

**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, 2013**

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, 2013

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the shareholders
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, 2013 and the related interim statements of income for the three month period and the year then ended and shareholders' equity and cash flows for the year then ended, and notes 1 to 14 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 modifications that should be made to the interim financial statements for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

Deloitte & Touche
Bakr Abulhair & Co.



Al-Mutahhar Y. Hamiduddin
License No. 296

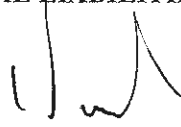
12 Rabi 'I, 1435
January 13, 2014

SAUDI AIRLINES CATERING COMPANY
(SAUDI JOINT STOCK COMPANY)


INTERIM BALANCE SHEET
AS OF DECEMBER 31, 2013

(Expressed in Saudi Riyals)

	Note	December 31, 2013 (Unaudited)	December 31, 2012 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents		893,084,800	1,022,122,495
Accounts receivable - trade		57,083,132	53,791,898
Due from related parties	5	355,445,844	256,147,161
Inventories		76,629,751	73,280,130
Prepaid expenses and other receivables		68,498,971	61,384,302
Total current assets		1,450,742,498	1,466,725,986
Non-current assets			
Held to maturity investment	3	140,000,000	-
Property, plant and equipment		98,119,655	90,046,477
Total non-current assets		238,119,655	90,046,477
TOTAL ASSETS		1,688,862,153	1,556,772,463
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable - trade		146,032,966	151,631,390
Dividends payable	6	2,792,541	689,006
Accrued expenses and other liabilities		269,000,590	237,320,274
Total current liabilities		417,826,097	389,640,670
Non-current liabilities			
End-of-service indemnities		112,407,044	105,433,190
Total non-current liabilities		112,407,044	105,433,190
Shareholders' equity			
Share capital	1	820,000,000	820,000,000
Statutory reserve	12	151,356,809	94,421,618
Retained earnings		187,272,203	147,276,985
Total shareholders' equity		1,158,629,012	1,061,698,603
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,688,862,153	1,556,772,463


Chief Financial Officer


Chief Executive Officer


Authorized Board of Directors Member

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

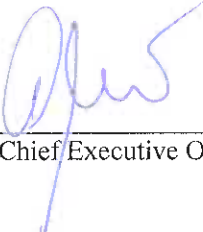
SAUDI AIRLINES CATERING COMPANY
(SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF INCOME
FOR THE THREE MONTH PERIOD AND THE YEAR ENDED DECEMBER 31, 2013
(Expressed in Saudi Riyals)

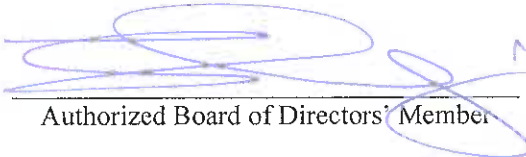
	Note	Three month period from October 1 to December 31		Year ended December 31	
		2013 (Unaudited)	2012 (Unaudited)	2013 (Unaudited)	2012 (Audited)
Revenues:					
In-flight catering revenue		364,815,795	337,313,817	1,429,682,965	1,301,374,793
Sky sales revenue		47,773,871	46,739,745	188,967,459	176,886,061
Business lounge revenue		18,065,141	13,383,813	66,779,931	51,049,938
Non-airlines revenue		38,699,948	37,261,455	135,169,526	114,743,685
Other operating revenues	8	11,019,096	12,188,377	46,898,284	43,338,215
Total revenues	5, 11	480,373,851	446,887,207	1,867,498,165	1,687,392,692
Cost of revenues					
Cost of materials and goods		202,231,376	187,664,816	776,330,745	688,811,950
Personnel costs		45,633,830	44,953,344	181,053,375	169,609,121
Rent and maintenance of production units		20,388,379	19,689,114	82,549,635	71,995,548
Depreciation		3,225,515	2,223,262	12,841,142	13,506,914
Other operating costs	9	31,353,370	39,298,898	122,808,541	115,469,921
Total cost of revenues		302,832,470	293,829,434	1,175,583,438	1,059,393,454
Gross profit		177,541,381	153,057,773	691,914,727	627,999,238
General and administrative expenses		54,685,647	26,258,948	146,104,228	121,217,226
Operating income		122,855,734	126,798,825	545,810,499	506,782,012
Other revenues and (expenses), net		4,332,300	(22,972,498)	23,541,413	(19,730,787)
NET INCOME	11	127,188,034	103,826,327	569,351,912	487,051,225
Earnings per share from net income	7	1.55	1.27	6.94	5.94



Chief Financial Officer



Chief Executive Officer



Authorized Board of Directors' Member

SAUDI AIRLINES CATERING COMPANY
(SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2013

(Expressed in Saudi Riyals)

	Note	Share capital	Statutory reserve	Retained earnings	Total
January 1, 2012	1	820,000,000	45,716,496	115,285,981	981,002,477
Net income for the year		-	-	487,051,225	487,051,225
Transfer to statutory reserve	12	-	48,705,122	(48,705,122)	-
Zakat and income tax	4	-	-	(45,355,099)	(45,355,099)
Dividends	6	-	-	(361,000,000)	(361,000,000)
December 31, 2012		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	12	-	56,935,191	(56,935,191)	-
Zakat and income tax	4	-	-	(46,217,365)	(46,217,365)
Dividends	6	-	-	(426,204,138)	(426,204,138)
December 31, 2013		820,000,000	151,356,809	187,272,203	1,158,629,012

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, 2013

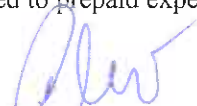
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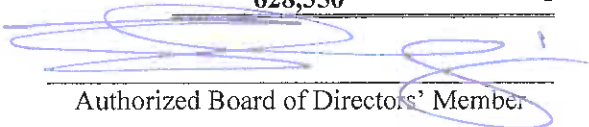
	2013 (Unaudited)	2012 (Audited)
OPERATING ACTIVITIES		
Net income	569,351,912	487,051,225
Adjustments for:		
Depreciation	15,494,238	15,859,218
Reversal of doubtful debts	(5,290,157)	(3,487,883)
(Reversal of)/allowance for slow moving inventories	(1,283,061)	1,536,373
Loss from sale of property, plant and equipment	247,443	24,060,923
Provision for end-of-service indemnities	20,237,372	19,169,839
Investment income	(1,987,472)	-
Changes in operating assets and liabilities:		
Accounts receivable - trade	4,487,121	(4,056,044)
Due from related parties	(101,786,881)	261,539,879
Inventories	(2,066,560)	(9,276,386)
Prepaid expenses and other receivables	(6,486,319)	(31,218,861)
Accounts payable - trade	(5,598,424)	36,049,783
Accrued expenses and other liabilities	28,389,506	(2,682,076)
Cash generated from operations	513,708,718	794,545,990
End-of-service indemnities paid	(13,263,518)	(8,362,869)
Net cash from operating activities	500,445,200	786,183,121
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(24,137,851)	(20,366,343)
Proceeds from sale of property, plant and equipment	322,992	169,550
Held to maturity investment	(140,000,000)	-
Investment income received	1,359,122	-
Net cash used in investing activities	(162,455,737)	(20,196,793)
FINANCING ACTIVITIES		
Zakat and income tax paid	(42,926,555)	(38,605,757)
Dividends paid	(424,100,603)	(360,310,994)
Net cash used in financing activities	(467,027,158)	(398,916,751)
Net change in cash and cash equivalents	(129,037,695)	367,069,577
Cash and cash equivalents, January 1	1,022,122,495	655,052,918
CASH AND CASH EQUIVALENTS, DECEMBER 31	893,084,800	1,022,122,495

Additional disclosure for non-cash transactions

Bad debts written-off	29,175	5,186,406
Inventory written-off	230,331	480,374
Unpaid declared dividends	2,792,541	689,006
Zakat and income tax charges debited to retained earnings	46,217,365	45,355,099
Accrued investment income debited to prepaid expenses and other receivables	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, 2013
(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'1, 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 shares, the Company is owned as follows:

	Shares	Value
Saudi Arabian Airlines Corporation	29,274,000	292,740,000
Strategic Catering Company Limited	28,126,000	281,260,000
Public shareholders	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, 2012, 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, investment held to maturity, accounts receivable-trade and due from related parties. These 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 and dividends payable are stated at their nominal values.

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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD AND THE YEAR ENDED DECEMBER 31, 2013
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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 investment

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

Property, plant and equipment 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.

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.

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, 2013
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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.

3. HELD TO MATURITY INVESTMENT

The held to maturity investment consists of investment in:

- The Saudi Binladin Group Sukuk Limited with a return of SIBOR plus a margin of 1.7 per cent calculated quarterly and it shall be liquidated on 7th October 2015 but Saudi Binladin Group Sukuk Limited has the ability to redeem the Sukuk on the periodic distribution date falling on 7th April 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 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.

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, 2013
(Expressed in Saudi Riyals)

4. 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 47,448,532 after deducting the excess provision for previous period of SR 1,231,167 (2012: SR 45,355,099).

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

5. RELATED PARTY TRANSACTIONS

Name	Relationship
Saudi Arabian Airlines Corporation ("Saudia")	Shareholder
Newrest Group Holding S.L.	One of the ultimate shareholders
Saudi Airlines Cargo Company	Affiliate
Saudi Ground Services Company	Affiliate
Board of Directors	Connected persons

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

	2013 (Unaudited)	2012 (Audited)
Catering and other services rendered to Saudia	1,285,149,000	1,177,176,000
Services and other expenses charged by Saudia	4,430,000	5,171,000
Net services charged and expenses re-allocated to Saudi Ground Services Company	22,116,000	40,687,000
Net services rendered to/charged by Saudi Airlines Cargo Company	26,948,000	16,509,000
Management fees*	12,000,000	12,000,000
Board of directors' fees and expenses	1,983,000	2,001,000

*The management agreement between the Company and Newrest Group Holding S.L. ("Newrest"), one of the ultimate shareholders, has been terminated during December 2013 and the Company is currently negotiating a new agreement with Newrest.

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

	2013 (Unaudited)	2012 (Audited)
Saudi Arabian Airlines Corporation - trade accounts ("Saudia") (net of allowance for doubtful debts of SR 11,593,077 in 2013 and SR 9,134,054 in 2012)	328,749,690	245,092,434
Saudi Ground Services Company	15,408,492	8,669,801
Saudi Airlines Cargo Company	11,287,662	2,384,926
	355,445,844	256,147,161

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NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD AND THE YEAR ENDED DECEMBER 31, 2013
(Expressed in Saudi Riyals)

Catering and other services rendered to Saudi Arabian Airlines Corporation during the year represent 69% (2012: 70%) of total revenues of the Company.

6. DIVIDENDS

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.

On April 8, 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.

On July 17, 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.

In their ordinary general meeting assembly on April 8, 2013, the shareholders approved the distribution of dividends of SR 118.7 million which is equivalent to SR 1.45 per share from the Company's retained earnings as of December 31, 2012 which was paid during the year ended December 31, 2013. The shareholders also approved the payment of interim dividends resolved by Board of Directors on August 2, 2012 amounting to SR 164 million which was equivalent to SR 2 per share and which was paid in 2012.

On October 15, 2012, the Board of Directors resolved to distribute interim dividends amounting to SR 82 million, which is equivalent to SR 1 per share, from the Company's interim profit.

In their annual general meeting on March 7, 2012, the shareholders approved at the meeting, the additional distribution of SR 115 million from the Company's retained earnings as of December 31, 2011 which was paid during the year ended December 31, 2012.

7. EARNINGS PER SHARE

	Period from October 1 to December 31		Year ended December 31	
	2013 (unaudited)	2012 (unaudited)	2013 (unaudited)	2012 (audited)
<i>EPS from net operations</i>				
Net income	127,188,034	103,826,327	569,351,912	487,051,225
Weighted average number of shares	82,000,000	82,000,000	82,000,000	82,000,000
Earnings per share	1.55	1.27	6.94	5.94
<i>EPS from continuing operations</i>				
Operating income	122,855,734	126,798,825	545,810,499	506,782,012
Weighted average number of shares	82,000,000	82,000,000	82,000,000	82,000,000
Earnings per share	1.50	1.55	6.65	6.18
<i>EPS from non-operating operations</i>				
Non-operating income /(loss)	4,332,300	(22,972,498)	23,541,413	(19,730,787)
Weighted average number of shares	82,000,000	82,000,000	82,000,000	82,000,000
Earnings /(loss) per share	0.05	(0.28)	0.29	(0.24)

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, 2013
(Expressed in Saudi Riyals)

8. OTHER OPERATING REVENUES

	Three month period ended December 31, 2013 (Unaudited)	Three month period ended December 31, 2012 (Unaudited)	Year ended December 31, 2013 (Unaudited)	Year ended December 31, 2012 (Audited)
Camp facilities sales (staff feeding & accommodation)	17,500	87,500	139,167	350,000
Exclusivity purchase income & services to suppliers	4,455,649	5,475,781	21,764,641	20,920,558
Transfer of airline equipment charges	6,545,947	6,625,096	24,994,476	22,067,657
	11,019,096	12,188,377	46,898,284	43,338,215

9. OTHER OPERATING COSTS

	Three month period ended December 31, 2013 (Unaudited)	Three month period ended December 31, 2012 (Unaudited)	Year ended December 31, 2013 (Unaudited)	Year ended December 31, 2012 (Audited)
Communications and utilities	2,913,528	2,974,777	12,519,336	11,855,177
Supplies and expandable items	6,303,603	1,640,868	28,920,034	26,132,016
Service agreement	14,348,607	18,971,781	55,517,321	53,251,609
Other operational costs	7,787,632	15,711,472	25,851,850	24,231,119
	31,353,370	39,298,898	122,808,541	115,469,921

10. COMMITMENTS AND CONTINGENCIES

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

	2013 (Unaudited)	2012 (Audited)
Commitments for future capital commitments	52,024,069	34,868,122

11. 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

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The Company's assets, liabilities and results of operations as of and for the year ended December 31, 2013 and 2012 by business segments are detailed below:

	<u>Catering</u>	<u>Sky sales</u>	<u>Total</u>
<u>2013 (Unaudited)</u>			
Assets	1,620,345,353	68,516,800	1,688,862,153
Liabilities	476,775,221	53,457,920	530,233,141
Revenues	1,678,530,706	188,967,459	1,867,498,165
Net income	509,250,869	60,101,043	569,351,912
<u>2012 (audited)</u>			
Assets	1,480,783,279	75,989,184	1,556,772,463
Liabilities	449,709,225	45,364,635	495,073,860
Revenues	1,510,506,631	176,886,061	1,687,392,692
Net income	431,316,802	55,734,423	487,051,225

12. 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, 2013 based on the interim unaudited financial statements. Such reserve will be adjusted based on the final annual statutory financial statements.

13. FAIR VALUES

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

14. COMPARATIVE FIGURES

Certain figures for 2012 have been reclassified to conform with the presentation in the current year.