

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**AND INDEPENDENT ACCOUNTANTS'**  
**REVIEW REPORT**  
**FOR THE THREE MONTH AND**  
**SIX MONTH PERIODS ENDED JUNE 30, 2012**

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

**UNAUDITED INTERIM FINANCIAL STATEMENTS AND INDEPENDENT  
ACCOUNTANTS' REVIEW REPORT  
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2012**

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the shareholders  
Saudi Airlines Catering Company  
Jeddah, Saudi Arabia

### Scope of Review

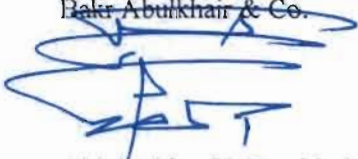
We have reviewed the interim balance sheet of SAUDI AIRLINES CATERING COMPANY (a Saudi Joint Stock Company) (the "Company") as of June 30, 2012 and the related interim statements of income for three month and six month periods and cash flows for the six month period then ended, and notes 1 to 11 which form an integral part of these interim financial statements as prepared by the Company and presented to us with all 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  
License No. 296  
21 Shaban, 1433  
July 11, 2012

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

**INTERIM BALANCE SHEET**  
**AS OF JUNE 30, 2012**  
(Expressed in Saudi Riyals)

	Note	June 30, 2012 (Unaudited)	June 30, 2011 (Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		666,010,073	713,205,856
Accounts receivable – trade		67,493,550	55,831,432
Due from related parties	4	607,538,899	387,164,927
Inventories		68,266,140	67,269,181
Prepaid expenses and other receivables		59,804,858	36,791,103
<b>Total current assets</b>		<b>1,469,113,520</b>	<b>1,260,262,499</b>
<b>Non-current assets</b>			
Property, plant and equipment		110,113,070	98,660,440
<b>Total non-current assets</b>		<b>110,113,070</b>	<b>98,660,440</b>
<b>TOTAL ASSETS</b>		<b>1,579,226,590</b>	<b>1,358,922,939</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable – trade		114,770,046	125,321,564
Accrued expenses and other liabilities		271,288,968	216,822,162
<b>Total current liabilities</b>		<b>386,059,014</b>	<b>342,143,726</b>
<b>Non-current liabilities</b>			
End-of-service indemnities		103,562,032	92,761,324
<b>Total non-current liabilities</b>		<b>103,562,032</b>	<b>92,761,324</b>
<b>Shareholders' equity</b>			
Share capital	1	820,000,000	820,000,000
Statutory reserve	9	70,620,994	22,678,983
Retained earnings		198,984,550	81,338,906
<b>Total shareholders' equity</b>		<b>1,089,605,544</b>	<b>924,017,889</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,579,226,590</b>	<b>1,358,922,939</b>

Chief Financial Officer

Chief Executive Officer

Authorised 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 AND SIX MONTH PERIODS ENDED JUNE 30, 2012**  
(Expressed in Saudi Riyals)

	Note	Three month period from April 1 to June 30		Six month period from January 1 to June 30	
		2012 (Unaudited)	2011 (Unaudited)	2012 (Unaudited)	2011 (Audited)
<b>Revenues:</b>					
In-flight catering revenue		321,178,676	294,559,777	617,063,760	523,570,163
Sky sales revenue		43,312,576	37,648,577	85,524,286	68,667,242
Business lounge revenue		13,425,164	10,526,889	25,657,551	19,841,572
Non-airlines revenue		18,391,093	10,168,868	34,479,125	20,625,166
Other revenues		17,971,974	14,989,243	35,331,546	26,628,784
<b>Total revenues</b>	8	<b>414,279,483</b>	<b>367,893,354</b>	<b>798,056,268</b>	<b>659,332,927</b>
<b>Cost of revenues</b>					
Cost of materials and goods		155,173,162	140,854,844	310,169,732	239,523,482
Personnel costs		39,602,140	44,550,784	84,138,506	82,328,221
Rent and maintenance of production units		18,647,705	14,091,429	36,144,788	27,665,094
Depreciation		3,720,355	3,473,351	7,607,319	6,913,922
Other costs		20,339,179	22,607,554	41,758,426	40,869,875
<b>Total cost of revenues</b>		<b>237,482,541</b>	<b>225,577,962</b>	<b>479,818,771</b>	<b>397,300,594</b>
<b>Gross profit</b>		<b>176,796,942</b>	<b>142,315,392</b>	<b>318,237,497</b>	<b>262,032,333</b>
General and administrative expenses		34,377,704	39,867,015	71,126,898	72,199,269
<b>Operating income</b>		<b>142,419,238</b>	<b>102,448,377</b>	<b>247,110,599</b>	<b>189,833,064</b>
Other revenues and expense, net		704,206	296,150	1,934,376	353,566
<b>NET INCOME</b>		<b>143,123,444</b>	<b>102,744,527</b>	<b>249,044,975</b>	<b>190,186,630</b>
Earnings per share from net operations	6	1.75	1.25	3.04	2.32

Chief Financial Officer

Chief Executive Officer

Authorised 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 SIX MONTH PERIOD ENDED JUNE 30, 2012**  
(Expressed in Saudi Riyals)

	2012 (Unaudited)	2011 (Audited)
<b>OPERATING ACTIVITIES</b>		
Net income	249,044,975	190,186,630
Adjustments for:		
Depreciation	8,742,587	8,070,854
Allowance for doubtful debts	3,762,199	14,125,569
Allowance for slow moving inventories	(599,767)	(583,800)
(Gain)/loss from sale of property, plant and equipment	(2,203)	20,119
Provision for end-of-service indemnities	13,333,858	10,835,038
Changes in operating assets and liabilities:		
Accounts receivable - trade	(22,811,941)	(12,967,560)
Due from related parties	(92,047,696)	(139,337,486)
Inventories	(2,126,256)	(14,165,929)
Prepaid expenses and other receivables	(29,639,417)	(14,094,494)
Accounts payable - trade	(811,561)	35,865,322
Accrued expenses and other liabilities	44,494,343	15,421,491
Cash generated from operations	171,339,121	93,375,754
End-of-service indemnities paid	(4,398,046)	(2,949,195)
<b>Net cash from operating activities</b>	<b>166,941,075</b>	<b>90,426,559</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(9,273,914)	(39,477,266)
Proceeds from sale of property, plant and equipment	190,285	8,500
<b>Net cash used in investing activities</b>	<b>(9,083,629)</b>	<b>(39,468,766)</b>
<b>FINANCING ACTIVITIES</b>		
Zakat and income tax paid	(31,900,291)	(28,575,964)
Dividends paid	(115,000,000)	(70,000,000)
<b>Net cash used in financing activities</b>	<b>(146,900,291)</b>	<b>(98,575,964)</b>
<b>Net change in cash and cash equivalents</b>	<b>10,957,155</b>	<b>( 47,618,171)</b>
Cash and cash equivalents, January 1	655,052,918	760,824,027
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	<b>666,010,073</b>	<b>713,205,856</b>
<b>Additional disclosure for non-cash transactions</b>		
Capital increase from retained earnings, general reserve and statutory reserve	-	719,233,000
Allowance for doubtful debts transferred from accounts receivable-trade to prepaid expenses and other receivables	-	1,603,372
Inventory write-off	-	126,715
Zakat and income tax liabilities debited to retained earnings	25,441,908	19,829,061

Chief Financial Officer

Chief Executive Officer

Authorised 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**  
**FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2012**  
**(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, the Company has sold 24.6 million shares through an initial public offering representing 30% of the Company's share capital during the period from 28 Rajab 1433 (June 18, 2012) to 4 Shaban 1433 (June 24, 2012) 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 has converted into a public joint stock company and commenced trading on the Tadawal 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 is in the process of obtaining the amended bye-laws and commercial registration 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 operation and management of restaurants and groceries at airports.

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..

**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 financial statements.

These interim unaudited financial statements have been prepared for the period from January 1, 2012 to June 30, 2012 with comparative figures from January 1, 2011 to June 30, 2011, and may not represent accurate indications of the results of the annual activities.

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 generally accepted accounting standards 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.



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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
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**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 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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**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.

Rental payables 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**  
**FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2012**  
(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 25,441,908 (2011: SR 19,829,061).

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**

<u>Name</u>	<u>Relationship</u>
Saudi Arabian Airlines Corporation ("Saudia") Newrest Group Holding S.L.	Shareholder One of the ultimate shareholders
Saudi Airlines Cargo Company Saudia Ground Services Division	Affiliate Affiliate

The significant transactions and the related approximate amounts for the six month period ended June 30 are as follows:

	<b>2012</b> <b>(Unaudited)</b>	<b>2011</b> <b>(Audited)</b>
Catering and other services rendered to Saudia	<b>537,552,000</b>	414,306,000
Services and other expenses charged by Saudia	<b>5,171,000</b>	8,604,000
Net services charged and expenses re-allocated to Saudia Ground Services Division	<b>17,601,000</b>	12,557,000
Net services rendered to/charged by Saudia Airlines Cargo Company	<b>11,492,000</b>	5,988,000
Management fees	<b>6,000,000</b>	6,000,000
Board of directors' fees and expenses	<b>948,000</b>	898,000

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2012**  
(Expressed in Saudi Riyals)

Due from related parties as of June 30 are comprised of the following:

	<b>2012</b> <b>(Unaudited)</b>	2011 (Audited)
Saudi Arabian Airlines Corporation ("Saudia") (net of allowance for doubtful debts of SR 11,329,891 and SR 14,070,678 in 2011)	<b>575,340,434</b>	281,163,545
Saudi Ground Services Division (net of allowance for doubtful debts of SR nil and SR 4,092,722 in 2011)	<b>16,908,117</b>	90,702,409
Saudi Airlines Cargo Company	<b>15,290,348</b>	15,298,973
	<b>607,538,899</b>	387,164,927

Catering and other services rendered to Saudi Arabian Airlines Corporation during the period represent 67% (2011: 63%) of total revenues of the Company.

**5. DIVIDENDS**

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 and also approved the additional distribution of SR 115 million from the Company's retained earnings as of December 31, 2011 which has been paid during the period.

**6. EARNINGS PER SHARE**

	Period from April 1 to June 30		Period from January 1 to June 30	
	<b>2012</b>	2011	<b>2012</b>	2011
<b><i>EPS from net operations</i></b>				
Net income	<b>143,123,444</b>	102,744,527	<b>249,044,975</b>	190,186,630
Weighted average number of shares	<b>82,000,000</b>	82,000,000	<b>82,000,000</b>	82,000,000
Earnings per share	<b>1.75</b>	1.25	<b>3.04</b>	2.32
<b><i>EPS from continuing operations</i></b>				
Operating income	<b>142,419,238</b>	102,448,377	<b>247,110,599</b>	189,833,064
Weighted average number of shares	<b>82,000,000</b>	82,000,000	<b>82,000,000</b>	82,000,000
Earnings per share	<b>1.74</b>	1.25	<b>3.01</b>	2.31
<b><i>EPS from non-operating operations</i></b>				
Non-operating income	<b>704,206</b>	296,150	<b>1,934,376</b>	353,566
Weighted average number of shares	<b>82,000,000</b>	82,000,000	<b>82,000,000</b>	82,000,000
Earnings per share	<b>0.01</b>	-	<b>0.03</b>	0.01

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2012**  
**(Expressed in Saudi Riyals)**

**7. COMMITMENTS AND CONTINGENCIES**

As of June 30, the Company had the following commitments and contingencies:

	<b>2012</b> <b>(Unaudited)</b>	<b>2011</b> <b>(Audited)</b>
Commitments for future capital commitments	<b>2,020,778</b>	<b>16,220,824</b>

**8. 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 six month period ended June 30, 2012 and 2011 by business segments are detailed below:

<b>2012 (Unaudited)</b>	<b>Catering</b>	<b>Sky sales</b>	<b>Total</b>
Assets	1,349,047,852	230,178,738	1,579,226,590
Liabilities	438,610,033	51,011,013	489,621,046
Sales and revenues	712,531,982	85,524,286	798,056,268
Net income	220,866,652	28,178,323	249,044,975
<b>2011 (Audited)</b>			
Assets	1,249,121,323	109,801,616	1,358,922,939
Liabilities	403,420,874	31,484,176	434,905,050
Sales and revenues	590,665,685	68,667,242	659,332,927
Net income	172,154,035	18,032,595	190,186,630

**9. 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 period ended June 30, 2012 based on the interim unaudited financial statements. Such reserve will be adjusted based on the final annual statutory financial statements.

**10. FAIR VALUES**

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

**11. COMPARATIVE FIGURES**

Certain figures for 2011 have been reclassified to conform to the presentation in the current period.