

Saudi Ground Services Company

Supplementary Prospectus

This Supplementary Prospectus must be read in conjunction with the Prospectus dated 17/7/1436H (corresponding to 6 May 2015G) issued by Saudi Ground Services Company in connection with the offer of fifty six million four hundred thousand (56,400,000) ordinary shares, representing 30% of Saudi Ground Services Company's issued share capital (the "Offer") for public subscription, at a price of fifty (50) Saudi Riyals per share (the "Prospectus").

Financial Advisor, Lead Manager and Bookrunner



Lead Underwriter



Co-Underwriter



Receiving Agents



Important Notice:

This Supplementary Prospectus includes information given in compliance with the Listing Rules of the Saudi Arabian Capital Markets Authority (the "CMA"). The directors of the Company (the "Directors"), whose names appear on page iv of the Prospectus, collectively and individually accept full responsibility for the accuracy of the information contained in this Supplementary Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein and in the Prospectus misleading. The CMA and the Tadawul do not take any responsibility for the contents of this Supplementary Prospectus, nor do they make any representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Supplementary Prospectus.

This unofficial English language translation of the official Arabic language Supplementary Prospectus is provided for information purposes only. The Arabic language Supplementary Prospectus published on the CMA's website (www.cma.org.sa) remains the only official, legally binding version and shall prevail in the event of any conflict between the two texts.

This Supplementary Prospectus has been issued on 15/8/1436H (corresponding to 2/6/2015G).

1. The Company

Saudi Ground Services Company (the "Company") is a Saudi Closed Joint Stock Company incorporated in the Kingdom with commercial registration number 4030181005 dated 11/7/1429H (corresponding to 14 July 2008G). The Company's head office and registered office is Saudi Ground Services Company, Hanaki Center, 4th Floor, Prince Sultan bin Abdulaziz Road, Al Khalidiah District, P.O. Box 48154, Jeddah 21572, Kingdom of Saudi Arabia.

2. Subscription Period

From Wednesday 16/8/1436H (corresponding to 3 June 2015G) until Tuesday 22/8/1436H (corresponding to 9 June 2015G).

3. Representations of the Members of the Board of Directors

The Members of the Board of Directors whose names appear on page iv of the Prospectus, acknowledge and confirm the following:

- save as disclosed in this Supplementary Prospectus, there has been no significant change in material matters disclosed in the Prospectus; and.
- that this Supplementary Prospectus (the "Supplementary Prospectus") was presented to the CMA and issued on 15/8/1436H (corresponding to 2/6/2015G), and that it supplements the initial version of the Prospectus issued by the Company dated 17/7/1436H (corresponding to 6 May 2015G) and the final version of the Prospectus issued on 15/08/1436H (corresponding to 2 June 2015G).

4. Notes

1. This Supplementary Prospectus should be read in conjunction with the Prospectus and all readers should seek independent professional advice as this Supplementary Prospectus was prepared without taking into account the individual goals of each investor and his financial position.
2. Defined terms used in this Supplementary Prospectus shall have the same meaning ascribed to them in the Prospectus. Such terms are defined on pages 1-5 of the Prospectus.
3. This Supplementary Prospectus may not be distributed, and the Subscription Shares may not be sold to any person other than the Subscribers described in the Prospectus or in any country other than the Kingdom of Saudi Arabia. The Company, the Selling Shareholders and the Financial Adviser draw the attention of the recipients of this Supplementary Prospectus to the importance of familiarizing themselves with, and abiding by, all such restrictions.
4. Institutional Investors that have subscribed prior to the announcement of this Supplementary Prospectus are permitted to rescind or amend their subscriptions in accordance with Article 24 (C) of the Listing Rules.

5. Reason for the Issuance of this Supplementary Prospectus

In accordance with Article 24 of the Listing Rules, an issuer must submit a supplementary prospectus to the CMA if at any time after the prospectus has been published, and before listing, an issuer becomes aware that:

- 1) there has been a significant change in material matters contained in the prospectus or any document required by the Listing Rules; or
- 2) additional significant matters have become known which would have been required to be included in the prospectus.

The Company has become aware of additional matters that need clarifying, amending and correcting in the Prospectus as shown in this Supplementary Prospectus.

6. Amendments to Certain Information contained in the Prospectus

This Supplementary Prospectus contains amendments to certain information in the Prospectus as follow:

• Section 2-1-21 of the Prospectus in relation to risks related to Litigation, page 12 of the Prospectus

Section 2-1-21 (Litigation) of the Prospectus in relation to risk factors has been amended to include the potential financial implications of existing claims and legal proceedings which may be initiated against the Company by those employees seconded to the Company from Saudi Airlines. Accordingly, section 2-1-21 of the Prospectus is deemed to be deleted and replaced in its entirety to read as follows:

2-1-21 Risks Related to Litigation

The Company could become subject to litigation by its employees, customers and/or passengers or other parties operating in the airports in which the Company operates, alleging injury or bringing claims related to operational accidents, quality of services, health and safety issues or other reasons.

As at the date of this Supplementary Prospectus, there are two claims which have been brought against the Company by 178 employees seconded to the Company from Saudi Airlines regarding employment allowances and benefits. The Committee for the Settlement of Labour Disputes has issued preliminary judgments against the Company in respect of these two claims. If final judgments were to be issued against the Company, the total financial consequences of such claims are estimated to be twenty-five million one hundred thousand Saudi Riyals (SAR 25,100,000) which represents the aggregate value of such claims. This will lead to an increase in the Company's expenses representing three million eight hundred thousand Saudi Riyals (SAR 3,800,000), in respect of the employment benefits paid to those employees. The Company has not provisioned against these claims.

In addition, The Company cannot guarantee that there will be no other claims or legal proceedings initiated against it by other employees seconded to the Company by Saudi Airlines requesting similar employment benefits, and whether or not those employees may obtain final judgments in their favour against the Company. If all other employees Seconded to the Company were to initiate claims and final judgments were issued in favour of all of them and on similar terms to the 178 employees referred to above, this would have a potential negative impact on the Company's financial position amounting to one hundred and three million Saudi Riyals (SAR 103,000,000). This would lead to a potential increase in the Company's annual operating expenses in relation to the employment benefits of those employees of fourteen million two hundred thousand Saudi Riyals (SAR 14,200,000). The Company has not provisioned against these claims.

If the Company is found liable to pay significant amounts in respect of such litigation by employees, customers and/or passengers or other parties operating in the airports in which the Company is not adequately insured or at all, this will adversely impact the Company's reputation, business prospects, financial condition and results of operations.

- **Section 13-5 of the Prospectus in relation to claims brought against the Company (page 109 of the Prospectus)**

Section 13-5 (Litigation) of the Prospectus relating to claims brought against the Company has been amended. The Company is involved in 12 litigation claims asserted by employees (rather than 15) as stated in the prospectus as a result of the issuance of final judgments in respect of three of the 15 claims. In addition, the total amount of financial claims has been adjusted from one million Saudi Riyals (SAR 1,000,000) to twenty-five million six hundred thousand Saudi Riyals (SAR 25,600,000). Accordingly, section 13-5 of the Prospectus is deemed to be amended and replaced in its entirety to read as follows:

Section 13-5 Litigation

Litigation Claims as Defendant

The Company is involved in 12 litigation claims asserted by its employees. All are employment cases except one which is in relation to lost luggage. One of these litigation cases has been initiated by 101 employees seconded to the Company from Saudi Airlines while the other case has been initiated by 77 employees seconded to the Company from Saudi Airlines (in their capacity as plaintiffs); and their claims concern employment benefits. The Committee for the Settlement of Labour Disputes has issued initial judgments for each employee individually against the Company. This took place between the end of 1435H and 1436H. The Company estimates the total amount required to be paid as a result of these litigation claims to be twenty-five million one hundred thousand Saudi Riyals (SAR 25,100,000). The Company has appealed against the initial judgments and, therefore, these are not final judgments as of the date of this Supplementary Prospectus.

If final judgments are issued against the Company, the Company will be obliged to pay to the relevant employees the compensation amounts referred to above. This will lead to annual increase in operating expenses of approximately three million eight hundred thousand Saudi Riyals (SAR 3,800,000).

Regarding the other 10 litigation claims, the total amounts are approximately five hundred thousand Saudi Riyals (SAR 500,000).

Litigation Claims as Claimant

The Company has also commenced legal proceedings against Bahrain Air for an amount of three million, nine hundred thousand Saudi Riyal (SR3,900,000), which represents the total value of the ground services provided to Bahrain Air. The Company has also commenced legal proceedings against Hellenic Imperial Airways for an amount of one million, six hundred thousand Saudi Riyal (SR 1,600,000) where the Company is claiming its unpaid fees for ground handling services rendered.

The Board has confirmed that the Company is not party to any dispute or litigation claim (whether existing or threatened) that will have a material adverse effect on the Company's financial position.

