AL TAYYAR TRAVEL GROUP HOLDING COMPANY
(A Saudi Joint Stock Company)
UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three-month and six-month periods ended 30 June 2017
Together with
The Review Report of Independent Auditors

AL TAYYAR TRAVEL GROUP HOLDING COMPANY
(A SAUDI JOINT STOCK COMPANY)

INDEX TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2017

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Review Report of Independent Auditors on Unaudited Condensed Interim Consolidated Financial Statements

To the shareholders of Al Tayyar Travel Group Holding Company

(A Saudi Joint Stock Company)

Riyadh, Kingdom of Saudi Arabia

Introduction:

We have reviewed the accompanying condensed interim consolidated financial statements of National Industrialization Company (A Saudi Joint Stock Company) ("the Company") and its subsidiaries (the "Group") that include the condensed interim consolidated statement of financial position as of June 30, 2017, the related condensed interim consolidated statements of profit or loss and other comprehensive income for the three-month and six-month periods then ended, the condensed interim consolidated statements of changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other selected explanatory notes from (1) to (30).

Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with the International Accounting Standard 34 – ("IAS 34") "*Interim Financial Reporting*" endorsed in the Kingdom of Saudi Arabia.

Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review:

We conducted our review in accordance with the International Standard on Review Engagements (2410), "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*", endorsed in the Kingdom of Saudi Arabia. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared in all material respects in accordance in accordance with IAS 34 endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.

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س. ت : ١٠١٠٤٣٣٩٨٢
Riyadh
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
License Number 362

August 7, 2017 (G)
Dhual-Qa'dah 15, 1438 (H)

Al Tayyar Travel Group Holding Company
(A Saudi Joint Stock Company)
Unaudited interim consolidated statement of financial position
As at 30 June 2017
(Saudi Riyals)

	Note	*30 June 2017*	*31 December 2016*	*1 January 2016*
Assets				
Non-current assets				
Properties and equipment		**1,392,904,959**	1,290,316,182	1,023,710,582
Capital work in progress	9	**2,395,908,351**	2,357,743,410	2,775,603,643
Capital work in progress – recoverable on disposal	10	**359,747,097**	359,747,097	359,747,097
Intangible assets and goodwill	11	**203,042,661**	202,753,670	290,359,673
Investment properties		**753,251,889**	757,555,159	415,995,025
Investment in associates and joint ventures	12	**1,029,217,713**	1,059,015,836	149,574,221
Available-for-sale investments		**1,000,000**	1,000,000	4,524,949
Deferred tax assets	13	**5,955,783**	5,767,470	2,765,104
		6,141,028,453	6,033,898,824	5,022,280,294
Current assets				
Trade and other receivables	14	**2,268,700,309**	1,693,437,751	848,989,818
Prepayments and advances	15	**468,033,320**	399,197,255	541,385,960
Cash and bank balances	16	**1,020,585,176**	1,249,531,766	2,008,773,003
		3,757,318,805	3,342,166,772	3,399,148,781
Total assets		**9,898,347,258**	9,376,065,596	8,421,429,075
Equity				
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		**618,485,496**	618,485,496	535,860,943
Other reserves		**2,174,852**	(18,210,886)	65,186,858
Retained earnings		**2,546,201,017**	2,197,536,615	1,456,194,372
Equity attributable to shareholders' of the parent		**5,970,706,365**	5,601,656,225	4,057,242,173
Non-controlling interests		**30,197,322**	31,579,794	31,940,135
Total equity		**6,000,903,687**	5,633,236,019	4,089,182,308
Liabilities				
Non-current liabilities				
Loans and borrowings	18	**861,000,000**	861,000,000	1,106,905,939
Employee benefits	19	**102,084,636**	100,737,137	104,182,322
Deferred tax liabilities	13	**4,774,132**	4,433,809	8,358,609
		967,858,768	966,170,946	1,219,446,870
Current liabilities				
Bank overdraft	16	**14,538,479**	9,836,262	10,824,105
Current zakat and tax liabilities	13	**33,698,728**	43,458,250	48,747,350
Loans and borrowings	18	**757,532,629**	216,542,672	340,927,477
Employee benefits	19	**758,295**	1,805,915	2,811,234
Trade and other payables	20	**1,648,711,733**	2,030,638,174	1,621,795,286
Deferred revenue		**449,344,939**	449,377,358	1,062,694,445
Provisions		**25,000,000**	25,000,000	25,000,000
		2,929,584,803	2,776,658,631	3,112,799,897
Total liabilities		**3,897,443,571**	3,742,829,577	4,332,246,767
Total equity and liabilities		**9,898,347,258**	9,376,065,596	8,421,429,075

The accompanying notes (1) to (30) form an integral part of and should be read in conjunction with these unaudited condensed interim consolidated financial statements.

Yazeed Khalid Al Muhayzie	**Abdullah Nasser Al Dawood**	**Yousif Mousa Yousif**
Board Member	Chief Executive Officer	Group Chief Financial Officer

Al Tayyar Travel Group Holding Company
(A Saudi Joint Stock Company)
Unaudited interim consolidated statement of profit or loss and other comprehensive income
For the three-month and six-month periods ended 30 June 2017
(Saudi Riyals)

	Note	*3 month*		*6 month*	
		30 June 2017	*30 June 2016*	***30 June 2017***	*30 June 2016*
Revenue	*21*	**573,508,696**	621,388,040	**1,040,129,124**	1,156,344,621
Cost of revenue		**(138,105,790)**	(96,164,067)	**(258,134,772)**	(228,187,384)
Gross profit		**435,402,906**	525,223,973	**781,994,352**	928,157,237
Other income	22	**5,539,682**	3,073,475	**7,291,982**	3,073,475
Selling expenses		**(73,325,623)**	(65,419,330)	**(146,474,560)**	(131,105,854)
Administrative expenses		**(112,862,979)**	(97,091,204)	**(216,940,813)**	(193,108,717)
Other expenses	22	**--**	(46,277,558)	**(5,703,707)**	(83,322,012)
Operating profit		**254,753,986**	319,509,356	**420,167,254**	523,694,129
Finance income		**5,461,676**	11,076,598	**11,991,473**	20,999,063
Finance costs		**(13,285,513)**	(7,880,130)	**(22,314,913)**	(17,746,741)
Net finance (cost) / income		**(7,823,837)**	3,196,468	**(10,323,440)**	3,252,322
Share of loss of Investment in associates and joint ventures		**(27,323,474)**	(12,727,971)	**(48,234,697)**	(16,498,565)
Profit before Zakat and tax		**219,606,675**	309,977,853	**361,609,117**	510,447,886
Zakat and income tax expense	*13*	**(6,401,683)**	(9,944,154)	**(14,032,042)**	(20,205,408)
Profit for the period		**213,204,992**	300,033,699	**347,577,075**	490,242,478
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit liability		**--**	2,744,014	**--**	5,488,028
		--	2,744,014	**--**	5,488,028
Items that are or may be reclassified subsequently to profit or loss					
Foreign operations – foreign currency translation differences		**7,436,597**	(13,589,026)	**18,850,606**	(30,703,450)
Available for sale investments – net change in fair value		**--**	591,774	**--**	237,488
Other comprehensive income		**7,436,597**	(10,253,238)	**18,850,606**	(24,977,934)
Total comprehensive income		**220,641,589**	289,780,461	**366,427,681**	465,264,544
Profit attributable to:					
Shareholders' of the Company		**211,935,009**	296,853,919	**348,664,402**	487,899,124
Non-controlling interests		**1,269,983**	3,179,780	**(1,087,327)**	2,343,354
		213,204,992	300,033,699	**347,577,075**	490,242,478
Total comprehensive income attributable to:					
Shareholders' of the Company		**219,371,606**	286,435,050	**367,515,008**	462,589,928
Non-controlling interests		**1,269,983**	3,345,411	**(1,087,327)**	2,674,616
		220,641,589	289,780,461	**366,427,681**	465,264,544
Earnings per share					
Basic and diluted earnings per share (Saudi Riyal)	*23*	**1.01**	1.42	**1.66**	2.33

The accompanying notes (1) to (30) form an integral part of and should be read in conjunction with these unaudited condensed interim consolidated financial statements.

Yazeed Khalid Al Muhayzie	**Abdullah Nasser Al Dawood**	**Yousif Mousa Yousif**
Board Member	Chief Executive Officer	Group Chief Financial Officer

Al Tayyar Travel Group Holding Company
(A Saudi Joint Stock Company)
Unaudited interim consolidated statement of changes in equity
For the six-month period ended 30 June 2017
(Saudi Riyals)

		Attributable to shareholders of the Company											
					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	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 for the period		--	--	--	--	--	--	--	--	348,664,402	**348,664,402**	**(1,087,327)**	**347,577,075**
Other comprehensive income	*17*	--	--	--	18,850,606	--	--	--	18,850,606	--	**18,850,606**	--	**18,850,606**
Total comprehensive income		--	--	--	18,850,606	--	--	--	18,850,606	348,664,402	**367,515,008**	**(1,087,327)**	**366,427,681**
Changes in ownership interests													
Minority share of subsidiary disposed		--	--	--	1,535,132	--	--	--	1,535,132	--	**1,535,132**	**(295,145)**	**1,239,987**
Total changes in ownership interests		--	--	--	1,535,132	--	--	--	1,535,132	--	**1,535,132**	**(295,145)**	**1,239,987**
Total transactions with shareholders of the Company		--	--	--	20,385,738	--	--	--	20,385,738	348,664,402	**369,050,140**	**(1,382,472)**	**367,667,668**
Balance at 30 June 2017		**2,096,500,000**	**707,345,000**	**618,485,496**	**(121,298,599)**	**88,054,182**	**35,419,269**	--	**2,174,852**	**2,546,201,017**	**5,970,706,365**	**30,197,322**	**6,000,903,687**

The accompanying notes (1) to (30) form an integral part of and should be read in conjunction with these unaudited condensed interim consolidated financial statements.

Yazeed Khalid Al Muhayzie
Board Member

Abdullah Nasser Al Dawood
Chief Executive Officer

Yousif Mousa Yousif
Group Chief Financial Officer

Al Tayyar Travel Group Holding Company
(A Saudi Joint Stock Company)
Unaudited interim consolidated statement of changes in equity (continued)
For the six-month period ended 30 June 2017
(Saudi Riyals)

		Attributable to shareholders of the Company											
					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**	**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 for the period		–	–	–	–	–	–	–	–	487,899,124	487,899,124	2,343,354	490,242,478
Other comprehensive income	17	–	–	–	(30,703,450)	–	–	237,488	(30,465,962)	5,156,766	(25,309,196)	331,262	(24,977,934)
Total comprehensive income		–	–	–	(30,703,450)	–	–	237,488	(30,465,962)	493,055,890	462,589,928	2,674,616	465,264,544
Net movement of staff general fund reserve		–	–	–	–	5,667,456	–	–	5,667,456	–	5,667,456	–	5,667,456
Net movement of charity fund reserve		–	–	–	–	–	1,596,298	–	1,596,298	–	1,596,298	–	1,596,298
		–	–	–	–	5,667,456	1,596,298	–	7,263,754	–	7,263,754	–	7,263,754
Contributions and distributions													
Issue of ordinary shares		96,500,000	707,345,000	–	–	–	–	–	–	–	803,845,000	–	803,845,000
Dividends paid non-controlling interest		–	–	–	–	–	–	–	–	–	–	(2,165,154)	(2,165,154)
Total contributions and distributions		96,500,000	707,345,000	–	–	–	–	–	–	–	803,845,000	(2,165,154)	801,679,846
Changes in ownership interests													
Minority share of subsidiary disposed		–	–	–	–	–	–	–	–	–	–	(840,706)	(840,706)
Loss on equity transaction		–	–	–	–	–	–	–	–	(107,714)	(107,714)	(632,900)	(740,614)
Total changes in ownership interests		–	–	–	–	–	–	–	–	(107,714)	(107,714)	(1,473,606)	(1,581,320)
Total transactions with shareholders of the Company		96,500,000	707,345,000	–	(30,703,450)	5,667,456	1,596,298	237,488	(23,202,208)	492,948,176	1,273,590,968	(964,144)	1,272,626,824
Balance at 30 June 2016		2,096,500,000	707,345,000	535,860,943	(80,561,807)	84,473,796	38,203,474	(130,813)	41,984,650	1,949,142,548	5,330,833,141	30,975,991	5,361,809,132

The accompanying notes (1) to (30) form an integral part of and should be read in conjunction with these unaudited condensed interim consolidated financial statements.

Yazeed Khalid Al Muhayzie
Board Member

Abdullah Nasser Al Dawood
Chief Executive Officer

Yousif Mousa Yousif
Group Chief Financial Officer

Al Tayyar Travel Group Holding Company
(A Saudi Joint Stock Company)
Unaudited interim consolidated statement of cash flows
For the six-month period ended 30 June 2017
(Saudi Riyals)

	Note	30 June 2017	30 June 2016
Cash flows from operating activities			
Profit for the period		**347,577,075**	490,242,478
Adjustments for:			
- Depreciation		**50,413,910**	44,069,936
- Amortisation		**4,353,060**	3,020,595
- Impairment loss on goodwill		--	68,915,932
- Impairment loss on trade receivables		--	921,564
- Net finance cost / (income)		**10,323,440**	(3,252,322)
- Loss on disposal of subsidiaries		**607,355**	4,619,592
- Share of loss of Investment in associates and joint ventures		**48,234,697**	16,498,565
- Impairment loss of Investment in associates and joint ventures		--	6,432,669
- Gain on sale of Investment in associates and joint ventures		**(1,397,539)**	--
- Gain on sale of property and equipment		**(5,517,631)**	(3,073,475)
- Gain on sale of investment property		**(376,812)**	--
- Employee benefits		**10,907,362**	13,933,107
- Zakat and income tax expense	*13*	**14,032,042**	20,205,408
		479,156,959	662,534,049
Changes in:			
- Trade and other receivables		**(588,415,301)**	(409,781,310)
- Prepayments and advances		**(68,836,065)**	17,529,926
- Trade and other payables		**(376,785,563)**	(88,590,574)
- Deferred revenue		**(32,419)**	(710,255,901)
		(554,912,389)	(528,563,810)
Finance expense paid		**(28,163,088)**	(13,929,637)
Finance income received		**24,955,903**	14,480,777
Employee benefits paid		**(9,559,863)**	(10,167,671)
Zakat and income taxes paid		**(23,791,564)**	(32,128,307)
Net cash used in operating activities		**(591,471,001)**	(570,308,648)
Cash flows from investing activities			
Proceeds from sale of property and equipment		**20,498,569**	7,496,754
Proceeds from disposal of subsidiaries, net of cash disposed off		**819,289**	155,076
Proceeds from sale of investment property		**386,242**	--
Proceeds from sale of Investment in associates and joint ventures		**12,589,926**	--
Acquisition of property and equipment		**(86,395,915)**	(13,535,585)
Acquisition of investment properties		**(1,081,259)**	--
Acquisition of intangible assets		**(1,852,345)**	(5,354,803)
Acquisition of Investment in associates and joint ventures		**(29,628,961)**	(124,268,600)
Dividends from Investment in associates and joint ventures		--	1,774,257
Additions in capital work in progress		**(114,073,501)**	(99,195,421)
Net cash used in investing activities		**(198,737,955)**	(232,928,322)
Cash flows from financing activities			
Proceeds from loans and borrowings		**1,079,012,049**	984,014,449
Repayment of loans and borrowings		**(538,022,092)**	(427,624,611)
Net movement of non-controlling interest		**(295,145)**	(3,746,474)
Net cash flows from financing activities		**540,694,812**	552,643,364
Net decrease in cash and cash equivalents		**(249,514,144)**	(250,593,606)
Cash and cash equivalents at 1 January	*16*	**1,239,695,504**	1,997,948,898
Effect of movements in exchange rates on cash held		**15,865,337**	(11,241,376)
Cash and cash equivalents at 30 June	*16*	**1,006,046,697**	1,736,113,916

The accompanying notes (1) to (30) form an integral part of and should be read in conjunction with these unaudited condensed interim consolidated financial statements.

Yazeed Khalid Al Muhayzie	**Abdullah Nasser Al Dawood**	**Yousif Mousa Yousif**
Board Member	Chief Executive Officer	Group Chief Financial Officer

1. THE COMPANY, ITS SUBSIDIARIES AND PRINCIPAL ACTIVITIES

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 unaudited condensed interim consolidated financial statements ("interim financial statements") as at and for the six-month and three-month period ended 30 June 2017 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 8) through its 223 branches (31 December 2016: 236) inside and outside the Kingdom of Saudi Arabia.

The Company's registered address is:

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

These unaudited condensed interim consolidated financial statements cover the activities of the Company and the following subsidiaries:

			Effective ownership		
Name of subsidiary	**Activities**	**Country of incorporation**	**30 June 2017**	**31 December 2016**	**30 June 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 Rent A Car (ARAC)	Rent a car business	KSA	**100%**	100%	100%
Al Musaffir Magazine (AMM)	Printing media and advertising service	KSA	**--**	100%	100%
Saudi World Travel and Tourism Company (SWTT)	Travel and tourism business	KSA	**100%**	100%	100%
High Speed Company for Transportation (HSC)	Transportation business	KSA	**100%**	100%	100%

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

Name of subsidiary	Activities	Country of incorporation	Effective ownership 30 June 2017	31 December 2016	30 June 2016
Tajawal Travel and Tourism Company Limited (TTC)	Travel and tourism business	KSA	**100%**	100%	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%
Fly IT (FIT)	SMS / MMS services	KSA	**60%**	60%	60%
Muthmerah Real Estate Investment Company (MREIC)	Property rental business	KSA	**100%**	100%	100%
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	**80%**	80%	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%	100%
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%	--

The Company has issued a commitment to provide financial support to MREIC to continue its operations for the foreseeable future. The commitment is to meet any MREIC's liabilities that may arise within the next 12 months from the date of signing of the statutory financial statements of MREIC.

Disposal of subsidiaries

- On 1 January 2017, the Company has disposed of Al Musaffir Magazine - AMM (a 100% owned subsidiary) for a consideration of SR 90,000 resulting in loss on disposal amounting to SR 2.8 million.

- On 17 January 2017, the Company has disposed of Al Tayyar International Company Limited - ATS (a 75% owned subsidiary) for a consideration of SR 4.2 million resulting in gain on disposal amounting to SR 2.2 million.

2. BASIS OF PREPARATION AND MEASUREMENT

2.1 Basis of preparation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA"). Up to and including the year ended 31 December 2016, the Group prepared and presented statutory financial statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by SOCPA and the requirements of the Saudi Arabian Regulations for Companies, and the Company's By-laws in so far as they relate to the preparation and presentation of the financial statements. In these interim financial statements, the term "SOCPA GAAP" refers to SOCPA Standards before the adoption of International Financial Reporting Standards ("IFRSs").

BASIS OF PREPARATION AND MEASUREMENT (CONTINUED)

2.1 Basis of preparation (continued)

For financial periods commencing 1 January 2017, the applicable regulations require the Group to prepare and present financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA. As part of this requirement, the Group has prepared these unaudited condensed interim consolidated financial statements.

As required by the Capital Market Authority ("CMA") through its circular dated 16 October 2016, the Group needs to apply the cost model to measure the property and equipment, investment property and intangible assets upon adopting the IFRS for three years period starting from IFRSs adoption date.

As these unaudited condensed interim consolidated financial statements prepared in accordance with IAS 34 *Interim Financial Reporting* are for part of a period covered by its first IFRS Financial Statements. IFRS 1 *First time Adoption of International Financial Reporting Standards* has been applied. The accounting policies followed in these unaudited condensed interim consolidated financial statements are the same as those applied in the Group's Condensed Interim Consolidated Financial Statements for the period ended 30 June 2017. The Group has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect.

An explanation of how the transition to IFRS has affected the previously reported equity as at 31 December 2016, 30 June 2016 and 1 January 2016; and comprehensive income of the Group for the year ended 31 December 2016 and for the three and six months ended 30 June 2016, including the nature and effect of significant changes in accounting policies from those used in the Group's annual Financial Statements for the year ended 31 December 2016 is provided in Note 28.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Group's annual Consolidated SOCPA Financial Statements for the year ended 31 December 2016.

2.2 Basis of measurement

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

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

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

2.3 Basis of consolidation

The unaudited condensed interim consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired during the year are included in the interim condensed consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

2. BASIS OF PREPARATION AND MEASUREMENT (CONTINUED)

2.2 Basis of consolidation (continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences, recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These interim financial statements are presented in Saudi Riyals ("SR"), which is the Company's functional and presentation currency.

4. USE OF JUDGEMENT AND ESTIMATES

The preparation of the interim financial statements, in conformity with IFRSs as endorsed in Kingdom of Saudi Arabia and other standards and pronouncement issued by SOCPA requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management applying the Group's accounting policies and the key sources of estimation and uncertainty are expected to be the same as those to be applied in the first annual IFRS financial statements.

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

i. Judgements:

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the interim financial statements is included in the note 21 - commission revenue: whether the Group acts as an agent in the transaction rather than a principal and consolidation – whether the Group has de facto control over an investee (note 7)

ii. Assumptions and estimation uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period ended 30 June 2017 are included in the following accounts:

- Measurement of defined benefit obligations: key actuarial assumptions (note 19);
- Impairment test: key assumptions underlying recoverable amounts for trade receivables (notes 14 and 24), property and equipment, capital work in progress – recoverable on disposal (notes 10), intangible assets and goodwill (note 11) and investments in Investment in associates and joint ventures (note 12);
- Recognition and measurement of provisions and contingencies: key assumptions about likelihood and magnitude of an outflow of resources (note 26);
- Estimated useful lives and residual values of property and equipment, investment property and intangible assets (note 11); and
- Deferred taxation - whether future taxable profits will be available against which deferred tax asset can be realized (note 13).

4. USE OF JUDGEMENT AND ESTIMATES (CONTINUED)

Measurement of fair values:

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 period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 24 - financial instruments.

5. NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ADOPTED

In preparing the Group's condensed consolidated interim financial statements, the significant accounting policies adopted are based on IFRSs effective at 30 June 2017. Furthermore, the Group has early adopted IFRS 15 – Revenue from contracts with customer.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the following new or amended standards in preparing these condensed consolidated interim financial statements.

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group currently plans to apply IFRS 9 initially on 1 January 2018.

i. Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

ii. Impairment – Financial assets and contract assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. The Group may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; the Group may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

iii. Classification – Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

iv. Hedge accounting

When initially applying IFRS 9, the Group may choose as its accounting policy to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements in IFRS 9. The Group's current plan is that it will elect to apply the new requirements of IFRS 9.

IFRS 9 will require the Group to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategy and to apply a more qualitative and forward looking approach to assessing hedge effectiveness. IFRS 9 also introduces new requirements regarding rebalancing of hedge relationships and prohibiting voluntary discontinuation of hedge accounting. Under the new model, it is possible that more risk management strategies, particularly those involving hedging a risk component (other than foreign currency risk) of a non-financial item, will be likely to qualify for hedge accounting.

Under IAS 39, for all cash flow hedges, the amounts accumulated in the cash flow hedge reserve are reclassified to profit or loss as a reclassification adjustment in the same period as the hedged expected cash flows affect profit or loss. However, under IFRS 9, for cash flow hedges of foreign currency risk associated with forecast non-financial asset purchases, the amounts accumulated in the cash flow hedge reserve and the cost of hedging reserve will instead be included directly in the initial cost of the non-financial asset when it is recognised.

v. Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses.

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

vi. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

- The Group plans to take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 generally will be recognised in retained earnings and reserves as at 1 January 2018.
- New hedge accounting requirements should generally be applied prospectively. However, the Group may elect to apply the expected change in accounting for forward points retrospectively.

IFRS 16 Leases

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

i. Determining whether an arrangement contains a lease

On transition to IFRS 16, the Group can choose whether to:

- Apply the IFRS 16 definition of a lease to all its contracts; or
- Apply a practical expedient and not reassess whether a contract is, or contains, a lease.

ii. Transition

As a lessee, the Group can either apply the standard using a:

- Retrospective approach; or
- Modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases. The Group currently plans to apply IFRS 16 initially on 1 January 2019. The Group has not yet determined which transition approach to apply.

As a lessor, the Group is not required to make any adjustments for leases in which it is a lessor except where it is an intermediate lessor in a sub-lease.

Other amendments

The following new or amended standards are currently not expected to have a significant impact on the Group's interim financial statements.

- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2).
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4).
- Transfers of Investment Property (Amendments to IAS 40).
- Annual Improvements to IFRSs 2014–2016 Cycle – various standards (Amendments to IFRS 1 and IAS 28).
- IFRIC 22 Foreign Currency Transactions and Advance Consideration.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

7. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these unaudited condensed interim consolidated financial statements and in preparing the opening IFRS statement of financial position at 1 January 2016 for the purposes of the transition to IFRSs, unless otherwise indicated. The significant accounting policies adopted are as follows:

a. *Basis of Consolidation*

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 interim 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.

b. *Investments 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.

7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Investment in associates and joint ventures(continued)

The statement profit or loss and other 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 profit or loss and other 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.

c. Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non - monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

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 using the weighted-average exchange rate.

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

7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. *Foreign currency (continued)*

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.

d. *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 8).

i. *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, agreed credit period 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, agreed credit period 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, agreed credit period is offered to the customer.

ii. *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, agreed credit period 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, agreed credit period is offered to the customer.
Rental of rooms	The Group recognizes 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, agreed credit period 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.

7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. *Revenue (continued)*

ii. *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, agreed credit period is offered to the customer.

iii. *Property rentals segment*

The property 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.

e. *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.

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.

7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. *Employee benefits (continued)*

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.

f. *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.

g. *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. 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 probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. *Zakat and income tax (continued)*

Deferred tax (continued)

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. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

h. *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.

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.

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

• Buildings	50 years
• Furniture and fixtures	6.67-10 years
• Office equipments	5 years
• Vehicles	4 years
• Aircraft, engine and spare parts (estimated residual values 10-15%)	6.67-20 years

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

i. *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 at which time they will be transferred to property and equipment or investment property. Finance costs on borrowings to finance the construction of qualified assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. *Intangible assets and goodwill*

Recognition and measurement

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

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.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

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

- 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.

k. *Investment property*

Investment property is initially measured at cost and subsequently at cost less accumulated depreciation and any accumulated impairment losses. The cost less estimated residual value is depreciated on a straight line basis over the estimated useful lives of the assets. The useful lives are estimated between 5 to 50 years.

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.

l. *Financial instruments*

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale investments. The Group classifies non-derivative financial liabilities into other financial liabilities.

Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Group initially recognises loans and receivables issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. *Financial instruments (continued)*

Non-derivative financial assets – Measurement

Loans and receivables are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective commission method.

Available-for-sale investments are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Non-derivative financial liabilities – Measurement

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective commission method.

l. *Cash and cash equivalents*

For the purposes of the condensed consolidated Interim 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.

m. *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 is currently in the process of amending its Bylaws.

n. *Impairment*

Non-derivative financial assets

Financial assets including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

i. *Financial assets measured at amortised cost*

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. Impairment (continued)

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective commission rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

ii. Available-for-sale investments

Impairment losses on available-for-sale investments are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss.
Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale are not reversed through profit or loss.

iii. Investment in associates and joint ventures

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

o. Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

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.

7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p. *Leases*

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

Leased assets

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

q. *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 Investment in associates and joint ventures and income taxes.

r. *Fair value measurement*

'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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

s. *Dividends*

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

7. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t. Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current / non-current classification. An asset as current when it is:

- expected to be realised or intended to sold or consumed in 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 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.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(Saudi Riyals)

8. OPERATING SEGMENTS

A. 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 Arabia.

Other operations include sundry services such as event 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.

B. 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.

	Reportable segments					
	Ticketing	**Tourism**	**Transportation**	**Property rentals**	**All other segments**	**Total**
	As at and for the period ended 30 June 2017					
External revenues	--	228,011,005	46,893,545	32,031,173	25,434,126	**332,369,849**
Inter-segment revenue	132,254,189	30,615,333	7,623,521	7,000,000	--	**177,493,043**
External commissions	648,518,354	51,780,910	7,460,011	--	--	**707,759,275**
Segment revenue	**780,772,543**	**310,407,248**	**61,977,077**	**39,031,173**	**25,434,126**	**1,217,622,167**
Segment profit / (loss) before zakat and tax	318,433,544	38,801,589	(4,655,374)	5,606,846	3,422,512	**361,609,117**
Segment assets	6,575,054,923	801,179,974	507,500,794	2,931,343,007	70,668,449	**10,885,747,147**
Segment liabilities	1,256,446,596	153,099,839	394,716,825	2,079,676,069	13,504,242	**3,897,443,571**

(Saudi Riyals)

8. OPERATING SEGMENTS (CONTINUED)

B. Information about reportable segments (continued)

	Reportable segments					
	Ticketing	Tourism	Transportation	Property rentals	All other segments	Total
	As at and for the period ended 30 June 2016					
External revenues	--	219,717,259	41,371,265	3,273,835	9,314,034	273,676,393
Inter-segment revenue	--	--	--	15,737,481	--	15,737,481
External commissions	824,407,916	50,164,525	8,095,787	--	--	882,668,228
Segment revenue	824,407,916	269,881,784	49,467,052	19,011,316	9,314,034	1,172,082,102
Segment income / (loss) before zakat and tax	466,662,294	42,769,223	(6,338,203)	2,855,158	4,499,414	510,447,886
Segment assets	6,509,423,752	596,583,433	425,272,663	2,844,154,318	62,761,860	10,438,196,026
Segment liabilities	1,676,359,369	153,636,983	256,720,340	1,984,385,192	16,162,941	4,087,264,825

C. Reconciliations of information on reportable segments to IFRS measures

For the six month period ended	**30 June 2017**	30 June 2016
Revenues		
Total revenue for reportable segments	**1,192,188,041**	1,162,768,068
Revenue for other segments	**25,434,126**	9,314,034
	1,217,622,167	1,172,082,102
Elimination of inter-segment revenue	**(177,493,043)**	(15,737,481)
Consolidated revenue	**1,040,129,124**	1,156,344,621

For the six month period ended	**30 June 2017**	30 June 2016
Profit before zakat and tax		
Total profit before zakat and tax for reportable segments	**358,186,605**	505,948,472
Profit before zakat and tax for other segments	**3,422,512**	4,499,414
Consolidated profit before zakat and tax	**361,609,117**	510,447,886

Balance as at	**30 June 2017**	31 December 2016	1 January 2016
Assets			
Total assets for reportable segments	**10,815,078,698**	10,257,842,644	9,381,351,862
Assets for other segments	**70,668,449**	107,445,021	33,834,474
	10,885,747,147	10,365,287,665	9,415,186,336
Inter-segment eliminations	**(987,399,889)**	(989,222,069)	(993,757,261)
Consolidated assets	**9,898,347,258**	9,376,065,596	8,421,429,075

(Saudi Riyals)

9. CAPITAL WORK IN PROGRESS

	As at 1 January 2016	As at 31 December 2016	Additions	Transfer to property and equipment	As at 30 June 2017
MREIC	**628,796,538**	**326,486,186**	16,349,206	--	**342,835,392**
Others:					
- New head office building	**53,877,692**	**66,003,015**	16,819,941	(50,093,377)	**32,729,579**
- Hotel building	**34,496,059**	**58,844,760**	17,661,575	(25,815,183)	**50,691,152**
- Makkah Hotel	**1,789,947,667**	**1,891,455,243**	31,728,773	--	**1,923,184,016**
- SAP accounting software	**--**	**14,954,206**	31,514,006	--	**46,468,212**
- Jeddah Hotel *	**260,000,000**	**--**	**--**	**--**	**--**
- Staff accommodation building	**8,485,687**	**--**	**--**	**--**	**--**
	2,775,603,643	**2,357,743,410**	114,073,501	(75,908,560)	**2,395,908,351**

* During the Quarter 4 2016, Jeddah Hotel has been transferred to property and equipment.

10. CAPITAL WORK IN PROGRESS – RECOVERABLE ON DISPOSAL

Balance as at	30 June 2017	31 December 2016	1 January 2016
	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. Management is not expecting any losses against the carrying value as a result of the disposal of these projects.

11. INTANGIBLE ASSETS AND GOODWILL

		30 June 2017	31 December 2016	1 January 2016
Goodwill	*(a)*	**152,338,305**	151,835,582	233,018,093
Brand name		**24,090,250**	24,181,492	20,591,645
Customer list		**13,850,506**	14,084,309	19,159,211
Software		**12,763,600**	12,652,287	17,590,724
		203,042,661	202,753,670	290,359,673

(Saudi Riyals)

11. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

(a) Goodwill:

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

	30 June 2017	31 December 2016	1 January 2016
National Travel and Tourism Bureau Limited	**6,212,311**	6,212,311	6,212,311
Al Sarh Travel and Tourism Limited	**11,600,000**	11,600,000	11,600,000
E Al Tayyar Tours Company	**26,297,274**	26,297,274	26,297,274
Al Tayyar Rent a Car Company	**13,390,372**	13,390,372	13,390,372
E Al Tayyar Tourism Company	**13,805,118**	13,805,118	13,805,118
Nile Holidays Tourism Company	**13,603,448**	13,603,448	13,603,448
Lena Tours and Travel	**2,718,479**	2,718,479	2,718,479
Al Tayyar Rent A Car	**44,500,000**	44,500,000	44,500,000
Al Musaffir Magazine	**--**	1,426,644	1,426,644
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 & Tours	**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	--
	309,472,560	310,899,204	308,044,235
Foreign currency translation	**(10,668,224)**	(12,597,591)	(5,211,451)
Total	**298,804,336**	298,301,613	302,832,784
Impairment losses of intangible assets	**(146,466,031)**	(146,466,031)	(69,814,691)
	152,338,305	151,835,582	233,018,093

As at 30 June 2017, there are no indicators for impairment, hence, goodwill and intangibles have not been tested for impairment.

(Saudi Riyals)

12. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

	30 June 2017	31 December 2016	1 January 2016
Al-Shamel International Holding Company KSC (ASI)	**25,376,055**	25,525,726	25,825,067
Voyage Amro Travel (VAT)	**7,534,544**	6,863,977	7,297,101
Al Tayyar Travel & Tourism - Abu Dhabi (TTAD)	**--**	--	512,269
Taqniatech Company for Communication Technology JV (TAQJV)	**--**	--	1,752,110
2share United Communication Company (TUCC)	**--**	--	1,105,000
Net Tours & Travels LLC (NT)	**--**	--	3,063,290
Careem Inc. (CIL) *	**54,343,823**	60,549,896	87,940,913
Saudi Heritage Hospitality Company (SHHC)	**10,823,779**	11,358,602	12,750,000
Equinox Group Limited (EGL)	**14,588,793**	14,118,614	9,328,471
Thakher Investment and Real Estate Company (TIREC) **	**827,473,828**	819,070,664	--
Wadi Middle East S.A.R.L. (WME)	**81,797,357**	101,999,746	--
Equinox Ventures Limited (EVL)	**7,279,534**	8,336,224	--
Radius Global Travel Company (RGTC) ***	**--**	11,192,387	--
	1,029,217,713	1,059,015,836	149,574,221

i. *List of associates and joint ventures*

	Share holding %			
	30 June 2017	31 December 2016	1 January 2016	**Activities**
Felix Airways Limited (FAL)	30%	30%	30%	Travel business
Al Shamel International Holding Company KSC (ASI)	30%	30%	30%	Travel business
Taqniatech Company for Communication Technology JV (TAQJV)	70%	70%	70%	Telecommunication services
Al Tayyar Travel and Tourism - Abu Dhabi (TTAD)	49%	49%	49%	Travel business
Voyage Amro Travel (VAT)	49%	49%	49%	Travel business
2share United Communication Company (TUCC)	35%	35%	35%	Call Centre services
Net Tours & Travels LLC (NT)	44.3%	44.3%	44.3%	Tourism business
Careem Inc. (CIL) *	14.7%	20%	20%	Rent a car business
Saudi Heritage Hospitality Company (SHHC)	20%	20%	20%	Hospitality services
Equinox Group Limited (EGL)	40%	40%	40%	Hospitality services
Thakher Investment and Real Estate Company (TIREC) **	30%	30%	--	Real estate business
Wadi Middle East S.A.R.L (W.M.E)	33.3%	33.3%	--	Trading companies and distributors
Equinox Venture Limited (EVL)	40%	40%	--	Hospitality services
Radius Global Travel Company (RGTC) ***	--	26%	--	Travel business

* On 10 January 2017, Careem Inc. decided to issue 17.4 million new class E shares. The Group has also invested further SR 18.7 million. Subsequent to the issuance of new class E shares, the Group's shareholding has diluted from 20% to 14.7%. The Group continues to maintain significant influence.

** During 2017, the Group has invested SR 10.9 million in TIREC to meet its working capital requirement.

*** During the six month period ended 30 June 2017, the Company disposed off its stake in RGTC for a consideration of SR 12.6 million resulting in gain on disposal amounting to SR 1.4 million.

(Saudi Riyals)

13. ZAKAT AND INCOME TAXES

a) Amount recognized in profit or loss

For the six month period ended	**30 June 2017**	30 June 2016
Current zakat and tax expense		
Current period – zakat	**10,834,082**	17,723,707
Current period – tax	**2,685,930**	2,336,093
	13,520,012	20,059,800
Deferred tax expense		
Origination and reversal of temporary differences	**512,030**	145,608
	512,030	145,608
Zakat and tax expense	**14,032,042**	20,205,408

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.

b) Movement in provision

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

Balance as at	**30 June 2017**	31 December 2016
At the beginning of the period / year	**43,458,250**	48,747,350
Provided during the period / year	**14,032,042**	30,000,385
Payments during the period / year	**(23,791,564)**	(35,289,485)
At the end of the period / year	**33,698,728**	43,458,250

c) Movement in deferred tax balances

i. Deferred tax assets

30 June 2017	**Balance at 1 January**	**Recognised in profit or loss**	**Others**	**Acquired through business combination**	**Closing balance**
Property and equipment	**3,658,441**	**(2,050,664)**	**229,697**	**--**	**1,837,474**
Pension deficit	**2,109,029**	**1,898,020**	**111,260**	**--**	**4,118,309**
Net tax assets	**5,767,470**	**(152,644)**	**340,957**	**--**	**5,955,783**

31 December 2016	Balance at 1 January	Recognised in profit or loss	Others	Acquired through business combination	Closing balance
Property and equipment	2,765,104	(44,480)	(459,972)	1,397,789	3,658,441
Pension deficit	--	--	--	2,109,029	2,109,029
Net tax assets	2,765,104	(44,480)	(459,972)	3,506,818	5,767,470

(Saudi Riyals)

13. ZAKAT AND INCOME TAXES (CONTINUED)

ii. Deferred tax liabilities

30 June 2017	**Balance at 1 January**	**Recognised in profit or loss**	**Others**	**Closing balance**
Property and equipment	**4,257,916**	**359,386**	**(28,343)**	**4,588,959**
Fair value gains	**175,893**	**--**	**9,280**	**185,173**
Net tax liabilities	**4,433,809**	**359,386**	**(19,063)**	**4,774,132**

31 December 2016	Balance at 1 January	Recognised in profit or loss	Others	Closing balance
Property and equipment	8,147,192	835,325	(4,724,601)	4,257,916
Fair value gains	211,417	--	(35,524)	175,893
Net tax assets liabilities	8,358,609	835,325	(4,760,125)	4,433,809

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

d) 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 2015.

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

14. TRADE AND OTHER RECEIVABLES

Balance as at	**30 June 2017**	31 December 2016	1 January 2016
Trade receivables due from related parties (note 27)	**40,366,585**	38,033,271	12,465,096
Trade receivables (note 24 c.i)	**2,148,484,231**	1,535,955,469	732,312,383
Other receivables:			
Accrued incentives	**33,999,331**	59,365,518	61,249,128
Employee receivables	**12,124,174**	12,227,575	14,599,891
Consumables	**7,379,493**	6,286,635	8,720,872
Accrued finance income	**6,778,268**	19,742,698	4,226,575
Others	**19,568,227**	21,826,585	15,415,873
	2,268,700,309	1,693,437,751	848,989,818

(Saudi Riyals)

15. PREPAYMENTS AND ADVANCES

Balance as at	**30 June 2017**	31 December 2016	1 January 2016
Advances			
Advances to suppliers	**406,571,307**	329,014,175	470,800,251
Advances for letter of guarantee margins (see note 26)	**16,810,406**	17,687,567	23,744,928
Other advances	**7,808,582**	7,834,765	9,934,618
	431,190,295	354,536,507	504,479,797
Prepayments			
Rents	**17,788,258**	21,939,715	19,280,583
Insurance	**13,380,943**	16,947,172	12,478,562
Housing allowance	**310,667**	1,230,439	512,200
Subscription fees	**684,797**	94,818	181,767
Other prepayments	**4,678,360**	4,448,604	4,453,051
	36,843,025	44,660,748	36,906,163
	468,033,320	399,197,255	541,385,960

16. CASH AND CASH EQUIVALENTS

Balance as at	**30 June 2017**	31 December 2016	1 January 2016
Cash in hand	**18,417,830**	9,282,025	7,065,901
Bank balances – current account	**295,981,873**	240,249,741	451,707,102
Call deposits	**706,185,473**	1,000,000,000	1,550,000,000
Cash and bank balances in the statement of financial position	**1,020,585,176**	1,249,531,766	2,008,773,003
Bank overdrafts used for cash management purposes	**(14,538,479)**	(9,836,262)	(10,824,105)
Cash and cash equivalents in the statement of cash flows	**1,006,046,697**	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 30 June 2017, the Group had available SR 706 million (30 June 2016: SR 1.5 billion) of undrawn committed borrowing facilities.

Cash and cash equivalents held in Egypt totaling SR 10 million (30 June 2016: SR 20 million). The remittance of this is currently restricted due to foreign exchange control policy in Egypt.

17. CAPITAL AND RESERVES

i. Share capital

Balance as at	**30 June 2017**	31 December 2016	1 January 2016
Ordinary shares			
In issue at the beginning of the period	**209,650,000**	200,000,000	200,000,000
Additional issue of shares	**--**	9,650,000	--
In issue at the end of the period – fully paid	**209,650,000**	209,650,000	200,000,000
Authorised – par values SR 10	**2,096,500,000**	2,096,500,000	2,000,000,000

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

(Saudi Riyals)

17. CAPITAL AND RESERVES (CONTINUED)

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.

ii. *Nature and purpose of reserves*

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available‑for‑sale investments until the assets are derecognized or impaired.

Staff general fund reserve

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. No further accrual has been recorded during the current period.

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. No further accrual has been recorded during the current period.

iii. *OCI accumulated in reserves, net of tax*

	Attributable to shareholders of the Company					
For the six month period ended	**Translation reserve**	**Fair value reserve**	**Retained earnings**	**Total**	**NCI**	**Total OCI**
30 June 2017						
Foreign operations – foreign currency translation differences	**18,850,606**	**--**	**--**	**18,850,606**	**--**	**18,850,606**
	18,850,606	**--**	**--**	**18,850,606**	**--**	**18,850,606**

	Attributable to shareholders of the Company					
For the six month period ended	Translation reserve	Fair value reserve	Retained earnings	Total	NCI	Total OCI
30 June 2016						
Foreign operations – foreign currency translation differences	(30,703,450)	--	--	(30,703,450)	--	(30,703,450)
Available-for-sale investments– net change in fair value	--	237,488	--	237,488	--	237,488
Remeasurement of employee benefits liability	--	--	5,156,766	5,156,766	331,262	5,488,028
	(30,703,450)	237,488	5,156,766	(25,309,196)	331,262	(24,977,934)

(Saudi Riyals)

18. LOANS AND BORROWINGS

Balance as at	**30 June 2017**	31 December 2016	1 January 2016
Non-current liabilities			
Secured bank loan	**861,000,000**	861,000,000	1,106,905,939
	861,000,000	861,000,000	1,106,905,939
Current liabilities			
Current portion of secured bank loan	**--**	--	142,583,316
Unsecured bank loans	**757,532,629**	216,542,672	198,344,161
	757,532,629	216,542,672	340,927,477

Information about the Group's exposure to commission rate, foreign currency and liquidity risks is included in note 24.

Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

Balance as at	**Currency**	**Year of maturity**	**30 June 2017 Face Value**	**30 June 2017 Carrying amount**	31 December 2016 Face value	31 December 2016 Carrying amount	1 January 2016 Face value	1 January 2016 Carrying amount
Secured:								
Arab National Bank	**SAR**	2025	861,000,000	861,000,000	861,000,000	861,000,000	1,230,000,000	1,249,489,255
Unsecured:								
Muscat Bank	SAR	2017	124,535,329	124,535,329	36,344,111	36,344,111	28,144,000	28,144,000
Saudi British Bank	SAR	2017	159,997,300	159,997,300	79,998,400	79,998,400	40,000,000	40,000,000
Saudi Investment Bank	SAR	2017	166,000,000	166,000,000	95,000,000	95,000,000	--	--
Al Rajhi Bank	SAR	2017	100,000,000	100,000,000	--	--	--	--
AlAwal Bank	SAR		--	--	--	--	150,000,000	150,000,000
Gulf International Bank	SAR	2017	200,000,000	200,000,000	--	--	--	--
Banque Saudi Fransi	SAR	2017	7,000,000	7,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Riyadh Bank	SAR		--	--	--	--	5,000,000	5,000,000
Saudi Credit & Savings Bank	SAR		--	--	200,161	200,161	200,161	200,161
Total commission-bearing liabilities			1,618,532,629	1,618,532,629	1,077,542,672	1,077,542,672	1,458,344,161	1,447,833,416

The outstanding secured and unsecured loans as of 30 June 2017 have an average commission rate of 2.7-3.5% above the Banks's lending base rate. Further, the secured bank loan is secured against specific properties with a carrying amount of SR 1.9 billion (31 December 2016: SR 1.9 billion; 1 January 2016: SR 1.8 billion).

The Group has a secured bank loan with a carrying amount of SR 861 million at 30 June 2017 (31 December 2016: SR 861 million; 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 are due in 2017 and 2018 for an amount of SR 246 million. Accordingly, there is no current portion of the long-term loan.

(Saudi Riyals)

19. EMPLOYEE BENEFITS

Balance as at	**30 June 2017**	31 December 2016	1 January 2016
Net employee benefits liability	**102,084,636**	100,737,137	104,182,322
Liability for social security contributions	**758,295**	1,805,915	2,811,234
Total employee benefit	**102,842,931**	102,543,052	106,993,556
Current	**758,295**	1,805,915	2,811,234
Non-current	**102,084,636**	100,737,137	104,182,322
Total	**102,842,931**	102,543,052	106,993,556

Funding

All plans are unfunded.

Movement in net employee benefits liability

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

Balance as at	**30 June 2017**	31 December 2016	1 January 2016
Balance at 1 January	**100,737,137**	104,182,322	87,201,638
Included in profit or loss			
Current service and finance expense	**10,907,362**	27,866,212	22,098,751
Included in OCI			
Actuarial loss	**--**	(10,726,247)	43,689
Effect of movements in exchange rates	**--**	(249,809)	--
Others:			
Benefits paid	**(9,559,863)**	(20,335,341)	(5,161,756)
Balance at the end of the period	**102,084,636**	100,737,137	104,182,322

Balance as at	**30 June 2017**	31 December 2016	1 January 2016
Represented by:			
Net defined benefit liability for plans in:			
- Kingdom of Saudi Arabia	**100,194,502**	98,937,486	102,582,285
- Sudan	**--**	149,765	116,247
- Egypt	**204,914**	177,860	427,366
- United Arab Emirates	**1,685,220**	1,472,026	1,056,424
	102,084,636	100,737,137	104,182,322

Defined benefit obligation

i. Actuarial assumptions

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

	As at 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%

(Saudi Riyals)

19. EMPLOYEE BENEFITS (CONTINUED)

i. 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.

	As at 31 December 2016	
	Increase	Decrease
Discount rate (1% movement)	(10,482,677)	12,668,252
Future salary growth (1% movement)	12,280,835	(10,392,500)
Future mortality (20% movement)	(59,936)	60,122

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. As at 30 June 2017, the assumptions are consistent with those used for the actuarial valuation as at 31 December 2016.

20. TRADE AND OTHER PAYABLES

Balance as at	**30 June 2017**	31 December 2016	1 January 2016
Due to related parties (note 27)	**312,742,210**	324,377,669	372,947,040
Trade payables	**1,163,080,805**	1,526,315,939	1,005,841,769
Hotels sub-contractor cost	**2,948,660**	17,394,474	119,050,956
Tickets under settlement	**1,076,624**	--	13,822,237
Total trade payables	**1,479,848,299**	1,868,088,082	1,511,662,002
Non trade payables	**58,739,638**	68,900,908	55,385,762
Salaries and benefits	**46,468,203**	55,103,026	50,617,216
Rents and utilities	**2,957,060**	2,432,466	2,472,247
Payable to defined contribution plan	**20,826,724**	19,810,565	1,430,167
Loan commission payable	**19,766,411**	4,522,800	208,646
Others	**20,105,398**	11,780,327	19,246
Total other payables	**168,863,434**	162,550,092	110,133,284
Total trade and other payables	**1,648,711,733**	2,030,638,174	1,621,795,286

21. REVENUE

A. Revenue:

	3 Month		***6 Month***	
	30 June 2017	30 June 2016	**30 June 2017**	30 June 2016
Airline ticketing commission & incentives	**360,959,719**	463,406,026	**637,526,847**	816,661,770
Hotel booking commission	**23,814,019**	32,452,320	**51,780,910**	50,164,525
Shipments	**4,243,438**	5,048,398	**7,460,011**	8,095,787
Train ticketing commission	**5,311,437**	3,721,533	**10,991,507**	7,746,146
Commission income	**394,328,613**	504,628,277	**707,759,275**	882,668,228
Package holidays revenue	**111,587,018**	88,163,648	**228,011,005**	219,717,259
Car rentals	**24,261,471**	19,561,099	**45,459,204**	37,710,665
Property and room rentals	**22,115,996**	2,385,944	**32,031,173**	3,273,835
Chartered flights	**--**	1,674,975	**1,434,341**	3,660,600
Others / consolidation adjustments	**21,215,598**	4,974,097	**25,434,126**	9,314,034
Other revenue	**179,180,083**	116,759,763	**332,369,849**	273,676,393
Total revenue and commission	**573,508,696**	621,388,040	**1,040,129,124**	1,156,344,621

(Saudi Riyals)

21. REVENUE (CONTINUED)

A. *Revenue: (continued)*

In respect of 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.

For the period ended 30 June 2017, the Group has deferred revenue of SR 2.2 million (30 June 2016: 1.5 million) relating to its customer loyalty programme.

B. *Disaggregation of revenue*

In the following table, revenue is disaggregated by primary geographical market. The table also includes a reconciliation of the disaggregated revenue with the Group's four strategic divisions, which are its reportable segments (see note 8).

	Reportable segments					
	Ticketing	**Tourism**	**Transportation**	**Property**	**All other segments /consolidation adjustments**	**Total**
	For the three months period ended 30 June 2017					
Primary geographical markets						
Kingdom of Saudi Arabia	333,578,293	63,229,737	26,156,178	22,115,996	19,234,124	**464,314,328**
United Kingdom	28,623,877	65,004,595	--	--	1,434,812	**95,063,284**
Others	4,068,986	7,166,705	2,348,731	--	546,662	**14,131,084**
	366,271,156	135,401,037	28,504,909	22,115,996	21,215,598	**573,508,696**

	Reportable segments					
	Ticketing	**Tourism**	**Transportation**	**Property**	**All other segments /consolidation adjustments**	**Total**
	For the three months period ended 30 June 2016					
Primary geographical markets						
Kingdom of Saudi Arabia	456,331,728	67,392,663	21,771,204	2,385,944	2,626,059	**550,507,598**
United Kingdom	10,424,185	41,665,151	--	--	1,234,470	**53,323,806**
Others	371,646	11,558,154	4,513,268	--	1,113,568	**17,556,636**
	467,127,559	120,615,968	26,284,472	2,385,944	4,974,097	**621,388,040**

	Reportable segments					
	Ticketing	**Tourism**	**Transportation**	**Property**	**All other segments /consolidation adjustments**	**Total**
	For the six months period ended 30 June 2017					
Primary geographical markets						
Kingdom of Saudi Arabia	584,967,406	101,845,022	49,725,696	32,031,173	20,730,989	**789,300,286**
United Kingdom	58,444,864	165,395,451	--	--	2,719,173	**226,559,488**
Others	5,106,084	12,551,442	4,627,860	--	1,983,964	**24,269,350**
	648,518,354	279,791,915	54,353,556	32,031,173	25,434,126	**1,040,129,124**

(Saudi Riyals)

21. REVENUE (CONTINUED)

B. Disaggregation of revenue (continued)

	Reportable segments					
	Ticketing	Tourism	Transportation	Property	All other segments /consolidation adjustments	Total
	For the six months period ended 30 June 2016					
Primary geographical markets						
Kingdom of Saudi Arabia	802,158,320	112,882,794	41,837,246	3,273,835	4,615,390	**964,767,585**
United Kingdom	21,297,007	142,158,943	--	--	2,974,886	**166,430,836**
Others	952,589	14,840,047	7,629,806	--	1,723,758	**25,146,200**
	824,407,916	269,881,784	49,467,052	3,273,835	9,314,034	**1,156,344,621**

22. INCOME AND EXPENSES

Other income:

	3 Month		*6 Month*	
	30 June 2017	30 June 2016	**30 June 2017**	30 June 2016
Gain on sale of property and equipment	**5,162,870**	3,073,475	**5,517,631**	3,073,475
Gain on sale of investment property	**376,812**	--	**376,812**	--
Gain from disposal of Investment in associates and joint	**--**	--	**1,397,539**	--
	5,539,682	3,073,475	**7,291,982**	3,073,475

Other expenses:

	3 Month		*6 Month*	
	30 June 2017	30 June 2016	**30 June 2017**	30 June 2016
Loss from disposal of subsidiaries	**--**	1,777,558	**607,355**	4,619,592
Impairment loss on goodwill	**--**	44,500,000	**--**	68,915,932
Impairment loss on Investment in associates and joint ventures	**--**	--	**--**	6,432,669
Impairment loss on trade receivables	**--**	--	**--**	921,564
Others	**--**	--	**5,096,352**	2,432,255
	--	46,277,558	**5,703,707**	83,322,012

23. EARNINGS PER SHARE

Basic / diluted earnings per share

The calculation of basic / diluted earnings per share 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)

	3 Month		*6 Month*	
	30 June 2017	30 June 2016	**30 June 2017**	30 June 2016
Profit attributable to ordinary shareholders	**211,935,009**	296,853,919	**348,664,402**	487,899,124

(Saudi Riyals)

23. EARNINGS PER SHARE (CONTINUED)

Weighted-average number of ordinary shares (basic)

	3 Month		***6 Month***	
	30 June 2017	30 June 2016	**30 June 2017**	30 June 2016
Issued ordinary shares at the beginning of the period	**209,650,000**	209,650,000	**209,650,000**	200,000,000
Effect of ordinary shares issued during the period	**--**	--	**--**	9,650,000
Weighted-average number of ordinary shares at the end of the period	**209,650,000**	209,650,000	**209,650,000**	209,650,000

Earnings per share attributable to shareholders of the Company

	3 Month		***6 Month***	
	30 June 2017	30 June 2016	**30 June 2017**	30 June 2016
Basic and diluted	**1.01**	1.42	**1.66**	2.33

24. FINANCIAL INSTRUMENT – FAIR VALUE AND RISK MANAGEMENT

A. Fair values

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. Differences can arise between the book values and the fair value estimates. The fair value definition is the measurement based on the market and assumptions that market participants use.

The Company management considers that the fair value of current financial assets and liabilities which comprise (Trade and other receivable, cash and cash equivalent, Bank overdraft, Loans and borrowings, Trade and other payables) approximates their carrying amounts due to their short-term maturities.

The management has estimated that the fair value of non-current loans and Murabaha is close to their carrying amounts, as the commission rates on these loans are floating and changes with the change in the market commission rate (*SIBOR*).

Financial assets at fair value through other comprehensive income include investments in unlisted companies where the fair value has been estimated on the basis of the net adjusted assets value from the latest available financial statements (fair value level 3).

B. Financial risk management

The Group has exposure to the following risk arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(Saudi Riyals)

24. FINANCIAL INSTRUMENT – FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instruments fails to meet its contractual obligations, and arises principally from the Group's trade receivable and cash and cash equivalents.

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

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer. However, management also considers the factors that may influence the credit risk of its customers base, including the default risk of the industry and the country in which customers operate.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables SR 241,128,153 (31 December 2016: SR 241,128,153).

As at 30 June 2017, 31 December 2016 and 1 January 2016 the maximum exposure to the credit risk for trade and other receivables by geographic region was as follows:

Balance as at	**30 June 2017**	31 December 2016	1 January 2016
KSA	**1,849,455,334**	1,192,991,099	551,202,089
UK	**202,112,366**	223,359,672	82,662,093
Others	**202,974,848**	251,057,646	202,178,189
	2,254,542,548	1,667,408,417	836,042,371

As at 30 June 2017, 31 December 2016 and 1 January 2016, the ageing of trade receivables that were not impaired was as follows:

Balance as at	**30 June 2017**	31 December 2016	1 January 2016
Neither past due nor impaired	**434,865,999**	671,299,659	206,417,232
Past due 1-30 days	**168,438,924**	193,323,531	106,940,509
Past due 31-90 days	**127,160,471**	305,439,304	105,460,196
Past due 91-120 days	**334,414,571**	236,688,825	157,289,139
Past due over 120 days	**1,024,856,711**	63,827,189	138,883,372
Past due over 365 days	**58,747,555**	65,376,961	17,321,935
	2,148,484,231	1,535,955,469	732,312,383

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payments behaviour and extensive analysis of customer's credit risk, including underlying customers' credit ratings if they are available.

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

	Individual impairment
Balance at 1 January 2016	243,854,968
Impairment loss recognized	1,354,640
Amounts written off	(4,081,455)
Balance at 31 December 2016	**241,128,153**
Impairment loss recognized	**--**
Amounts written off	**--**
Balance at 30 June 2017	**241,128,153**

(Saudi Riyals)

24. FINANCIAL INSTRUMENT – FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

B. Financial risk management (continued)

i) Credit risk (continued)

Cash and cash equivalents

The Group held cash and cash equivalents of SR 1 billion (31 December 2016: 1.2 billion; 1 January 2016: SR 2 billion). The cash and cash equivalents are held with Banks and financial counterparties which are rated A3 based on Moody's. Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

ii) Liquidity risk

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

		Contractual cash flow					
30 June 2017	***Carrying amount***	***3 months or less***	***3 to 12 months***	***1 to2 Years***	***2 to 5 Years***	***More than 5 years***	***Total***
Liabilities							
Loans and borrowings	**1,618,532,629**	666,532,629	91,000,000	61,500,000	369,000,000	430,500,000	**1,618,532,629**
Bank overdraft	**14,538,479**	14,538,479	--	--	--	--	**14,538,479**
Trade and other payables	**1,648,711,733**	1,648,711,733	--	--	--	--	**1,648,711,733**
	3,281,782,841	2,329,782,841	91,000,000	61,500,000	369,000,000	430,500,000	**3,281,782,841**

ii) Liquidity risk (continued)

		Contractual cash flow					
31 December 2016	*Carrying amount*	*3 months or less*	*3 to 12 months*	*1 to2 Years*	*2 to 5 Years*	*More than 5 years*	*Total*
Liabilities							
Loans and borrowings	1,077,542,672	121,542,672	95,000,000	--	369,000,000	492,000,000	1,077,542,672
Bank overdraft	9,836,262	9,836,262	--	--	--	--	9,836,262
Trade and other payables	2,030,638,174	2,030,638,174	--	--	--	--	2,030,638,174
	3,118,017,108	**2,162,017,108**	95,000,000	--	369,000,000	492,000,000	**3,118,017,108**

		Contractual cash flow					
1 January 2016	*Carrying amount*	*3 months or less*	*3 to 12 months*	*1 to2 Years*	*2 to 5 Years*	*More than 5 years*	*Total*
Liabilities							
Loans and borrowings	1,447,833,416	269,333,416	71,500,000	123,000,000	369,000,000	615,000,000	1,447,833,416
Bank overdraft	10,824,105	10,824,105	--	--	--	--	10,824,105
Trade and other payables	1,621,795,286	1,621,795,286	--	--	--	--	1,621,795,286
	3,080,452,807	1,901,952,807	71,500,000	123,000,000	369,000,000	615,000,000	3,080,452,807

The inflows / (outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities which are not usually closed out before contractual maturity.

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24 FINANCIAL INSTRUMENT – FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

B. Financial risk management (continued)

iii) Market risk

Market risk is the risk that changes in the market prices – such as foreign exchange rates, commission rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The currencies in which these transactions are primarily denominated are EGP, GBP, AUD, CAD and US dollars.

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

30 June 2017	***EGP***	***GBP***	***AUD***	***CAD***	***USD***
Cash and cash equivalents	**10,226,807**	**108,372,949**	**--**	**--**	**3,385,084**
Trade and other receivables	**59,543,966**	**202,118,701**	**--**	**--**	**11,473,409**
Investment in associates and joint ventures	**--**	**--**	**--**	**7,534,544**	**54,343,823**
Bank overdraft	**(3,069,981)**	**--**	**--**	**--**	**(3,726,422)**
Trade and other payables	**(58,319,892)**	**(471,501,489)**	**(172,331,078)**	**(78,797,816)**	**(47,033,099)**
Net statement of financial position exposure	**8,380,900**	**(161,009,839)**	**(172,331,078)**	**(71,263,272)**	**18,442,795**

(Saudi Riyals)

24. FINANCIAL INSTRUMENT – FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

C. Financial risk management (continued)

iii) Market risk (continued)

i) Currency risk (continued)

31 December 2016 Balance as at	*EGP*	*GBP*	*AUD*	*CAD*	*USD*
Cash and cash equivalents	17,963,992	96,492,289	--	--	5,373,991
Trade and other receivables	51,681,165	225,887,346	--	--	18,389,868
Investment in associates and joint ventures	--	--	--	6,863,977	71,742,283
Bank overdraft	(1,588,724)	--	--	--	(202,957)
Trade and other payables	(47,285,553)	(484,911,842)	(181,189,992)	(82,705,490)	(518,725,670)
Net statement of financial position exposure	20,770,880	(162,532,207)	(181,189,992)	(75,841,513)	(423,422,485)

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	72,214,398	83,400,814	--	--	9,991,043
Investment in associates and joint ventures	--	--	--	7,297,101	87,940,913
Bank overdraft	--	--	--	--	(1,338,593)
Trade and other payables	(82,714,048)	(389,092,552)	(179,445,602)	(84,826,957)	(213,782,912)
Net statement of financial position exposure	18,392,616	(204,962,021)	(179,434,297)	(77,524,503)	(113,557,394)

The following significant exchange rates have been applied.

	Average Rate			*Year end spot rate*		
	30 June 2017	*31 December 2016*	*1 January 2016*	***30 June 2017***	*31 December 2016*	*1 January 2016*
EGP	**0.21**	0.37	0.49	**0.21**	0.21	0.48
GBP	**4.77**	4.97	5.67	**4.87**	4.63	5.56
AUD	**2.84**	2.81	2.78	**2.88**	2.70	2.74
CAD	**2.82**	2.86	2.87	**2.89**	2.79	2.70
USD	**3.75**	3.75	3.75	**3.75**	3.75	3.75

ii) Profit rate risk (return / commission)

Profit rate risk arises from the possibility that the changes in profit rates will affect either the fair values or the future cash flows of financial instruments. The Company monitors positions daily to ensure maintenance of positions within established gap limits.

The commission rate profile of the Group's commission-bearing financial instruments as reported to the management of the Group is as follows.

	30 June 2017	31 December 2016	1 January 2016
Variable-rate instruments			
Financial assets	**706,185,473**	1,000,000,000	1,550,000,000
Financial liabilities	**(1,633,071,108)**	(1,087,378,934)	(1,458,657,521)

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24. FINANCIAL INSTRUMENT – FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

C. Financial risk management (continued)

iii) Market risk (continued)

iii) Price Risk

The Group is exposed to equity price risk, which arises from available‑for‑sale equity securities. The management of the Group monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Group's Executive Committee.

Sensitivity Analysis

The change in the market price by 1% upward or 1 % downward on the available for sale investment is SR NIL (31 December 2016: NIL; 1 January 2016: SR 35,249).

25. COMMITMENTS

As at 30 June 2017, the Group has capital commitments of SR 106 million (31 December 2016: SR 176 million; 1 January 2016: SR 291 million) principally in respect of property developments and construction of new office premises.

26. CONTINGENCIES

As at 30 June 2017, the Group has letter of guarantees totaling SR 276 million (31 December 2016: SR 290 million; 1 January 2016: SR 304 million) issued by the Company's banks in favor of certain suppliers. Included within this are advances for letter of guarantee margins totaling SR 16.8 million (31 December 2016: SR 17.7 million; 1 January 2016: SR 23.7 million).

27. RELATED PARTIES

i. *Transactions with key management personnel*

Key management personnel compensation

Key management personnel compensation comprised the following:

For the six month period ended	**30 June 2017**	30 June 2016
Short‑term employee benefits	**10,177,291**	10,858,925
Post‑employment benefits	**294,229**	302,219
	10,471,520	11,161,144

Compensation of the Group's key management personnel includes salaries, non‑cash benefits and contributions to a post‑employment defined benefit plan.

Key management personnel transactions

Directors of the Company control 29.7% (31 December 2016: 29.7%; 1 January 2016: 32.9%) of the voting shares of the Company.

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 period. 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.

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27. RELATED PARTIES (CONTINUED)

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows:

	1 January 2016	**31 December 2016**	**Sales**	**Purchase**	**Receipts**	**Payments**	**Other Transactions**	**30 June 2017**
Associates	**(79,972,262)**	(83,887,773)	91,933	(8,564,537)	(91,004)	13,575,423	58,313	**(78,817,645)**
Non-Controlling Interests	**(9,357,642)**	5,171,801	--	--	--	5,000,000	1,945,962	**12,117,763**
Affiliates	**(271,152,040)**	(207,628,426)	6,456,262	(46,808,969)	(7,207,575)	40,274,737	9,238,228	**(205,675,743)**
Others	**--**	**--**	--	--	--	--	--	**--**
	(360,481,944)	**(286,344,398)**	6,548,195	(55,373,506)	(7,298,579)	58,850,160	11,242,503	**(272,375,625)**

From time to time directors of the Group, or their related entities, may buy services from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers.

All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within 30 days of the reporting date. None of the balances is secured. No expense has been recognised in the current or prior period for bad or doubtful debts in respect of amounts owed by related parties. No guarantees have been given or received.

Board of Directors' remuneration

Board of Directors' remuneration for the six month period ended 30 June 2017 amounting to SR 2.4 million (30 June 2016: SR 1.7 million) has been calculated in accordance with the Company's By-Laws and is considered as appropriation in the condensed consolidated interim statement of profit or loss and other comprehensive income. Attendance fees paid to the directors and members of various board committees for the six month period ended 30 June 2017 amounting to SR 2.2 million (30 June 2016: SR 2 million) is charged as expense and included under general and administration expenses.

28. EXPLANATION OF TRANSITION TO IFRS

As stated in note 2, the Group prepared its first Condensed Consolidated Interim Financial Statements for the period ended 30 June 2017 in accordance with IAS 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA. Further, the Group's opening Statement of Financial Position was prepared as at 1 January 2016, being the date of transition to IFRS Standards.

Following tables and the notes that accompany the tables set out an explanation of how the transition to IFRS has affected the previously reported equity as at 31 December 2016, 30 June 2016 and 1 January 2016; and comprehensive income of the Group for the three and six months ended 30 June 2016 and for the year ended 31 December 2016, including the nature and effect of significant changes in accounting policies from those used in the Group's annual Financial Statements, under SOCPA, for the year ended 31 December 2016.

28. EXPLANATION OF TRANSITION TO IFRS (CONTINUED)

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 Parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the Parent or are non-monetary foreign currency items and no further translation differences occur.

Estimates

The estimates at 1 January 2016 and at 30 June 2016 are consistent with those made for the same dates in accordance with SOCPA GAAP (after adjustments to reflect any differences in accounting policies) apart from Post-employment benefits where application of SOCPA GAAP did not require estimation.

The estimates used by the Group to present these amounts in accordance with IFRS reflect conditions at 1 January 2016, the date of transition to IFRS and as of 30 June 2016.

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28. EXPLANATION OF TRANSITION TO IFRS (CONTINUED)

Reconciliation of equity:	*Note*	**Previous GAAP**	**Effect of transition to IFRSs**	**IFRS**	**Previous GAAP**	**Effect of transition to IFRSs**	**IFRS**	**Previous GAAP**	**Effect of transition to IFRSs**	**IFRS**
		------------31 December 2016------------			**------------30 June 2016---------------**			**--------------1 January 2016-------------**		
Assets										
Property and equipment		1,290,316,182	--	1,290,316,182	991,970,650	--	991,970,650	1,023,710,582	--	1,023,710,582
Capital work in progress		2,357,743,410	--	2,357,743,410	2,869,075,585	--	2,869,075,585	2,775,603,643	--	2,775,603,643
Capital work in progress – recoverable on disposal		359,747,097	--	359,747,097	359,747,097	--	359,747,097	359,747,097	--	359,747,097
Intangible assets and goodwill		202,753,670	--	202,753,670	209,449,438	--	209,449,438	290,359,673	--	290,359,673
Investment property		757,555,159	--	757,555,159	408,092,575	--	408,092,575	415,995,025	--	415,995,025
Investment in associates and joint ventures		1,059,015,836	--	1,059,015,836	1,052,982,330	--	1,052,982,330	149,574,221	--	149,574,221
Available for sale investments		1,000,000	--	1,000,000	4,762,437	--	4,762,437	4,524,949	--	4,524,949
Deferred tax assets	*(c)*	--	5,767,470	5,767,470	--	2,403,143	2,403,143	--	2,765,104	2,765,104
Non-current assets		**6,028,131,354**	**5,767,470**	**6,033,898,824**	**5,896,080,112**	**2,403,143**	**5,898,483,255**	**5,019,515,190**	**2,765,104**	**5,022,280,294**
Trade and other receivables	*(c)*	1,535,955,469	157,482,282	1,693,437,751	1,168,433,608	96,796,203	1,265,229,811	732,312,383	116,677,435	848,989,818
Due from related parties	*(c)*	38,033,271	(38,033,271)	--	15,370,559	(15,370,559)	--	12,465,096	(12,465,096)	--
Prepayments and advances	*(c)*	524,413,736	(125,216,481)	399,197,255	607,684,821	(83,828,787)	523,856,034	648,363,403	(106,977,443)	541,385,960
Cash and bank balances		1,249,531,766	--	1,249,531,766	1,761,504,857	--	1,761,504,857	2,008,773,003	--	2,008,773,003
Current assets		**3,347,934,242**	**(5,767,470)**	**3,342,166,772**	**3,552,993,845**	**(2,403,143)**	**3,550,590,702**	**3,401,913,885**	**(2,765,104)**	**3,399,148,781**
Total assets		**9,376,065,596**	**--**	**9,376,065,596**	**9,449,073,957**	**--**	**9,449,073,957**	**8,421,429,075**	**--**	**8,421,429,075**
Equity										
Share capital		2,096,500,000	--	2,096,500,000	2,096,500,000	--	2,096,500,000	2,000,000,000	--	2,000,000,000
Share premium		707,345,000	--	707,345,000	707,345,000	--	707,345,000	--	--	--
Statutory reserve		618,485,496	--	618,485,496	535,860,943	--	535,860,943	535,860,943	--	535,860,943
Translation reserve		(141,684,337)	--	(141,684,337)	(80,561,807)	--	(80,561,807)	(49,858,357)	--	(49,858,357)
Staff general fund reserve	*(c)*	--	88,054,182	88,054,182	--	84,473,796	84,473,796	--	78,806,340	78,806,340
Charity fund reserve	*(c)*	--	35,419,269	35,419,269	--	38,203,474	38,203,474	--	36,607,176	36,607,176
Fair value reserve		--	--	--	(130,813)	--	(130,813)	(368,301)	--	(368,301)
Other reserves		(141,684,337)	123,473,451	(18,210,886)	(80,692,620)	122,677,270	41,984,650	(50,226,658)	115,413,516	65,186,858
Retained earnings	*(a)*	2,229,314,220	(31,777,605)	2,197,536,615	1,979,367,064	(30,224,516)	1,949,142,548	1,485,693,245	(29,498,873)	1,456,194,372
Equity attributable to shareholders of the Company		5,509,960,379	91,695,846	5,601,656,225	5,238,380,387	92,452,754	5,330,833,141	3,971,327,530	85,914,643	4,057,242,173
Non-controlling interests	*(a)*	33,936,408	(2,356,614)	31,579,794	33,372,934	(2,396,943)	30,975,991	34,478,303	(2,538,168)	31,940,135
Total equity		**5,543,896,787**	**89,339,232**	**5,633,236,019**	**5,271,753,321**	**90,055,811**	**5,361,809,132**	**4,005,805,833**	**83,376,475**	**4,089,182,308**

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28. EXPLANATION OF TRANSITION TO IFRS (CONTINUED)

Reconciliation of equity (continued):

		Previous GAAP	Effect of transition to IFRSs	IFRS	Previous GAAP	Effect of transition to IFRSs	IFRS	Previous GAAP	Effect of transition to IFRSs	IFRS
		-------------31 December 2016------------			-------------30 June 2016---------------			---------------1 January 2016-------------		
Liabilities										
Loans and borrowings		861,000,000	--	861,000,000	1,049,228,734	--	1,049,228,734	1,106,905,939	--	1,106,905,939
Employee benefits	(a)	86,413,483	14,323,654	100,737,137	70,145,421	32,314,309	102,459,730	73,575,448	30,606,874	104,182,322
Deferred tax liabilities	(c)	--	4,433,809	4,433,809	--	7,198,687	7,198,687	--	8,358,609	8,358,609
Non-current liabilities		**947,413,483**	**18,757,463**	**966,170,946**	**1,119,374,155**	**39,512,996**	**1,158,887,151**	**1,180,481,387**	**38,965,483**	**1,219,446,870**
Bank overdraft		9,836,262	--	9,836,262	25,390,941	--	25,390,941	10,824,105	--	10,824,105
Short term debts	(c)	216,542,672	(216,542,672)	--	815,075,888	(815,075,888)	--	198,344,161	(198,344,161)	--
Current Zakat and tax liabilities		43,458,250	--	43,458,250	36,824,451	--	36,824,451	48,747,350	--	48,747,350
Loans and borrowings	(c)	--	216,542,672	216,542,672	139,918,632	815,075,888	954,994,520	142,583,316	198,344,161	340,927,477
Employee benefits	(c)	--	1,805,915	1,805,915	--	1,598,265	1,598,265	--	2,811,234	2,811,234
Trade and other payables	(c)	1,526,315,939	504,322,235	2,030,638,174	1,031,086,276	501,044,677	1,532,130,953	1,005,841,769	615,953,517	1,621,795,286
Deferred revenue	(c)	--	449,377,358	449,377,358	--	352,438,544	352,438,544	--	1,062,694,445	1,062,694,445
Accrued expenses and other current liabilities	(c)	739,224,534	(739,224,534)	--	654,471,052	(654,471,052)	--	1,430,854,114	(1,430,854,114)	--
Due to related parties	(c)	324,377,669	(324,377,669)	--	330,179,241	(330,179,241)	--	372,947,040	(372,947,040)	--
Provisions		25,000,000	--	25,000,000	25,000,000	--	25,000,000	25,000,000	--	25,000,000
Current liabilities		**2,884,755,326**	**(108,096,695)**	**2,776,658,631**	**3,057,946,481**	**(129,568,807)**	**2,928,377,674**	**3,235,141,855**	**(122,341,958)**	**3,112,799,897**
Total liabilities		**3,832,168,809**	**(89,339,232)**	**3,742,829,577**	**4,177,320,636**	**(90,055,811)**	**4,087,264,825**	**4,415,623,242**	**(83,376,475)**	**4,332,246,767**
Total equity and liabilities		**9,376,065,596**	**--**	**9,376,065,596**	**9,449,073,957**	**--**	**9,449,073,957**	**8,421,429,075**	**--**	**8,421,429,075**

(Saudi Riyals)

28. EXPLANATION OF TRANSITION TO IFRS (CONTINUED)

Reconciliation of profit or loss and other comprehensive income

		Previous GAAP	Effect of transition to IFRSs	IFRS	Previous GAAP	Effect of transition to IFRSs	IFRS	Previous GAAP	Effect of transition to IFRSs	IFRS
		-------------31 December 2016------------			-----3 Month ended 30 June 2016-------			-----6 Month ended 30 June 2016-----		
Revenue	*(b)*	8,041,140,709	(5,896,670,735)	2,144,469,974	2,214,186,834	(1,592,798,794)	621,388,040	4,182,514,884	(3,026,170,263)	1,156,344,621
Cost of revenue	*(b)*	(6,551,974,128)	6,078,099,969	(473,874,159)	(1,741,332,977)	1,645,168,910	(96,164,067)	(3,332,486,235)	3,104,298,851	(228,187,384)
Gross profit	*(b)*	1,489,166,581	181,429,234	1,670,595,815	472,853,857	52,370,116	525,223,973	850,028,649	78,128,588	928,157,237
Other income	*(c)*	191,631,974	(180,374,958)	11,257,016	50,891,193	(47,817,718)	3,073,475	77,326,288	(74,252,813)	3,073,475
Selling expenses	*(c)*	(272,374,525)	(3,488,020)	(275,862,545)	(61,065,962)	(4,353,368)	(65,419,330)	(126,454,175)	(4,651,679)	(131,105,854)
Administrative expenses	*(c)*	(396,463,428)	(3,164,091)	(399,627,519)	(94,379,765)	(2,711,439)	(97,091,204)	(192,392,484)	(716,233)	(193,108,717)
Impairment loss of intangible assets	*(c)*	(76,651,341)	76,651,341	--	(44,500,000)	44,500,000	--	(68,915,932)	68,915,932	--
Impairment loss of Investment in associates and joint ventures	*(c)*	(6,432,669)	6,432,669	--	--	--	--	(6,432,669)	6,432,669	--
Other expenses	*(c)*	--	(105,779,877)	(105,779,877)	--	(46,277,558)	(46,277,558)	--	(83,322,012)	(83,322,012)
Gain from acquisition a subsidiary	*(c)*	10,119,972	(10,119,972)	--	--	--	--	--	--	--
Loss from disposal of subsidiaries	*(c)*	(4,619,592)	4,619,592	--	(4,169,592)	4,169,592	--	(4,619,592)	4,619,592	--
Gain on disposal of available for sale investment	*(c)*	1,137,043	(1,137,043)	--	--	--	--	--	--	--
(Loss) / Gain on disposal of property and equipment	*(c)*	(7,107,049)	7,107,049	--	3,925,116	(3,925,116)	--	3,073,475	(3,073,475)	--
Operating profit		928,406,966	(27,824,076)	900,582,890	323,554,847	(4,045,491)	319,509,356	531,613,560	(7,919,431)	523,694,129
Finance income	*(c)*	30,410,178	14,750,842	45,161,020	10,156,592	920,006	11,076,598	19,152,078	1,846,985	20,999,063
Finance costs		(46,291,742)	--	(46,291,742)	(7,880,130)	--	(7,880,130)	(17,746,741)	--	(17,746,741)
Net finance income		(15,881,564)	14,750,842	(1,130,722)	2,276,462	920,006	3,196,468	1,405,337	1,846,985	3,252,322
Share of loss of investments in associates and joint ventures		(53,074,910)	--	(53,074,910)	(12,727,971)	--	(12,727,971)	(16,498,565)	--	(16,498,565)
Profit before Zakat and tax	*(a)*	859,450,492	(13,073,234)	846,377,258	313,103,338	(3,125,485)	309,977,853	516,520,332	(6,072,446)	510,447,886
Zakat and income tax expense		(30,000,385)	--	(30,000,385)	(9,944,154)	--	(9,944,154)	(20,205,408)	--	(20,205,408)
Profit from continuing operations	*(a)*	829,450,107	(13,073,234)	816,376,873	303,159,184	(3,125,485)	300,033,699	496,314,924	(6,072,446)	490,242,478

(Saudi Riyals)

28. EXPLANATION OF TRANSITION TO IFRS (CONTINUED)

Reconciliation of profit or loss and other comprehensive income		Previous GAAP	Effect of transition to IFRSs	IFRS	Previous GAAP	Effect of transition to IFRSs	IFRS	Previous GAAP	Effect of transition to IFRSs	IFRS
Reconciliation of profit or loss and other Other comprehensive income		-------------31 December 2016------------			-----3 Month ended 30 June 2016-------			-----6 Month ended 30 June 2016-----		
Items that will not be reclassified to profit or loss										
Remeasurements of defined benefit liability	*(a)*	--	10,976,056	10,976,056	--	2,744,014	2,744,014	--	5,488,028	5,488,028
		--	10,976,056	10,976,056	--	2,744,014	2,744,014	--	5,488,028	5,488,028
Items that are or may be reclassified subsequently to profit or loss										
Foreign operations – foreign currency translation differences	*(c)*	--	(91,825,980)	(91,825,980)	--	(13,589,026)	(13,589,026)	--	(30,703,450)	(30,703,450)
Available for sale investments – net change in fair value	*(c)*	--	1,505,344	1,505,344	--	591,774	591,774	--	237,488	237,488
Available for sale investments – reclassified to profit/loss	*(c)*	--	(1,137,043)	(1,137,043)	--	--	--	--	--	--
Other comprehensive income, net of tax		--	(80,481,623)	(80,481,623)	--	(10,253,238)	(10,253,238)	--	(24,977,934)	(24,977,934)
Total comprehensive income		829,450,107	(93,554,857)	735,895,250	303,159,184	(13,378,723)	289,780,461	496,314,924	(31,050,380)	465,264,544
Profit attributable to:										
Shareholders of the Company		826,245,528	(12,477,731)	813,767,797	299,830,529	(2,976,610)	296,853,919	493,673,819	(5,774,695)	487,899,124
Non-controlling interests		3,204,579	(595,503)	2,609,076	3,328,655	(148,875)	3,179,780	2,641,105	(297,751)	2,343,354
		829,450,107	(13,073,234)	816,376,873	303,159,184	(3,125,485)	300,033,699	496,314,924	(6,072,446)	490,242,478
Total comprehensive income attributable to:										
Shareholders of the Company		826,245,528	(93,628,697)	732,616,831	299,830,529	(13,395,479)	286,435,050	493,673,819	(31,083,891)	462,589,928
Non-controlling interests	*(a)*	3,204,579	73,840	3,278,419	3,328,655	16,756	3,345,411	2,641,105	33,511	2,674,616
		829,450,107	(93,554,857)	735,895,250	303,159,184	(13,378,723)	289,780,461	496,314,924	(31,050,380)	465,264,544
Earnings per share										
Basic and diluted earnings per share		3.99	(0.11)	3.88	1.46	(0.04)	1.42	2.41	(0.08)	2.33

28. EXPLANATION OF TRANSITION TO IFRSs (CONTINUED)

Note to the reconciliations

a) Under previous GAAP:
   i. The Group computed end of service benefits liability such that the current value of the vested benefits to which the employee is entitled, should the services be terminated as at the balance sheet date. Under IFRSs, end of service benefits are recognized as an employee benefit as a defined benefits plan. As a result, the project unit method is used and actuarial valuations are obtained at each period end. This affected the employee benefits, non-controlling interest and retained earnings.
   ii. The contribution payable by the Company was previously classified under employee benefits. Under IFRSs, this has been reclassified to trade and other payables.
   iii. The amount pertains to computation of employee benefits liability relating to Saudi Company for Transportation United (SCT), for which the company acquired 10% remaining Non-controlling interest during first quarter of 2016, resulting in loss on equity transaction.

The impact arising from the change is summarized as follow:

	31 December 2016	30 June 2016 *(3 month)*	30 June 2016 *(6 month)*
Consolidated statement of profit and loss and other comprehensive income			
i. Employee benefits	(13,073,234)	(3,125,485)	(6,072,446)
i. Remeasurements of defined benefit liability	10,976,056	2,744,014	5,488,028
Adjustment in profit and loss and other comprehensive income	(2,097,178)	(381,471)	(584,418)

	31 December 2016	30 June 2016	1 January 2016
Consolidated statement of financial position			
i. Employee benefits – current period	2,097,178	584,418	--
i. Employee benefits – opening retained earnings	32,037,041	32,037,041	32,037,041
ii. Contribution to defined contribution plan	(19,810,565)	(307,150)	(1,430,167)
Adjustments to employee benefits	14,323,654	32,314,309	30,606,874

	31 December 2016	30 June 2016	1 January 2016
Consolidated statement of financial position			
i. Non-controlling interest – current period	73,840	33,511	--
i. Non-controlling interest – opening retained earnings	(2,538,168)	(2,538,168)	(2,538,168)
iii. Non-controlling interest - loss on equity transaction	107,714	107,714	--
Adjustment in non-controlling interests	(2,356,614)	(2,396,943)	(2,538,168)

	31 December 2016	30 June 2016	1 January 2016
Consolidated statement of financial position			
iii. Non-controlling interest – loss on equity transaction	(107,714)	(107,714)	--
i. Employee benefits – current period	(2,171,018)	(617,929)	--
i. Employee benefits – opening retained earnings	(32,037,041)	(32,037,041)	(32,037,041)
i. Non-controlling interest – opening retained earnings	2,538,168	2,538,168	2,538,168
Adjustment in retained earnings	(31,777,605)	(30,224,516)	(29,498,873)

28. EXPLANATION OF TRANSITION TO IFRSs (CONTINUED)

Note to the reconciliations (continued)

b) Under previous GAAP:
   i. Certain revenue segments were reported as gross. Industry practice under IFRSs, revenue from certain segments are presented net, only commission is recorded.
   ii. Airlines incentives was 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	30 June 2016 (3 month)	30 June 2016 (6 month)
Consolidated statement of profit and loss and other comprehensive income			
i. Revenue	(6,078,099,969)	(1,645,168,910)	(3,104,298,851)
ii. Airline incentive income	181,429,234	52,370,116	78,128,588
Adjustment to revenue	(5,896,670,735)	(1,592,798,794)	(3,026,170,263)

	31 December 2016	30 June 2016 (3 month)	30 June 2016 (6 month)
Consolidated statement of profit and loss and other comprehensive income			
i. Cost of revenue	6,078,099,969	1,645,168,910	3,104,298,851
Adjustment to cost of revenue	6,078,099,969	1,645,168,910	3,104,298,851

	31 December 2016	30 June 2016 (3 month)	30 June 2016 (6 month)
Consolidated statement of profit and loss and other comprehensive income			
i. Revenue	(6,078,099,969)	(1,645,168,910)	(3,104,298,851)
ii. Airline incentive income	181,429,234	52,370,116	78,128,588
i. Cost of revenue	6,078,099,969	1,645,168,910	3,104,298,851
Adjustment to gross profit	181,429,234	52,370,116	78,128,588

c) These balances have been reclassified to confirm with the IFRSs presentation.

Material adjustments to the statement of cash flows

Bank overdrafts of SR 9.8 million at 31 December 2016 (30 June 2016: SR 25.4 million) that are repayable on demand and form an integral part of the Group's cash management were classified as financing cash flows under SOCPA GAAP. 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 GAAP.

29. SUBSEQUENT EVENTS

On 2nd July 2017 the Group has signed a memorandum of understanding with Investment Capital Company to establish a real estate investment fund (REIT). The objective of the fund is to offer four of the Group's hospitality properties in Makkah city in a REIT with Al Tayyar Travel Group maintaining the majority stake in the fund.

30. APPROVAL OF UNAUDITED CONDEDNSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These unaudited condensed interim consolidated financial statements were approved by the board of directors on 15 Dhual-Qa'dah 1438H (corresponding to 7 August 2017).