

Issued by the Savola Group to enhance corporate communication with its Shareholders.  
Investors and all Stakeholders through furnishing them with its latest developments and performance progress on quarterly basis.

## The Savola Group achieved SAR 339.6 million in Six Month

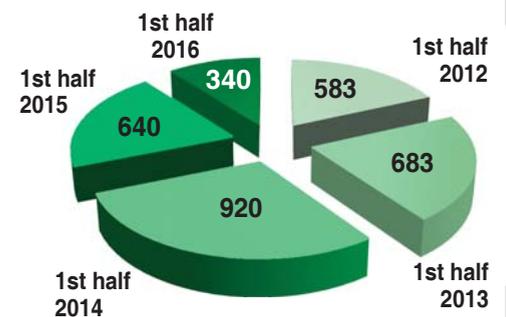
Savola Group announces the distribution of Dividends to its Shareholders for the 2nd quarter of 2016

The Savola Group distributed SAR 267 million as Dividends for the first half of 2016

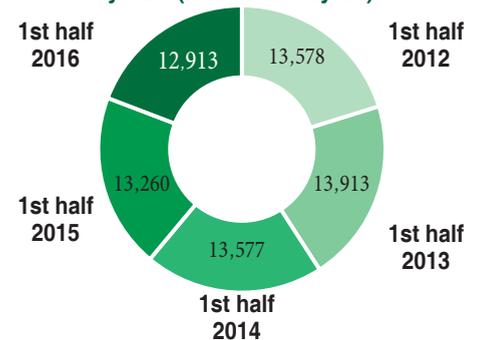
- The Savola Group Shareholders Assembly forms the Audit committee for the new office term and approved the Committee charter as well as selected Mr. Fahad Al-Kassim as its Chairman.
- Panda Retail opens new branch of Hyper Panda at Sari.
- Panda Retail Rewards employees' outstanding efforts through its Customer Services.
- Savola Group continues updating Share Monitor System "Transparency Screen".
- Panda Retail Company aims to enhance food safety and hygiene practices.
- Panda Retail continues Kingdom-wide expansion strategy to satisfy customer needs.
- Summary of the financial results of Al-Marai Company and Herfy Company.
- Some news of Savola Foods Company on edible oils and sugar business.

... (For more details. please see the next pages)

Net income (without capital gain) for the 1st half 2016 compared with the same period last years (in Million Riyals)



Net Revenues for the 1st half 2016 compared with the same period last years (in Million Riyals)



Savola Shareholders assembly meeting, held on 26 July 2016

# Foreword



**Mr. Sulaiman A. K. Al Muhaidib**  
*Chairman of Savola Group Board*

**In the name of Allah the Most Gracious, the Most Merciful**

**Dear Savola Shareholders,**

It is with the greatest pleasure that this volume of Savola's newsletter is issued for the second quarter of 2016, and I am very much delighted to welcome you to it; through which we share the Group's developments and performance on a quarterly basis. You will also find comments from the Group CEO as well as financial statements and analysis enclosed within this issue.

In the beginning, I would like to shed some light on the interim financial results of the Group for the period ending on 2016\06\30 (Six Months), in which the Group achieved a net profit of SAR 339.6 million compared to SAR 904.9 million for the same period last year. The reduction in the Group net income is attributed mainly to capital gain recorded from disposal of Savola Packaging Systems Co during Q1 of 2015, higher losses from USCE due to currency exchange and increased financial charges despite lower zakat and income tax, increased share of net income from associates and positive impact of reduced minority interests during this period.

On the other hand, the Group recorded SAR 2.5 billion gross profit, which remained the same for the period compared to the same period of last year. The reason behind the stability in gross profit is the growth in revenues and lower cost of revenues in the retail sector, despite the decline in revenue in the food sector. Operating income was lower compared to the same period last year due to increased operating expenses, which is driven by growth in retail sector.

As you know, we have started a new 3 year board term on 2016\7\1. As such, I would also like to take this opportunity to extend special thanks to the former board members who are no longer with us for their valuable contributions through their service and I would also like to welcome aboard the new members of the board who joined us in the new term, and we are confident that their experience and vision will be a great asset to this Group. On behalf of myself and my fellow distinguished board members, I would like also to express my sincere thanks and appreciation to my brother H.E. Eng. Abdullah Rehaimi, the Group Managing Director/ CEO, for his efforts and achievements during time of leadership of the company.

By willing of Allah, Savola will continue to maintain its strong competitive position locally and regionally, despite the difficult challenges faced in a number of countries in which we operate. This can be granted through the distinct human capabilities, the work culture and the strong financial positioning and ethical values adopted by the Group.

In conclusion, on behalf of myself and fellow board members, I would like to express my gratitude for your confidence and support and we assure you that we are keen to deliver our ambitious plans and create long-term value to our shareholders. I also would like to extend my thanks to the Group's management and all its subsidiaries and affiliates for the hard work they dedicate to this company in order to deliver on its long term growth objectives.

May God grant us success,

## The Savola Group achieves SAR 340 million in Six Months

Element	Current quarter	Similar quarter for previous year	% Change current	Previous quarter	% Change previous
Net profit (loss)	246.7	434.4	- 43.21	92.9	165.55
Gross profit (loss)	1,289.6	1,353.2	- 4.7	1,223.1	5.44
Operational profit (loss)	414.2	542.7	- 23.68	285.5	45.08

Element	Current period	Similar period for previous year	% Change
Net profit (loss)	339.6	904.9	- 62.47
Gross profit (loss)	2,512.7	2,512.4	0.01
Operational profit (loss)	699.7	913.3	- 23.39
Earning or loss per share, Riyals	0.64	1.69	-

**All figures are in (Millions) Saudi Riyals**

Element	Explanation (English)
Reasons of increase (decrease) for quarter compared with same quarter last year	The decrease in the Group net income for 2nd Quarter 2016 compared to the same quarter last year is mainly due to lower gross profit, higher operating expenses and financial charges despite higher share of income from associates, lower zakat and tax and reduced share of minority interest. Gross profit decrease is mainly due to lower margins in the Food and Retail sectors. The increase in operating expenses is mainly due to opening of new stores and new distribution center in the western region in the Retail sector. Increased financial charges are due to higher currency exchange losses. Furthermore higher losses in USCE (classified as discontinued operations) mainly due to currency exchange also negatively impacted the Group profit.
Reasons of increase (decrease) for period compared with same period last year	Reduction in the Group net income for the period ended 30 June 2016 compared to the same period last year is attributed mainly to capital gain recorded from disposal of Savola Packaging Systems Co during Q1 of 2015, higher losses from USCE due to currency exchange and increased financial charges despite lower zakat and income tax, increased share of net income from associates and positive impact of reduced minority interests during this period. Gross profit remained the same for the period compared to same period of last year due to the growth in revenues and lower cost of revenues in the Retail Sector, despite the decline in revenue in the Food Sector. Operating income was lower compared to the same period last year due to increased operating expenses which is driven by growth in Retail operations.
Reasons of increase (decrease) for quarter compared with previous quarter	The increase in the Group's net income for 2nd Quarter 2016 compared to 1st Quarter 2016 is mainly due to higher revenue and gross profit (which is a result of seasonality) and increased share of income from associates. Operating profits have increased compared to previous quarter despite higher operating expenses. The net profit has increased despite higher financial charges and Zakat and Tax. The minority share in income has reduced and losses from USCE are lower as compared to the previous quarter.
Reclassifications in quarterly financial results	Certain comparative figures have been reclassified to conform to this quarter presentation.
Other notes	As announced on Tadawul on 29th March 2016, Savola Group (Savola) and other shareholders of United Sugar Company - Egypt (USCE - an indirect subsidiary of Savola) have entered into a Shareholders Agreement with European Bank for Reconstruction and Development (EBRD). Therefore, subsequent to the issuance of new shares and completion of the related legal formalities and government approvals, Savola will account for its investment in USCE on equity basis of accounting. Till such time, in accordance with the generally accepted accounting standards in Saudi Arabia, the assets and liabilities of USCE as of June 30, 2016 have been classified as held for sale in the interim consolidated balance sheet and results of operations of USCE for the six-month period ended June 30, 2016 has been disclosed as loss from discontinued operations' in the interim consolidated income statement. Also the amounts relating to USCE for the six-month period ended June 30, 2015, have also been reclassified as loss from discontinued operations in the interim consolidated income statement. Eng. Rayan Fayed - Group Chief Executive Officer, highlighted that the Group's quarterly results were negatively impacted by lower consumer spending and aggressive expansion in Retail sector in prior periods which resulted in higher operating expenses. Efforts are also underway to mitigate the impact of currency devaluation on Food Sector operations. We pray to God Almighty to help us in achieving our long term goals. We would like to inform the shareholders and investors that the interim consolidated financial statements of the Group for the period ended 30 June 2016 will be uploaded on Savola website after submitting it to the concerned authorities, and will be available through following link: <a href="http://www.savola.com/SavolaE/Financial_Reports.php">http://www.savola.com/SavolaE/Financial_Reports.php</a>

## The Savola Group distributes SAR 267 million as Dividends for the first half of 2016

In a continuation of its declared policy to distribute quarterly dividends to its shareholders and based on the net profit reported during the 2nd quarter, 2016, which amounted to SAR 246.7 Million, Eng. Rayan M. Fayed, the Group CEO announced that the Savola Group Board of Directors, has approved on Wednesday 27th of July 2016 to distribute SAR 133.50 Million, (i.e. SAR 0.25 per share) as dividends for the 2nd quarter of 2016, which represents 2.5% of the company's nominal share value. Therefore, the dividends distributed to shareholders during the 1st, and the proposed dividend to be distributed for the 2nd quarters of the fiscal year of 2016 will reach SAR 267 million (i.e. SAR 0.50 per share), which represents 5% of the company's nominal share value. The maturity date for the 2nd quarter of 2016 dividends will be for all shareholders registered in the company books at the end of the trading day on Sunday, 31st July 2016. The dividend payments will be processed as of 15th August, 2016.

The Savola Group Shareholders Assembly forms the Audit committee for the new office term and Approves the Committee charter

## Also the Committee selected Mr. Fahad Al-Kassim as its Chairman



Mr. Mohamed A. AlFadl, Savola Group Board Member, Chairs Savola's Ordinary General Assembly Meeting

**Jeddah in 27/07/2016: Mr. Mohamed Abdulghadir AlFadl (Savola Group Board Member) chaired the Shareholders Ordinary General Assembly meeting held at the Group's Headquarters (Savola Tower), Ashati District, Jeddah, thus the attended shareholders at the meeting approved by majority voting the agenda of the meeting, which comprises of one item regarding the Audit Committee formation, and defining its functions, responsibilities, and other guidelines as well as remuneration of its members for the new office term, commence from 01/07/2016 and for a period of three gregorian years.**

**also, the Meeting approved the appointment of the following names as the Committee members for the said office term:**

(Mr. Fahad Abdullah Al-Kassim, Mr. Abdulaziz Al Ghufaily, Mr. Abdul Aziz Al-Issa, Dr. Abdulraof Suliman Banaja, Mr. Khalid Mohammed Al-Solai).

At the end of the meeting Mr. Mohamed Al-Fadl – the Chairman of the meeting - thanked the shareholders for their attendance, support and active participation in the meeting and for their trust in forming of the new Audit Committee. Mr. Al-Fadl also highlighted that this step comes in line with the new companies' law, which enhanced the Audit Committee role in listed companies by giving it more autonomy to oversight the internal and external audit work.

After the Audit Committee formation by the Shareholders Assembly, an Audit Committee

meeting was held and selected Mr. Fahad Al-Kassim as the Chairman of the Committee. It is worth mentioning that Mr. Al-Kassim, holds a Bachelor degree, in Business Administration, Accounting as major, King Saud University, Riyadh, 1986. He also an independent board member in the Savola Group and he has a wide experience in accounting, internal and external audit, investments and strategic planning. He was also a member in the Savola Group's Audit Committee during the previous office term; furthermore, he is a member in several Audit Committees of other companies. In addition, he was a Managing Partner in KPMG until 1999 also; he was a Partner at Al-Kassim Certified Public Accountant Office until 1991. He is also a Board member in several joint stock and private companies. Also the committee selected Mr. Tarik M. Ismail as the committee secretary.



Savola Shareholders assembly meeting, held on 26 July 2016

## CEO Speech



**Eng. Rayan Mohammed Fayez**  
CEO, Savola Group

*In the name of Allah, the most gracious, the most merciful.*

*Dear Savola Shareholders,*

I would like to extend my heartfelt congratulations for the upcoming Hajj season and wishing you a blessed Eid Al-Adha. On this occasion, I wish you, your loved ones and your families many blessings and much prosperity on this holy occasion.

I am pleased to welcome you to the second issue of the Savola Newsletter for 2016, in which we share Savola's quarterly performance. Within the issue, you will find Savola's financial statements, news and analysis for the previous period.

For the first six months of 2016, Savola achieved a net profit of SAR 339.6 million. We achieved a net profit of SAR 246.7 million for the second quarter, and Savola's earnings per share for the current period was SAR 0.64, compared to SAR 1.69 last year.

Savola's decrease in net income for the second quarter of 2016 compared to the second quarter of last year is mainly due to lower gross profit, higher operating expenses and financial charges despite higher share of income from associates, lower zakat and tax and reduced share of minority interest.

The gross profit decrease is mainly due to lower margins in both the food and retail sectors. Our operating expenses increased due to opening new stores and new distribution centers in the western region in the retail sector.

Furthermore, higher losses in USCE (mainly due to currency exchange) also negatively affected the Group's profit. Lower consumer spending and aggressive expansion in the retail sector negatively impacted Savola's quarterly results in the prior period, which resulted in higher operating expenses. Efforts are also underway to mitigate the impact of currency devaluation in the food sector operations. We pray to God Almighty to help us in achieving our long-term goals.

Savola's Board of Directors has approved on Wednesday July 27th 2016 to distribute SAR 133.50 Million, (i.e. SAR 0.25 per share) as dividends for the 2nd quarter of 2016, which represents 2.5% of the company's nominal share value.

Savola held the Ordinary General Assembly meeting with the purpose of forming the audit committee. An audit committee of 5 members has been appointed as a result of this meeting, and Mr. Fahad Al-Kassim was subsequently elected by the committee members as the Chairman of the committee.

I followed with excitement the news and communication around the Kingdom's Vision 2030 and I was extremely pleased to see significant overlap between Savola Group strategy and the Kingdom's Vision 2030. This includes the Vision's focus on increasing modern retail share of the total market from 50% to 80%, the government's focus on food security, focus on female employment, attracting foreign investments via the development of the Saudi capital market and ultimately creating corporate ambassadors to represent Saudi Arabia globally. We are therefore keen to be an active partner and play a role in the private sector's participation in the Kingdom's Vision 2030 as the Kingdom's national champion in consumer related industries.

I would like to conclude by saying that despite the challenges in the overall market, I am very optimistic that Savola's position of leadership in key sectors of the economy is impossible to replicate which will enable us to successfully manage our way in these challenging times inshallah.

## The New Opening Reinforces Panda's Strategy to Enhance the Retail Sector's Contribution to the Growth of the Saudi Economy

### Panda Retail Opens New Branch of HyperPanda in Sari

Panda Retail, the leading Saudi retail company in the region, opened its newest branch of the HyperPanda retail chain. The opening of the new outlet in Jeddah comes in line with the company's expansion plans that aim at meeting all the needs of its customers across the Kingdom.

The new HyperPanda branch opening announcement, located in the Sari Street in Jeddah, took place during a grand opening ceremony attended by a group of dignitaries, leading government officials, notably Engineer Muhammad Hilal, Director of Airport Municipal Office, Jeddah, business pioneers, members of Panda Retail Company's senior management, and representatives of local and regional media.

Muwaffaq Mansour Jamal, CEO of Panda Retail, said: "This opening is yet another step towards our expansion across the Kingdom and the region, which is a key approach we adopt to strengthen the position of the Saudi retail sector, in order to strengthen its contribution towards the growth of the Saudi economy."

He added: "Panda Retail Company considers its new HyperPanda branch in Jeddah as a platform that enables Saudi youth to work and innovate, and hence contributing to the national transformation in light of Saudi Arabia's vision on the localization of jobs. The total number of employees at Panda Retail Company reaches more than 25 thousand, 30 per cent of which are Saudi nationals."

Proximity to densely populated areas has been



Mr. Muwaffaq Mansour Jamal, CEO of Panda Retail Co., Opens Sari's Branch

accounted for in selecting the location of the new branch. This will help ensure meeting the daily needs of customers, including food products such as vegetables, fruits, dairy, baked goods, meat and seafood, as well as electrical and electronic appliances, and other luxury products such as cosmetics, sports equipment and toys. In addition, products

bearing the special 'Panda' trademark, which are sold exclusively within its outlets, will be offered at a high quality and competitive prices. Panda has also ensured it provides innovative marketing solutions, as it offers a variety of attractive promotions for its customers to celebrate the new opening.

## Panda Retail Rewards Employees' Outstanding Efforts through its Customer Service

### Reflecting a commitment to a culture of excellence among its employees as a foundation for sustainable growth and development

Panda Retail, the leading Saudi retail company in the region, has recently honored some of its employees in its branches in Jeddah and Riyadh in recognition of their excellence in customer service and their dedication to setting a positive example for their colleagues. This comes as part of Panda's commitment towards sustainable growth through setting a culture of excellence and elevating the performance of its employees, as well as the quality of its customer service.



Mr. Muwaffaq Mansour Jamal, CEO of Panda Retail Co., amongst Panda's Employees

Muwaffaq Mansour Jamal, CEO of Panda Retail, rewarded the efforts of outstanding staff members through visiting each of them at their assigned branch, where he personally handed each of them a special Certificate of Appreciation in recognition of their productive efforts in customer service.

Panda Retail applies an outstanding performance recognition policy on a quarterly basis. However, the latest honoring came in response to extraordinary praise received from a large number of customers on the efforts of the employees who have been honored. This

reflects the company's obligation to adopting customer satisfaction as a key pillar in the selection and rewarding of outstanding employees.

Muwaffaq Jamal, said: "This honoring comes within our strategy of developing the efficiency of our employees, which is a key pillar for Panda Retail to improve its customer service – our main priority". He also confirmed that creating a culture of rewarding talent and competency is one of the key factors towards job loyalty and motivation, reflected in the quality customer service.

## H. H. Prince Bandar bin Khalid bin Fahad Al Saud,

# HyperPanda Opens New Branch on Riyadh's Aloroobah Road

**Panda Retail Company, the largest supermarket chain in the region, has opened its newest HyperPanda branch in Riyadh, on Oroobah Road, opposite to Prince Turki bin Abdulaziz Road, near King Khalid Mosque, in the Umm Al-Hamam Al-Gharbi neighborhood.**

H. H. Prince Bandar bin Khalid bin Fahad Al Saud, President of the Unified Real Estate Development Company, inaugurated the branch, which comes in line with the company's strategy aiming to deliver a convenient and enjoyable shopping experience to all segments of society and provide myriad luxury and consumer goods under one roof and at competitive prices.

Muwaffaq Mansour Jamal, CEO of Panda Retail Company, accompanied Prince Bandar on a tour of the new outlet and explained how the company adds value to and reinforces the Kingdom's

retail sector, which plays a pivotal role in driving economic growth. Jamal also stressed the company's Saudization efforts, which are focused on employing talented and competent Saudis to help run the company's stores.

"HyperPanda recently opened its 16th store in western region and today it has opened this branch, bringing the total number of stores Kingdom-wide to 65. Various innovative promotional offers, social initiatives and entertainment activities await customers. We guarantee a great shopping experience to all as usual," said Jamal.



*H.H. Prince Bandar bin Khalid bin Fahad and Mr. Muwaffaq Mansour Jamal, Panda Retail CEO, open Aloroobah branch (Panda)*

Serving Umm Al-Hammam and nearby neighborhoods, the new outlet offers fresh bakery, fish, meat, luxury and consumer goods, home and electric appliances, electronic devices, cell phones,

cosmetics, sports accessories, children toys, and Panda-branded products all available exclusively at HyperPanda stores at competitive prices.

## Panda Retail Company; Key Sponsor and Participant in 3rd Nutrition and Health Conference

# Participation aims to enhance food safety and hygiene practices

**Panda Retail Company sponsored and participated in the Third Nutrition and Health Conference, organized by Jeddah Municipality.**

Held on from the 23rd – 25th May, 2016 at the Hilton Hotel, the retail magnate participated under the overarching theme of 'My Healthy Diet'. Panda's sponsorship comes in line with its policy of aiming to strengthen and improve the concept of public health through the effective promotion of food safety and hygiene practices.

Panda's pavilion attracted a large number of visitors as well as food safety and hygiene specialists and experts. Jeddah Mayor, Hani Muhammad Abu Ras visited the pavilion and was briefed on the innovative programs PRC has launched with a view to enhancing food safety and hygiene practices. Moreover, Panda-branded products, which are sold exclusively at Panda stores, were displayed and distributed to visitors who listened to explanation about the nutritional information offered in these products.

Patrons were also introduced to the numerous health initiatives Panda has



*Mayor of Jeddah Municipality Eng. Hani Abu Ras during his visit to Panda's Pavilion in the conference*

launched in line with its Corporate Social Responsibility program. One such initiative is the "be healthy" program, which seeks to educate the public about healthy eating habits and lifestyles. Over 350 food tips and more than 40 short healthy recipe videos were published across the social media platforms (Facebook, Twitter and Instagram) including other media channels. "Be Healthy" highlights the healthy tools

and programs suitable to all members of the public regardless of age.

Muwaffaq Mansour Jamal, Chief Executive Officer, Panda Retail Company, said: "The sponsorship of the third Nutrition and Health Conference underscores our unwavering support for the Jeddah Municipality's efforts. It also showcases how our strategy is in line with the municipality's objectives to disseminate the importance of food safety

and health practices among members of the public. It also allows us to guide food establishments in the best ways of improving and developing our services." Over the course of the event, PRC also shed light on the pivotal role it continues to play in localizing the Kingdom's retail sector and the efforts it has exerted in order to empower Saudi youth. Key initiatives help the youth to be innovative and contribute in a positive manner to the national transformation plan's success. This is also in line with the of the Kingdom's national trend of filling vacancies with Saudi citizens. Panda's commitment to this vision is further bolstered by the fact that PRC employs over 25,000 persons, of which 30 % are Saudi Nationals.

Panda operates as the retail division of the Savola group of companies. As one of the largest retailers in the Middle East, it caters to more than 400 million visitors every year across its different outlets; Panda, HyperPanda and Pandati, which offers a diverse range of high quality products that meet all family needs at competitive prices.

## With the opening of Five new outlets in 30 days

# Panda Retail Continues Kingdom-wide expansion strategy to satisfy customer needs

**Panda Retail Company opened three HyperPanda new stores, two in Al-Qassim and one in Jeddah, bringing the total number of newly-opened stores this month to five. This builds on the two stores recently opened in Jeddah and Riyadh.**

**The new stores aim to enable the largest segments of society to get prepared for Ramadan shopping.**

The five new stores come in line with Panda Retail Company's expansion strategy whose objective is to boost the company's presence Kingdom-wide, apply the concept of availability and reinforce the role of retail sector in Saudi economic growth.

Muwaffaq Mansour Jamal, Chief Executive Offices, Panda Retail Company, said: "In line with our commitment to improve customer satisfaction, the company has intensified its efforts and raised its readiness levels for the Holy Month of Ramadan by opening five new stores in a month. All employees and staff members across Panda chains are

fully prepared to receive and support customers and we will work hard to apply best practices in customer service. We have launched Ramadan promotions allowing customers to buy whatever they need for Ramadan at lowest prices and highest levels of quality."

Commenting on the five additional stores, Jamal stressed that they will boost business in the region and create job opportunities for Saudis. "We are keen to hire qualified Saudis and enhance our 'Saudization' efforts which form a pivotal part of our employment strategy. That is why we as a company have the largest number of Saudi employees in the retail sector."

## Rawaby on a Fallahy Food Quest all over Egypt

Rawaby, as the market leader in the ghee market for 20 years now, decided as a part of its responsibility as the Fallahy food sponsor to go on a quest for housewives perfecting real Fallahy food all over Egypt to honor them, acknowledge their expertise, and pass it over to others. In this quest, Rawaby decided to have one of the most popular chefs now in Egypt, Chef Naglaa El Shershabi as the spokesperson to go visit the ladies and get from them key tips they use to perfect their fallahy dishes no matter how the dish is challenging.

The objective of this campaign was to depict a real cooking experience for the viewer where they get to see the lady in her household cooking in her own style with her own touch added to the dish using Rawaby as a key ingredient to perfect the dish. This added a lot to the credibility of the copy along with empowering the heroine herself in an attempt to make every lady using our brand relate to the copy. So through a real life experience with the brand's target audience, Rawaby was able to take its challenge one step higher through searching for Fallahy in every



place in Egypt.

The campaign was aired both on Television and Online on the key digital platforms to ensure the highest coverage to reach every Egyptian household.



### Shams Equity Copy:

Savola Sudan entered the Sunflower Oil Category with Shams in 2014. The Sunflower oil market in Sudan is rapidly growing with many fragmented brands playing in the market. In May 2016, Shams launched an exciting "Light on Stomach" campaign anchored by a TVC and supported by outdoors, radio and Below the Line activities in public parks and crowded streets. Through this campaign

Shams is aiming to establish its name and lead its category.

The campaign showed consumers that they can prepare their favorite meals but in a light and healthy way. The tagline was "Aklik Ahla w Akhaf" (Your Food Tastier and Lighter). The humor of the ad made the TVC widely popular and the message very clear among its audience



### Sabah Recipe Consumer Promotion:

In Ramadan 2016, Sabah launched a consumer promotion to celebrate the holy month with its consumers and support the hero SKU of the season, the 4.5L.

The campaign was called "How Do You Taste Ramadan?" and reinforced Sabah's positioning as the oil brand for "great tasting results". Each 4.5L bottle came with an exciting Iftar recipe tag around the neck of the bottle. The promotion was amplified through a TV Graphic, radio ads, outdoors and in-store branding.



## Al Arabi Launches the «Kids' Fun Days» Campaign benefiting underprivileged children during Q2 of 2016

Following the great success of Al Arabi's charity campaign in 2015 and in collaboration with several charities in Jeddah, Riyadh and Dammam, the Al Arabi team decided to steer this year's social efforts towards spreading Joy for the underprivileged children & organize fun days for them in amusement parks in these cities.

This year, also, Al Arabi made sure to engage different segments of the Saudi society in the campaign and mobilize them towards achieving this righteous mission by encouraging consumers to buy Al Arabi's special offer pack. With each purchase, a sum of money would be donated to fund the scheduled fun days.

The initiative came hand in hand with a media campaign including radio and online platforms in addition to special in-store activities, all meant at motivating consumers to do the right thing and contribute to spreading joy among children who need it the most.

### Savola News letter

Issued by Corporate Affairs.  
Communication and Investor Relations

For more information or sharing views, please contact us at Savola Group - Ashati District, Jeddah, Prince Faisal Bin Fahd Road, Savola Group 2444 Taha Kusaifan-Ashati Unit No. 15 - Jeddah 23511-7333  
[www.savola.com](http://www.savola.com)

Your constructive opinions and comments are most welcome via the following e-mails:  
[tkhan@savola.com](mailto:tkhan@savola.com)

## Almarai Company Achieves a Net Profit of SAR 937.3 Million for the First Half of 2016

Al-Marai Company (which 36.52% of its shares are owned by The Savola Group) achieved good financial results for the first six months of 2016, in which the company recorded a net profit of SAR 937.3 million compared to SAR 836.9 million for the same period of last year, which represents an increase of 12%.

Almarai has also achieved excellent results during Q2-2016. The company achieved a net profit for the second quarter that amounted to SAR 628.8 million compared to SAR 530.4 million, which is a growth in the net income for the second quarter by 18.5%, compared to the same quarter of last year.

This growth is due to the growth in sales of 10.3%, as a result of continuous growth in the main segments

from Dairy & Juice by 9.5%, Bakery by 16.2% and Poultry by 20.1%. This outstanding growth is also due to the increase in the cost of sales at a lower rate than Sales due to improving inputs costs due persistent low commodities prices, better cost management and raising production efficiencies despite increases in fuel and electricity costs, which lead to an increase in Gross Profit of 14.6% reflected into the net income improvement for the quarter.

As Almarai is a publicly listed company on the Saudi Stock Exchange (Tadawul), therefore more details on its performance and its business development, and financial results are available through the Saudi Stock Exchange website (Tadawul) or the company's website [www.almarai.com](http://www.almarai.com).

## Herfy Food Services Company Achieves SAR 103.29 Million Net Profit for the First Half of 2016

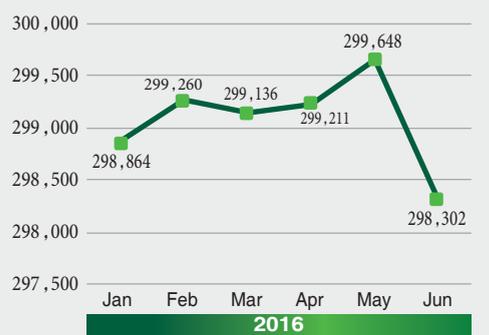
Herfy Food Services Company (which is 49% owned by Savola Group) achieved a net profit of SAR 103.29 million by the end of the first half of 2016 compared to SAR 100.81 million recorded for the same period of the last year, which represents an increase of 2.46%. The company achieved good results for the Q2-2016, in which Herfy recorded a net profit of SAR 49.68 compared to SAR 46.27 million for the same quarter of last year that represents an increase of 7.39%. This increase is mainly due to the increase in sales which amounted to SAR 18.3 million with a percentage increase of 7.1%, that is caused by the new stores the company has opened and the net other income of SAR 1.3 million for the second quarter of 2016 compared to net other expenses of SAR 1.2 million for the same quarter last year 2015. Despite the increase in the cost of sales during the second quarter of 2016

compared to the same quarter last year due to the increase of labor cost, as well as the increase of the fuel and electricity costs and The increase in fixed costs due to the decrease of the daily average sales compared to the normal daily average sales which started on 6/6/2016 which is the first day of the month of "Ramadan", knowing that the beginning of "Ramadan" during the same quarter last year was at 18/6/2015, despite also the increase of General and administration expenses and the increase in financing cost due to increase of borrowings amount and borrowing rates.

Herfy is a publicly listed company on the Saudi Stock Exchange (Tadawul), therefore more details on its performance and business development, and financial results are available through the Saudi Stock Exchange website (Tadawul) or the company website [www.herfy.com](http://www.herfy.com).

## Savola Continues Updating Share Monitoring System "Transparency Screen"

Change in Top 10 Shareholders Ownership (No. of Shares in Thousands)



**In** a move designed to further boost transparency. Savola has continued to update its Share Monitoring System, dubbed "The Transparency Screen". This system tracks and displays changes in shareholding of major shareholders. Categories covered by the system now includes: Board Members. Senior Executives. Major Shareholders. Investment Funds and Government Share. The system is open and can be accessed through the Savola Website: [www.savola.com](http://www.savola.com)

Change in Investment Funds Ownership (No. of Shares in Thousands)



Change in Top 90 Shareholders Ownership "after Top 10" (No. of Shares in Thousands)



The system is now being regularly updated to reflect the movement in major share ownership in order to entrench transparency and to facilitate the task for parties interested in Savola share tracking. Below you will find the charts depicting share ownership movement for the period (from **January to June, 2016**).

Note The Group's capital is fixed at SAR 5.34 billion divided into 533,980,684 ordinary cash shares and the total shareholders are about 102,224.

Change in Board Members Ownership (No. of Shares in Thousands)



Change in Other Shareholders Ownership (No. of Shares in Thousands)



Change in Executives Ownership (No. of Shares in Thousands)



Change in Government Ownership (No. of Shares in Thousands)



**SAVOLA GROUP COMPANY**

(A Saudi Joint Stock Company)

**Interim consolidated balance sheet (UNAUDITED)**

(All amounts in Saudi Riyals thousands unless otherwise stated)

	June 30, 2016	June 30, 2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	1,485,092	2,144,285
Accounts receivable	1,061,043	1,315,459
Inventories	4,527,157	4,785,492
Prepayments and other current assets	1,387,126	1,973,908
Assets classified as held for sale	772,274	40,525
Total current assets	9,232,692	10,259,669
<b>Non-current assets:</b>		
Long-term receivables	170,796	327,433
Investments	8,506,578	8,331,115
Property, plant and equipment	7,779,075	7,221,526
Intangible assets	1,076,138	1,151,939
Total non-current assets	17,532,587	17,032,013
Total assets	26,765,279	27,291,682
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Current liabilities:		
Short-term borrowings	4,095,067	4,280,770
Current maturity of long-term borrowings	358,507	349,960
Accounts payable	3,056,561	3,616,313
Accrued and other current liabilities	2,267,652	2,359,942
Liabilities classified as held for sale	767,212	84,198
Total current liabilities	10,544,999	10,691,183
<b>Non-current liabilities:</b>		
Long-term borrowings	4,447,764	4,413,319
Deferred gain	166,765	183,862
Deferred tax liability	96,514	79,590
Long-term payables	51,816	64,174
Employees' end of service benefits	423,302	385,453
Total non-current liabilities	5,186,161	5,126,398
Total liabilities	15,731,160	15,817,581
<b>EQUITY</b>		
Share capital	5,339,807	5,339,807
Share premium reserve	342,974	342,974
Statutory reserve	1,774,085	1,594,910
General reserve	4,000	4,000
Fair value reserve	(34,154)	278,766
Effect of acquisition transactions with non-controlling interest without change in control	(171,375)	(218,851)
Currency translation differences	(1,259,339)	(969,808)
Retained earnings	4,213,839	4,103,226
Equity attributable to shareholders' of the Parent Company	10,209,837	10,475,024
Non-controlling interest	824,282	999,077
Total equity	11,034,119	11,474,101
<b>Total liabilities and equity</b>	26,765,279	27,291,682
<b>Contingencies and commitments</b>		

**Notes:**

- To Review the detailed accounts for this quarter and the previous quarters, please visit Savola web site: ([www.savola.com](http://www.savola.com))  
Or Tadawul website: ([www.tadawul.com.sa](http://www.tadawul.com.sa))

### Savola Major Shareholders List as of 14 August 2016

Ser.	Shareholders name	Ownership Percentage*
1.	Assila Investment Company	11.23 %
2.	General Organization for Social Insurance	10.23 %
3.	Abdullah Mohammed Al-Rabe'ah	8.21 %
4.	Abdulgadir Al-Muhaidib & Sons Company	8.10%
5.	Al-Muhaidib Holding Company	6.36 %

\* The paid capital of the Savola Group is SR 5.34 billion divided into 534 million shares having equal nominal value of SR 10 per share.

**SAVOLA GROUP COMPANY**

(A Saudi Joint Stock Company)

**Interim consolidated income statement**

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Three-months period ended June 30,		Six-months period ended June 30,	
	2016 (Unaudited)	2015 (Unaudited)	2016 (Unaudited)	2015 (Unaudited)
<b>Revenue</b>	6,890,056	7,036,491	12,913,227	13,260,205
Cost of revenue	(5,600,469)	(5,683,253)	(10,400,548)	(10,747,813)
Gross profit	1,289,587	1,353,238	2,512,679	2,512,392
Share in net results of associates and dividend income of available-for-sale investments - net	249,531	216,670	382,547	359,289
	1,539,118	1,569,908	2,895,226	2,871,681
<b>Expenses</b>				
Selling and marketing	(929,640)	(883,532)	(1,838,644)	(1,675,390)
General and administrative	(195,284)	(143,656)	(356,886)	(283,025)
	(1,124,924)	(1,027,188)	(2,195,530)	(1,958,415)
Income from operations	414,194	542,720	699,696	913,266
<b>Other income / (expenses)</b>				
Gain on disposal of investments	--	--	--	265,152
Financial charges, net	(100,065)	(42,751)	(192,321)	(133,868)
Income before Zakat and Taxes	314,129	499,969	507,375	1,044,550
Zakat and foreign income taxes	(41,545)	(42,602)	(70,137)	(80,795)
Income from continuing operations	272,584	457,367	437,238	963,755
Loss from discontinued operations	(42,256)	(665)	(149,564)	(38,424)
Net income for the period	230,328	456,702	287,674	925,331
<b>Net income for the period attributable to:</b>				
- Shareholders' of the Parent company	246,661	434,366	339,584	904,877
- Non-controlling interest	(16,333)	22,336	(51,910)	20,454
<b>Net income for the period</b>	230,328	456,702	287,674	925,331
<b>Earnings per share:</b>				
• Income from operations	0.78	1.02	1.31	1.71
• Net income for the period attributable to the shareholders of Parent Company	0.46	0.81	0.64	1.69
Weighted average number of shares outstanding (in thousands)	533,981	533,981	533,981	533,981

**SAVOLA GROUP COMPANY**

(A Saudi Joint Stock Company)

**Interim consolidated cash flow statement**

(All amounts in Saudi Riyals thousands unless otherwise stated)

	June 30, 2016 (Unaudited)	June 30, 2015 (Unaudited)
<b>Cash flow from operating activities</b>		
Net income for the period	287,674	925,331
<b>Adjustments for non-cash items</b>		
Depreciation, amortization and impairment	368,034	317,373
Gain on disposal of investments	--	(265,152)
Financial charges - net	192,321	198,272
Share in net income of associates, net	(382,547)	(359,289)
Deferred gain amortization	(8,549)	(8,548)
	456,933	807,987
<b>Changes in working capital</b>		
Accounts receivable	(281,422)	(281,648)
Inventories	20,960	(472,736)
Prepayments and other current assets	34,075	(226,330)
Accounts payable	222,083	924,516
Accrued and other current liabilities	428,095	306,110
	880,724	1,057,899
Employees' end of service benefits, net	16,964	16,103
Net cash generated from operating activities	897,688	1,074,002
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(813,422)	(904,639)
Dividends received	284,988	255,352
Contribution to settle an associate's liability	(20,403)	--
Net change in long-term receivables	6,338	(6,674)
Proceeds from sale of a subsidiary	--	910,000
Change in intangible assets	7,582	(11,860)
Net cash (utilized in) / generated from investing activities	(534,917)	242,179
<b>Cash flow from financing activities</b>		
Net change in short-term borrowings	37,126	430,514
Net change in long-term borrowings	(233,376)	(448,812)
Net change in long-term payables	(1,655)	--
Net change in deferred tax liability	22,744	--
Changes in non-controlling interest	(73,655)	34,006
Financial charges paid	(192,321)	(198,272)
Dividends paid	(393,068)	(524,509)
Net cash utilized in financing activities	(834,205)	(707,073)
Net change in cash and cash equivalents	(471,434)	609,108
Effect of currency exchange rates on cash and cash equivalents	(71,850)	(99,335)
Less: Cash and cash equivalents classified as held for sale	(38,692)	--
Cash and cash equivalents at beginning of the period	2,067,068	1,634,512
Cash and cash equivalents at end of the period	1,485,092	2,144,285
<b>Supplemental schedule of non-cash financial information</b>		
Fair value reserve	(37,938)	296,231
Currency translation differences	(240,252)	(168,280)