

**SAUDI AIRLINES CATERING COMPANY
(SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANTS'
REVIEW REPORT
FOR THE THREE MONTH PERIOD AND
THE YEAR ENDED DECEMBER 31, 2014**

**SAUDI AIRLINES CATERING COMPANY
(SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM FINANCIAL STATEMENTS AND INDEPENDENT
ACCOUNTANTS' REVIEW REPORT
FOR THE THREE MONTH PERIOD AND THE YEAR ENDED DECEMBER 31, 2014**

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the stockholders
Saudi Airlines Catering Company
Jeddah, Saudi Arabia

Scope of Review

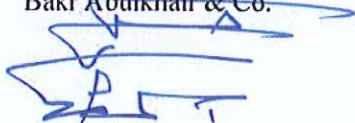
We have reviewed the interim balance sheet of SAUDI AIRLINES CATERING COMPANY (a Saudi Joint Stock Company) (the "Company") as of December 31, 2014 and the related interim statements of income for the three month period and the year then ended and stockholders' equity and cash flows for the year then ended, and notes 1 to 15 which form an integral part of these interim financial statements as prepared by the Company and presented to us with all the necessary information and explanations. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the Standard of Review on Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Review Results

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

Deloitte & Touche
Bakr Abulkhair & Co.




Al-Mutahhar Y. Hamiduddin
License No. 296


19 Rabi'I, 1436
January 10, 2015

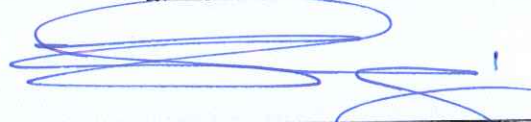
SAUDI AIRLINES CATERING COMPANY
(SAUDI JOINT STOCK COMPANY)

INTERIM BALANCE SHEET
AS OF DECEMBER 31, 2014
(Expressed in Saudi Riyals)

	Note	December 31, 2014 (Unaudited)	December 31, 2013 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents		676,908,599	882,815,752
Accounts receivable - trade		84,964,825	56,664,429
Due from related parties	6	468,473,131	362,407,478
Inventories		86,753,572	76,629,751
Prepaid expenses and other receivables		154,273,566	68,598,971
Total current assets		1,471,373,693	1,447,116,381
Non-current assets			
Held to maturity investments	3	140,000,000	140,000,000
Property, plant and equipment		191,497,391	98,119,655
Margins on letters of guarantee	4	10,167,111	10,169,048
Total non-current assets		341,664,502	248,288,703
TOTAL ASSETS		1,813,038,195	1,695,405,084
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable - trade		172,022,095	146,032,966
Due to a related party	6	6,557,631	6,542,931
Dividends payable	7	3,572,374	2,792,541
Accrued expenses and other liabilities		241,107,183	230,727,188
Zakat and income tax payable	5	40,295,776	38,273,402
Total current liabilities		463,555,059	424,369,028
Non-current liabilities			
End-of-service indemnities		116,920,570	112,407,044
Accrued bonus - long-term		6,855,646	-
Total non-current liabilities		123,776,216	112,407,044
Stockholders' equity			
Share capital	1	820,000,000	820,000,000
Statutory reserve	13	216,750,092	151,356,809
Retained earnings		188,956,828	187,272,203
Total stockholders' equity		1,225,706,920	1,158,629,012
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		1,813,038,195	1,695,405,084


Chief Financial Officer


Chief Executive Officer



Authorized Board of Directors' Member

The accompanying notes form an integral part of these unaudited interim financial statements

SAUDI AIRLINES CATERING COMPANY
(SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INCOME
FOR THE THREE MONTH PERIOD AND THE YEAR ENDED DECEMBER 31, 2014
(Expressed in Saudi Riyals)

	Note	Three month period from October 1 to December 31		Year ended December 31	
		2014 (Unaudited)	2013 (Unaudited)	2014 (Unaudited)	2013 (Audited)
Revenues:					
In-flight catering revenue		387,226,767	364,815,795	1,603,413,854	1,429,682,965
Sky sales revenue		55,696,528	47,773,871	209,392,758	188,967,459
Business lounge revenue		25,609,761	18,065,141	90,590,132	66,779,931
Non-airlines revenue		51,308,257	38,699,948	176,399,615	135,169,526
Other operating revenues	9	15,534,306	11,019,096	56,143,711	46,898,284
Total revenues	6, 12	535,375,619	480,373,851	2,135,940,070	1,867,498,165
Cost of revenues					
Cost of materials and goods		(234,743,371)	(202,231,376)	(915,440,274)	(776,330,745)
Personnel costs		(47,171,733)	(45,633,830)	(188,760,041)	(181,053,375)
Rent and maintenance of production units		(18,424,014)	(20,388,379)	(84,787,122)	(82,549,635)
Depreciation		(4,210,569)	(3,225,515)	(15,291,999)	(12,841,142)
Other operating costs	10	(47,490,743)	(31,353,370)	(157,086,268)	(122,808,541)
Total cost of revenues		(352,040,430)	(302,832,470)	(1,361,365,704)	(1,175,583,438)
Gross profit		183,335,189	177,541,381	774,574,366	691,914,727
General and administrative expenses		(18,657,438)	(54,685,647)	(141,249,564)	(146,104,228)
Operating income		164,677,751	122,855,734	633,324,802	545,810,499
Other revenues and (expenses), net		8,147,367	4,332,300	20,608,030	23,541,413
NET INCOME	12	172,825,118	127,188,034	653,932,832	569,351,912
Earnings per share from net income	8	2.11	1.55	7.97	6.94


Chief Financial Officer


Chief Executive Officer


Authorized Board of Directors' Member

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SAUDI AIRLINES CATERING COMPANY
(SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2014
(Expressed in Saudi Riyals)

	Note	Share capital	Statutory reserve	Retained earnings	Total
January 1, 2013	1	820,000,000	94,421,618	147,276,985	1,061,698,603
Net income for the year		-	-	569,351,912	569,351,912
Transfer to statutory reserve	13	-	56,935,191	(56,935,191)	-
Zakat and income tax	5	-	-	(46,217,365)	(46,217,365)
Dividends	7	-	-	(426,204,138)	(426,204,138)
December 31, 2013		820,000,000	151,356,809	187,272,203	1,158,629,012
Net income for the year		-	-	653,932,832	653,932,832
Transfer to statutory reserve	13	-	65,393,283	(65,393,283)	-
Zakat and income tax	5	-	-	(46,201,746)	(46,201,746)
Dividends	7	-	-	(540,653,178)	(540,653,178)
December 31, 2014		820,000,000	216,750,092	188,956,828	1,225,706,920



Chief Financial Officer



Chief Executive Officer



Authorized Board of Directors' Member

The accompanying notes form an integral part of these unaudited interim financial statements

SAUDI AIRLINES CATERING COMPANY
(SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Expressed in Saudi Riyals)

	2014 (Unaudited)	2013 (Audited)
OPERATING ACTIVITIES		
Net income	653,932,832	569,351,912
Adjustments for:		
Depreciation	18,499,911	15,494,238
Reversal of allowance for doubtful debts	(31,076,031)	(5,290,157)
Allowance for/(reversal of) slow moving inventories	2,083,148	(1,283,061)
Loss from sale of property, plant and equipment	81,079	247,443
Provision for end-of-service indemnities	14,186,326	20,237,372
Accrued bonus - long-term	6,855,646	-
Investment income	(3,689,382)	(1,987,472)
Changes in operating assets and liabilities:		
Accounts receivable - trade	1,928,754	4,068,418
Due from related parties	(105,218,772)	(107,911,109)
Inventories	(12,206,969)	(2,066,560)
Prepaid expenses and other receivables	(85,006,375)	(6,411,319)
Margins on letters of guarantee	1,937	(160,000)
Accounts payable - trade	25,989,129	(5,598,424)
Due to a related party	14,700	6,542,931
Accrued expenses and other liabilities	10,379,995	28,389,506
Cash generated from operations	496,755,928	513,623,718
End-of-service indemnities paid	(9,672,800)	(13,263,518)
Net cash from operating activities	487,083,128	500,360,200
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(112,035,726)	(24,137,851)
Proceeds from sale of property, plant and equipment	77,000	322,992
Held to maturity investments	-	(140,000,000)
Investment income received	3,021,162	1,359,122
Net cash used in investing activities	(108,937,564)	(162,455,737)
FINANCING ACTIVITIES		
Zakat and income tax paid	(44,179,372)	(42,926,555)
Dividends paid	(539,873,345)	(424,100,603)
Net cash used in financing activities	(584,052,717)	(467,027,158)
Net change in cash and cash equivalents	(205,907,153)	(129,122,695)
Cash and cash equivalents, January 1	882,815,752	1,011,938,447
CASH AND CASH EQUIVALENTS, DECEMBER 31	676,908,599	882,815,752
<u>Additional disclosure for non-cash transactions</u>		
Bad debts written-off	5,271	29,175
Inventories written-off	439,185	230,331
Unpaid dividends declared	3,572,374	2,792,541
Zakat and income tax charged to retained earnings	46,201,746	46,217,365
Accrued investment income debited to prepaid expenses and other receivables	668,220	628,350

Chief Financial Officer

Chief Executive Officer

Authorized Board of Directors' Member

The accompanying notes form an integral part of these unaudited interim financial statements

SAUDI AIRLINES CATERING COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD AND THE YEAR ENDED DECEMBER 31, 2014
(Expressed in Saudi Riyals)

1. ORGANIZATION AND ACTIVITIES

Saudi Airlines Catering Company (the "Company") was registered as a Saudi limited liability company on 20 Muharram 1429 (January 29, 2008) under commercial registration number 4030175741. The share capital of the Company, amounting to SR 100,767,000, was divided into 1,007,670 shares of SR 100 each. The Company was established as a wholly owned subsidiary of Saudi Arabian Airlines Corporation ("Saudia") whose contribution to the share capital was made up of SR 500,000 cash and SR 100,267,000 of net assets of its catering division transferred effective on January 1, 2008.

On April 22, 2008, Saudia sold 493,758 shares representing 49% of the total share capital of the Company to the Strategic Catering Company Limited. The formalities of the transaction were completed on 19 Rajab, 1429 (July 22, 2008).

On December 26, 2010 the shareholders resolved to amend the Articles of Association to reflect the sale of 3% of Saudia's shares in the Company to Saudi Airlines Company Limited, Saudia Private Aviation Company Limited and Saudia Real Estate and Development Company Limited which are wholly owned subsidiaries of Saudia. Furthermore, the shareholders decided to convert the Company from a limited liability company to a closed joint stock company and divide the capital of the Company which amounted to SR 100,767,000 into 10,076,700 ordinary shares of SR 10 each instead of 1,007,670 shares of SR 100 each. The Company obtained the approval of the Minister of Commerce and Industry for the above sale and conversion on 29/1/1432 (January 4, 2011) and obtained the amended Commercial Registration on 10/3/1432 (February 13, 2011).

On March 19, 2011 the shareholders resolved to increase the share capital by SR 719,233,000 by transferring SR 658,791,392 from the retained earnings, SR 13,718,428 from general reserve and SR 46,723,180 from statutory reserve. The Company finalized the related formalities and obtained the amended commercial registration on 26 Jamad'I, 1432 (April 30, 2011).

During the period from 28 Rajab, 1433 (June 18, 2012) to 4 Shaban, 1433 (June 24, 2012), the Company sold 24.6 million shares through an initial public offering representing 30% of the Company's share capital at SR 54 per share including the nominal value amounting to SR 10 per share and an issue premium of SR 44 per share. Thus, the Company converted into a public joint stock company and commenced trading on the Tadawul in the Kingdom of Saudi Arabia on July 9, 2012. Following the sale of stocks, the Company is owned as follows:

	Stocks	Value
Saudi Arabian Airlines Corporation	29,274,000	292,740,000
Strategic Catering Company Limited	28,126,000	281,260,000
Public stockholders	24,600,000	246,000,000
	<u>82,000,000</u>	<u>820,000,000</u>

The Company has obtained the amended commercial registration and the amended by-laws reflecting the public offering.

The main objectives of the Company are provision of cooked and non-cooked food to private and public sectors, provision of sky sales, operation and management of duty free zones in Saudi Arabian airports and ownership, operation and management of restaurants and groceries at airports and other places, ownership, operation and management of central laundries.

The Company mainly provides catering services to Saudi Arabian Airlines and other foreign airlines in the airports of Jeddah, Riyadh, Dammam and Madinah in Saudi Arabia and to Saudia's flights operating from Cairo International Airport.

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On August 2, 2013, the board of directors resolved to establish a limited liability company with a share capital of SR 30 million to be mainly owned and controlled by the Company. The new established company which has still not been incorporated will be under the name of Saudi Airlines Catering Services ("SAC Services") and will include "business and industry" catering activity which is currently part of the Company's operation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying interim unaudited financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. The accounting policies adopted by the Company for the preparation of these interim unaudited financial statements are consistent with those used for the preparation of the annual statutory financial statements.

The following is a summary of significant accounting policies applied by the Company:

Use of estimates

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

Revenue recognition

Revenues are recognized when goods are delivered and services are rendered to customers and are stated net of discounts.

Expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of revenues as required under accounting standards generally accepted in the Kingdom of Saudi Arabia. Allocations between general and administrative expenses and cost of revenues, when required, are made on a consistent basis.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a weighted average cost basis. An allowance is also established for items deemed to be slow moving or obsolete.

Financial assets and financial liabilities

The Company's financial assets comprise cash and cash equivalents, investments held to maturity, accounts receivable-trade, amounts due from related parties and margins on letters of guarantee. Except for investments, financial assets are stated at their nominal values as reduced by an appropriate allowance for estimated irrecoverable amounts.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include accounts payable-trade, due to a related party and dividends payable and are stated at their nominal values.

The held to maturity investments are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating the interest income or expense over the relevant period.

SAUDI AIRLINES CATERING COMPANY
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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD AND THE YEAR ENDED DECEMBER 31, 2014
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Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

Certain categories of financial assets, such as accounts receivable-trade, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced through the use of an allowance account with a corresponding charge to the statement of income. When a financial asset is not considered recoverable, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to the statement of income.

Held to maturity investments

Investments which have fixed or determined payments that the Company has the positive intention and ability to hold to maturity are subsequently measured at amortized cost, less provision for impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition. Realized gain or loss or interest income on such investments is recognized in the statement of income.

Property, plant and equipment

Land is recorded at cost.

Property, plant and equipment other than land are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight line method. The estimated useful lives of the principal classes of assets are as follows:

Leasehold improvements	5-20 years
Equipment	3-7 years
Motor vehicles	7-10 years

Impairment of non-current assets

At each balance sheet date, the Company assesses whether there are any indications, whether internal or external, of impairment in the value of non-current assets. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

A non-current asset is considered impaired if its carrying amount is higher than its recoverable amount. To determine impairment, the Company compares the non-current asset's carrying amount with the undiscounted estimated cash flow from the asset's use. If the carrying amount exceeds the undiscounted cash flow from the asset, the Company estimates the present value of the estimated future cash flows from the asset. The excess of the carrying amount over the present value of the estimated future cash flows from the assets is considered an impairment loss.

SAUDI AIRLINES CATERING COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD AND THE YEAR ENDED DECEMBER 31, 2014
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An impairment loss is recognized immediately in the statement of income. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior years. A reversal of an impairment loss is recognized immediately in the statement of income.

Foreign currency transactions

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of income.

End-of-service indemnities

End-of-service indemnities, required by Saudi Arabian Labor Law, are provided in the interim financial statements based on the employees' length of service.

Zakat and income tax

The Company is subject to the Regulations of the Directorate of Zakat and Income Tax ("DZIT") in the Kingdom of Saudi Arabia. Zakat and income tax are provided on an accruals basis. The zakat charge is computed on the zakat base. Income tax is computed on adjusted net income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating lease are charged to income on a straight-line basis over the term of the operating lease.

Dividends

Final dividends are recognized as liability at the time of their approval by the general assembly.

Interim dividends are recorded when approved by the Board of Directors.

Segmental analysis

An operating segment is a component of the Company that is engaged in business activities from which it earns revenues and incurs expenses and about which discrete financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. For management purposes, the Company is organized into business units based on their products and services and has two reportable operating segments as follows:

- Catering, which includes business lounges, non-airlines and others;
- Sky sales.

Segment performance is evaluated based on profit or loss which, in certain respects, is measured differently from profit or loss in the accompanying interim financial statements.

SAUDI AIRLINES CATERING COMPANY
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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD AND THE YEAR ENDED DECEMBER 31, 2014
(Expressed in Saudi Riyals)

3. HELD TO MATURITY INVESTMENTS

The held to maturity investments consist of investment in:

- The Saudi Binladin Group Sukuk Limited with a return of SIBOR plus a margin of 1.7 per cent is calculated quarterly and it shall be liquidated on October 7, 2015 but Saudi Binladin Group Sukuk Limited has the ability to redeem the Sukuk periodically after April 7, 2015 by serving a call option notice. The Company has purchased the investment for an amount of SR 100,000,000.
- The Saudi British Bank (SABB) Sukuk ("Sukuk II") with a return of SIBOR plus a margin of 1.4 per cent is calculated semi-annually. The Sukuk II shall be liquidated in 2020 but SABB has the ability to redeem the Sukuk in 2018 by serving a call option notice. The Company has purchased the investment in Sukuk II for an amount of SR 40,000,000.

4. MARGINS ON LETTERS OF GUARANTEE

The margins on letters of guarantee represent 100% of the letters of guarantee value and these letters of guarantee will expire after December 31, 2015.

5. ZAKAT AND INCOME TAX

The Company has charged directly to its retained earnings the zakat and income tax liabilities for the year amounting to SR 46,201,746 (2013: SR 46,217,365).

The Company has submitted its zakat and income tax declarations for the years 2009, 2010, 2011, 2012 and 2013. The Company has paid the amounts due according to the declarations which are currently under review by the DZIT.

6. RELATED PARTY TRANSACTIONS

<u>Name</u>	<u>Relationship</u>
Saudi Arabian Airlines Corporation ("Saudia")	Stockholder
Newrest Group Holding S.L.	One of the ultimate stockholders
Saudi Airlines Cargo Company	Affiliate
Alhokair Group Joint Stock Company	One of the ultimate stockholders
Saudia Airlines Real Estate Development Company	Affiliate
Saudi Ground Services Company	Affiliate
Board of Directors	Connected persons

SAUDI AIRLINES CATERING COMPANY
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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD AND THE YEAR ENDED DECEMBER 31, 2014
(Expressed in Saudi Riyals)

The significant transactions and the related approximate amounts for the year ended December 31 are as follows:

	2014 (Unaudited)	2013 (Audited)
Catering and other services rendered to Saudia	1,427,655,000	1,285,149,000
Services and other expenses charged by Saudia	11,322,000	4,430,000
Net services rendered to/charged by Saudi Ground Services Company	44,796,000	22,116,000
Net services rendered to/charged by Saudi Airlines Cargo Company	18,827,000	26,948,000
Net services rendered to/charged by Newrest Group Holding S.L.	1,213,000	1,430,899
Net services rendered to Alhokair Group Joint Stock Company	1,472,000	2,819,521
Re-allocation of leasing charges	175,700	3,840,000
Management fees	15,000,000	12,000,000
Board of directors' fees and expenses	2,374,000	1,983,000

Due from related parties as of December 31 are comprised of the following:

	2014 (Unaudited)	2013 (Audited)
Saudi Arabian Airlines Corporation - trade accounts ("Saudia") (net of allowance for doubtful debts of SR 10,740,925 in 2014 and SR 11,593,077 in 2013)	448,271,457	335,292,621
Saudi Ground Services Company	11,397,810	15,408,492
Saudi Airlines Cargo Company	8,435,915	11,287,662
Alhokair Group Joint Stock Company	367,949	418,703
	<u>468,473,131</u>	<u>362,407,478</u>

Due to a related party as of December 31 is comprised of SR 6,557,631 due to Saudia Airlines Real Estate Development Company (2013: SR 6,542,931).

Catering and other services rendered to Saudi Arabian Airlines Corporation during the year represent 67% (2013: 69%) of total revenues of the Company.

7. DIVIDENDS

In their ordinary general meeting assembly on April 8, 2013, the stockholders approved the distribution of dividends of SR 118 million which is equivalent to SR 1.44 per share from the Company's retained earnings as of December 31, 2012 which was paid during the year ended December 31, 2013. The stockholders also approved at the meeting, the additional distribution of SR 103 million which is equivalent to SR 1.26 per share, from the Company's interim profit which was paid during 2013.

On 17th July 2013, the Board of Directors resolved to distribute interim dividends during the period amounting to SR 102.5 million, which is equivalent to SR 1.25 per share, from the Company's interim profit.

On September 24, 2013, the Board of Directors resolved to distribute interim dividends amounting to SR 102.5 million, which is equivalent to SR 1.25 per share, from the Company's interim profit.

SAUDI AIRLINES CATERING COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD AND THE YEAR ENDED DECEMBER 31, 2014
(Expressed in Saudi Riyals)

In their ordinary general meeting assembly on March 31, 2014, the stockholders approved the distribution of dividends from the Company's retained earnings as of December 31, 2013 of SR 136.8 million which is equivalent to SR 1.75 per share before income tax deduction.

On April 21, 2014, the Board of Directors resolved to distribute interim dividends amounting to SR 121.2 million, which is equivalent to SR 1.50 per share before income tax deduction, from the Company's interim profit.

On July, 2014, the Board of Directors resolved to distribute interim dividends amounting to SR 141.2 million, which is equivalent to SR 1.75 per share before income tax deduction, from the Company's interim profit.

On October, 2014, the Board of Directors resolved to distribute interim dividends amounting to SR 141.4 million, which is equivalent to SR 1.75 per share before income tax deduction, from the Company's interim profit.

8. EARNINGS PER SHARE

	Period from October 1 to December 31		Year ended December 31	
	2014	2013	2014	2013
	(unaudited)	(unaudited)	(unaudited)	(audited)
<i>EPS from net income</i>				
Net income	172,825,118	127,188,034	653,932,832	569,351,912
Weighted average number of shares	82,000,000	82,000,000	82,000,000	82,000,000
Earnings per share	2.11	1.55	7.97	6.94
<i>EPS from continuing operations</i>				
Operating income	164,677,751	122,855,734	633,324,802	545,810,499
Weighted average number of shares	82,000,000	82,000,000	82,000,000	82,000,000
Earnings per share	2.01	1.50	7.72	6.66
<i>EPS from non-operating operations</i>				
Non-operating income	8,147,367	4,332,300	20,608,030	23,541,413
Weighted average number of shares	82,000,000	82,000,000	82,000,000	82,000,000
Earnings per share	0.10	0.05	0.25	0.29

9. OTHER OPERATING REVENUES

	Three month period ended December 31, 2014	Three month period ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Camp facilities sales (staff feeding & accommodation)	15,000	17,500	61,667	139,167
Exclusivity purchase income & services to suppliers	4,284,365	4,455,649	25,324,848	21,764,641
Transfer of airline equipment charges	11,234,941	6,545,947	30,757,196	24,994,476
	15,534,306	11,019,096	56,143,711	46,898,284

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10. OTHER OPERATING COSTS

	Three month period ended December 31, 2014 (Unaudited)	Three month period ended December 31, 2013 (Unaudited)	Year ended December 31, 2014 (Unaudited)	Year ended December 31, 2013 (Audited)
Communications and utilities	(4,017,133)	2,913,528	9,253,044	12,519,336
Supplies and expandable items	9,359,654	6,303,603	33,116,185	28,920,034
Service agreement	28,978,232	14,348,607	73,143,048	55,517,321
Other operational costs	13,169,990	7,787,632	41,573,991	25,851,850
	47,490,743	31,353,370	157,086,268	122,808,541

11. COMMITMENTS AND CONTINGENCIES

As of December 31, the Company had the following commitments and contingencies:

	2014 (Unaudited)	2013 (Audited)
Commitments for future capital expenditure	228,168,249	52,024,069

12. SEGMENTAL INFORMATION

Segment information is related to the activities of the Company as a basis for the preparation of its own financial information.

The assets, liabilities and the results of operations of the segments include items related directly to a certain segment and items which could be distributed on the segments on a consistent basis. The Company's activities consist of the following business segments:

1. Catering including business lounges, non-airlines and others
2. Sky sales

The Company's assets, liabilities and results of operations as of and for the year ended December 31, 2014 and 2013 by business segments are detailed below:

	Catering	Sky sales	Total
<u>2014 (Unaudited)</u>			
Assets	1,724,336,898	88,701,297	1,813,038,195
Liabilities	550,856,815	36,474,460	587,331,275
Revenues	1,926,547,312	209,392,758	2,135,940,070
Net income	584,793,353	69,139,479	653,932,832
<u>2013 (audited)</u>			
Assets	1,626,888,284	68,516,800	1,695,405,084
Liabilities	483,318,155	53,457,917	536,776,072
Revenues	1,678,530,706	188,967,459	1,867,498,165
Net income	509,250,869	60,101,043	569,351,912

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13. STATUTORY RESERVE

In accordance with Regulations for Companies in the Kingdom of Saudi Arabia and the Company's By-laws, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution. The Company has appropriated the required statutory reserve for the year ended December 31, 2014 based on the interim unaudited financial statements. Such reserve will be adjusted based on the final annual statutory financial statements.

14. FAIR VALUES

Except for its held to maturity investments, the fair value of the Company's financial assets and liabilities approximate their carrying amount.

15. COMPARATIVE FIGURES

Certain figures for 2013 have been reclassified to conform with the presentation in the current year.