

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2013**

SAUDI AIRLINES CATERING COMPANY
(SAUDI JOINT STOCK COMPANY)

UNAUDITED INTERIM FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANTS' REVIEW REPORT
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2013

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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 March 31, 2013 and the related interim statements of income, stockholders' equity and cash flows for the three month period then ended, and notes 1 to 12 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 Abulkhair & Co.




Al-Mutahhar Y. Hamiduddin
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April 16, 2013

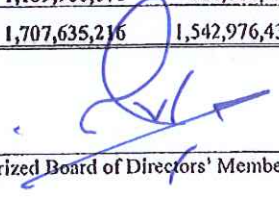
SAUDI AIRLINES CATERING COMPANY
(SAUDI JOINT STOCK COMPANY)

INTERIM BALANCE SHEET
AS OF MARCH 31, 2013
(Expressed in Saudi Riyals)

	Note	March 31, 2013 (Unaudited)	March 31, 2012 (Unaudited)
ASSETS			
Current assets			
Cash and cash equivalents		1,084,969,472	664,339,089
Accounts receivable – trade		61,704,477	50,655,715
Due from related parties	4	324,029,419	614,148,785
Inventories		77,655,563	65,052,800
Prepaid expenses and other receivables		68,009,522	38,264,865
Total current assets		1,616,368,453	1,432,461,254
Non-current assets			
Property, plant and equipment		91,266,763	110,515,176
Total non-current assets		91,266,763	110,515,176
TOTAL ASSETS		1,707,635,216	1,542,976,430
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable – trade		141,623,790	110,497,961
Due to a related party	4	1,539,198	-
Dividends payable	5	686,508	115,000,000
Accrued expenses and other liabilities		266,971,662	254,817,259
Total current liabilities		410,821,158	480,315,220
Non-current liabilities			
End-of-service indemnities		106,847,382	102,154,680
Total non-current liabilities		106,847,382	102,154,680
Stockholders' equity			
Share capital	1	820,000,000	820,000,000
Statutory reserve	11	108,496,555	56,308,649
Retained earnings		261,470,121	84,197,881
Total stockholders' equity		1,189,966,676	960,506,530
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		1,707,635,216	1,542,976,430


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 ENDED MARCH 31, 2013
(Expressed in Saudi Riyals)

	Note	Three month period ended March 31, 2013 (Unaudited)	Three month period ended March 31, 2012 (Unaudited)
Revenues:			
In-flight catering revenue		345,009,612	295,885,084
Sky sales revenue		47,340,070	42,211,710
Business lounge revenue		15,810,285	12,232,387
Non-airlines revenue		21,832,985	16,088,032
Other operating revenues	7	21,529,667	17,359,572
Total revenues	10	451,522,619	383,776,785
Cost of revenues			
Cost of materials and goods		186,914,920	154,996,570
Personnel costs		43,917,862	44,536,366
Rent and maintenance of production units		20,755,359	17,497,083
Depreciation		3,191,560	3,886,964
Other operating costs	8	26,947,187	21,419,247
Total cost of revenues		281,726,888	242,336,230
Gross profit		169,795,731	141,440,555
General and administrative expenses		30,747,181	36,749,194
Operating income		139,048,550	104,691,361
Other revenues and expense, net		1,700,819	1,230,170
NET INCOME	10	140,749,369	105,921,531
Earnings per share from net income	6	1.716	1.292


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
FOR THE THREE MONTH PERIOD ENDED MARCH 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 period		-	-	105,921,531	105,921,531
Transfer to statutory reserve	11	-	10,592,153	(10,592,153)	-
Zakat and income tax	3	-	-	(11,417,478)	(11,417,478)
Dividends		-	-	(115,000,000)	(115,000,000)
March 31, 2012		820,000,000	56,308,649	84,197,881	960,506,530
Balance, January 1, 2013		820,000,000	94,421,618	147,276,985	1,061,698,603
Net income for the period		-	-	140,749,369	140,749,369
Transfer to statutory reserve	11	-	14,074,937	(14,074,937)	-
Zakat and income tax	3	-	-	(12,481,296)	(12,481,296)
March 31, 2013		820,000,000	108,496,555	261,470,121	1,189,966,676


Chief Financial Officer


Chief Executive Officer

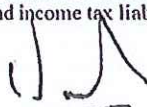

Authorized Board of Directors' Member

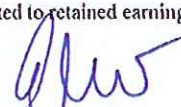
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SAUDI AIRLINES CATERING COMPANY
(SAUDI JOINT STOCK COMPANY)

INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2013
(Expressed in Saudi Riyals)

	Three month period ended March 31, 2013 (Unaudited)	Three month period ended March 31, 2012 (Unaudited)
OPERATING ACTIVITIES		
Net income	140,749,369	105,921,531
Adjustments for:		
Depreciation	3,823,439	4,445,025
(Reversal of)/allowance for doubtful debts	(5,266,349)	2,527,298
(Reversal of)/allowance for slow moving inventories	(2,212,931)	1,096,477
Gain from disposal of property, plant and equipment	(91,543)	(75,198)
Provision for end-of-service indemnities	5,230,919	9,968,548
Changes in operating assets and liabilities:		
Accounts receivable - trade	(2,746,398)	(4,126,937)
Due from related parties	(67,782,090)	(99,269,850)
Inventories	(2,162,502)	(609,160)
Prepaid expenses and other receivables	(6,625,220)	(8,099,424)
Accounts payable - trade	(10,007,600)	(5,083,646)
Due to a related party	1,539,198	-
Accrued expenses and other liabilities	17,170,092	10,146,773
Cash generated from operations	71,618,384	16,841,437
End-of-service indemnities paid	(3,816,727)	(2,440,088)
Net cash from operating activities	67,801,657	14,401,349
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,559,011)	(5,265,574)
Proceeds from disposal of property, plant and equipment	606,829	150,396
Net cash used in investing activities	(4,952,182)	(5,115,178)
FINANCING ACTIVITIES		
Dividends paid	(2,498)	-
Net cash used in financing activities	(2,498)	-
Net change in cash and cash equivalents	62,846,977	9,286,171
Cash and cash equivalents, January 1	1,022,122,495	655,052,918
CASH AND CASH EQUIVALENTS, MARCH 31	1,084,969,472	664,339,089
Additional disclosure for non-cash transactions:		
Bad debts written-off	9,075	-
Unpaid declared dividends	686,508	115,000,000
Zakat and income tax liabilities debited to retained earnings	12,481,296	11,417,478


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 UNAUDITED INTERIM FINANCIAL STATEMENTS
THREE MONTH PERIOD ENDED MARCH 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).

Accordingly the share capital of the Company became as follows:

	Shares	Value
Strategic Catering Company Limited	4,937,583	49,375,830
Saudi Arabian Airlines Corporation	4,836,816	48,368,160
Saudi Airlines Company Limited	100,767	1,007,670
Saudia Private Aviation Company Limited	100,767	1,007,670
Saudia Real Estate and Development Company Limited	100,767	1,007,670
	<u>10,076,700</u>	<u>100,767,000</u>

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. Consequently, the current shareholding of the Company after these changes became as follows:

	Shares	Value
Strategic Catering Company Limited	40,180,000	401,800,000
Saudi Arabian Airlines Corporation	39,360,000	393,600,000
Saudi Airlines Company Limited	820,000	8,200,000
Saudia Private Aviation Company Limited	820,000	8,200,000
Saudia Real Estate and Development Company Limited	820,000	8,200,000
	<u>82,000,000</u>	<u>820,000,000</u>

The Company finalized the related formalities and obtained the amended commercial registration on 26 Jamad'I, 1432 (April 30, 2011).

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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:

	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 obtained the amended commercial registration reflecting the public offering and is in the process of obtaining the amended bye-laws.

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.

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 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.

SAUDI AIRLINES CATERING COMPANY
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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
THREE MONTH PERIOD ENDED MARCH 31, 2013
(Expressed in Saudi Riyals)

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, 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, due to a related party and dividends payable and 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.

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.

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. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated useful lives of the principal classes of assets are as follows:

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

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
THREE MONTH PERIOD ENDED MARCH 31, 2013
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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.

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.

SAUDI AIRLINES CATERING COMPANY
(SAUDI JOINT STOCK COMPANY)

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
THREE MONTH PERIOD ENDED MARCH 31, 2013
(Expressed in Saudi Riyals)

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. ZAKAT AND INCOME TAX

The Company has charged directly to its retained earnings the zakat and income tax liabilities for the period amounting to SR 12,481,296 (2012: SR 11,417,478).

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

4. RELATED PARTY TRANSACTIONS

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

The significant transactions and the related approximate amounts are as follows:

	Three month period ended March 31, 2013 (Unaudited)	Three month period ended March 31, 2012 (Unaudited)
Catering and other services rendered to Saudia	310,372,000	270,088,000
Services and other expenses charged by Saudia	166,000	4,858,000
Net services charged and expenses re-allocated to Saudi Ground Services Company	10,815,000	8,939,000
Net services rendered to/charged by Saudi Airlines Cargo Company	617,000	2,641,000
Management fees to Newrest	3,000,000	3,000,000
Board of directors' fees and expenses	495,000	474,000

SAUDI AIRLINES CATERING COMPANY
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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
THREE MONTH PERIOD ENDED MARCH 31, 2013
(Expressed in Saudi Riyals)

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

	March 31, 2013 (Unaudited)	March 31, 2012 (Unaudited)
Saudi Arabian Airlines Corporation ("Saudia") – trade (net of allowance for doubtful debts of SR 9,033,886 and SR 11,942,160 in 2012)	318,141,060	582,668,973
Saudi Ground Services Company	5,888,359	18,639,483
Saudi Airlines Cargo Company	-	12,840,329
	324,029,419	614,148,785

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

Due to a related party as of March 31, 2013 is comprised of SR 1,539,198 due to Saudi Airlines Cargo Company.

5. DIVIDENDS

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

On 2nd August 2012, the Board of Directors resolved to distribute interim dividends during 2012 amounting to SR 164 million, which is equivalent to SR 2 per share, from the Company's interim profit.

In their annual general meeting on March 7, 2012, the shareholders ratified the interim dividends distributed during the year ended December 31, 2011 amounting to SR 225 million from the retained earnings. The shareholders also 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

6. EARNINGS PER SHARE

	Three month period ended March 31, 2013 (Unaudited)	Three month period ended March 31, 2012 (Unaudited)
<i>EPS from net income</i>		
Net income	140,749,369	105,921,531
Weighted average number of shares	82,000,000	82,000,000
Earnings per share	1.716	1.292
<i>EPS from continuing operations</i>		
Operating income	139,048,550	104,691,361
Weighted average number of shares	82,000,000	82,000,000
Earnings per share	1.696	1.277
<i>EPS from non-operating operations</i>		
Non-operating income	1,700,819	1,230,170
Weighted average number of shares	82,000,000	82,000,000
Earnings per share	0.020	0.015

SAUDI AIRLINES CATERING COMPANY
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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
THREE MONTH PERIOD ENDED MARCH 31, 2013
(Expressed in Saudi Riyals)

7. OTHER OPERATING REVENUES

	Three month period ended March 31, 2013 (Unaudited)	Three month period ended March 31, 2012 (Unaudited)
Camp facilities sales (staff feeding & accommodation)	10,730,404	9,276,250
Exclusivity purchase income & services to suppliers	4,932,254	4,048,013
Transfer of airline equipment charges	5,867,009	4,035,309
	<u>21,529,667</u>	<u>17,359,572</u>

8. OTHER OPERATING COSTS

	Three month period ended March 31, 2013 (Unaudited)	Three month period ended March 31, 2012 (Unaudited)
Communications and utilities	3,248,023	2,598,148
Supplies and expandable items	6,944,858	5,838,041
Service agreement	12,429,877	8,494,660
Other operational costs	4,324,429	4,488,398
	<u>26,947,187</u>	<u>21,419,247</u>

9. COMMITMENTS AND CONTINGENCIES

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

	March 31, 2013 (Unaudited)	March 31, 2012 (Unaudited)
Commitments for future capital commitments	<u>32,701,303</u>	<u>4,178,382</u>

10. 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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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
THREE MONTH PERIOD ENDED MARCH 31, 2013
(Expressed in Saudi Riyals)

The Company's assets, liabilities and results of operations as of and for the three month period ended March 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	1,639,659,898	67,975,318	1,707,635,216
Liabilities	461,506,208	56,162,332	517,668,540
Sales and revenues	404,182,549	47,340,070	451,522,619
Net income	124,527,479	16,221,890	140,749,369
<u>2012 (Unaudited)</u>			
Assets	1,353,691,218	189,285,212	1,542,976,430
Liabilities	534,431,888	48,038,012	582,469,900
Sales and revenues	341,565,075	42,211,710	383,776,785
Net income	92,901,940	13,019,591	105,921,531

11. STATUTORY RESERVE

In accordance with Regulations for Companies in the Kingdom of Saudi Arabia and the Company's Bye-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 three month period ended March 31, 2013 based on the interim unaudited financial statements. Such reserve will be adjusted based on the final annual statutory financial statements.

12. FAIR VALUES

The fair value of the Company's financial assets and liabilities approximate their carrying amounts.