 9 Aswan Square -Mohandeseen , Giza - Egypt
328719	01/23/00	5 Al- Obour Building Salah Salem st.Nasr City, Cairo – Egypt
328719	07/01/16	7– 9 Aswan Square -Mohandeseen , Giza - Egypt

1. LEGAL STATUS AND NATURE OF OPERATIONS (continued)

1.3 Branches (continued)

Branch Commercial Registration No.	Date	Location
13215	04/10/05	5 Al- Obour Building Salah Salem st.Nasr City, Cairo – Egypt
13215	07/01/16	7– 9 Aswan Square -Mohandeseen , Giza - Egypt
9-1245206	01/01/05	Manchester
9-1250025	01/04/05	Warrington
9-1251985	01/01/08	London
9-1207546	08/15/05	Stafford
9-1217943	02/01/08	Bury St Edmunds
9-1254785	05/07/05	Leeds
9-1278025	10/01/10	Southampton
9-1207546	09/01/15	Derby Implant
9-1273770	07/01/16	London Implant
37112353	05/10/05	Amsterdam

2. STATEMENT OF COMPLIANCE WITH IFRS

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), issued by the International Accounting Standards Board (IASB) as endorsed by Saudi Organization for Certified Public Accountants (“SOCPA”).

The Group prepared its financial statements in accordance with the accounting standards promulgated by SOCPA, for all periods up to the year ended 31 December 2016. The consolidated financial statements for the year ended 31 December 2017 are the first that the Group prepared in accordance with IFRSs as adopted by SOCPA. Refer to note 38 for information on how the Group adopted IFRSs.

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

3.1 New standards, interpretations and amendments effective from 1 January 2017

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2017 that had a significant effect on the Group’s financial statements.

3.2 New standards, interpretations and amendments adopted

In preparing the Group’s financial statements, the significant accounting policies adopted are based on IFRSs effective at 31 December 2017. Furthermore, the Group has early adopted IFRS 15 – Revenue from contracts with customer.

3.3 New standards, interpretations and amendments not yet effective

Standard number	Title	Effective date
IFRS 9	Financial Instruments – Amendments	January 1, 2018
IFRS 16	Leases	January 1, 2019
Other	Other	-

IFRS 9 Financial Instruments – Amendments (effective for accounting period beginning on or after January 1, 2018)

In July 2014, the IASB issued the final version of IFRS 9 ‘Financial Instruments’ which reflects all phases of the financial instruments project and replaces IAS 39 ‘Financial Instruments: Recognition and Measurement’ and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS (continued)

3.3 New standards, interpretations and amendments not yet effective (continued)

IFRS 9 Financial Instruments – Amendments (effective for accounting period beginning on or after January 1, 2018) (continued)

Classification and measurement

Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

Impairment

The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

Hedge accounting

Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Derecognition

The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 9 is effective for accounting period beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015.

Management has yet to assess the impact of this revised standard on the Group's consolidated financial statements.

IFRS 16 Leases - New (effective for accounting period beginning on or after 1 January 2019)

IFRS 16 Leases specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Other

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

The following is a list of other new and amended standards which, at the time of writing, had been issued by the IASB but which are effective in future periods. The amount of quantitative and qualitative detail to be given about each of the standards will, much like the amount of detail to be given about IFRSs 9 and 16, depend on each entity's own circumstances.

- IFRIC 22 Foreign Currency Translations and Advance Consideration (effective 1 January 2018)
- Amendments to IFRS 2 classification and Measurement of Share-based payment Transactions (effective 1 January 2018)
- Amendments to IAS 40: Transfers of Investment Property (effective 1 January 2018)
- Annual Improvements to IFRS Standards 2014-2016 cycle dealing with matters in IFRS 1 First-time Adoption and IAS 28 Investments in Associates and Joint Ventures (effective1 January 2018)
- IFRIC 23 Uncertainty over Income Tax Positions (effective 1 January 2019)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (effective 1 January 2019)
- Amendments to IAS 28:Long-term Interests in Associates and Joint Ventures (effective 1 January 2019)

Management has yet to assess the impact of this new standard on the Company's financial statements.

4. BASIS OF PREPARATION

4.1 Overall considerations

These consolidated financial statements have been prepared using the measurement bases specified by IFRSs for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies.

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out in note 6. The policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 5.

These financial statements have been prepared on the historical cost basis, except for the following:

- Available-for-sale investments which are measured at fair value; and
- Defined benefits plan are measured at present value of future obligations using Projected Unit Credit Method.

Furthermore, these financial statements are prepared using the accrual basis of accounting and the going concern concept.

4.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2017.

Business combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.**Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in these financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

4. BASIS OF PREPARATION (continued)

4.2 Basis of consolidation (continued)

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise of interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, these financial statements include the Group's share of the profit or loss and OCI of equity- accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

5. USE OF JUDGEMENT AND ESTIMATES

In preparing these financial statements, management has made judgement, estimates, and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

5.1 Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements is included in the following notes:

- Note 27 - commission revenue: whether the Group acts as an agent in the transaction rather than a principal.
- Note 4 - consolidation: whether the Group has de facto control over an investee.
- Note 14 – Trade receivables: The Group assesses its trade receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset; and
- Note 28 – Leases: In applying the classification of leases in IAS 17, management considers its leases either as operating lease or finance lease arrangements. In some cases, the lease transaction is not always conclusive, and management uses judgement in determining whether the lease is an operating or finance lease arrangement. For interest free finance lease arrangement, management uses best estimate in determining the interest rate prevailing in the market for the purpose of discounting.

5. USE OF JUDGEMENT AND ESTIMATES (continued)

5.2 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2017 are included in the following notes:

- Note 20 - measurement of defined benefit obligations: key actuarial assumptions;
- Note 21 - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 14, 7, 8, 10 and 12 - impairment test: key assumptions underlying recoverable amounts, for trade receivables, property and equipment, capital work in progress – recoverable on disposal, intangible assets and goodwill and investment in equity accounted investees.
- Note 9 - determining the fair value of less costs to sell of the disposal group on the basis of significant unobservable inputs;
- Note 24 - recognition and measurement of provisions and contingencies: key assumptions about likelihood and magnitude of an outflow of resources; and
- Note 32 - acquisition of subsidiary: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis.
- Note 28 – Leases: Management uses best estimate in determining the interest rate prevailing in the market for the purpose of discounting of interest free finance lease arrangement.

5.3 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Significant valuation issues are reported to the Group's audit committee.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted priced included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between the levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 11 – investment property;
- Note 35 - financial instruments; and
- Note 32 - acquisition of subsidiary

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the accounting policies to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position at 1 January 2016 for the purposes of the transition to IFRSs.

Following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6.1 Foreign currency translation

Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals (SAR), which is also the functional currency of the Group.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Saudi Riyal at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Saudi Riyal at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

6.2 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment. All other repair and maintenance costs are recognized in the income statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss as other income.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6.2 Property and equipment (continued)

The estimated useful lives of property and equipment for current and comparative periods are as follows:

Description	Number of years
• Buildings	50 years
• Furniture and fixtures	7-10 years
• Office equipments	5 years
• Vehicles	4 years
• Aircraft, engine and spare parts (estimated residual values 10-15%)	7-20 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

6.3 Capital work-in-progress

Capital work-in-progress is stated at cost and not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for their intended use. When assets are ready for their intended use, they are transferred to property and equipment or investment property. Finance costs on borrowings to finance the construction of qualified assets are capitalized during the time period that is required to complete and prepare the asset for its intended use.

6.4 Intangible assets and goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the statement of comprehensive income when it is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Intangible assets including softwares, brand name and customer list, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life
• Software	5 years
• Brand name	20 years
• Customer list	10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6.4 Intangible assets and goodwill (continued)

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognized in the statement of comprehensive income.

Goodwill and intangible assets with indefinite lives

Goodwill acquired through business combinations with indefinite lives are allocated to CGUs which are also operating and reportable segments, for impairment testing as carrying amount of goodwill and licenses allocated to each of the CGUs.

The recoverable amount of a Cash Generating Unit is determined based on the higher of fair values less costs to sell and value-in-use calculations. Fair values less costs to sell are estimated by using the capitalised earnings approach and comparing the same with those of other entities in the same industry within the region.

The calculation of value in use is most sensitive to the following assumptions:

- Gross margin
- Discount rates
- Raw material price inflation
- Market share during the budget period
- Growth rate used to extrapolate cash flows beyond the budget period

Discount rates — Discount rates represent the current market assessment of the risks specific to each cash-generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly-available market data.

Raw material inflation — (Estimates are obtained from published indices for the countries from which materials are sourced, as well as data relating to specific commodities. Forecast figures are used if data is publicly available), otherwise past actual raw material price movements have been used as an indicator of future price movements.

6.5 Impairment testing of non-financial assets

Disclosures relating to impairment of non-financial assets are summarized in the following notes:

Accounting policy disclosures
Disclosures for significant assumptions
Property, plant and equipment
Intangible assets
Goodwill and intangible assets with indefinite lives

6. SUMMARY OF SIGNIFICAN ACCOUNTING POLICIES (continued)

6.5 Impairment testing of non-financial assets (continued)

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

6.6 Investment in subsidiaries

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Investments in subsidiaries that have not been consolidated due to in-significance are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group; plus
- any costs directly attributable to the acquisition of the subsidiary.

All subsidiaries have a reporting date of 31 December.

6. SUMMARY OF SIGNIFICAN ACCOUNTING POLICIES (continued)

6.7 Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate and joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of comprehensive income outside operating profit and represents profit or loss and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the loss as impairment loss of an associate and a joint venture' in the statement of comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

6.8 Investment property

Investment property is a property held to earn rentals and/or for capital appreciation.

Investment property is initially recognized at cost. Transaction costs are included in the initial measurement. Costs include, costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognized in the carrying amount of the investment property, the carrying amount of the replaced part is derecognized. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss as other income or other expenses.

Cost model

Subsequent to initial recognition, investment properties are accounted for using the "Cost Model" in accordance with IAS 40 and are stated at cost less accumulated depreciation and impairment losses, if any.

The cost less estimated residual value is depreciated on a straight line basis over the estimated useful lives of the assets.

Rental income and operating expenses from investment property are reported within 'Revenue' and 'Cost of revenues'.

6. SUMMARY OF SIGNIFICAN ACCOUNTING POLICIES (continued)

6.9 Financial instruments – Classification and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available for sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Measurement of fair values

The Group's financial assets and financial liabilities are measured at amortised cost except for certain available-for-sale investments which are carried at fair value. Fair values measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

Measurement of fair values (continued)

The Company has not disclosed the fair value for financial instruments such as short term trade and other receivables, trade and other payables and cash and bank balances, because their carrying amounts are a reasonable approximation of fair values largely because of short term maturity of these instruments. Company has disclosed the fair value of bank loans held at amortized cost.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance income (positive net changes in fair value) or finance costs (negative net changes in fair value) in the statement of comprehensive income. The Group has not designated any financial assets upon initial recognition as at fair value through profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held-for-trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value, with changes in fair value recognised in the statement of comprehensive income. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

For the purpose of subsequent measurement, financial assets are classified into following categories:

- loans and receivables
- available-for-sale financial assets.

6. SUMMARY OF SIGNIFICAN ACCOUNTING POLICIES (continued)

6.9 Financial instruments – Classification and subsequent measurement (continued)

i. Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognized in the statement of comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables.

Available for sale financial assets (AFS)

AFS financial assets include equity and debt securities. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as OCI in the AFS reserve until the investment is derecognized, at which time, the cumulative gain or loss is recognized in other operating income, or the investment is determined to be impaired, at which time, the cumulative loss is reclassified to the statement of comprehensive income in finance costs and removed from the AFS reserve. Interest income on available-for-sale debt securities is calculated using the effective interest method and is recognized in profit or loss.

The Group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances.

For a financial asset reclassified out of the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of comprehensive income.

Impairment on AFS financial assets

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of comprehensive income – is removed from other comprehensive income and recognized in the statement of comprehensive income. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized in other comprehensive income.

The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of comprehensive income, the impairment loss is reversed through the statement of comprehensive income.

6. SUMMARY OF SIGNIFICAN ACCOUNTING POLICIES (continued)

6.9 Financial instruments – Classification and subsequent measurement (continued)

i. Financial assets (continued)

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Held to maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (EIR).

6. SUMMARY OF SIGNIFICAN ACCOUNTING POLICIES (continued)

6.9 Financial instruments – Classification and subsequent measurement (continued)

Financial assets carried at amortized cost (continued)

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statement of comprehensive income. Interest income (recorded as finance income in the statement of comprehensive income) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

ii. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Measurement of fair values

The Group's financial liabilities are measured at amortised cost assumes that the liability is exchanged in an orderly transaction between market participants to transfer the liability at the measurement date under current market conditions.

The Company has not disclosed the fair value for financial instruments such as trade and other payables, because their carrying amounts are a reasonable approximation of fair values largely because of short term maturity of these instruments. Company has disclosed the fair value of bank loans held at amortized cost.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held-for-trading are recognized in the statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Group has not designated any financial liabilities as at fair value through profit or loss.

For the purpose of subsequent measurement, financial liabilities are classified as follows:

- loans and borrowings

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

This category generally applies to interest-bearing loans and borrowings.

6. SUMMARY OF SIGNIFICAN ACCOUNTING POLICIES (continued)

6.9 Financial instruments – Classification and subsequent measurement (continued)

ii. Financial liabilities (continued)

Derecognition

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

6.10 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and in hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the consolidated statement of cash flow, cash and cash equivalents includes bank balances and deposits with original maturities of three months or less, if any. It also includes bank overdrafts which form an integral part of the Group's cash management and are likely to fluctuate from overdrawn to positive balances. Bank overdrafts, where there is no right of set-off, are shown as borrowings within current liabilities.

6.11 Accounts receivables

Accounts receivable are carried at original invoice amount less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Such provisions are charged to the consolidated income statement and reported under "General and administrative expenses". When account receivable is uncollectible, it is written-off against the provision for doubtful debts. Any subsequent recoveries of amounts previously written-off are credited against "General and administrative expenses" in the consolidated income statement.

6.12 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior period profits.

All transactions with owners of the parent are recorded separately within equity.

Share premium

Share premium represents the excess consideration received by the company over the par value of ordinary shares issued, and is classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from share premium.

Other reserves

Other reserves consist of the foreign currency translation reserve, fair value reserve, staff general fund reserve and the charity fund reserve.

i. Foreign currency translation reserve

Foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries of the Company and whose functional currencies are different from the Company's functional currency.

ii. Fair value reserve

The fair value reserve comprises gains and losses on the fair value movements of the Group's available for sale investments.

6. SUMMARY OF SIGNIFICAN ACCOUNTING POLICIES (continued)

6.12 Equity, reserves and dividend payments (continued)

iii. Staff general reserve fund

The staff general fund reserve comprises of 1% of profit before zakat after taking the effect of charity fund reserve. Any fund utilized is for the welfare of the Company's staff. The Company ceased accounting for staff general reserve fund in December 2016.

iv. Charity fund reserve

The charity fund reserve comprises of 1.5% of profit before zakat. This reserve is to be used to make future charitable donations to various organizations. The Company ceased accounting for charity fund reserve fund in December 2016.

Statutory reserve

In accordance with the Company's bylaws and the previous Saudi Arabian Regulations for Companies, the Company sets aside 10% of its net income each year as statutory reserve until such reserve equals to 50% of the share capital. The new Saudi Arabian Regulations for Companies that came into effect on 25 Rajab 1437H (corresponding to May 2, 2016) requires companies to set aside 10% of its net income each year as statutory reserve until such reserve reaches 30% of the share capital. The Company's articles of associations have been amended accordingly.

Dividend payments

The Group recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per corporate law, a distribution is authorised when it is approved by the shareholders.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon settlement of the distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in profit or loss.

6.13 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided of the employee. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding finance expense) and the effect of the asset ceiling (if any, excluding finance expense) are recognised immediately in OCI. The Group determines the net finance expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net finance expense and other expenses related to defined benefit plans are recognised in profit or loss.

6. SUMMARY OF SIGNIFICAN ACCOUNTING POLICIES (continued)

6.13 Employee benefits (continued)

Defined benefit plans (continued)

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

6.14 Zakat and income tax

The Company and its Saudi Arabian subsidiaries are subject to Zakat in accordance with the regulations of the General Authority of Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia. Any differences between the provision and the final assessment are recorded at the approval of the final assessment, when the provision is closed. The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law. The foreign subsidiaries are subject to tax regulations in their countries of incorporation.

Zakat and foreign subsidiaries income tax are charged in profit or loss.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

6. SUMMARY OF SIGNIFICAN ACCOUNTING POLICIES (continued)

6.15 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2016, the date of inception is deemed to be 1 January 2016 in accordance with IFRS 1 First-time Adoption of International Reporting Standards.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Group as a lessee

Finance leases that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

6.16 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

6.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

6. SUMMARY OF SIGNIFICAN ACCOUNTING POLICIES (continued)

6.18 Payables 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.

6.19 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a service to a customer and / or provision of services on behalf of other suppliers.

The following is a description of principal activities – separated by reportable segments – from which the Group generates its revenue. For more detailed information about reportable segments (see note 40).

Ticketing segment

The airline ticketing segment of the Group principally generate revenue represented in the form of commission from issuance of tickets of airlines, ferries and trains.

Services	Nature, timing of satisfaction of performance obligations and significant payment terms
Airlines	The Group recognises revenue on issuance of airline tickets to the customer. Revenue recorded is the commission earned. For cash sales, customers pay at the point of sale. For credit sales, credit period of 30 days is offered to the customer. Airline incentive revenue is earned under supplier's incentive arrangements. This is measured at each reporting date based on anticipated income.
Ferries	The Group recognises revenue on issuance of ferry tickets to the customer. Revenue recorded is the commission earned. For cash sales, customers pay at the point of sale. For credit sales, credit period of 15 days is offered to the customer.
Trains	The Group recognises revenue on issuance of train tickets to the customer. Revenue recorded is the commission earned. For cash sales, customers pay at the point of sale. For credit sales, credit period of 15 days is offered to the customer.

Tourism segment

The Tourism segments of the Group principally generate revenue from providing hotel booking services, package holidays and room rentals. Services may be sold separately or in bundled packages (hotel booking and airline ticket).

For bundled packages, the Group accounts for individual services separately if they are distinct – i.e. if a service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells the hotel booking and airline ticket. For items that are not sold separately – e.g. customer loyalty programme – the Group estimates stand-alone selling prices using the adjusted market assessment approach.

Services	Nature, timing of satisfaction of performance obligations and significant payment terms
Hotel bookings	The Group recognises revenue on the issuance of hotel booking to the customer. Revenue recorded is the commission earned. For cash sales, customers pay at the point of sale. For credit sales, credit period of 15 to 30 days is offered to the customer.
Package holidays	The Group recognizes revenue from package holidays (tours and other services) on the date of departure. For cash sales, customers pay at the point of sale. For credit sales, credit period of 15 to 30 days is offered to the customer.
Rooms rental	The Group recognises revenue on the rental of owned rooms to customer over the duration of stay. For cash sales, customers pay at the point of sale. For credit sales, credit period of 15 to 30 days is offered to the customer.
Customer loyalty programme	Under its customer loyalty programme, the Group allocates the equivalent of 1% of the consideration received for hotel booking and package holidays services to loyalty points which are redeemable against any future purchases of the Group's services. The amount is deferred in the statement of financial position and is recognised as revenue when the points are redeemed.

6. SUMMARY OF SIGNIFICAN ACCOUNTING POLICIES (continued)

6.19 Revenue (continued)

Transportation segment

The transportation segment of the Group principally generates revenue from providing transportation related services, such as car rentals, chartered flights and delivery of shipments.

Services	Nature, timing of satisfaction of performance obligations and significant payment terms
Car rentals	The Group recognises revenue for provision of car rental services to customers on operating lease over the term of the lease. The customer usually pays a certain amount in advance and the remaining balance on the completion of the lease term.
Chartered flights	The Group recognises revenue from the provision of chartered flight services to customers when the flight arrives at the destination. The customer usually pays the full amount in advance.
Shipments (cargo)	The Group recognises revenue when the booking request for cargo shipment is issued. Revenue recorded is the commission earned. For cash sales, customers pay at the point of sale. For credit sales, credit period of 15 to 30 days is offered to the customer.

Property rentals segment

The property rentals segment of the Group, principally generate revenue from rentals for providing properties on operating lease.

Services	Nature, timing of satisfaction of performance obligations and significant payment terms
Property rentals	The Group recognises revenue for the provision of properties to customers on operating lease over the term of the lease. The customer usually pay semi-annually in advance.

Hospitality segment

Revenue is measured by reference to the fair value of consideration received or receivable by the hotel for goods and materials supplied or services provided excluding rebates and trade discounts.

The hotel applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction in order to reflect the substance of the transaction. The consideration received from these transactions is allocated to the separately identifiable component by taking into account the relative fair value of each component.

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the hotel's different activities have been met.

Services	Nature, timing of satisfaction of performance obligations and significant payment terms
Rooms	The Group recognises revenue for the provision of rooms when the rooms are occupied and other related services on the performance of services and are stated net of discounts and municipality fees. The customer usually pays the full amount in advance.
Food and beverages	The Group recognises revenue from the provision of food and beverages in hotels's restaurant when food and beverages is sold. The customer usually pays the full amount at the time of checkout, in the case of hotel's guest and before leaving the restaurant, in the case of walk-in customer.
Contracted rooms	The Group recognises revenue for the provision of contracted rooms in the profit or loss in equal instalments over the period covered by the term. The customer pays the full amount as per the agreed terms of the contract.

6.20 Operating profit

Operating profit is the result generated from the continuing principal revenue producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity accounted investees and income taxes.

6. SUMMARY OF SIGNIFICAN ACCOUNTING POLICIES (continued)

6.21 Finance income and finance costs

The Group's finance income and finance costs include:

- Tawaruq / Murabaha income on Sharia Compliant facilities and interest income on other facilities;
- Tawaruq / Murabaha charges on Sharia Compliant facilities and interest expense on other facilities;
- dividend income;
- the foreign currency gain or loss on financial assets and financial liabilities;

Tawaruq/Murabaha income/expense on Sharia Compliant facilities and interest income/expense on other facilities is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalized up to the stage when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed and, otherwise, such costs are charged to profit or loss.

6.22 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

6.23 Selling, administrative and other expenses

Selling, administrative and other expenses include direct and indirect costs not specifically part of cost of revenues. Allocations between selling, administrative and other expenses, cost of sales, when required, are made on a consistent basis.

(Saudi Riyal)

7. PROPERTY AND EQUIPMENT

	Land & buildings	Furniture & fixtures	Office Equipment	Vehicles	Air Conditioners	Telecom & Security systems	Tools & Hardware	Aircrafts	Total
Cost:									
Balance at 1 January 2016	732,804,034	101,811,414	40,280,955	210,613,106	8,151,602	9,158,290	28,144,027	101,285,428	1,232,248,856
Acquisition through business combination	-	1,040,808	2,155,126	-	-	-	50,000	-	3,245,934
Additions	11,600,267	13,525,441	21,227,329	117,956,116	250,058	1,654,086	1,295,835	-	167,509,132
Transfer from capital work in progress	217,111,330	28,006,331	2,009,221	-	20,854,600	8,707,422	12,555,768	-	289,244,672
Transfer to capital work in progress	-	(7,453,278)	-	-	(30,998)	-	(3,196,659)	-	(10,680,935)
Disposals during the year	(5,227,912)	(5,929,044)	(1,193,560)	(91,722,132)	(1,006,051)	(101,118)	(12,932,479)	-	(118,112,296)
Effect of movement in exchange rates	(16,522,313)	(4,158,388)	(1,382,719)	(35,118,442)	(273,008)	(467,262)	(102,208)	-	(58,024,340)
Balance at 31 December 2016	939,765,406	126,843,284	63,096,352	201,728,648	27,946,203	18,951,418	25,814,284	101,285,428	1,505,431,023
Additions	**24,907,500**	**19,802,319**	**23,326,746**	**137,582,703**	**1,366,274**	**4,743,848**	**2,391,710**	**-**	**214,121,100**
Transfer from capital work in progress	**2,001,348,105**	**69,771,108**	**3,457,535**	**--**	**5,032,375**	**7,420,572**	**1,046,357**	**-**	**2,088,076,052**
Disposals during the year	**(4,155,815)**	**(12,642,000)**	**(4,163,970)**	**(71,201,964)**	**(252,883)**	**(1,155,322)**	**(1,312,680)**	**-**	**(94,884,634)**
Effect of movement in exchange rates	**276,282**	**1,075,930**	**2,204,198**	**266,110**	**3,818**	**96,112**	**25,511**	**-**	**3,947,961**
Balance at 31 December 2017	**2,962,141,478**	**204,850,641**	**87,920,861**	**268,375,497**	**34,095,787**	**30,056,628**	**27,965,182**	**101,285,428**	**3,716,691,502**

(Saudi Riyal)

7. PROPERTY AND EQUIPMENT (continued)

	Land & buildings	Furniture & fixtures	Office Equipment	Vehicles	Air Conditioners	Telecom & Security systems	Tools & Hardware	Aircrafts	Total
Accumulated depreciation:									
Balance at 1 January 2016	37,380,984	54,970,647	27,529,153	59,391,684	5,029,144	4,558,279	5,751,637	13,926,746	208,538,274
Charge for the year	5,331,614	9,256,314	4,948,576	42,253,681	1,231,722	1,439,954	803,354	7,596,407	72,861,622
Disposals	-	(5,061,707)	(980,038)	(47,829,798)	(669,423)	(98,031)	(1,614)	-	(54,640,611)
Effect of movement in exchange rates	(378,839)	(2,093,823)	(847,132)	(7,831,576)	(138,436)	(286,542)	(68,096)	-	(11,644,444)
Balance at 31 December 2016	42,333,759	57,071,431	30,650,559	45,983,991	5,453,007	5,613,660	6,485,281	21,523,153	215,114,841
Charge for the year	**6,079,389**	**18,536,537**	**11,244,885**	**50,624,678**	**4,225,765**	**3,979,016**	**2,028,863**	**7,596,407**	**104,315,540**
Disposals	**(194,870)**	**(2,641,791)**	**(3,758,758)**	**(47,114,556)**	**(20,762)**	**(1,134,704)**	**(577,072)**	**-**	**(55,442,513)**
Effect of movement in exchange rates	**45,330**	**516,174**	**1,907,503**	**79,512**	**1,455**	**92,789**	**24,962**	**-**	**2,667,725**
Impairment	**65,971,262**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**65,971,262**
Balance at 31 December 2017	**114,234,870**	**73,482,351**	**40,044,189**	**49,573,625**	**9,659,465**	**8,550,761**	**7,962,034**	**29,119,560**	**332,626,855**
Carrying amounts :									
At 1 January 2016	695,423,050	46,840,767	12,751,802	151,221,422	3,122,458	4,600,011	22,392,390	87,358,682	1,023,710,582
At 31 December 2016	897,431,647	69,771,853	32,445,793	155,744,657	22,493,196	13,337,758	19,329,003	79,762,275	1,290,316,182
At 31 December 2017	**2,847,906,608**	**131,368,290**	**47,876,672**	**218,801,872**	**24,436,322**	**21,505,867**	**20,003,148**	**72,165,868**	**3,384,064,647**

Land and buildings include lands amounting to SR 2.4 billion (31 December 2016: 769 million) which are not depreciated. Included within the vehicles caption is a net book value amount of SR 215 million (31 December 2016: 148 million) in respect of vehicles used in the car rental business to customers.

There has been an impairment of SR 66 million in land and buildings related to Olaya Hotel, Mazar Hotel and Naseem Jeddah as at 31 December 2017 (31 December 2016: SR nil) and (1 January 2016: SR nil).

Depreciation charge for the year has been allocated as follows:

	2017	2016
Cost of revenues	**53,969,820**	43,487,603
Selling expenses (note 28)	**20,138,288**	11,749,608
Administrative expenses (note 29)	**30,207,432**	17,624,411
	104,315,540	72,861,622

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8. CAPITAL WORK IN PROGRESS

Properties under construction

	Shoab Quraish	Al Masafi	Third Ring Road	New head office building	Muzar hotel project	Prince Majed hotel project	Staff accommodation building	Makkah hotel	Jeddah hotel	SAP accounting software	Service center	Total
Balance at 1 January 2016	270,770,790	121,469,741	236,556,007	53,877,692	16,080,993	18,415,066	8,485,687	1,789,947,667	260,000,000	-	-	2,775,603,643
Additions	48,403,378	-	1,018,061	16,956,298	105,345	24,243,356	314,195	101,507,576	15,613,815	14,954,206	-	223,116,230
Transfer from property and equipment	7,312,018	-	3,368,917	-	-	-	-	-	-	-	-	10,680,935
Transfer to property and equipment	-	-	-	(4,830,975)	-	-	(8,799,882)	-	(275,613,815)	-	-	(289,244,672)
Transfer to Investment property	-	(121,469,741)	(240,942,985)	-	-	-	-	-	-	-	-	(362,412,726)
Balance at 31 December 2016	**326,486,186**	**-**	**-**	**66,003,015**	**16,186,338**	**42,658,422**	**-**	**1,891,455,243**	**-**	**14,954,206**	**-**	**2,357,743,410**
Additions	**29,329,761**	**-**	**-**	**20,653,928**	**20,199,403**	**17,350,118**	**-**	**73,578,125**	**-**	**53,946,854**	**3,237,760**	**218,295,949**
Transfer to property and equipment	**-**	**-**	**-**	**(86,656,943)**	**(36,385,741)**	**-**	**-**	**(1,965,033,368)**	**-**	**-**	**-**	**(2,088,076,052)**
Transfer to Investment property	**(355,815,947)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(355,815,947)**
Balance at 31 December 2017	**-**	**-**	**-**	**-**	**-**	**60,008,540**	**-**	**-**	**-**	**68,901,060**	**3,237,760**	**132,147,360**

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8. CAPITAL WORK IN PROGRESS (continued)

The Group has incurred construction costs during 31 December 2017 totaling SR 218 million (31 December 2016: SR 223 million) and (1 January 2016: SR 384 million).

(a) During the year, Projects represent two hotels in Sheb-e- Quraish in Makkah transferred to investment property.

(b) New head office building was transferred to property and equipment during the year.

(c) Muzar Hotel project was transferred to property and equipment during the year 2017.

(d) Prince Majed Hotel building construction is estimated to cost SR 151 million and is expected to be completed during 2018.

(e) During the year, the Company has transferred Kenzi hotel in Makkah to Property and equipment.

(f) SAP accounting software is estimated to cost SR 70 million and is expected to be completed during 2018.

(g) Service Center Project is estimated to Cost SR 5,000,000 million and is expected to be completed during 2018.

Security

At 31 December 2017, properties with a carrying amount of SR 2 billion (31 December 2016: SR 1.9 billion) and (1 January 2016: SR 1.8 billion) were pledged as security for bank loans.

9. CAPITAL WORK IN PROGRESS – RECOVERABLE ON DISPOSAL

	31 December 2017	31 December 2016	1 January 2016
Capital work in progress	**359,747,097**	359,747,097	359,747,097

This represents certain land parcels and hotel, which were under capital work in progress. During 2013, these assets have been included in the Haram Expansion Project and other projects in Makkah and as a result, are to be acquired by the respective local authorities. The Group is not expecting such disposal to conclude within the next twelve months. Further, the management is not expecting any losses against the carrying value as a result of the disposal of these projects.

10. INTANGIBLE ASSETS AND GOODWILL

	Goodwill	**Software**	**Brand name**	**Customer list**	**Total**
Cost					
Balance at 1 January 2016	302,832,784	23,517,547	24,023,299	22,304,896	372,678,526
Acquisition through business combination	4,868,970	-	8,049,055	-	12,918,025
Additions	-	1,694,347	-	-	1,694,347
Disposal	(2,014,001)	(4,943,680)	-	-	(6,957,681)
Effect of movement in exchange rates	(7,386,140)	(1,560,929)	(4,036,463)	(3,747,732)	(16,731,264)
Balance at 31 December 2016	**298,301,613**	**18,707,285**	**28,035,891**	**18,557,164**	**363,601,953**
Additions	**-**	**4,286,297**	**395,899**	**-**	**4,682,196**
Disposals	**(1,426,644)**	**(6,582,736)**	**-**	**-**	**(8,009,380)**
Effect of movement in exchange rates	**3,435,554**	**1,251,474**	**2,633,604**	**1,743,202**	**9,063,834**
Balance at 31 December 2017	**300,310,523**	**17,662,320**	**31,065,394**	**20,300,366**	**369,338,603**

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10. INTANGIBLE ASSETS AND GOODWILL (continued)

	Goodwill	Software	Brand name	Customer list	Total
Accumulated amortization and impairment					
Balance at 1 January 2016	69,814,691	5,926,823	3,431,654	3,145,685	82,318,853
Amortisation	-	3,022,897	999,342	1,855,716	5,877,955
Impairment loss	76,651,340	-	-	-	76,651,340
Disposal	-	(1,667,125)	-	-	(1,667,125)
Effect of movement in exchange rates	-	(1,227,596)	(576,597)	(528,547)	(2,332,740)
Balance at 31 December 2016	**146,466,031**	**6,054,999**	**3,854,399**	**4,472,854**	**160,848,283**
Amortisation	**-**	**4,453,552**	**1,912,716**	**1,956,494**	**8,322,762**
Impairment loss	**36,156,624**	**-**	**-**	**-**	**36,156,624**
Disposal	**-**	**(6,582,736)**	**-**	**-**	**(6,582,736)**
Effect of movement in exchange rates	**-**	**869,593**	**433,479**	**493,708**	**1,796,780**
Balance at 31 December 2017	**182,622,655**	**4,795,408**	**6,200,594**	**6,923,056**	**200,541,713**
Carrying amounts					
At 1 January 2016	233,018,093	17,590,724	20,591,645	19,159,211	290,359,673
At 31 December 2016	151,835,582	12,652,286	24,181,492	14,084,310	202,753,670
At 31 December 2017	**117,687,868**	**12,866,912**	**24,864,800**	**13,377,310**	**168,796,890**

Amortisation charge for the year has been allocated as follows:

	2017	2016
Selling expenses (note 28)	**3,329,105**	2,351,182
Administrative expenses (note 29)	**4,993,657**	3,526,773
Total	**8,322,762**	5,877,955

10.1 Impairment test

The impairment loss (recognized in ‘other expenses’) was recognised in relation to the Kingdom of Saudi Arabia, Egypt and Lebanon based subsidiaries as follows:

	31 December 2017	31 December 2016
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
Connecting Trade & Services	**7,569,646**	7,569,646
Fayfa Travel & Tours	**16,846,286**	16,846,286
Hanay Trading Company Limited	**7,735,408**	7,735,408
Al Hanove Tourism and Services Company	**36,156,624**	-
	182,622,655	146,466,031

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10. INTANGIBLE ASSETS AND GOODWILL (continued)

10.1 Impairment test (continued)

Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs as follows:

	31 December 2017	31 December 2016	1 January 2016
National Travel and Tourism Bureau	**6,212,311**	6,212,311	6,212,311
Al Sarh Travel and Tourism Limited	**11,600,000**	11,600,000	11,600,000
E Al Tayyar Tours Company	**26,297,274**	26,297,274	26,297,274
Al Tayyar Rent a Car Company	**13,390,372**	13,390,372	13,390,372
E Al Tayyar Tourism Company	**13,805,118**	13,805,118	13,805,118
Nile Holidays Tourism Company	**13,603,448**	13,603,448	13,603,448
Lena Tours and Travel	**2,718,479**	2,718,479	2,718,479
Al Tayyar Rent A Car	**44,500,000**	44,500,000	44,500,000
Al Musaffir Magazine	**-**	1,426,644	1,426,644
Al Mousim Travel and Tours	**13,750,000**	13,750,000	13,750,000
Jawlah Tours Establishment for Tourism	**1,578,247**	1,578,247	1,578,247
Al Mawasim Tourism and Umrah Services	**21,235,000**	21,235,000	21,235,000
Al Jazirah Travel	**-**	-	2,014,001
Elegant Resorts Limited	**37,517,662**	37,517,662	37,517,662
Al Hanove Tourism and Services Company	**36,156,624**	36,156,624	36,156,624
Co-op Group Travel 1 Limited	**11,652,929**	11,652,929	11,652,929
Connecting Trade & Services	**7,569,646**	7,569,646	7,569,646
Fayfa Travel & Tourism Agency Company	**16,846,286**	16,846,286	16,846,286
Hanay Trading Company Limited	**7,735,409**	7,735,409	7,735,409
Mosafer Company for Travel and Tourism	**18,434,785**	18,434,785	18,434,785
Calculus Technologies LLC	**4,868,970**	4,868,970	-
Effect of foreign currency translation	**(9,162,037)**	(12,597,591)	(5,211,451)
	300,310,523	298,301,613	302,832,784

Egypt subsidiaries

The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	Travel and Tours	
	2017	2016
Discount rate	**22%**	18%
Terminal value growth rate	**3%**	3%
Budgeted EBITDA growth rate (average of next five years)	**0%**	38%

The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

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10. INTANGIBLE ASSETS AND GOODWILL (continued)

10.1 Impairment test (continued)

Impairment testing for CGUs containing goodwill (continued)

Egypt subsidiaries (continued)

Budgeted EBITDA was estimated taking into account past experience. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that the sales price would increase in line with forecast inflation over the next five years.

The estimated carrying amount exceeds the recoverable amount hence an impairment of SR 36 million (31 December 2016: SR 76.6 million) has been recognized. Management has identified that a reasonably possible change in two key assumptions for travel and tourism sector could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Travel and Tours	
	2017	2016
Discount rate	**5%**	20%
Budgeted EBITDA growth rate (average of next five years)	**138%**	34%

United Kingdom subsidiaries

The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	Travel and Tours	
	2017	2016
Discount rate	**12%**	12%
Terminal value growth rate	**2%**	2.5%
Budgeted EBITDA growth rate (average of next five years)	**13.5%**	12%

The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Budgeted EBITDA was estimated taking into account past experience. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that the sales price would increase in line with forecast inflation over the next five years.

The estimated recoverable amount of the CGU exceeding its carrying value hence no impairment has been recorded. Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Travel and Tours	
	2017	2016
Discount rate	**47%**	27%
Budgeted EBITDA growth rate (average of next five years)	**(78.5%)**	(10%)

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10. INTANGIBLE ASSETS AND GOODWILL (continued)

10.1 Impairment test (continued)

Impairment testing for CGUs containing goodwill (continued)

Kingdom of Saudi Arabia subsidiaries

The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	Travel and Tours	
	2017	2016
Discount rate	**12%**	12%
Terminal value growth rate	**3%**	3%
Budgeted EBITDA growth rate (average of next five years)	**26%**	7%

The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Budgeted EBITDA was estimated taking into account past experience. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that the sales price would increase in line with forecast inflation over the next five years.

The estimated recoverable amount of Travel and Tour's sector, is exceeding its carrying value hence no impairment has been recorded. Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Travel and Tours	
	2017	2016
Discount rate	**22%**	23%
Budgeted EBITDA growth rate (average of next five years)	**8%**	(4%)

(Saudi Riyal)

11. INVESTMENT PROPERTY

	Cost					Depreciation/impairment						
2017	**As at January 01, 2017**	**Addition**	**Transfer from capital work in progress**	**Disposal**	**As at December 31, 2017**	**As at January 01, 2017**	**Charge for the year**	**Disposal**	**As at December 31, 2017**	**Impairment ***	**Written down Value as at December 31, 2017**	**Depreciation Rate**
Land	**330,893,500**	**-**	**196,867,226**	**(25,000,000)**	**502,760,726**	**-**	**-**	**-**	**-**	**(19,706,446)**	**483,054,280**	**-**
Buildings	**461,215,553**	**2,771,507**	**153,164,915**	**-**	**617,151,975**	**42,738,925**	**10,158,283**	**-**	**52,897,208**	**-**	**564,254,767**	**2%**
Furniture & fixture	**13,838,800**	**-**	**2,478,731**	**(4,125,722)**	**12,191,809**	**7,261,377**	**1,920,493**	**(4,119,799)**	**5,062,071**	**-**	**7,129,738**	**20%**
Electrical equipment	**302,696**	**-**	**748,730**	**-**	**1,051,426**	**136,779**	**129,743**	**-**	**266,522**	**-**	**784,904**	**20%**
Hotel Tools	**5,047,007**	**434,384**	**2,556,345**	**(2,931,072)**	**5,106,664**	**3,605,316**	**676,801**	**(2,927,565)**	**1,354,552**	**-**	**3,752,112**	**20%**
Total	**811,297,556**	**3,205,891**	**355,815,947**	**(32,056,794)**	**1,138,262,600**	**53,742,397**	**12,885,320**	**(7,047,364)**	**59,580,353**	**(19,706,446)**	**1,058,975,801**	

	Cost					Depreciation/impairment						
2016	**As at January 01, 2016**	**Addition**	**Transfer from capital work in progress**	**Disposal**	**As at December 31, 2016**	**As at January 01, 2016**	**Charge for the year**	**Disposal**	**As at December 31, 2016**	**Impairment ***	**Written down Value as at December 31, 2016**	**Depreciatio n Rate**
Land	211,425,500	-	119,468,000	-	330,893,500	-	-	-	-	-	330,893,500	-
Buildings	221,639,744	-	239,575,809	-	461,215,553	24,307,516	18,431,409	-	42,738,925	-	418,476,628	2%
Furniture & Fixture	11,111,777	-	2,727,023	-	13,838,800	5,464,691	1,796,686	-	7,261,377	-	6,577,423	20%
Electrical equipment	243,797	-	58,899	-	302,696	88,020	48,759	-	136,779	-	165,917	20%
Hotel Tools	4,464,012	-	582,995	-	5,047,007	3,029,578	575,738	-	3,605,316	-	1,441,691	20%
										-		
Total	448,884,830	-	362,412,726	-	811,297,556	32,889,805	20,852,592	-	53,742,397	-	757,555,159	

(Saudi Riyals)

11. INVESTMENT PROPERTY (continued)

The following amounts have been recognized in profit or loss for:

	2017	2016
Rental income from investment property	**65,167,369**	22,022,265
Direct operating expenses generating rental income that did generate rental income	**(25,401,169)**	(24,835,104)
Direct operating expenses that did not generate rental income	**(9,955,874)**	(208,270)

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1 year, with annual rents indexed to consumer prices. Subsequent renewals are negotiated with the lessee and historically the average renewal period is one year. No contingent rents are charged. The Group currently held all these investment properties for rental income.

The fair value of these investment properties is amounting to SR 1.23 billion (31 December 2016: SR 866 million) and (1January 2016: SR 866 million)

*Furnished apartments in Taif had a net book value of SR 43.09 million (31 December 2016: SR 43.85 million) and (1 January 2016: SR 46.35 million) having a fair market value of SR 23.38 million resulting an impairment loss amounting to SR 19.7 million (31 December 2016: SR nil) and (1Januray 2016: SR nil).

11.1 Measurement of fair values

Fair value hierarchy

The fair value of investment property was determined by external, independent property valuer, having appropriate recognized professional qualifications (as required by Ministry of Commerce and Investment) and recent experience in the location and category of the property being valued.

The fair value measurement for all of the investment properties has been categorized as a level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.

Significant unobservable inputs used are as follows:

- Expected market rental growth
- Occupancy rate
- Risk-adjusted discount rates 8.75% (31 December 2016: 9.5%) and (1January 2016: 9.5%)

The estimated fair value would increase / (decrease) if:

- expected market rental growth were higher / (lower);
- the occupancy rate were higher / (lower);
- rent-free periods were shorter / (longer);
- the risk adjusted discount rate were lower / (higher).

12. INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES

	31 December 2017	31 December 2016	1 January 2016
Investments in joint venture	**-**	-	1,752,110
Investments in associates	**921,489,825**	1,041,771,975	147,822,111
	921,489,825	1,041,771,975	149,574,221

(Saudi Riyals)

12. INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES (continued)

12.1 Investment in joint venture

Taqniatech Company for Communication Technology JV (TAQJV) is joint venture in the Kingdom of Saudi Arabia which the Group has joint control and a 70% ownership interest. There is a significant influence but no control over the joint venture financial and operating policies. It is principally engaged in telecommunication services. TAQJV is not publicly listed.

12.2 Investment in associates

The following table summarises the financial information of material associates as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these associates.

Particulars of investment in associates – Unquoted

	Percentage holding					
Associate name	**31 December 2017**	31 December 2016	1 January 2016	**31 December 2017**	31 December 2016	1 January 2016
Al Shamel International Holding Co. KSC (ASI)	**30%**	30%	30%	**23,318,009**	25,525,726	25,825,067
Taqniatech Company for Communication Technology JV (TAQJV)	**70%**	70%	70%	**-**	-	1,752,110
Al Tayyar Travel and Tourism - Abu Dhabi (TTAD)	**49%**	49%	49%	**-**	-	512,269
Voyage Amro Travel (VAT)	**49%**	49%	49%	**6,419,483**	6,863,977	7,297,101
2Share Emerging Technology (TSET)	**35%**	35%	35%	**-**	-	1,105,000
Net Tours & Travels LLC (NT)	**44.3%**	44.3%	44.3%	**-**	-	3,063,290
Careem Inc. (CIL)	**14.7%**	20%	20%	**9,268,648**	60,549,896	87,940,913
Saudi Heritage Hospitality Company (SHHC)	**20%**	20%	20%	**9,872,522**	11,358,602	12,750,000
Equinox Group Limited (EGL)	**40%**	40%	40%	**13,843,765**	14,118,614	9,328,471
Thakher Investment and Real Estate Co. (TIREC)	**30%**	30%	30%	**801,600,100**	801,826,803	-
Wadi Middle East S.A.R.L. (WME)	**33.3%**	33.30%	33.30%	**51,055,338**	101,999,746	-
CHME Limited (CHM)	**40%**	40%	40%	**6,111,960**	8,336,224	-
Radius Global Travel Company (RGTC)	**-**	26%	-	**-**	11,192,387	-
				921,489,825	1,041,771,975	149,574,221

Movement of investment in associates - Unquoted

	31 December 2016	**Current year profit / (loss)**	**Additions**	**Disposal**	**31 December 2017**
Al Shamel International Holding Co. KSC (ASI)	25,525,726	**(2,207,717)**	**-**	**-**	**23,318,009**
Taqniatech Company for Communication Technology JV (TAQJV)	-	**-**	**-**	**-**	-
Al Tayyar Travel and Tourism - Abu Dhabi (TTAD)	-	**-**	**-**	**-**	-
Voyage Amro Travel (VAT)	6,863,977	**(444,494)**	**-**	**-**	**6,419,483**
2Share Emerging Technology (TSET)	-	**-**	**-**	**-**	-
Net Tours & Travels LLC (NT)	-	**-**	**-**	**-**	-
Careem Inc. (CIL)	60,549,896	**(70,030,249)**	**18,749,001**	**-**	**9,268,648**
Saudi Heritage Hospitality Company (SHHC)	11,358,602	**(1,486,080)**	**-**	**-**	**9,872,522**
Equinox Group Limited (EGL)	14,118,614	**(274,849)**	**-**	**-**	**13,843,765**
Thakher Investment and Real Estate Co. (TIREC)	801,826,803	**(226,703)**	**-**	**-**	**801,600,100**
Wadi Middle East S.A.R.L. (WME)	101,999,746	**(50,944,408)**	**-**	**-**	**51,055,338**
CHME Limited (CHM)	8,336,224	**(2,224,264)**	**-**	**-**	**6,111,960**
Radius Global Travel Company (RGTC)	11,192,387	**-**	**-**	**(11,192,387)**	**-**
	1,041,771,975	**(127,838,764)**	**18,749,001**	**(11,192,387)**	**921,489,825**

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12. INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES (continued)

12.2 Investment in associates (continued)

Latest available financial information of significant associates of the Company is as follows:

	Country of incorporation/ listing	Total assets*	Total liabilities*	Net assets*	Revenues*	Profit/(loss) after tax*
2017						
Al Shamel International Holding Co. KSC (ASI)	Kuwait	**128,784,914**	**28,051,111**	**100,733,803**	**8,757,284**	**398,091**
Thakher Investment and Real Estate Co. (TIREC)	Saudi Arabia	**2,742,242,693**	**2,348,189,396**	**394,053,297**	**233,649**	**(755,677)**
Wadi Middle East S.A.R.L. (WME)	United Arab Emirates	**265,674,197**	**1,228,558,013**	**(962,883,815)**	**1,262,919,866**	**(300,791,580)**
		3,136,701,804	**3,604,798,520**	**(468,096,715)**	**1,271,910,799**	**(301,149,166)**
2016						
Al Shamel International Holding Co. KSC (ASI)	Kuwait	96,917,723	20,842,038	76,075,684	11,672,263	251,953
Thakher Investment and Real Estate Co. (TIREC)	Saudi Arabia	2,359,948,537	1,965,395,109	394,553,428	-	(667,293)
Wadi Middle East S.A.R.L. (WME)	United Arab Emirates	96,195,124	43,082,547	53,112,577	114,141,409	(67,292,873)
		2,553,061.384	2,029,319,694	523,741,689	125,813,672	(67,708,213)

*These represent amounts reported from un-audited financial statements for the year ended 31 December 2017 and 2016.

Latest available financial information of insignificant associates of the Company is as follows:

	Country of incorporation/ listing	Profit after tax*
2017		
Voyage Amro Travel (VAT)	Canada	**(906,358)**
Careem Inc. (CIL)	United states	**(476,396,250)**
Saudi Heritage Hospitality Company (SHHC)	Saudi Arabia	**(7,430,400)**
Equinox Group Limited (EGL)	United Arab Emirates	**(686,380)**
CHME Limited (CHM)	United Arab Emirates	**(5,554,652)**
		(490,974,040)
2016		
Voyage Amro Travel (VAT)	Canada	2,737,006
Careem Inc. (CIL)	United states	(136,955,084)
Saudi Heritage Hospitality Company (SHHC)	Saudi Arabia	(6,956,991)
Equinox Group Limited (EGL)	United Arab Emirates	2,687,455
CHME Limited (CHM)	United Arab Emirates	(4,159,440)
		(142,647,054)

*These represent amounts reported from un-audited financial statements for the year ended 31 December 2017 and 2016.

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13. AVAILABLE FOR SALE INVESTMENTS

	31 December 2017	31 December 2016	1 January 2016	**31 December 2017**	31 December 2016	1 January 2016
Equity securities:						
Al Wafeer Air	**12.75%**	12.75%	12.75%			
Cost				**27,272,715**	27,272,715	27,272,715
Impairment losses				**(27,272,715)**	(27,272,715)	(27,272,715)
				-	-	-
Taif Investments and Tourism Company	**0.09%**	0.09%	0.09%			
Cost				**1,000,000**	1,000,000	1,000,000
Impairment losses				**(1,000,000)**	-	-
				-	1,000,000	1,000,000
Saudi Ground Services Company	**-**	0.04%	0.04%			
Cost				**-**	3,524,949	3,893,250
Change in fair value				**-**	1,505,344	(368,301)
Disposal				**-**	(5,030,293)	-
				-	-	3,524,949
				-	1,000,000	4,524,949

Information about the Group's exposure to credit and market risks, and fair value measurement, is included in note 35.

Included in unquoted shares are investments carried at cost with a value of SR nil (31 December 2016: SR 1 million) and (1 January 2016: SR 1 million) where fair value cannot be reliably determined due to the unpredictable nature of future cash flows.

14. TRADE AND OTHER RECEIVABLES

	31 December 2017	31 December 2016	1 January 2016
Trade receivables	**1,999,373,287**	1,777,083,622	976,167,351
Allowance for doubtful debts	**(242,904,966)**	(241,128,153)	(243,854,968)
	1,756,468,321	1,535,955,469	732,312,383
Other receivables:			
Accrued incentives	**63,219,948**	59,365,518	61,249,128
Employee receivables	**13,951,748**	12,227,575	14,599,891
Taxes	**5,314,971**	1,333,660	7,935,775
Consumables	**8,160,016**	6,286,635	8,720,872
Accrued finance income	**690,306**	19,742,698	4,226,575
Tickets under settlement	**-**	6,778,909	-
Others	**35,902,813**	13,714,016	7,480,098
	1,883,708,123	1,655,404,480	836,524,722

Information about the Group's exposure to credit and market risks, and impairment losses for trade and other receivables is included in note 35.

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15. PREPAYMENTS AND ADVANCES

	31 December 2017	31 December 2016	1 January 2016
Advances			
Advances to suppliers	**240,427,719**	331,555,733	473,800,251
Provision for receivables	**(13,000,000)**	(3,000,000)	(3,000,000)
Write off	**(5,700,495)**	-	-
	221,727,224	328,555,733	470,800,251
Advances for letter of guarantee margins (see note 25)	**28,698,917**	17,687,567	23,744,928
Other advances	**5,074,564**	7,834,765	9,934,618
	255,500,705	354,078,065	504,479,797
Prepayments			
Rents	**16,163,387**	21,939,715	19,280,583
Insurance	**16,520,123**	16,947,172	12,478,562
Housing allowance	**240,132**	1,230,439	512,200
Subscription fees	**841,284**	94,818	181,767
Other prepayments	**5,750,522**	4,448,604	4,453,051
	39,515,448	44,660,748	36,906,163
	295,016,153	398,738,813	541,385,960

16. CASH AND CASH EQUIVALENTS

	31 December 2017	31 December 2016	1 January 2016
Cash in hand	**7,289,806**	9,282,025	7,065,901
Bank balances – current account	**469,587,040**	240,249,741	451,707,102
Call deposits	**504,321,786**	1,000,000,000	1,550,000,000
Cash and cash equivalents in the statement of financial position	**981,198,632**	1,249,531,766	2,008,773,003
Bank overdrafts used for cash management purposes	**(10,399,165)**	(9,836,262)	(10,824,105)
Cash and cash equivalents in the statement of cash flows	**970,799,467**	1,239,695,504	1,997,948,898

Call deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn finance income at the respective short-term deposit rates.

At 31 December 2017, the Group had available SR 504 million (31 December 2016: 1 billion) and (1 January 2016: SR 1.2 billion) of undrawn committed borrowing facilities.

Cash and cash equivalents held in Egypt totaling SR 10 million (31 December 2016: 18 million) and (1 January 2016: SR 29 million). The remittance of this is currently restricted due to foreign exchange control policy in Egypt.

17. CAPITAL AND RESERVES

Share capital

	31 December 2017	31 December 2016	1 January 2016
Ordinary shares			
In issue at the beginning of the year	**209,650,000**	200,000,000	150,000,000
Additional issue of shares	**-**	9,650,000	50,000,000
Issued and fully paid	**209,650,000**	209,650,000	200,000,000
Par value @ SR 10 each	**2,096,500,000**	2,096,500,000	2,000,000,000

All ordinary shares rank equally with regards to the Company's residual assets.

Ordinary shares

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

(Saudi Riyals)

17. CAPITAL AND RESERVES (continued)

Share premium, statutory reserves and other reserves

Nature and purpose of these reserves has been included in note 6 of these consolidated financial statements.

Dividends

The board of directors of the Company during their meeting dated 12 August 2017 approved dividends for the financial results of the year ended 31 December 2016 amounting to SAR 104.8 million (SAR 0.5 per share) and were paid on 22 August 2017 (31 December 2016: SR nil) and (1 January 2016: SR nil).

OCI accumulated in reserves, net of tax

	Attributable to owners of the parent					
	Translation reserve	Fair value reserve	Retained earnings	Total	NCI	Total OCI
31 December 2017						
Foreign operations – foreign currency translation differences	**24,674,125**	**-**	**-**	**24,674,125**	**-**	**24,674,125**
Available-for-sale investments– net change in fair value	**-**	**-**	**-**	**-**	**-**	**-**
Remeasurement of defined benefit liability	**-**	**-**	**15,520,714**	**15,520,714**	**669,504**	**16,190,218**
	24,674,125	**-**	**15,520,714**	**40,194,839**	**669,504**	**40,864,343**

	Attributable to owners of the parent					
	Translation reserve	Fair value reserve	Retained earnings	Total	NCI	Total OCI
31 December 2016						
Foreign operations – foreign currency translation differences	(91,825,980)	-	-	(91,825,980)	-	(91,825,980)
Available-for-sale investments – net change in fair value	-	368,301	-	368,301	-	368,301
Remeasurement of defined benefit liability	-	-	10,306,713	10,306,713	669,343	10,976,056
	(91,825,980)	368,301	10,306,713	(81,150,966)	669,343	(80,481,623)

(Saudi Riyals)

18. NON-CONTROLLING INTERESTS (NCI)

The following table summaries the information relating to each of the Group's subsidiaries that has NCI.

2017

	MWT	ASTT	AHTS	HTCL	MCT	FTTSB	JTET	FIT	CTS	Total
NCI percentage	49	20	30	20	40	20	49	40	49	
Non-current assets	849,362	7,703,833	5,993,345	6,791,258	1,748,106	170,440	1,233,386	309,270	384,761	25,183,761
Current assets	62,695,535	65,461,381	15,071,167	13,081,492	72,700,540	3,199,087	6,380,889	287,735	22,854,045	261,731,871
Non-current liabilities	(3,473,355)	(7,765,034)	(306,730)	(1,122,576)	(993,807)	-	(140,169)	(65,881)	(62,209)	(13,929,761)
Current liabilities	(57,283,224)	(44,002,765)	(10,763,138)	(34,122,681)	(76,324,042)	(1,831,104)	(7,760,966)	(156,154)	(24,335,749)	(256,579,823)
Net assets	2,788,318	21,397,415	9,994,644	(15,372,507)	(2,869,203)	1,538,423	(286,860)	374,970	(1,159,152)	16,406,048
Net assets attributable to NCI	599,923	7,008,130	5,798,433	(3,147,185)	(1,450,043)	282,526	(74,381)	329,950	(6,855)	9,340,498
Revenue	183,276,780	39,238,495	3,201,213	29,815,019	18,120,206	840,541	1,008,361	-	3,454,084	278,954,699
Profit	(831,960)	7,150,708	1,241,913	(11,235,133)	(16,005,139)	39,043	(440,583)	-	(836,156)	(20,917,307)
OCI	20,499	517,051	(92,684)	111,752	52,428	-	60,458	-	--	669,504
Total comprehensive income	(811,461)	7,667,759	1,149,229	(11,123,381)	(15,952,711)	39,043	(380,125)	-	(836,156)	(20,247,803)
Profit allocated to NCI	(407,660)	1,430,142	372,574	(2,247,027)	(6,402,056)	282,526	(215,885)	-	(409,717)	(7,597,103)
OCI allocated to NCI	20,499	517,051	(92,684)	111,752	52,428	-	60,458	-	-	669,504
Cash flows from operating activities	49,733,953	282,797	(2,685,579)	(4,879,216)	19,091,628	117,068	2,165,232	-	(8,443,340)	55,382,543
Cash flows from investment activities	(7,740)	2,098,094	196,394	489,148	(363,072)	(120,554)	(1,007,948)	-	(94,511)	1,189,811
Cash flows from financing activities	(14,751,446)	(2,505,126)	-	-	2,240,020	-	(200,161)	-	9,268,366	(5,948,347)
Net increase/(decrease) in cash and cash equivalents	34,974,767	(124,235)	(2,489,185)	(4,390,068)	20,968,576	(3,486)	957,123	-	730,515	50,624,007

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18. NON-CONTROLLING INTERESTS (NCI) (continued)

The following table summaries the information relating to each of the Group's subsidiaries that has NCI.

2016

	MWT	ASTT	AHTS	HTCL	MCT	JTET	FIT	ATS	CTS	Total
NCI percentage	**49**	**20**	**30**	**20**	**40**	**49**	**40**	**25**	**49**	
Non-current assets	841,622	9,801,928	6,189,740	7,280,406	1,385,034	225,438	309,270	3,089,597	290,250	29,413,285
Current assets	45,622,893	53,531,394	10,638,798	16,155,495	49,761,793	2,365,420	287,735	4,568,210	11,588,706	194,520,444
Non-current liabilities	5,755	(9,857,925)	25,400	(1,833,020)	(714,205)	(198,796)	(65,881)	(74,682)	(62,218)	(12,775,572)
Current liabilities	(14,579,169)	(27,861,554)	(7,603,288)	(26,292,607)	(43,683,698)	(2,348,967)	(156,154)	(6,809,580)	(10,994,434)	(140,329,451)
Net assets	31,891,101	25,613,843	9,250,650	(4,689,726)	6,748,924	43,095	374,970	773,545	822,304	70,828,706
Net assets attributable to NCI	15,738,531	7,566,064	5,518,543	(1,011,910)	2,659,564	81,047	329,950	295,144	402,861	31,579,794
Revenue	181,135,341	43,844,721	4,114,179	28,819,411	26,054,639	1,481,824	-	1,334,922	4,435,880	291,220,917
Profit	6,491,264	12,525,633	2,627,288	(19,875,547)	560,847	(416,218)	(34,754)	191,001	215,115	2,284,629
OCI	726,538	(50,165)	26,884	8,207	(13,990)	(29,190)	-	1,059	-	669,343
Total comprehensive income	7,217,802	12,475,468	2,654,172	(19,867,340)	546,857	(445,408)	(34,754)	192,060	215,115	2,953,972
Profit allocated to NCI	3,180,719	2,505,127	788,187	(3,975,109)	224,339	(203,947)	(13,903)	(1,743)	105,406	2,609,076
OCI allocated to NCI	726,538	(50,165)	26,884	8,207	(13,990)	(29,190)	-	1,059	-	669,343
Cash flows from operating activities	(4,069,660)	15,508,649	(6,290,507)	(26,457,910)	(6,873,144)	938,896	(70,154)	2,031,000	2,023,701	(23,259,129)
Cash flows from investment activities	146,582	880,749	6,212,038	30,288,707	(485,756)	51,684	-	(1,885,750)	45,430	35,253,684
Cash flows from financing activities	-	(21,217,210)	-	-	-	-	-	(1,478,515)	(1,246,446)	(23,942,171)
Net increase/(decrease) in cash and cash equivalents	(3,923,078)	(4,827,812)	(78,469)	3,830,797	(7,358,900)	990,580	(70,154)	(1,333,265)	822,685	(11,947,616)

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19. LOANS AND BORROWINGS

	31 December 2017	31 December 2016	1 January 2016
Non-current liabilities			
Secured bank loan	**861,000,000**	861,000,000	1,106,905,939
Unsecured bank loans	**19,433,761**	-	-
	880,433,761	861,000,000	1,106,905,939
Current liabilities			
Current portion of secured bank loan	**-**	-	142,583,316
Unsecured bank loans	**497,429,810**	216,542,672	198,344,161
	497,429,810	216,542,672	340,927,477

Information about the Group's exposure to commission rate, foreign currency and liquidity risks is included in note 35.

Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

			31 December 2017		31 December 2016		1 January 2016	
	Currency	**Year of maturity**	**Face Value**	**Carrying Amount**	Face value	Carrying amount	Face value	Carrying amount
Secured:								
Arab National Bank	SR	2025	**861,000,000**	**861,000,000**	861,000,000	861,000,000	1,230,000,000	1,249,489,255
Unsecured:								
Muscat Bank	SR	2017	**-**	**-**	36,344,111	36,344,111	28,144,000	28,144,000
Gulf International Bank	SR	2018	**50,000,000**	**50,000,000**	-	-	-	-
Al Rajhi Bank	SR	2018	**199,997,190**	**199,997,190**	-	-	-	-
Saudi British Bank	SR	2017	**-**	**-**	79,998,400	79,998,400	-	-
Saudi Investment Bank	SR	2018	**88,375,000**	**88,375,000**	95,000,000	95,000,000	40,000,000	10,000,000
Alawwal Bank	SR	2018	**150,000,000**	**150,000,000**	-	-	150,000,000	150,000,000
Banque Saudi Fransi	SR	2017	**-**	**-**	5,000,000	5,000,000	5,000,000	5,000,000
Arab Banking Corporation	USD	2019	**28,491,381**	**28,491,381**	-	-	-	-
Riyadh Bank	SR	2016	**-**	**-**	-	-	5,000,000	5,000,000
Saudi Credit & Savings Bank	SR	2017	**-**	**-**	200,161	200,161	200,161	200,161
Total commission-bearing liabilities			**1,377,863,571**	**1,377,863,571**	1,077,542,672	1,077,542,672	1,458,344,161	1,447,833,416

The secured bank loans are secured against land and buildings with a carrying amount of SR 2 billion (31 December 2016: SR 1.8 billion) and (1 January 2016: SR 1.8 billion).

The outstanding secured and unsecured loans as of 31 December 2017 have an average commission rate of 2.7 - 4% above the Banks' lending base rate (31 December 2016: 2 – 2.5%) and (1 January 2016: 2 – 2.5%).

The Group has a secured bank loan with a carrying amount of SR 861 million at 31 December 2017 (31 December 2016: 861 million) and (1 January 2016: SR 1.2 billion). This loan is repayable in tranches over the ten years. The unsecured bank loans are payable over a period of one year.

On 28 November 2016, the Company repaid certain installments of the above loan before schedule, which were and are due in 2017 and 2018 respectively for an amount of SR 246 million.

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20. EMPLOYEE BENEFITS

	31 December 2017	31 December 2016	1 January 2016
Net defined benefit liability	**98,169,751**	100,737,137	104,182,322
Liability for social security contributions	**1,870,896**	1,805,915	2,811,234
Total employee benefit liabilities	**100,040,647**	102,543,052	106,993,556
Current	**1,870,896**	1,805,915	2,811,234
Non-current	**98,169,751**	100,737,137	104,182,322
Total	**100,040,647**	102,543,052	106,993,556

The Group is committed to the following post-employment defined benefit plans:

- In Kingdom of Saudi Arabia, the plan entitles an employee who completed over two but less than five years of service, to receive a payment equal to one-third of their final salary for each completed year of service. Similarly, an employee who completed over five but less than ten years of service, to receive a payment equal to two-third of their final salary for each completed year of service. Further, an employee who completed over ten years of service, to receive a payment equal to their final salary for each completed year of service.
- In Sudan, the plan entitles an employee who completed over three but less than five years of service, to receive a payment equal to one-quarter of their final salary for each completed year of service. Similarly, a retired employee who completed over five but less than fifteen years of service, to receive a payment equal to one-half of their final salary for each completed year of service. Further, an employee who completed over fifteen but less than twenty years of service, to receive a payment equal to three-quarters of their final salary for each completed year of service. Further, an employee who completed over twenty years of service, to receive a payment equal to their final salary for each completed year of service.
- In Egypt, the plan entitles an employee (management and technicians) who completed over five but less than ten years of service, to receive a payment equal to one-half of their final salary for each completed year of service. Similarly, an employee who completed over ten years of service, to receive a payment equal to their final salary for each completed year of service.
- Further, the plan entitles an employee (drivers) who completed over five but less than seven years of service, to receive a payment equal to ten days of their final salary for each completed year of service. Similarly, an employee who completed seven years but less than twelve years of service, to receive a payment equal to one-half of their final salary for each completed year of service. Further, an employee who completed over twelve years of service, to receive a payment equal to two months of their final salary for each completed year of service.
- In United Arab Emirates, the plan entitles an employee who completed over one year but less than three years of service, to receive a payment equal to one-third of their final salary for each completed year of service. Similarly, an employee who completed over three years but less than five years of service, to receive a payment equal to two-thirds of their final salary for each completed year of service. Further, an employee who completed over five years of service, to receive a payment equal to their final salary for each completed year of service.
- In the United Kingdom, Portman Group International S.A.R.L (PGI) operates a defined contribution pension scheme. The assets of the scheme are held separately from those of ML in an independently administered fund. Pension costs charged against profits in respect of the ML's defined contribution scheme represent the amount of the contributions payable to the schemes in respect of the accounting period. ML provides no other contractual post retirement benefits to its employees.

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20. EMPLOYEE BENEFITS (continued)

Movement in net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability and its components.

	31 December 2017	31 December 2016	1 January 2016
Balance at 1 January	**100,737,137**	104,182,322	56,284,592
Adjustment in retained earnings	**-**	-	30,960,735
	100,737,137	104,182,322	87,245,327
Included in profit or loss			
Current service cost	**26,528,571**	23,167,671	18,139,237
Finance expense	**4,592,036**	4,698,542	3,959,514
	31,120,607	27,866,213	22,098,751
Included in OCI			
Actuarial (gain) loss	**(16,190,218)**	(10,976,056)	-
Benefits paid	**(17,497,775)**	(20,335,342)	(5,161,756)
Balance at the end of the year	**98,169,751**	100,737,137	104,182,322

	31 December 2017	31 December 2016	1 January 2016
Represented by:			
Net defined benefit liability for plans in:			
Kingdom of Saudi Arabia	**93,171,703**	**98,937,486**	102,582,285
Sudan	**-**	**149,765**	116,247
Egypt	**1,054,842**	**177,860**	427,366
United Arab Emirates	**3,943,206**	**1,472,026**	1,056,424
	98,169,751	**100,737,137**	104,182,322

Actuarial assumptions on defined benefit liability

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 December 2017			
	KSA	**Sudan**	**Egypt**	**UAE**
Discount rate	**4.25%**	**-**	**15.35%**	**4.25%**
Future salary growth	**5%**	**-**	**7.07%**	**5%**
Future benefits growth	**0.75%**	**-**	**-8.28%**	**0.75%**

	31 December 2016			
	KSA	**Sudan**	**Egypt**	**UAE**
Discount rate	4.5%	14%	10.55%	4.5%
Future salary growth	6.5%	15%	10%	6.5%
Future benefits growth	2%	1%	0.55%	2%

	1 January 2016			
	KSA	**Sudan**	**Egypt**	**UAE**
Discount rate	4.50%	14%	10.55%	4.50%
Future salary growth	6.50%	15%	8.90%	6.50%
Future benefits growth	2%	1%	-1.65%	2%

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows.

	31 December 2017			
	KSA	**Sudan**	**Egypt**	**UAE**
According to number of plans				
Longevity for current members (in years)	**24**	**-**	**24**	**25**

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20. EMPLOYEE BENEFITS (continued)

Actuarial assumptions on defined benefit liability (continued)

	31 December 2016			
	KSA	**Sudan**	**Egypt**	**UAE**
According to number of plans				
Longevity for current members (in years)	24	24	24	26

	1 January 2016			
	KSA	**Sudan**	**Egypt**	**UAE**
According to number of plans				
Longevity for current members (in years)	28	23	24	27

At 31 December 2017, the weighted-average duration of the defined benefit obligation was as follow:

	31 December 2017			
	KSA	**Sudan**	**Egypt**	**UAE**
In years	**14**	**-**	**11**	**14**
	31 December 2016			
	KSA	**Sudan**	**Egypt**	**UAE**
In years	15	13	11	15
	1 January 20116			
	KSA	**Sudan**	**Egypt**	**UAE**
In years	14	12	9	16

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 December 2017		31 December 2016		1 January 2016	
	Increase	**Decrease**	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	**(9,885,918)**	**11,874,247**	(10,482,677)	12,668,252	(10,686,469)	12,936,895
Future salary growth (1% movement)	**11,664,226**	**(9,911,834)**	12,280,835	(10,392,500)	12,541,759	(10,595,265)
Future mortality (20%	**(43,526)**	**20,794**	(59,936)	60,122	(59,316)	59,120

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Employee benefit expenses

	31 December 2017	31 December 2016
Salaries and benefits	**494,304,798**	396,546,141
Social security contributions	**13,694,797**	13,208,616
Contributions to defined contribution plans	**10,270,955**	2,107,292
Expenses related to post-employment defined benefit plans	**31,120,607**	27,866,213
Expenses related to paid leaves	**10,415,970**	12,069,553
	559,807,127	451,797,815

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21. ZAKAT AND INCOME TAXES

Amount recognized in profit or loss

	31 December 2017	31 December 2016
Current zakat and tax expense		
Current period – zakat	**26,855,829**	26,628,520
Current period – tax	**2,153,179**	2,492,060
	29,009,008	29,120,580
Deferred tax expense		
Origination and reversal of temporary differences	**1,973,124**	879,805
	1,973,124	879,805
Zakat and tax expense	**30,982,132**	30,000,385

Tax expense on continuing operations' excludes the Group's share of the tax expense of equity‑accounted investees of SR 3,897 (31 December 2016: 205,360), which has been included in 'share of profit of equity‑accounted investees, net of tax'.

The Group believes that its accruals for zakat and tax liabilities are adequate for all open years based on its assessment of many factors, including interpretations of zakat and tax law and prior experience.

Movement in provision

The movement in the Zakat & income tax provision is as follows:

	31 December 2017	31 December 2016
At the beginning of the year	**43,458,250**	48,747,350
Provided during the year	**30,982,132**	30,000,385
Payments during the year	**(27,889,336)**	(35,289,485)
At the end of the year	**46,551,046**	43,458,250

Movement in deferred tax balances

31 December 2017	**Net balance at 1 January**	**Recognised in profit or loss**	**Other**	**Acquired through business combination**	**Net**	**Deferred tax Assets**	**Deferred tax liabilities**
Property and equipment	**3,658,441**	**(2,146,216)**	**397,129**	**-**	**1,909,354**	**1,909,354**	-
Property and equipment	**(4,257,916)**	**(56,036)**	**(42,383)**	**-**	**(4,356,335)**	**-**	**(4,356,335)**
Pension deficit	**2,109,029**	**229,128**	**198,116**	**-**	**2,536,273**	**2,536,273**	-
Fair value gains	**(175,893)**	**-**	**(16,523)**	**-**	**(192,416)**	**-**	**(192,416)**
Net tax assets / (liabilities)	**1,333,661**	**(1,973,124)**	**536,339**	**-**	**(103,124)**	**4,445,627**	**(4,548,751)**

31 December 2016	**Net balance at 1 January**	**Recognised in profit or loss**	**Other**	**Acquired through business combination**	**Net**	**Deferred tax Assets**	**Deferred tax liabilities**
Property and equipment	2,765,104	(44,480)	(459,972)	1,397,789	3,658,441	3,658,441	-
Property and equipment	(8,147,192)	(835,325)	4,724,601	-	(4,257,916)	-	(4,257,916)
Pension deficit	-	-	-	2,109,029	2,109,029	2,109,029	-
Fair value gains	(211,417)	-	35,524	-	(175,893)	-	(175,893)
Net tax assets / (liabilities)	(5,593,505)	(879,805)	4,300,153	3,506,818	1,333,661	5,767,470	(4,433,809)

There are no unrecognized deferred tax assets or liabilities as at year end.

Status of assessment

Zakat assessments for the Company have been finalized with the General Authority of Zakat and Tax (GAZT) and final Zakat certificates obtained for the years up to 2007. The Company has submitted the Zakat returns for all the years up to 2016.

All subsidiaries are filing Zakat and / or income tax returns regularly as per their country of incorporation regulations and there is no dispute that requires any additional provisions.

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22. TRADE AND OTHER PAYABLES

	31 December 2017	31 December 2016	1 January 2016
Trade payables	**1,099,309,797**	1,526,315,939	1,005,841,769
Sub-contractor payables – hotels construction	**-**	17,394,474	119,050,956
Tickets under settlement	**5,112,374**	-	13,822,237
Total trade payables	**1,104,422,171**	1,543,710,413	1,138,714,962
Non-trade payables	**65,781,280**	68,900,908	55,385,762
Salaries and benefits	**68,143,970**	55,103,026	50,617,216
Rents and utilities	**8,137,918**	2,432,466	2,472,247
Payable to defined contribution plan	**14,107,673**	19,810,565	1,430,167
Loan commission payable	**18,540,184**	4,522,800	208,646
Others	**16,835,046**	11,780,327	19,246
Total other payables	**191,546,071**	162,550,092	110,133,284
Total trade and other payables	**1,295,968,242**	1,706,260,505	1,248,848,246

Information about the Group's exposure to currency and liquidity risks is included in note 35.

23. DEFERRED REVENUE

	31 December 2017	31 December 2016	1 January 2016
Customer advances	**362,943,090**	447,902,399	1,061,756,884
Customer loyalty claims	**2,704,699**	1,474,959	937,561
	365,647,789	449,377,358	1,062,694,445

24. PROVISIONS

	31 December 2017	31 December 2016	1 January 2016
Legal case	**25,000,000**	25,000,000	25,000,000

Legal case

Blue Sky Travel ("BST") is the Company's supplier and an associate which is 49% owned by the Company. During 2013, a legal claim was lodged by one of the shareholders of BST against the Company. Following trial in the USA, there was a judgment of USD 11.9 million (SAR 44.8million) against the Company. A further verdict has been received in Dec 2015 whereby USD 1.9 million (SAR 7.5 million) has been confirmed as payable to BST. The Company considered a provision of SAR 25 million in 2013, with a view that the final verdict has not been issued by court; this is based on the management's best estimate. The Company believes that there is a right of appeal against other party. Accordingly no reversal has been made in the financial statements.

25. COMMITMENTS AND CONTINGENCIES

Capital commitments

As at 31 December 2017, the Group has capital commitments of SR 91 million (31 December 2016: 176 million) and (1 January 2016: 291 million) with respect to property developments, software development and construction of new office premises.

CONTINGENCIES

At 31 December 2017, the Group has letter of guarantees totaling SR 295 million (31 December 2016: 290 million) issued by the Company's banks in favor of certain suppliers. Included within this are advances for letter of guarantee margins totalling SR 28.7 million (31 December 2016: 17.7 million) and 1 January 2016: 23.7 million) - see note 15 for details.

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25. COMMITMENTS AND CONTINGENCIES (continued)

Operating lease commitments

The Group leases a number of warehouses and retail units under operating leases. These leases typically run for a period of one year, with an option to renew the lease after one year. Lease payments are renegotiated every year to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

The warehouse and branch leases were entered into many years ago as combined leases of land and buildings. The Group determined that the land and building elements of the warehouse and branch leases are operating leases. The rent paid to the landlord is adjusted to market rentals at regular intervals, and the Group does not have an interest in the residual value of the land and buildings. As a result, it was determined that substantially all of the risks and rewards of the land and buildings are with the landlord.

Future minimum lease payments

At year end, the future minimum lease payments under non-cancellable leases were payables as follows:

	31 December 2017	31 December 2016	1 January 2016
Less than one year	**58,619,369**	15,739,579	12,206,420
Between one and five years	**93,013,064**	23,497,407	21,085,280
More than five years	**28,651,055**	33,387,174	30,414,806
Total	**180,283,488**	72,624,160	63,706,506

Amounts recognised in profit or loss

	31 December 2017	31 December 2016
Lease expense	**56,983,655**	44,624,028

26. RELATED PARTIES TRANSACTIONS AND BALANCES

26.1 Related parties transactions

Senior management remuneration

The aggregate amount charged in the financial statements for remuneration, including all benefits to Chief Executive Officer (CEO), Directors and Executives of the Company is as follows:

	31 December 2017				**31 December 2016**			
	CEO	**Directors**	**Executives**	**Total**	**CEO**	**Directors**	**Executives**	**Total**
Managerial remuneration	**2,160,000**	**-**	**6,156,000**	**8,316,000**	2,160,000	-	6,156,000	8,316,000
Housing & Travel allowance	**756,000**	**-**	**1,912,200**	**2,668,200**	756,000	-	1,912,200	2,668,200
Bussiness Trips	**258,380**	**-**	**428,691**	**687,071**	674,959	-	913,985	1,588,944
Bonus	**834,000**	**-**	**1,351,000**	**2,185,000**	834,000	-	1,709,000	2,543,000
End of Service Benefits	**114,063**	**-**	**498,333**	**612,396**	114,375	-	490,063	604,438
Board Member Fees	**-**	**3,846,190**	**-**	**3,846,190**	-	2,001,000	-	2,001,000
Total	**4,122,443**	**3,846,190**	**10,346,224**	**18,314,857**	4,539,334	2,001,000	11,181,248	17,721,582

Aggregate amount charged in these financial statements in respect of Directors fees for attending Board and other Committee meetings amounted to SR 348,000 and SR 116,000, respectively (2016: SR 75,000 and SR 126,000 respectively). The Directors fees for attending Board and other Committee meetings were paid as prescribed in the Articles of Association.

Directors of the Company control 0.67% (31 December 2016: 0.67%) and (1 January 2016: 0.67%) of the voting shares of the Company.

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26. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

26.1 Related parties transactions (continued)

A number of key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies.

A number of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on an arm's length basis.

Related party transactions mainly represent purchases, sales and services rendered which are at arm's length and undertaken at mutually agreed terms and approved by management.

		31-Dec-17				
Related party	**Relationship**	**Sales**	**Purchases**	**Receipts**	**Payments**	**Other costs / (revenues)**
Voyage Amro Travel	Associate	**-**	**3,445,124**	**-**	**6,727,099**	**-**
Al Shamel International Holding Company	Associate	**12,559**	**611,187**	**-**	**1,939,114**	**(402,668)**
Thaker Investment and Real Estate Co.	Associate	**-**	**-**	**-**	**89,855,831**	**-**
Wadi Middle East S.A.R.L.	Associate	**-**	**-**	**-**	**37,501,685**	**-**
CHME Limited (CHM)	Associate	**201,037**	**6,293,637**	**194,856**	**6,099,637**	**-**
Ahmed Al Tigani Ahmed	Minority shareholder of ATS	**-**	**-**	**-**		**351,500**
Majid Al Nafai	Minority shareholder of MWT	**-**	**-**	**-**	**-**	**(10,801,092)**
Riyadh Cables Group	Ownership interest by Board member	**239,377**	**-**	**286,186**		**-**
Gulf International Trading and Real Estate Company	Ownership interest by Board member	**594,380**	**-**	**639,255**	**-**	**-**
National Agriculture Development Co.	Ownership interest by Board member	**7,350,799**	**-**	**8,301,084**	**-**	**2,960,165**
Bonyan Almdaen Company	Ownership interest by majority shareholder of ATG	**-**	**-**	**-**	**-**	**(156,622)**
2share United Communications	Ownership interest by majority shareholder of ATG	**27,930**	**-**	**-**	**229,187**	**(1,323,518)**
Forbes Middle East	Ownership interest by majority shareholder of ATG	**-**	**-**	**-**	**-**	**(74)**
Nile Air	Ownership interest by majority shareholder of ATG	**41,373**	**13,738,235**	**46,376,871**	**39,887,414**	**7,009,339**
Saudi Batal Design Company	Ownership interest by majority shareholder of ATG	**743,795**	**-**	**764,000**	**-**	**(1,744,420)**
Al Imtiaz Food Company	Ownership interest by majority shareholder of ATG	**-**	**-**	**-**	**-**	**(67,500)**
Al Tayyar Real Estate Development Company	Ownership interest by majority shareholder of ATG	**-**	**-**	**-**	**236,718,920**	**182,408**
Careem Inc.	Associate / Ownership interest by Board member	**-**	**-**	**-**	**-**	**176,371**
Farook Al Jarasy	Minority shareholder of MCT	**-**	**-**	**-**	**5,000,000**	**15,137**
Mohaideb Ali Al Mohaideb	Minority shareholder of ASTT	**-**	**-**	**-**	**-**	**(67,662)**
Abdullah Al Ajlani	Minority shareholder of HTCL	**-**	**-**	**-**	**-**	**1,118,252**

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26. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

26.1 Related parties transactions (continued)

		31 December 2016				
Related party	**Relationship**	**Sales**	**Purchases**	**Receipts**	**Payments**	**Other costs / (revenues)**
Felix Airways Limited	Associate	-	-	-	-	(6,079,182)
Voyage Amro Travel	Associate	11,558	59,044,626	199,485	61,343,355	-
Al Shamel International Holding Company	Associate	-	3,200,519	39,547	3,390,043	23
Thaker Investment and Real Estate Co.	Associate	-	-	-	17,702,304	-
Ahmed Al Tigani Ahmed	Minority shareholder of ATS	-	-	-	-	(166,490)
Majid Al Nafai	Minority shareholder of MWT	-	-	-	-	1,095,320
Riyadh Cables Group	Ownership interest by Board member	433,690	-	485,444	-	-
Gulf International Trading and Real Estate Company	Ownership interest by Board member	481,440	-	463,000	-	-
Bonyan Almdaen Company	Ownership interest by majority shareholder of ATG	-	-	-	-	72,001
2share United Communications	Ownership interest by majority shareholder of ATG	48,433	-	-	-	20,000
Forbes Middle East	Ownership interest by majority shareholder of ATG	-	-	-	-	(595,831)
Medina Publishing & Printing Company	Ownership interest by majority shareholder of ATG	-	-	-	-	12,921
Nile Air	Ownership interest by majority shareholder of ATG	43,623	234,328,920	2,996,117	262,560,926	(2,129,134)
Saudi Batal Design Company	Ownership interest by majority shareholder of ATG	828,472	-	834,721	-	-
Al Imtiaz Food Company	Ownership interest by majority shareholder of ATG	-	-	-	-	(4,928)
Al Tayyar Real Estate Development Company	Ownership interest by majority shareholder of ATG	3,435,913	-	-	6,759	37,417,532
Careem Inc.	Associate / Ownership interest by Board member	-	-	-	-	(102,234)
Jean Abboud	Minority shareholder of CTS	-	-	-	-	2,682,171
Farook Al Jarasy	Minority shareholder of MCT	-	-	-	-	5,304,642
CHME Limited (CHM)	Associate	50,417	-	45,315	-	-
Mohaideb Ali Al Mohaideb	Minority shareholder of ASTT	-	-	-	-	123,581
Abdullah Al Ajlani	Minority shareholder of HTCL	-	-	-	4,500,000	990,219

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26. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

26.2 Related party balances

Related party balances at year end are as below:

Due from related parties	**30 December 2017**	31 December 2016	1 January 2016
Felix Airways Limited	**-**	-	6,079,182
Thaker Investment and Real Estate Co.	**107,558,134**	17,702,303	-
Wadi Middle East S.A.R.L.	**37,501,685**	-	-
Forbes Middle East	**1,610,050**	1,610,124	2,205,955
Saudi Batal Design Company	**70,564**	1,835,189	1,841,438
2share United Communications	**27,930**	1,094,331	1,025,898
Nile Air	**10,883,437**	24,060,417	910,039
Riyadh Cables Group	**21,446**	68,255	120,009
National Agriculture Development Co.	**2,009,880**	-	-
Careem Inc.	**164,505**	-	90,368
Al Tayyar Real Estate Development Company	**326,866**	-	-
Bonyan Almdaen Company	**-**	156,622	84,621
Al Imtiaz Food Company	**-**	67,500	72,428
Gulf International Trading and Real Estate Company	**8,723**	53,598	35,158
CHME Limited (CHM)	**-**	5,102	-
Farook Al Jarasy	**10,319,779**	5,304,642	-
Jean Abboud	**2,682,171**	2,682,171	-
Majid Al Nafai	**-**	1,095,320	-
Medina Publishing & Printing Company	**-**	-	-
	173,185,170	55,735,574	12,465,096

Due to related parties	**31 December 2017**	31 December 2016	1 January 2016
Al Tayyar Real Estate Development Company	**-**	236,574,462	277,434,666
Voyage Amro Travel	**79,423,515**	82,705,490	84,816,292
Abdullah Al Ajlani	**2,391,529**	3,509,781	9,000,000
Al Shamel International Holding Company	**237,701**	1,175,519	1,325,519
Ahmed Al Tigani Ahmed	**-**	351,500	185,010
Mohaideb Ali Al Mohaideb	**116,713**	49,051	172,632
Medina Publishing & Printing Company	**-**	-	12,921
Careem Inc.	**-**	11,866	-
CHME Limited (CHM)	**182,717**	**-**	-
Majid Al Nafai	**9,705,772**	-	-
	92,057,947	324,377,669	372,947,040

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27. REVENUE

Commission element	**2017**	2016
Airline ticketing & incentives	**1,307,916,916**	1,458,526,092
Hotel booking	**80,516,747**	100,932,060
Shipments	**14,245,902**	17,615,336
Train ticketing	**16,498,878**	15,368,530
	1,419,178,443	1,592,442,018
Other revenue		
Package holidays	**467,365,852**	421,745,418
Car rentals	**121,280,636**	81,970,015
Property and room rentals	**65,167,369**	22,022,265
Chartered flights	**10,543,440**	7,873,715
Others	**23,482,585**	18,416,543
	687,839,882	552,027,956
	2,107,018,325	2,144,469,974

In respect of recognizing revenue as commissions, management considers that the following factors indicate that the Group acts as an agent.

- another service supplier is primarily responsible for fulfilling the contract;
- the Group does not have inventory risk;
- the Group does not have discretion in establishing prices for the other supplier's services and, therefore, the benefit that the Group can receive from those services is limited; and
- the Group's consideration is in the form of commission.

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, type of revenue and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's four strategic divisions, which are its reportable segments (see note 36).

	2017						
	Reportable segments						
Primary geographical markets	**Ticketing**	**Tourism**	**Transportation**	**Hospitality**	**Property**	**All other segments**	**Total**
Kingdom of Saudi Arabia	**1,198,166,260**	**202,992,021**	**135,279,912**	**62,854,519**	**2,312,850**	**11,592,816**	**1,613,198,378**
United Kingdom	**112,005,768**	**334,948,842**	**-**	**-**	**-**	**-**	**446,954,610**
Egypt	**252,467**	**5,490,942**	**10,790,066**	**-**	**-**	**92,306**	**16,625,781**
United Arab Emirates	**10,868,871**	**1,754,439**	**-**	**-**	**-**	**44,660**	**12,667,970**
Sudan	**-**	**-**	**-**	**-**	**-**	**-**	**-**
India	**-**	**-**	**-**	**-**	**-**	**3,788,338**	**3,788,338**
Spain	**-**	**239,585**	**-**	**-**	**-**	**7,964,465**	**8,204,050**
Lebanon	**3,122,428**	**1,616,229**	**-**	**-**	**-**	**-**	**4,738,657**
Malaysia	**-**	**840,541**	**-**	**-**	**-**	**-**	**840,541**
	1,324,415,794	**547,882,599**	**146,069,978**	**62,854,519**	**2,312,850**	**23,482,585**	**2,107,018,325**
Timing of revenue recognition							
Services transferred at a point in time	**1,324,415,794**	**80,516,747**	**14,245,902**	**62,854,519**	**-**	**-**	**1,482,032,962**
Services transferred over time	**-**	**467,365,852**	**131,824,076**	**-**	**2,312,850**	**23,482,585**	**624,994,363**
	1,324,415,794	**547,882,599**	**146,069,978**	**62,854,519**	**2,312,850**	**23,482,585**	**2,107,018,325**

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27. REVENUE (continued)

Disaggregation of revenue (continued)

	2016						
	Reportable segments						
Primary geographical markets	**Ticketing**	**Tourism**	**Transportation**	**Hospitality**	**Property**	**All other segments**	**Total**
Kingdom of Saudi Arabia	1,412,721,799	233,841,602	97,104,066	16,346,540	5,675,725	9,966,541	1,775,656,273
United Kingdom	58,506,246	269,805,297	-	-	-	-	328,311,543
Egypt	180,583	7,433,262	10,355,000	-	-	90,466	18,059,311
United Arab Emirates	622,834	1,778,859	-	-	-	-	2,401,693
Sudan	1,412,906	-	-	-	-	-	1,412,906
India	-	-	-	-	-	4,240,986	4,240,986
Spain	-	3,739,168	-	-	-	4,118,550	7,857,718
Lebanon	450,254	5,133,922	-	-	-	-	5,584,176
Malaysia	-	945,368	-	-	-	-	945,368
	1,473,894,622	522,677,478	107,459,066	16,346,540	5,675,725	18,416,543	2,144,469,974
Timing of revenue recognition							
Services transferred at a point in time	1,473,894,622	100,932,060	17,615,336	16,346,540	-	-	1,608,788,558
Services transferred over time	-	421,745,418	89,843,730	-	5,675,725	18,416,543	535,681,416
	1,473,894,622	522,677,478	107,459,066	16,346,540	5,675,725	18,416,543	2,144,469,974

Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers:

	31 December 2017	31 December 2016	1 January 2016
Receivables, which are included in 'Trade and other receivables	**1,756,468,321**	1,535,955,469	732,312,383
Contract liabilities	**362,943,090**	447,902,399	1,061,756,884

The contract liabilities primarily relate to the gross bookings which is the advance consideration received from governmental and corporate customer contracts, for which commission will be recognised once the service is delivered in the future.

Significant changes in the contract liabilities balances during the year are as follows:

	31 December 2017	31 December 2016	1 January 2016
Contract liabilities			
Gross bookings recognised which were included in the contract liability balance at the beginning of the year	**436,942,450**	1,052,231,619	1,397,012,595
Increases due to cash received, excluding amounts recognised as revenue during the year	**350,525,563**	436,942,450	1,052,231,619

Transaction price allocated to the remaining performance obligations

As of 31 December 2017, the amount allocated to the customer loyalty programme is SR 2.7 million (31 December 2016: 1.5 million). This will be recognised as revenue as the customer loyalty programme points are redeemed, which is expected to occur over the next one year.

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

The Group applies the practical expedient in paragraph C5(c) of IFRS 15 and does not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue.

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28. SELLING EXPENSES

	2017	2016
Employee benefits	**186,204,319**	149,324,127
Sales commission and incentives	**26,352,155**	38,941,877
Advertising	**39,850,611**	28,871,723
Rentals	**56,983,655**	44,624,028
Depreciation (note 7)	**20,138,288**	11,749,608
Amortisation (note 10)	**3,329,105**	2,351,182
	332,858,133	275,862,545

29. ADMINISTRATIVE EXPENSES

	2017	2016
Employee benefits	**308,077,540**	240,444,376
Consultancy	**31,273,952**	24,002,340
Insurance	**19,178,261**	21,977,785
Depreciation (note 7)	**30,207,432**	17,624,411
Communication	**21,888,261**	20,071,857
Charities and donations	**10,479,844**	10,500,000
Contribution for employees social security and welfare fund	**6,323,708**	7,403,295
Information technology	**22,737,240**	16,484,446
Travel	**9,186,789**	9,439,150
Repairs and maintenance	**5,521,066**	5,073,814
Stationery	**6,241,908**	8,781,116
Utilities	**7,592,347**	7,615,306
Amortisation (note 10)	**4,993,657**	3,526,773
Entertainment expenses	**2,375,673**	1,376,111
Vehicles maintenance	**3,012,235**	1,398,625
Other expenses	**5,704,621**	3,908,114
	494,794,534	399,627,519

30. OTHER INCOME AND EXPENSES

	2017	2016
Gain / (loss) on sale of property and equipment	**7,516,850**	(7,107,049)
Gain on sale of investment property	**26,584,624**	-
Gain from disposal of equity-accounted investees Ventures	**1,397,539**	-
Gain on disposal of available for sale investment	**-**	1,137,043
Gain from acquisition of subsidiary	**-**	10,119,973
Impairment loss on property and equipment	**(65,971,262)**	-
Impairment loss on investment property	**(19,706,446)**	-
Impairment loss on goodwill (see note 10)	**(36,156,624)**	(76,651,341)
Impairment loss on equity-accounted investees (see note 12)	**-**	(6,432,669)
Impairment loss on available for sale investment	**(1,000,000)**	-
Impairment loss on trade receivables (see note 35)	**(1,776,813)**	(7,658,465)
Impairment loss on advances to suppliers	**(15,700,495)**	-
Others	**8,742,038**	(3,310,761)
	(96,070,589)	(89,903,269)

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31. EXPENSES BY NATURE

	2017	2016
Direct cost of operations	**414,754,110**	384,648,669
Employee benefits	**494,304,798**	396,546,141
Depreciation (note 7, 11)	**117,200,860**	93,714,214
Advertising	**39,850,611**	29,273,723
Sales commission and incentives	**26,352,155**	38,941,877
Rentals	**56,983,655**	44,624,028
Consultancy	**31,273,952**	24,002,340
Insurance	**28,394,529**	27,787,439
Repairs and maintenance	**17,369,954**	14,926,608
Communication	**21,888,261**	20,071,857
Charities and donations	**10,479,844**	10,500,000
Contribution for employees social security and welfare fund	**6,323,708**	7,403,295
Information technology	**22,737,240**	16,484,446
Travel	**9,186,789**	9,439,150
Stationery	**6,241,908**	8,781,116
Amortisation (note 10)	**8,322,762**	5,877,955
Utilities	**7,592,347**	7,615,306
Entertainment expenses	**2,375,673**	1,376,111
Vehicles maintenance	**3,012,235**	1,398,625
Others	**6,942,371**	5,951,323
	1,331,587,762	1,149,364,223

32. DISPOSAL OF SUBSIDIARIES

During the year, the Company disposed of its interest in the following subsidiaries:

- On 1 January 2017, the Company received SR 90,000 from the disposal of 100% owned subsidiary, Al Musaffir Magazine (AMM). The Company recognised a net loss of SR 2,862,066 from this disposal.
- On 8 February 2017, the Company disposed its entire 75% shareholding in Al Tayyar International Company Limited (ATS) for a total consideration of SR 4,218,750. The Company recognised a net gain of SR 2,254,710 from this disposal.

Net assets on disposal

The following table summarises the net assets of subsidiary at disposal date:

	AMM	ATS	Total
Property and equipment	**531**	**3,089,597**	**3,090,128**
Goodwill	**1,426,644**	**-**	**1,426,644**
Trade and other receivables	**1,612,491**	**3,254,163**	**4,866,654**
Cash and cash equivalents	**-**	**1,314,047**	**1,314,047**
Trade and other payables	**(87,601)**	**(5,039,088)**	**(5,126,689)**
Total net assets disposed off	**2,952,065**	**2,618,719**	**5,570,784**
% of ownership	**100%**	**75%**	
Net assets on disposal	**2,952,065**	**1,964,040**	**4,916,105**

Loss / (gain) on disposal

Gain / (loss) in relation to the subsidiaries disposed off was recognised as follows:

	AMM	ATS	Total
Consideration received	**90,000**	**4,218,750**	**4,308,750**
Net assets on disposal	**(2,952,065)**	**(1,964,040)**	**(4,916,105)**
	(2,862,065)	**2,254,710**	**(607,355)**

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33. FINANCE INCOME AND COST

Finance income	**2017**	2016
Finance income on term deposits	**22,632,673**	30,410,178
Net foreign exchange gain	**5,991,136**	14,750,842
	28,623,809	45,161,020
Finance cost		
Bank charges	**(17,660,109)**	(22,117,582)
Finance expense	**(40,160,921)**	(24,174,160)
Finance costs	**(57,821,030)**	(46,291,742)
Net finance cost for the purpose of cash flow statement	**(29,197,221)**	(1,130,722)

34. EARNINGS PER SHARE (EPS)

Basic and diluted EPS

The calculation of basic and diluted EPS has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

Profit attributable to ordinary shareholders (basic)

	2017	2016
Profit attributable to ordinary shareholders	**496,796,473**	813,767,797

Weighted-average number of ordinary shares (basic)

	2017	2016
Issued ordinary shares at the beginning of the year	**209,650,000**	200,000,000
Effect of ordinary shares issued during the year	**-**	9,650,000
Weighted-average number of ordinary shares at the end of the year	**209,650,000**	209,650,000

Earnings per share attributable to owners of the parent

	2017	2016
Basic and diluted	**2.37**	3.88

35. FINANCIAL INSTRUMENT RISK

Fair value 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. Differences can therefore arise between the book values under the historical cost method and fair value estimates. Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the Discounted Cash Flows Model ("DCF"). The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgment includes considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

The table on next page shows carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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35. FINANCIAL INSTRUMENT RISK (continued)

Carrying value of financial assets and liabilities

		Fair value			
31 December 2017	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value					
Available for sale securities	**-**	-	-	-	**-**
Current:					
Cash and cash equivalents	**981,198,632**	-	-	-	**981,198,632**
Trade and other receivables	**1,883,708,123**	-	-	-	**1.883,708,123**
Due from related parties	**173,185,170**	-	-	-	**173,185,170**
Prepayments and advances	**295,016,153**	-	-	-	**295,016,153**
Total financial assets	**3,333,108,078**	-	-	-	**3,333,108,078**
Financial liabilities					
Non-current:					
Loans and borrowings	**880,433,761**	-	-	-	**880,433,761**
Current:					
Bank overdraft	**10,399,165**	-	-	-	**10,399,165**
Loans and borrowings	**497,429,810**	-	-	-	**497,429,810**
Trade and other payables	**1,295,968,242**	-	-	-	**1,295,968,242**
Due to related parties	**92,057,947**	-	-	-	**92,057,947**
Total financial liabilities	**2,776,288,925**				**2,776,288,925**

		Fair value			
31 December 2016	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value					
Available for sale securities	1,000,000	-	-	1,000,000	1,000,000
Current:					
Cash and cash equivalents	1,249,531,766	**-**	**-**	**-**	1,249,531,766
Trade and other receivables	1,655,404,480	**-**	**-**	**-**	1,655,404,480
Due from related parties	55,735,574	**-**	**-**	**-**	55,735,574
Prepayments and advances	398,738,813	**-**	**-**	**-**	398,738,813
Total financial assets	3,360,410,633	-	-	1,000,000	3,360,410,633
Financial liabilities					
Non-current:					
Loans and borrowings	861,000,000	-	-	-	861,000,000
Current:					
Bank overdraft	9,836,262	-	**-**	-	9,836,262
Loans and borrowings	216,542,672	-	**-**	-	216,542,672
Trade and other payables	1,706,260,505	-	**-**	-	1,706,260,505
Due to related parties	324,377,669	-	**-**	-	324,377,669
Total financial liabilities	3,118,017,108	-	**-**	-	3,118,017,108

		Fair value			
1 January 2016	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value					
Available for sale securities	4,524,949	3,524,949	-	1,000,000	4,524,949
Current:					
Cash and cash equivalents	2,008,773,003	-	-	-	2,008,773,003
Trade and other receivables	836,524,722	-	-	-	836,524,722
Due from related parties	12,465,096	-	-	-	12,465,096
Prepayments and advances	541,385,960	-	-	-	541,385,960
Total financial assets	3,403,673,730	3,524,949	-	1,000,000	3,403,673,730
Financial liabilities					
Loans and borrowings	1,106,905,939				1,106,905,939
Non-currrent					
Bank overdraft	10,824,105	-	**-**	-	10,824,105
Loans and borrowings	340,927,477	-	**-**	-	340,927,477
Trade and other payables	1,248,848,246	-	**-**	-	1,248,848,246
Due to related parties	372,947,040	-	**-**	-	372,947,040
Total financial liabilities	3,080,452,801	-	**-**	-	3,080,452,801

35. FINANCIAL INSTRUMENT RISK (continued)

Risk management objectives and policies

The Group is subjected to various financial risks due to its activities including: Market risk (including currency risk, fair value and cash flows of interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Senior management is responsible for risk management. Major risks comprise currency risk, fair value and cash flows of commission rate risk, credit risk, liquidity risk and fair value risk. Financial instruments carried on the consolidated statement of financial position include cash and cash equivalents, investments, accounts receivable, due from/to related parties, prepayments and other current assets, short and long -term murabaha finance, accounts payable and accrued expenses, bank overdraft and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. Financial asset and liability is offset and net amounts reported in the consolidated financial statements, when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

The impact of disclosures of the financial assets and liabilities in accordance with the fair value hierarchy is not considered to be material.

The most significant financial risks to which the Group is exposed are described below.

35.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: commission rate risk, currency risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risk include loans and borrowings and derivative financial instruments.

Commission rate risk

Fair value and cash flow interest rate risks are the exposures to various risk associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group is not exposed to fair value and cash flow commission rate risks as investments in long term Murabaha finance have a fixed income rate or a fixed finance rate.

Management of the Group does not enter into future agreement to hedge its interest rate risk. However, these are monitored on regular basis and corrective measures initiated wherever required. All of the borrowings are on fixed interest rates; therefore interest rate sensitivity analysis has not been disclosed.

Foreign Currency risk

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 Egyptian pounds, Great Britain pounds, Australian dollars, Canadian dollars and US dollars. Management monitors changes in currency rates and believes that currency risk is insignificant.

Management of the Group does not enter into future agreement to hedge its currency risk. However, these are monitored on regular basis and corrective measures initiated wherever required.

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

31 December 2017	**EGP**	**GBP**	**AUD**	**CAD**	**USD**
Cash and cash equivalents	**10,462,320**	**144,445,368**	**-**	**-**	**5,042,806**
Trade and; other receivables	**27,623,721**	**179,117,638**	**-**	**-**	**25,129,608**
Due from related parties	**33,606,424**	**-**	**-**	**-**	**-**
Equity accounted investees	**-**	**-**	**-**	**6,419,483**	**9,268,648**
Loans and borrowings	**-**	**-**	**-**	**-**	**(28,491,381)**
Bank overdraft	**(194,202)**	**-**	**-**	**-**	**(9,659,738)**
Trade and other payables	**(14,261,247)**	**(287,278,179)**	**(125,824,169)**	**(79,423,515)**	**(103,688,535)**
Due to related parties	**(51,576,911)**	**(189,858,966)**	**-**	**-**	**(494,820)**
Net statement of financial position exposure	**5,660,105**	**(153,574,139)**	**(125,824,169)**	**(73,004,032)**	**(102,893,412)**

(Saudi Riyals)

35. FINANCIAL INSTRUMENT RISK (continued)

35.1 Market risk (continued)

Foreign Currency risk (continued)

31 December 2016	**EGP**	**GBP**	**AUD**	**CAD**	**USD**
Cash and cash equivalents	17,963,992	96,492,289	-	-	5,373,991
Trade and other receivables	23,036,362	181,348,881	-	-	18,389,868
Due from related parties	28,644,803	44,538,465	-	-	-
Equity accounted investees	-	-	-	6,863,977	71,742,283
Loans and borrowings	-	-	-	-	-
Bank overdraft	(1,588,724)	-	-	-	(202,957)
Trade and other payables	(9,465,167)	(269,952,868)	(181,189,992)	(82,705,490)	(518,225,306)
Due to related parties	(37,820,386)	(214,958,974)	-	-	(500,365)
Net statement of financial position exposure	20,770,880	(162,532,207)	(181,189,992)	(75,841,513)	(423,422,486)

1 January 2016	**EGP**	**GBP**	**AUD**	**CAD**	**USD**
Cash and cash equivalents	28,892,266	100,729,717	11,305	5,353	3,632,155
Trade and other receivables	29,273,750	83,400,814	-	-	9,991,043
Due from related parties	42,940,649	-	-	-	-
Equity accounted investees	-	-	-	7,297,101	87,940,913
Loans and borrowings	-	-	-	-	-
Bank overdraft	-	-	-	-	(1,338,593)
Trade and other payables	(20,191,369)	(212,767,395)	(179,445,602)	(84,826,961)	(212,953,195)
Due to related parties	(62,522,679)	(176,325,157)	-	-	(829,717)
Net statement of financial position exposure	18,392,617	(204,962,021)	(179,434,297)	(77,524,507)	(113,557,394)

Sensitivity Analysis

A reasonably possible strengthening (weakening) of the Egyptian pound, Great Britain pounds, Australian dollars, Canadian dollar and US dollars against all other currencies at year end would have affected the measurement of financial instruments denominated in a foreign currency and would have increased / (decreased) equity by the amounts shown below. This analysis assumes that all other variables, in particular commission rates, remain constant and ignores any impact of forecast sales and purchases.

	Strengthening	**Weakening**
31 December 2017		
EGP (1%)	**56,601**	**(56,601)**
GBP (1%)	**(1,535,741)**	**1,535,741**
AUD (1%)	**(1,258,242)**	**1,258,242**
CAD (1%)	**(730,040)**	**730,040**
USD (1%)	**(1,028,934)**	**1,028,934**
31 December 2016		
EGP (1%)	207,709	(207,709)
GBP (1%)	(1,625,322)	1,625,322
AUD (1%)	(1,811,900)	1,811,900
CAD (1%)	(758,415)	758,415
USD (1%)	(4,234,225)	4,234,225
1 January 2016		
EGP (1%)	183,926	(183,926)
GBP (1%)	(2,049,620)	2,049,620
AUD (1%)	(1,794,343)	1,794,343
CAD (1%)	(775,245)	775,245
USD (1%)	(1,135,574)	1,135,574

(Saudi Riyals)

35 FINANCIAL INSTRUMENT RISK (continued)

35.1 Market risk (continued)

Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to price risk with respect to ownership of shares held by the Group and classified as available for sale investment in the consolidated statement of financial position. The Group has diversified its investment portfolio in order to manage the price risk arising from investments in equity securities.

a. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade and other receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions, due from related parties and other financial instruments.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	31 December 2017	31 December 2016	1 January 2016
Cash at bank (note 16)	**973,908,826**	1,240,249,741	2,001,707,102
Trade receivables - third parties (note 14)	**1,756,468,321**	1,535,955,469	732,312,383
Trade receivables – related parties (note 26)	**173,185,170**	55,735,574	12,465,096
	2,903,562,317	2,831,940,784	2,746,484,581

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk on receivable and bank balances is limited as:

- Cash balances are held with banks with sound credit ratings.
- Trade receivables are shown net of allowance for impairment of trade receivables and sales returns.
- Financial position of related parties is stable.

The Group manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis. Trade receivables outstanding balance comprises of 73% in KSA, 9% in UK and 18% in other countries. The two largest customers account approximately for 48% of outstanding trade receivables at 31 December 2017.

As at 31 December 2017, 31 December 2016 and 1 January 2016, the ageing of trade receivables that were not impaired was as follows:

	31 December 2017	31 December 2016	1 January 2016
Neither past due nor impaired	**415,695,806**	671,299,659	206,417,232
Past due 1-30 days	**133,729,523**	193,323,531	106,940,509
Past due 31-90 days	**142,695,328**	305,439,304	105,460,196
Past due 91-180 days	**255,288,967**	236,688,825	157,289,139
Past due 181-365 days	**777,638,028**	63,827,189	138,883,372
Past due over 365 days	**31,420,669**	65,376,961	17,321,935
	1,756,468,321	1,535,955,469	732,312,383

(Saudi Riyals)

35. FINANCIAL INSTRUMENT RISK (continued)

35.2 Credit risk (continued)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Collective impairment
Balance at 1 January 2016	**243,854,968**
Provision	**1,354,640**
Amounts written off	**(4,081,455)**
Balance at 31 December 2016	**241,128,153**
Provision	**1,776,813**
Balance at 31 December 2017	**242,904,966**

35.3 Liquidity risk

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 an 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 through committed credit facilities to meet any future commitments.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Following are the contractual maturities at the end of the reporting period of financial liabilities. The amounts are grossed and undiscounted, and include estimated interest payments.

		Contractual cash flow					
31 December 2017	**Carrying amount**	**Total**	**3 months or less**	**3 to 12 months**	**1 to2 Years**	**2 to 5 Years**	**More than 5 years**
Liabilities							
Loans and borrowings	**1,377,863,571**	**1,556,279,165**	**446,780,704**	**53,043,458**	**183,782,043**	**460,277,075**	**412,395,885**
Bank overdraft	**10,399,165**	**10,399,165**	**10,399,165**	**-**	**-**	**-**	**-**
Trade and other payables	**1,295,968,242**	**1,295,968,242**	**1,295,968,242**	**-**	**-**	**-**	**-**
Trade payables to related parties	**92,057,947**	**92,057,947**	**92,057,947**				
	2,776,288,925	**2,954,704,519**	**1,845,206,058**	**53,043,458**	**183,782,043**	**460,277,075**	**412,395,885**

		Contractual cash flow					
31 December 2016	**Carrying amount**	**Total**	**3 months or less**	**3 to 12 months**	**1 to2 Years**	**2 to 5 Years**	**More than 5 years**
Liabilities							
Loans and borrowings	1,077,542,672	1,255,315,091	122,557,728	96,206,583	-	475,995,275	560,555,505
Bank overdraft	9,836,262	9,836,262	9,836,262	-	-	-	-
Trade and other payables	1,706,260,505	1,706,260,505	1,706,260,505	-	-	-	-
Trade payables to related parties	324,377,669	324,377,669	324,377,669				
	3,118,017,108	3,295,789,527	2,163,032,164	96,206,583	-	475,995,275	560,555,505

		Contractual cash flow					
1 January 2016	**Carrying amount**	**Total**	**3 months or less**	**3 to 12 months**	**1 to2 Years**	**2 to 5 Years**	**More than 5 years**
Liabilities							
Loans and borrowings	1,447,833,416	1,771,784,659	293,050,575	98,987,235	174,158,356	491,593,910	713,994,583
Bank overdraft	10,824,105	10,824,105	10,824,105	-	-	-	-
Trade and other payables	1,248,848,246	1,248,848,246	1,248,848,246	-	-	-	-
Trade payables to related parties	372,947,040	372,947,040	372,947,040				
	3,080,452,807	3,404,404,050	1,925,669,966	98,987,235	174,158,356	491,593,910	713,994,583

35. FINANCIAL INSTRUMENT RISK (continued)

35.4 Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

35.5 Fair value and fair value hierarchy

The Group measures financial instruments, such as available for sale investments at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement. External valuers are involved for valuation of significant assets. The involvement of external valuers is decided by the Company after discussion with the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Company decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

35. FINANCIAL INSTRUMENT RISK (continued)

35.5 Fair value and fair value hierarchy (continued)

The Company has not disclosed the fair value for financial instruments such as short term trade and other receivables, trade and other payables and cash and bank balances, because their carrying amounts are a reasonable approximation of fair values largely because of short term maturity of these instruments. Company has disclosed the fair values of long term murabaha finance measured. The fair value of murabaha finance facility is approximately the same as the carrying value.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

36. OPERATING SEGMENTS

Basis for segmentation

The Group has the following four strategic divisions, which are its reportable segments. These divisions offer different services and are managed separately because they have different economic characteristics – such as trends in sales growth, rates of return and level of capital investment – and have different marketing strategies.

The following summary describes the operations of each reportable segment:

Reportable segments	**Operations**
Ticketing	Providing air, ferry and train ticketing services across the Group.
Tourism	Providing tourism, package holidays and rooms on rent across the Group.
Transportation	Providing car rental, chartered flights and delivery of shipments across the Group.
Property rentals	Providing investment property on operating lease mainly in the Kingdom of Saudi

Other operations include sundry services such as events management, IT support, advertising, drivers professional fee, insurance brokerage, triptique and international driving license. None of these segments met the quantitative thresholds for reportable segments in 2017 or 2016.

The Group's Executive Committee reviews the internal management reports of each segment at least quarterly.

Inter-segment pricing is determined on an arm's length basis.

Information about reportable segments

Information related to each reportable segment is set out below. Segment profit before tax is used to measure performance because management believes that such information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

(Saudi Riyals)

36. OPERATING SEGMENTS (continued)

Information about reportable segments (continued)

	2017						
	Reportable segments						
	Ticketing	Tourism	Transportation	Hospitality	Property rentals	All other segments	Total
External revenues	-	467,365,852	131,824,076	62,854,519	2,312,850	23,482,585	687,839,882
Inter-segment revenue	421,135,332	75,095,860	24,373,951	-	41,088,982	-	561,694,125
External commissions	1,324,415,794	80,516,747	14,245,902	-	-	-	1,419,178,443
Segment revenue	1,745,551,126	622,978,459	170,443,929	62,854,519	43,401,832	23,482,585	2,668,712,450
Segment profit before zakat and tax	453,054,523	45,243,005	(1,962,400)	(7,193,840)	25,066,897	5,973,317	520,181,502
Finance income	19,637,594	1,961,053	775,113	-	-	258,913	22,632,673
Finance expense	(35,572,902)	(3,552,387)	(566,619)	-	-	(469,013)	(40,160,921)
Depreciation and amortization	(30,968,348)	(3,092,566)	(55,875,653)	(22,832,122)	(12,346,630)	(408,304)	(125,523,623)
Share of profit / (loss) of equity-accounted investees	(2,303,260)	(1,835,031)	(70,030,249)	(2,499,113)	(226,703)	(50,944,408)	(127,838,764)
Other material non-cash items:							
Impairment losses on non-financial assets	-	(36,156,624)	-	(47,508,012)	(38,169,696)	-	(121,834,332)
Segment assets	4,441,894,071	443,577,157	445,168,261	3,539,558,862	1,425,772,547	58,564,347	10,354,535,245
Equity-accounted investees	26,051,853	13,558,161	9,268,648	19,955,725	801,600,100	51,055,338	921,489,825
Capital expenditure	(218,756,265)	(21,845,474)	(145,009,195)	(47,127,804)	-	(2,884,202)	(435,622,940)
Segment liabilities	2,880,172,695	287,620,280	87,671,977	9,719,625	14,918,818	37,973,763	3,318,077,158

	2016						
	Reportable segments						
	Ticketing	Tourism	Transportation	Hospitality	Property Rentals	All other segments	Total
External revenues	-	421,745,418	89,843,730	16,346,540	5,675,725	18,416,543	552,027,956
Inter-segment revenue	-	-	-	-	28,000,000	-	28,000,000
External commissions	1,473,894,622	100,932,060	17,615,336	-	-	-	1,592,442,018
Segment revenue	1,473,894,622	522,677,478	107,459,066	16,346,540	33,675,725	18,416,543	2,172,469,974
Segment profit / (loss) before zakat and tax	796,802,202	79,584,838	(28,334,037)	(5,830,605)	(3,057,625)	7,212,485	846,377,258
Finance income	26,725,960	2,669,397	772,904	-	-	241,917	30,410,178
Finance expense	(21,567,056)	(2,154,124)	(257,760)	-	-	(195,220)	(24,174,160)
Depreciation and amortization	(24,649,475)	(2,461,997)	(44,740,630)	(8,767,122)	(18,749,822)	(223,122)	(99,592,168)
Share of profit (loss) of equity-accounted investees	1,089,106	(1,438,712)	(27,391,017)	(588,794)	(3,976,559)	(20,768,934)	(53,074,910)
Other material non-cash items:							
– Impairment losses on non-financial assets	(23,128,587)	(1,287,071)	(52,235,409)	-	-	(274)	(76,651,341)
Segment assets	6,416,494,966	640,881,404	396,715,482	1,467,787,220	1,385,327,841	58,080,752	10,365,287,665
Equity-accounted investees	28,355,113	26,585,579	60,549,896	22,454,838	801,826,803	101,999,746	1,041,771,975
Capital expenditure	(227,026,654)	(22,675,489)	(133,058,069)	(5,768,710)	(41,440)	(2,054,997)	(390,625,359)
Segment liabilities	3,291,350,130	328,741,018	71,064,598	5,728,969	16,152,258	29,792,604	3,742,829,577

(Saudi Riyals)

36. OPERATING SEGMENTS (continued)

Reconciliations of information on reportable segments to IFRS measures

	2017	2016
Revenues		
Total revenue for reportable segments	**2,645,229,865**	2,154,053,431
Revenue for other segments	**23,482,585**	18,416,543
Elimination of inter-segment revenue	**(561,694,125)**	(28,000,000)
Consolidated revenue	**2,107,018,325**	2,144,469,974

	2017	2016
Profit before zakat and tax		
Total profit before zakat and tax for reportable segments	**514,208,185**	839,164,773
Profit before zakat and tax for other segments	**5,973,317**	7,212,485
Consolidated profit before zakat and tax	**520,181,502**	846,377,258

	31 December 2017	31 December 2016	1 January 2016
Assets			
Total assets for reportable segments	**10,295,970,898**	10,307,206,913	9,381,351,862
Assets for other segments	**58,564,347**	58,080,752	33,834,474
Inter-segment eliminations	**(991,759,920)**	(989,222,069)	(993,757,261)
Consolidated assets	**9,362,775,325**	9,376,065,596	8,421,429,075

	31 December 2017	31 December 2016	1 January 2016
Liabilities			
Total liabilities for reportable segments	**3,280,103,395**	3,713,036,973	4,321,219,760
Liabilities for other segments	**37,973,763**	29,792,604	11,027,007
Consolidated liabilities	**3,318,077,158**	3,742,829,577	4,332,246,767

Other material items

31 December 2017	**Reportable segments totals**	**Adjustments**	**Consolidated totals**
Finance income	**22,373,760**	**258,913**	**22,632,673**
Finance expense	**(39,691,908)**	**(469,013)**	**(40,160,921)**
Capital expenditure	**432,738,738**	**2,884,202**	**435,622,940**
Depreciation and amortization	**(125,115,319)**	**(408,304)**	**(125,523,623)**
Impairment on intangible assets	**(122,834,332)**	**-**	**(122,834,332)**

Other material items

31 December 2016	**Reportable segments totals**	**Adjustments**	**Consolidated totals**
Finance income	30,168,261	241,917	30,410,178
Finance expense	(23,978,940)	(195,220)	(24,174,160)
Capital Expenditure	(388,570,362)	(2,054,997)	(390,625,359)
Depreciation and amortization	(99,369,046)	(223,122)	(99,592,168)
Impairment on property and equipment and intangible assets	(76,651,067)	(274)	(76,651,341)

(Saudi Riyals)

36. OPERATING SEGMENTS (continued)

Geographic information

The ticketing and tourism segments are managed on a worldwide basis, but the transportation and property rentals are primarily located in the Kingdom of Saudi Arabia and Egypt.

The geographic information below analyses the Group's revenue and non-current assets by the Company's country of domicile and all foreign countries. In presenting the following information, segment revenue is based on the geographic location of customers and segment assets are based on the geographic location of the assets.

Revenue

	31 December 2017	31 December 2016
Kingdom of Saudi Arabia	**1,613,198,378**	1,775,656,273
All foreign countries		
United Kingdom	**446,954,610**	328,311,543
Egypt	**16,625,781**	18,059,311
United Arab Emirates	**12,667,970**	2,401,693
Sudan	**-**	1,412,906
India	**3,788,338**	4,240,986
Spain	**8,204,050**	7,857,718
Lebanon	**4,738,657**	5,584,176
Malaysia	**840,541**	945,368
	493,819,947	368,813,701
	2,107,018,325	2,144,469,974

Non-current assets

	31 December 2017	31 December 2016
Kingdom of Saudi Arabia	**5,892,085,183**	5,884,058,616
All foreign countries		
United Kingdom	**90,503,437**	86,163,901
Egypt	**39,456,174**	38,244,707
United Arab Emirates	**4,096,355**	1,749,436
Sudan	**-**	3,089,597
India	**222,086**	190,775
Spain	**2,506,894**	2,576,972
Lebanon	**626,678**	531,073
Malaysia	**170,440**	49,886
	137,582,064	132,596,347
	6,029,667,247	6,016,654,963

37. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders; and
- by pricing products commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the consolidated statement of financial position.

(Saudi Riyals)

37. CAPITAL MANAGEMENT POLICIES AND PROCEDURES (continued)

The Group sets the amount of capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders and return capital to shareholders.

There have been no changes in the strategy for capital maintenance or externally imposed capital requirements from the previous year. Capital for the reporting periods are summarised as follows:

	31 December 2017	31 December 2016	1 January 2016
Total equity	**6,035,357,670**	5,601,656,225	4,057,242,173
Cash and cash equivalents	**(981,198,632)**	(1,249,531,766)	(2,008,773,003)
Capital	**5,054,159,038**	4,352,124,459	2,048,469,170
Total equity	**6,035,357,670**	5,601,656,225	4,057,242,173
Borrowings	**1,377,863,571**	1,077,542,672	1,155,653,289
Bank Overdraft	**10,399,165**	9,836,262	10,824,105
Overall financing	**7,423,620,406**	6,689,035,159	5,223,719,567
Capital-to-overall financing ratio	**68%**	65%	39%

38. FIRST TIME ADOPTION OF IFRS

As stated in note 2, these are the Group's first consolidated financial statements prepared in accordance with IFRSs. The accounting policies set out in note 6 have been applied in preparing the financial statements for the year ended 31 December 2017, the comparative information presented in these financial statements for the year ended 31 December 2016 and in the preparation of an opening IFRS statement of financial position at 1 January 2016 (the Group's date of transition).

In preparing its opening IFRS statement of financial position, the Group has adjusted amounts reported previously in financial statements prepared in accordance with SOCPA ("previous GAAP"). An explanation of how the transition from previous GAAP to IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Exemptions Applied

IFRS 1 First-Time Adoption of International Financial Reporting Standards as endorsed by SOCPA allows first-time adopter certain exemptions from the retrospective application of certain IFRS Standards.

The Group has applied the following exemptions:

a) IFRS 3 "Business Combinations" as endorsed by SOCPA has not been applied to acquisitions of subsidiaries, which are considered businesses for IFRS Standards, or of interests in associates and joint ventures that occurred before 1 January 2016. Use of this exemption means that the carrying amounts of assets and liabilities under SOCPA Standards, which are required to be recognized under IFRS Standards, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS Standards. Assets and liabilities that do not qualify for recognition under IFRS Standards are excluded from the opening IFRS Standards Statement of Financial Position. The Group did not recognize or exclude any previously recognized amounts as a result of IFRS Standards recognition requirements. IFRS 1 as endorsed by SOCPA also requires that the carrying amount of goodwill under SOCPA Standards must be used in the opening IFRS Standards Statement of Financial Position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1 as endorsed by SOCPA, the Group has tested goodwill for impairment at the date of transition to IFRS Standards. No goodwill impairment was deemed necessary at 1 January 2016.

b) The Group has not applied IAS 21 "The Effects of Changes in Foreign Exchange Rates" as endorsed by SOCPA retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to IFRS Standards. Such fair value adjustments and goodwill are treated as assets and liabilities of the Company rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the Company or are non-monetary foreign currency items and no further translation differences occur.

38. FIRST TIME ADOPTION OF IFRS (continued)

Exemptions Applied (continued)

c) The Group opted for the exemption to apply the transitional provisions in IFRIC 4 –"Determining whether an Arrangement Contains a Lease "and has assessed all arrangements based upon the conditions in place as at the date of transition to determine if they contain lease.

d) The Group opted for the exemption to apply the transitional provisions in IAS 23- "Borrowing Costs" and has not restated borrowing costs capitalized under SOCPA prior to the date of transition to IFRS.

e) The Group has designated quoted and unquoted equity instruments held at 1 January 2016 as available-for-sale investments.

Estimates

The estimates as at 1 January 2016 and as at 31 December 2016 are consistent with those made for the same dates in accordance with SOCPA (after adjustments to reflect any differences in accounting policies) apart from employees' end of service benefit where application of SOCPA did not require actuarial estimation.

The estimates used by the Group to present these amounts in accordance with IFRS reflect conditions as at 1 January 2016, the date of transition to IFRS and as of 31 December 2016.

Group reconciliation of equity and income statement from previous GAAP to IFRS are analysed on the next page onwards:

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38. FIRST TIME ADOPTION OF IFRS (continued)

38.1 Group reconciliation of equity as at 1 January 2016 (date of transition to IFRS)

	Note	Previous GAAP (SOCPA)	Effect of transition to IFRS	IFRS
ASSETS				
Non-current assets				
Property and equipment		1,023,710,582	-	1,023,710,582
Capital work in progress		2,775,603,643	-	2,775,603,643
Capital work in progress – recoverable on disposal		359,747,097	-	359,747,097
Intangible assets and goodwill		290,359,673	-	290,359,673
Investment property		415,995,025	-	415,995,025
Investment in equity – accounted associates		149,574,221	(1,752,110)	147,822,111
Investment in equity – accounted joint ventures		-	1,752,110	1,752,110
Available for sale investments		4,524,949	-	4,524,949
Deferred tax assets	B	-	2,765,104	2,765,104
		5,019,515,190	2,765,104	5,022,280,294
Current assets				
Trade and other receivables	B	732,312,383	104,212,339	836,524,722
Due from related parties		12,465,096	-	12,465,096
Prepayments and advances		648,363,403	(106,977,443)	541,385,960
Cash and bank balances		2,008,773,003	-	2,008,773,003
		3,401,913,885	(2,765,104)	3,399,148,781
TOTAL ASSETS		8,421,429,075	-	8,421,429,075
EQUITY AND LIABILITIES				
Equity				
Share capital		2,000,000,000	-	2,000,000,000
Statutory reserve		535,860,943	-	535,860,943
Translation adjustment for foreign operations		(49,858,357)	49,858,357	-
Fair value reserve	C	(368,301)	368,301	-
Other reserves		-	65,186,858	65,186,858
Retained earnings	A	1,485,693,245	(29,498,873)	1,456,194,372
Equity attributable to owners of the parent		3,971,327,530	85,914,643	4,057,242,173
Non-controlling interests	A	34,478,303	(2,538,168)	31,940,135
TOTAL EQUITY		4,005,805,833	83,376,475	4,089,182,308
Liabilities				
Non-current liabilities				
Loans and borrowings		1,106,905,939	-	1,106,905,939
Employee benefits	A	73,575,448	30,606,874	104,182,322
Deferred tax liabilities	B	-	8,358,609	8,358,609
		1,180,481,387	38,965,483	1,219,446,870
Current liabilities				
Bank overdraft		10,824,105	-	10,824,105
Current Zakat and tax liabilities		48,747,350	-	48,747,350
Loans and borrowings		340,927,477	-	340,927,477
Employee benefits		-	2,811,234	2,811,234
Trade and other payables	B	1,005,841,769	243,006,477	1,248,848,246
Due to related parties		372,947,040	-	372,947,040
Deferred revenue		-	1,062,694,445	1,062,694,445
Accrued expenses and other current liabilities		1,430,854,114	(1,430,854,114)	-
Provisions		25,000,000	-	25,000,000
		3,235,141,855	(122,341,958)	3,112,799,897
TOTAL LIABILITIES		4,415,623,242	(83,376,475)	4,332,246,767
TOTAL EQUITY AND LIABILITIES		8,421,429,075	-	8,421,429,075

(Saudi Riyals)

38. FIRST TIME ADOPTION OF IFRS (continued)

38.2 Group reconciliation of equity as at 31 December 2016

	Note	Previous GAAP (SOCPA)	Effect of transition to IFRS	IFRS
ASSETS				
Non-current assets				
Property and equipment		1,290,316,182	-	1,290,316,182
Capital work in progress		2,357,743,410	-	2,357,743,410
Capital work in progress – recoverable on disposal		359,747,097	-	359,747,097
Intangible assets and goodwill		202,753,670	-	202,753,670
Investment property		757,555,159	-	757,555,159
Investment in equity – accounted associates		1,059,015,836	(17,243,861)	1,041,771,975
Available for sale investments		1,000,000	-	1,000,000
Deferred tax assets		-	5,767,470	5,767,470
		6,028,131,354	(11,476,391)	6,016,654,963
Current assets				
Trade and other receivables		1,535,955,469	119,449,011	1,655,404,480
Due from related parties		38,033,271	17,702,303	55,735,574
Prepayments and advances		524,413,736	(125,674,923)	398,738,813
Cash and bank balances		1,249,531,766	-	1,249,531,766
		3,347,934,242	11,476,391	3,359,410,633
TOTAL ASSETS		9,376,065,596	-	9,376,065,596
EQUITY AND LIABILITIES				
Equity				
Share capital		2,096,500,000	-	2,096,500,000
Share premium		707,345,000	-	707,345,000
Statutory reserve		618,485,496	-	618,485,496
Translation adjustment for foreign operations		(141,684,337)	141,684,337	-
Other reserves		-	(18,210,886)	(18,210,886)
Retained earnings	A	2,229,314,220	(31,777,605)	2,197,536,615
Equity attributable to owners of the parent		5,509,960,379	91,695,846	5,601,656,225
Non-controlling interests	A	33,936,408	(2,356,614)	31,579,794
TOTAL EQUITY		5,543,896,787	89,339,232	5,633,236,019
Liabilities				
Non-current liabilities				
Loans and borrowings		861,000,000	-	861,000,000
Employee benefits	A	86,413,483	14,323,654	100,737,137
Deferred tax liabilities		-	4,433,809	4,433,809
		947,413,483	18,757,463	966,170,946
Current liabilities				
Bank overdraft		9,836,262	-	9,836,262
Current Zakat and tax liabilities		43,458,250	-	43,458,250
Loans and borrowings		216,542,672	-	216,542,672
Employee benefits		-	1,805,915	1,805,915
Trade and other payables		1,526,315,939	179,944,566	1,706,260,505
Due to related parties		324,377,669	-	324,377,669
Deferred revenue		-	449,377,358	449,377,358
Accrued expenses and other current liabilities		739,224,534	(739,224,534)	-
Provisions		25,000,000	-	25,000,000
		2,884,755,326	(108,096,695)	2,776,658,631
TOTAL LIABILITIES		3,832,168,809	(89,339,232)	3,742,829,577
TOTAL EQUITY AND LIABILITIES		9,376,065,596	-	9,376,065,596

(Saudi Riyals)

38. FIRST TIME ADOPTION OF IFRS (continued)

38.3 Group reconciliation of profit or loss and other comprehensive income for the year ended 31 December 2016

	Note	Previous GAAP (SOCPA)	Effect of transition to IFRS	IFRS
Revenue	D	8,041,140,709	(5,896,670,735)	2,144,469,974
Cost of revenue	D	(6,551,974,128)	6,078,099,969	(473,874,159)
Gross profit	D	1,489,166,581	181,429,234	1,670,595,815
Selling expenses		(272,374,525)	(3,488,020)	(275,862,545)
Administrative expenses		(396,463,428)	(3,164,091)	(399,627,519)
Other expenses		191,631,974	(281,535,243)	(89,903,269)
Impairment loss of intangible assets		(76,651,341)	76,651,341	-
Impairment loss of equity accounted investees		(6,432,669)	6,432,669	-
Gain from acquisition a subsidiary		10,119,972	(10,119,972)	-
Gain on disposal of available for sale investment		1,137,043	(1,137,043)	-
Loss on disposal of property and equipment		(7,107,049)	7,107,049	-
Operating profit		933,026,558	(27,824,076)	905,202,482
Finance income		30,410,178	14,750,842	45,161,020
Finance costs		(46,291,742)	-	(46,291,742)
Net finance cost		(15,881,564)	14,750,842	(1,130,722)
Loss in disposal of subsidiaries		(4,619,592)	-	4,619,592
Share of loss of equity-accounted investees, net of tax		(53,074,910)	-	(53,074,910)
Profit before Zakat and tax		859,450,492	(13,073,234)	846,377,258
Zakat and income tax expense		(30,000,385)	-	(30,000,385)
Profit for the year		829,450,107	(13,073,234)	816,376,873
Other Comprehensive income:				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit liability	A	-	10,976,056	10,976,056
Items that are or may be reclassified subsequently to profit or loss				
Foreign operations – foreign currency translation differences		-	(91,825,980)	(91,825,980)
Available for sale investments – net change in fair value	C	-	368,301	368,301
		-	(91,457,679)	(91,457,679)
Other comprehensive loss, net of tax			(80,481,623)	(80,481,623)
Total comprehensive income		829,450,107	(93,554,857)	735,895,250
Profit attributable to:				
Owners of the parent		826,245,528	(12,477,731)	813,767,797
Non-controlling interests		3,204,579	(595,503)	2,609,076
		829,450,107	(13,073,234)	816,376,873
Total comprehensive income attributable to:				
Owners of the parent		826,245,528	(93,628,697)	732,616,831
Non-controlling interests		3,204,579	73,840	3,278,419
		829,450,107	(93,554,857)	735,895,250
Earnings per share				
Basic and diluted earnings per share		3.94		3.88

(Saudi Riyals)

38. FIRST TIME ADOPTION OF IFRS (continued)

38.4 Note to the reconciliations

Changes due to transition from SOCPA to IFRS as endorsed in KSA.

A. Employee benefits

Under SOCPA, the Group recognised costs related to its post-employment benefits as current value of the vested benefit to which the employee is entitled at the year end. Under IFRS, such liabilities are recognised on an actuarial basis. This affected the employee benefits, non-controlling interest and retained earnings in consolidated financial statements.

B. Deferred tax assets and liabilities

Under SOCPA, the Group recognised deferred tax assets and liabilities related to its foreign subsidiaries in Trade and other receivables and Accrued & other liabilities respectively. Under IFRS, such assets and liabilities are recognised separately in consolidated statement of financial position. This affected trade and other receivables and trade and other payables in consolidated financial statements.

C. Fair value reserve

Under SOCPA, the Group recognised fair value reserve related to its available for sale investments in consolidated statement of changes in equity. Under IFRS, such movement is recognized through consolidated statement of profit or loss and other comprehensive income.

D. Revenue recognition as an agent

Under SOCPA, the Group recognised revenue on a gross basis i.e. as principal related to its core business activities. Under IFRS, revenue from certain segments are presented net, only commission is recorded. Airlines incentives were reported under other income. Under IFRSs, airline incentive income is classified to revenue.

The impact arising from the change is summarized as follow:

	31 December 2016
Consolidated statement of profit and loss and other comprehensive income	
i. Employee benefits	(13,073,234)
i. Remeasurements of defined benefit liability	10,976,056
Adjustment in profit and loss and other comprehensive income	(2,097,178)

	31 December 2016	**1 January 2016**
Consolidated statement of financial position		
i. Employee benefits – current period	2,097,178	-
i. Employee benefits – opening retained earnings	32,037,041	32,037,041
ii. Contribution to defined contribution plan	(19,810,565)	(1,430,167)
Adjustments to employee benefits	14,323,654	30,606,874

	31 December 2016	**1 January 2016**
Consolidated statement of financial position		
i. Non-controlling interest – current period	73,840	-
i. Non-controlling interest – opening retained earnings	(2,538,168)	(2,358,168)
iii. Non-controlling interest - loss on equity transaction	107,714	-
Adjustment in non-controlling interests	(2,356,614)	(2,358,168)

(Saudi Riyals)

38. FIRST TIME ADOPTION OF IFRS (continued)

38.4 Note to the reconciliations (continued)

Changes due to transition from SOCPA to IFRS as endorsed in KSA (continued)

	31 December 2016	1 January 2016
Consolidated statement of financial position		
iii. Non-controlling interest – loss on equity transaction	(107,714)	-
i. Employee benefits – current period	(2,171,018)	-
i. Employee benefits – opening retained earnings	(32,037,041)	(32,037,041)
i. Non-controlling interest – opening retained earnings	2,538,168	2,538,168
Adjustment in retained earnings	(31,777,605)	(29,498,873)

	31 December 2016	1 January 2016
Consolidated statement of financial position		
v. Deferred tax assets	5,767,470	2,765,104
v. Trade and other receivables	(5,767,470)	(2,765,104)
vi. Trade and other payables	4,433,809	8,358,609
vi. Deferred tax liabilities	(4,433,809)	(8,358,609)
Adjustment in non-controlling interests	-	-

	31 December 2016
Consolidated statement of profit and loss and other comprehensive income	
vii. Revenue	(6,078,099,969)
vii. Airline incentive income	181,429,234
Adjustment to revenue	(5,896,670,735)

	31 December 2016
Consolidated statement of profit and loss and other comprehensive income	
viii. Cost of revenue	6,078,099,969
Adjustment to cost of revenue	6,078,099,969

	31 December 2016
Consolidated statement of profit and loss and other comprehensive income	
vii. Revenue	(6,078,099,969)
vii. Airline incentive income	181,429,234
viii. Cost of revenue	6,078,099,969
Adjustment to gross profit	181,429,234

Changes due to presentation enhancement and reclassification

Certain presentation differences between previous SOCPA and IFRS have no impact on the reported result or total equity.

Material adjustments to the statement of cash flows

Bank overdrafts of SR 9.8 million as at 31 December 2016 (SR 10.8 million. as at 1 January 2016) that are repayable on demand and form an integral part of the Group's cash management were classified as financing cash flows under SOCPA. These overdrafts were reclassified as cash and cash equivalents under IFRSs. There are no other material differences between the statement of cash flows presented under IFRSs and the statement of cash flows presented under SOCPA.