

Saudi Airlines Catering Co. invites its shareholders to attend the Ordinary General Assembly Meeting (first Metering)

The Board of Directors of Saudi Airlines Catering Co. is pleased to invite its shareholders to attend the Ordinary General Assembly meeting which will be held in the King Abdulaziz International Airport Catering unit in Jeddah (location link <https://goo.gl/maps/P4PGkonxytN2>) on 06/09/1439H corresponding to 21/05/2018 at 10:30p.m. to consider the following agenda:

1. Approval on the Board of Directors' Annual Report for the fiscal year ending on 31st Dec 2017 and its contents.
2. Approval of the financial statements of the company for the year ending on 31st Dec 2017.
3. Approval on the external auditor report for the year ending on 31st Dec 2017.
4. Approval on the appointment of the external auditors in accordance with the recommendation of the Audit Committee for the financial auditing of the company financial statements for the second, third, fourth quarter and 2018 year end and the first quarter 2019 and determining their fees.
5. Approval on the discharge of the Board of Directors from liability for their activities during the year 2017 until the date of this AGM meeting.
6. Ratification of the Board of Directors' resolutions regarding the distribution of dividends for the year 2017 with the total amount valued at SR 455,100,000 which represents 55.5% of the share capital after Zakat and before income tax.
7. Approval on authorizing the Board of Directors' to distribute the biannual or quarterly dividends for the fiscal year of 2018 and to determine the eligibility date in accordance to the regulations and procedures issued to implement the companies law and in accordance with the company's financial position, cash flows, expansion plans and investment.
8. Approval on the payment of the Board of Directors' remunerations and compensations which are detailed within the Board of Directors' Annual Report, against their work, from the period of 1st Jan 2017 until 31st Dec 2017 with the total amount of (SR 3,029,932).
9. Approval on the transactions with Newrest Group Holding Co., a controlling shareholder of Strategic Catering Co., one of the company's main shareholders within which SACC's Board Of Director Mr. Jonathan Stent-Torriani holds interest, and permitting for this transactions for one coming year for the performance of consultancy and administrative services, with a total amount of SR (11,779,983) for the year 2017. The terms of such contractual agreements each differ according to the nature and location of each agreement and without any preferential conditions compared to the local market.
10. Approval on the transactions with Abdulmohsin Abdulaziz Al-Hokair Holding Group, one of the company's main shareholders within which SACC's Board of Director Mr. Sami Al Hokair holds interest, and permitting for this transactions for one coming year for the performance of several lease agreements of retail stores, with a total amount of revenues of SR (11,595)

for the year 2017. The terms of such contractual agreements each differ according to the nature and location of each agreement and without any preferential conditions compared to the local market.

11. Approval on the transactions with Gulf West Co. Ltd., a company within which one of SACC's Board of Directors, Eng. Abdulmohsin Abdulaziz Al Yahya, owns controlling shares in, and permitting for this transactions for one coming year for the performance of supplying raw materials and consumable goods to the company, with a total amount of revenues of SR (3,545,045) for the year 2017. The terms this contractual agreement is for one renewed year, without any preferential conditions compared to the local market.
12. Approval on the transactions with Emaar, The Economic City, within which the board of director Mr. Fahd Abdulmohsin Al Rasheed holds interest as he is a Managing Director and Chief Executive Officer, and within which the board of director Eng. Abdullah Taibah holds interest as he is a Board Director, and permitting for this transaction for one coming year for the performance of lease agreements for the automatic laundry facility of the company, and for the residential units of the company employees, with a total amount of revenue of SR (1,445,061) for the year 2017. The contractual relationship did not contain any preferential conditions compared to the local market. The terms of such contractual agreements each differ according to the nature and location of each agreement.
13. Approval on the transactions with National Commercial Bank, of which Mr. Ayman Tarek Al Tayyar holds interest as he is a deputy chief executive officer and banking head of, and permitting for this transactions for one coming year for the performance of banking services, without any preferential conditions compared to the local market.
14. Vote on amending article 31 of the Company's bylaws concerning the invitation of General Assemblies meetings (attached).
15. Vote on amending article 42 of the Company's bylaws that concerning the Audit Committee's Reports (attached).
16. Vote on amending article 46 of the Company's bylaws concerning the Company's Budget (attached).

The quorum necessary for this scheduled meeting is shareholders representing 50% of the Company's capital; however, if the quorum was not present for the first meeting, a second meeting will convene an hour after the allocated time slot of the first, and that meetings quorum will be met with shareholders representing 25% of the Company's capital. Each shareholder, listed on the shareholders records in the Securities Depository Center by the end of the last trading session before the Extra Ordinary General Assembly, has the right to attend the General Assembly meeting whether

in person or by proxy. However, a shareholder may authorize any other person to attend on their behalf other than a member of the Company's Board of Directors or an employee of the Company. These proxies should be attested by the notary public, a chamber of commerce and industry, local banks, or an authorized person. Furthermore, the proxy document's copies should be sent to the Company on the following address Al Sayeb Al Jumahi Street Almohammadya District (5) P.O. Box 9178, Jeddah 21413 Kingdom of Saudi Arabia at least 2 days prior to the meeting date; while the original copies of documents should be present on the day of the AGM along with personal identification (please see attached a proxy letter template). For further inquiries, please do not hesitate to contact us via telephone 012339480 (Ext. 8185) or fax 012339480. Shareholder's are able to electronically vote on agenda items through the services of Tadawulaty starting from Tuesday 15th May 2018G corresponding to 29th Shaban 1439H to at 10:00am until 04:00pm of the day of the Extraordinary General Assembly at the following link www.tadawulaty.com.sa.

Proxy Letter

Date .../.../ 1439 corresponding to .../.../2018

I [authorizing shareholder's full name] [] with national with ID number [] residence/permit [for non-Saudis] or its equivalent, issued by [] in my [personal] capacity or [an authorized signatory/ chairman/manger] [name of authorizing company] and the owner of [] shares of Saudi Airlines Catering Company with commercial registration number 4030175741 and pursuant to article 28 of the company's bylaws hereby authorize [name of the representative] to attend the General assembly meeting will be held in Jeddah in the Kingdom of Saudi Arabia at 10:30PM dated 06/09/1439H corresponding to 21/05/2018G to vote on my behalf on the agenda and to sign on my behalf on all resolutions and documents related to these meetings. This authorization is valid for this meeting and any subsequent adjourned meeting.

Full name of the person signing the proxy:

Capacity the person signing the proxy:

National ID number of the person signing the.....

Signature/ official.....



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License No. 46/11/323 issued 11/3/1992

Independent auditors' report

To the Shareholders of
Saudi Airlines Catering Company
(A Saudi Joint Stock Company)
Jeddah, Kingdom of Saudi Arabia.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Saudi Airlines Catering Company ("the Company"), which comprise the statement of financial position as at December 31, 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Revenue recognition

Refer to note 3 for the accounting policy and note 21 for the related disclosure

Key audit matter

As at December 31, 2017, the Company recognized total revenue of SR 2.223 million (2016: SR 2.256 million).

There continues to be pressure on the Company to meet expectations and targets, which may cause misstatement of revenue.

Revenue recognition is considered a key audit matter as there is a risk that management may override controls to misstate revenue transactions, either through inappropriate assessment of the sales return or by recording fictitious revenue transactions.

How the matter was addressed in our audit

We performed the following procedures in relation to revenue recognition:

- Assessed the appropriateness of the Company's revenue recognition accounting policies by considering the requirements of relevant accounting standards ;
- Assessed the design and implementation, and tested the effectiveness of the Company's controls, including anti-fraud controls, over the recognition of revenue as per the Company's policy;
- Inspected sales transactions, on sample basis taking place at either side of the year-end to assess whether revenue was recognized in the correct period;
- Developed an expectation of the current year revenue balance for different segments based on trend analysis or other available information, taking into account sales volume, average prices and our understanding of the market. We then compared this expectation to actual revenue and, where relevant, completed further inquiries and testing;
- Tested manual journals posted to revenue to identify unusual or irregular items.

Change in financial reporting framework

Refer to note 2 for the basis of accounting and note 28 for the related disclosure of effects of IFRS adoption

Key audit matter

For all periods up to and including the year ended December 31, 2016, the Company prepared and presented its statutory Financial Statements in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by SOCPA.

For the financial periods commencing January 1, 2017, the applicable regulations require the Company to prepare and present its Financial Statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by SOCPA (IFRS as endorsed in Kingdom of Saudi Arabia).

How the matter was addressed in our audit

We performed the following procedures in relation to change in financial reporting framework:

- Considered the Company's governance process around the adoption of IFRS as endorsed in the Kingdom of Saudi Arabia, especially, in relation to matters requiring management to exercise its judgment;
- Obtained an understanding of the analysis performed by management to identify all significant differences between previous reporting framework and IFRS as endorsed in the Kingdom of Saudi Arabia which can impact the Company's financial statements;
- Evaluated the results of management's analysis and key decisions taken in respect of the transition using our knowledge of the relevant requirements of the IFRS as endorsed in the Kingdom of Saudi Arabia and our understanding of the Company's business and its operations;



Change in financial reporting framework (continued)

Accordingly, the Company has prepared its Financial Statements, for the year ended December 31, 2017, under IFRS as endorsed in Kingdom of Saudi Arabia using IFRS 1 - "First time Adoption of International Financial Reporting Standards" (IFRS 1).

As part of this transition to IFRS as endorsed in the Kingdom of Saudi Arabia, the Company's management performed a detailed gap analysis to identify differences between previous reporting framework and IFRS as endorsed in Kingdom of Saudi Arabia, determined the transition adjustments in light of this gap analysis and relevant requirements of IFRS 1, and assessed the additional disclosures required in the financial statements.

We considered this as a key audit matter as the transitional adjustments due to change in framework and transition related disclosures in the financial statements required additional attention during our audit.

- Tested the transition adjustments by considering management's gap analysis, the underlying financial information and the computation of these adjustments; and
- Evaluated the disclosures made in relation to the transition to IFRS as endorsed in the Kingdom of Saudi Arabia by considering the relevant requirements of IFRS 1.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Saudi Airlines Catering Company** ("the Company").

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

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

For KPMG Al Fozan & Partners
Certified Public Accountants

Ebrahim Oboud Baeshen
License No: 382

Jeddah, Rajab 12, 1439H
Corresponding to March 29, 2018





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INDEPENDENT LIMITED ASSURANCE REPORT

To the Shareholders of
Saudi Airlines Catering Company
Joint Stock Company
Jeddah
Kingdom of Saudi Arabia

Upon request of the management of Saudi Airlines Catering Company (the "Company"), we have carried out a limited assurance engagement in order to state whether anything has come to our attention that causes us to believe that the subject matter detailed below ("Subject Matter"), has not been prepared, in all material respects, in accordance with the applicable criteria ("Applicable Criteria") below.

Subject Matter

The Subject Matter for our limited assurance engagement is related to the Chief Executive Officer's ("CEO") declaration enclosed in the attached Appendix 1 (the "Declaration") prepared by the Management in accordance with the requirements of Article 71 of the Regulations for Companies and presented by the CEO of Saudi Airlines Catering Company (the "Company"), which comprises the transactions carried out by the Company during the year ended 31 December 2017 in which any of the members of Board of Directors of the Company ("BOD") had direct or indirect personal interest.

Applicable Criteria

We have used the following as the Applicable Criteria:

1. Article 71 of the Saudi Arabian Regulations for Companies issued by MOCI (1437H -2015).

Management Responsibility

The Management and the CEO of the Company are responsible for the preparation and appropriate presentation of the Subject Matter in accordance with the Applicable Criteria. Further, the Company's management is responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on our limited assurance engagement conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" endorsed in the Kingdom of Saudi Arabia and the terms and conditions for this engagement as agreed with the Company's management.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion, and, as such, do not provide all of the evidence that would be required to provide a reasonable level of assurance. The procedures performed depend on the assurance practitioner's judgment including the risk of material misstatement of the Subject Matter, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.



Independence and quality controls

We are independent of the Company in accordance with professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our assurance engagement and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of Procedures

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Subject matter, nor of the underlying records or other sources from which the Subject matter was extracted. Accordingly, we do not express such an opinion

Our procedures included, but are not limited to:

- Obtaining the Declaration that includes all kind of business and contracts performed by any of the BOD members of the Company either directly or indirectly in the favor of the (Company) during the year ended December 31,2017.; (Appendix 1);
- Agreeing the total transactions amounts included in the Declaration prepared by CEO to the books of the Company for the year ended December 31, 2017.

Limited Assurance Conclusion

Based on our limited assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter has not been prepared in all material respects, in accordance with the Applicable Criteria.

Restriction of Use of Our Report

Our report is prepared upon the request of the Company's management to be presented to the shareholders in their ordinary General Assembly Meeting in accordance with the requirements of Article (71) of the Saudi Arabian Regulations for Companies and should not be used for any other purpose.

**For KPMG Al Fozan & Partners
Certified Public Accountants**

Ebrahim Oboud Baeshen
License No. 382

Jeddah, Shaban 9, 1439H
Corresponding to April 25, 2018

