

The Saudi Consul Visits

New Marina Plastic, a 95% Savola Ownership Company

On 22nd January 2008, New Marina Plastic Factory (one of the Savola companies) received in its Alexandria office, His Excellency Abdul Ghani Shwelah, the Consul of KSA in Egypt. This visit stems from the distinctive and continuous relationship between the Consulate of KSA in Alexandria and the Saudi companies located in Alexandria and cooperation in all fields specially the field of business. Particularly, Packaging Division in the Savola Group represents one of the leading companies in the industrial sector in KSA, the Middle East, and number of North African countries.

His Excellency the Consul of KSA had visited the factory and took a round inside it to get in depth knowledge about how things are done, including the up-to-date production methods in plastic manufacturing. In this visit, His Excellency was accompanied by Eng. Azhar Kangi, the President of Packaging Division; Mr. Edward Habashi, the General Manager of New Marina Plastic Factory; and Eng. Naif Al Sofiany, the General Manager of Sales and Marketing in Savola Packaging Systems Factory. During this visit, Eng. Azhar Kangi

reviewed the history of the developments and the most important achievements in the Packing Division of the Savola Group. Besides, this visit witnessed also the exchange of information and discussions on the commercial cooperation opportunities and how to exploit these opportunities in the light of the recent commercial relationships between the two countries. His Excellency expressed his willingness in removing any difficulties facing the Division and in supporting the Saudi Companies in Alexandria. He also praised the achievements and the



Saudi Consul appears in the middle of the Executive Management of New Marina Company

distinctive performance of the Savola Group and the achievements as well as the geographical expansions attained, which represent an obvious contribution to Saudi Economy.

It is worth to be noted that the Savola Group, as a part of its expansion strategy in the Plastic Division, has bought an additional share of New Marina capital, at SR 51.7 Million, representing 25% of New Marina capital, in addition to acquisition its 70% present share in 2006. Accordingly, the total share of Savola in New Marina Plastic at present is 95%.

New Marina Plastic is a specialized company in the field of plastic manufacturing and packing systems, its market share is about 40% of the PET bottles in the Egyptian market. It also exports to some of the neighboring Arabian Gulf and North African countries. The ownership of these shares will be transferred during the coming days. This expansion is considered one of the important strategic steps towards expanding the activities of the Division and increasing its share in the neighboring markets.

The United Sugar Company, Egypt Launched Its First Trade Mark «Alosra»



Eng. Zouhair Eloudghiri, Managing Director - The United Sugar Company, Egypt announced that the Company has launched its first trade mark Alosra sugar on 6th April, 2008 in the Egyptian market during a gala celebration held in Four Seasons Nile Plaza Hotel, representing an important business event in Cairo. This occasion witnessed a large number of guests, including the top 500 sugar manufacturing and distributing companies in Egypt. The celebration addressed the importance of the investments of The United Sugar Company, Egypt and the level of support from the company to launch its trade mark Alosra and to make it attain the leadership.

The United Sugar Company of Egypt was established in 2005 (it is managed by Foods Sector of the Savola Group through the United Sugar Company) in Arab Republic of Egypt. The company has constructed a refinery for crude sugar inside Ein Al Sokhna Port, occupying 138000 square meter, with a capital cost of



US\$ 132.75 Million, expected to increase to US\$ 140 Million by the end of the project. The production capacity of the refinery is 750K tons annually. The objective of this company is to construct a refinery for crude sugar and producing and packing both Fine and Coarse white sugar according to the European standards (EC2) to fill the import gap in the Egyptian market and to export to the neighboring countries.

Major Highlights

- The Group's increased its capital to SR 5 Billion.
- Signed a memorandum of understanding to merge Panda with GIANT Stores.
- Savola achieved SR 250 Million as net Profits for the First Quarter 2008.
- Distribution of SR 125 Million as dividends to the shareholders for first quarter 2008.
- Al Marai Co. achieved SR 162 Million as net profit in three months & Herfy awarded ISO.
- Savola continues its plans & programs on Corporate Governance & Social Responsibility.
- The Saudi Consul visits one of Savola companies in Egypt .
- The United Sugar Company of Egypt launches its marketing programs
- New Expansions in Afia International, Egypt



Corporate Social Responsibility Programs

Savola Contributed "Ethraa Program" for School Girls and Sponsors" Our Orphans 7th Festival" in Taif



Governor of Unaizah

"Ethraa (enrichment) Program" for school girls in Unaizah
Eng. Mosaed Al Salim, the Governor of Unaizah appreciated the role and the services of the Corporate Social Responsibility Department in Savola, appraising its efforts to support Ethraa Computer Institute in Unaizah. In this regard, Savola Group subsidized Ethraa Computer Institute to enhance teaching process of school girls to get the International Computer Learning License. This license confirms that its holder is qualified in the field of using computer skills and is knowledgeable in IT, after passing seven courses covering the basic principles of computer science and its practical applications.

Mrs. Faten Al Yafi, Corporate Social Responsibility & Communication Director ascertains that Savola Group is one of the leading companies in the social responsibility field and community services. She pointed out to the fact that this is based on its role toward the local community and to build strong linkages to best communicate with it. "Our Orphans Festival" in Al Taif
On the other hand, as the Savola Group is concerned of supporting the various community groups and providing these groups with the opportunities of the stable life, it was the Group's initiative to sponsor the seventh festival called Aytamana 7 (our orphans 7) organized by Orphan Caring Society in the Holy Makkah, Al Taif branch, at Al Kaki play grounds.
By sponsoring the festival organized

annually for the seventh consecutive year for Orphan Caring Society, the Group is attempting to contribute in achieving the Charity's objectives through providing the winter living needs for the orphans of Al Taif Governorate who are cared of by the Charity, as well as financing the needed maintenance for their housing and providing them with the furniture.
In addition to this, the Group is funding the Occupational Rehabilitating Center, which will be established later on. The Charity is caring of 3600 orphans every year and providing them with their various daily and periodical needs as clothes, winter living needs and book cases, as well as the basic furniture. The Charity adopts also programs for providing breakfast

meals to the families of the orphans during the fasting month of Ramadan, in addition to other rehabilitating and training programs for the orphans and their families to help them in overcoming their difficulties and to take them to a better and more prosperous future.
It is worth to mention here that Savola Group gives a special attention to the social responsibility programs. During the last few years, the Group established its CSR initiative called Jassour (Bridges) Program, which confirms the Savola's commitment, to the community through launching long term supporting programs, through which the Group experiences are exploring in providing different services to the local community and satisfying



Director, CSR & Communication in Savola

its educational, social, as well as training needs; identified in the light of the diversified experiences of the Group, and especially designed to achieve the long term social development. These programs are characterized by their creativity and effectiveness, and rely on self assistance to provide opportunities to a large number of the needy, as well as to those of special needs individuals, enabling them to attain their goals and eventually achieving self confidence and satisfaction.
Savola has also launched the helpdesk at JCCI for the Special Needs Recruitment, which is considered the first initiative in this field, and included 120 applicants. The office is targeting to provide 1000 job opportunities during the coming couple of years.

Afia International Enhances Its Role in the Social Responsibility Field



On the basis of its eminent humanity mission, as well as enhancing its role in the social responsibility field, Afia International Egypt which produce edible oils and ghee (owned by Savola) had conducted a blood donation campaign during March 2008, for the sake of a governmental hospital suffering from serious blood shortages and inability of securing the necessary blood quantities to those who are in need of blood transfer. This campaign reflected the prevailing behaviors between the Egyptians, such as the cooperative and soldering spirit, and fulfilling the necessitous needs. In his campaign, some of the company employees donated under professional medical supervision, after satisfying the necessary health conditions concerning blood donation requirements.

Savola Enhances Its Relationships and Communication with the Media

To enhance Savola relationships and communication with the media, Dr. Sami Mohsen Baroum, the Managing Director, Savola Group, accompanied by Mr. Mahmoud Abdul Ghaffar, Senior Vice President- Corporate Affairs & Board Secretary and other delegates visited both Okaz and Al Bilad press establishments to discuss different features of cooperation in various media fields.

The Group delegation met Mr. Waleed Al Kattan, the General Manager, and Mr. Abd Al Aziz Al Nahary, the Editor in Chief of Okaz Press. They also met Mr. Abd Al Hafiz Qari, the General Manager, and Mr. Ali Al Hasson, the Editor in Chief of Al Bilad Press, as well as number of responsible persons in the two establishments. During these meetings, the Managing Director of the Group reviewed the history of Savola and its local and

international successes. He also highlighted the ways of enhancing further relationship between Savola and these prominent organizations. The Managing Director appreciated the role of these media organizations in increasing community awareness, and achieving transparency and enhancing communications between all the concerned parties. Finally, he expressed his best gratitude for the generous hospitality and the cheerful receiving.



Savola Delegates visits Okaz Est.



and visits Al-Bilad Est.

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Eng. Adel M. Fakeih

Message from the Chairman

Dear Savola Group Shareholders,
I am very pleased to meet you through this new issue of Savola Newsletter for the first quarter of the fiscal year 2008. We are always keen to communicate with you through this Newsletter to be periodically aware of the performance of the Group both inside and outside KSA. The Group has been pursuing its outstanding performance during the first quarter of this year in all core sectors (Foods Sector including edible oils and sugar, Retail Sector through Panda Hyper & Supermarkets, Real Estate Division, Plastic Division, Franchising Division, and Investments Division). These developments will be highlighted in this newsletter.

As a result of the efforts exerted by the Group in accordance with its general expansion strategy, aiming at achieving more growth and leadership in all sectors both locally and internationally, the Group realized an 82.2% increase in net profits compared with the same period of last year. The Group was also able to increase its paid-up capital from SR 3.75 Billion to SR 5 Billion, through granting one free share against every three owned shares, hence increasing the number of the Group shares from 375 million to 500 million shares, providing the Group with more liquidity to finance its expansion strategies and plans, as well as achieving both short and long term objectives; in addition to continuing its strategic direction of quarterly distributing cash dividends to its shareholders.

We, the Board, the Executive Management and the employees, will further strengthen our efforts in order to implement the Group plans and strategies aiming at creating more promising investment opportunities in KSA and MENACA countries, in accordance with a deliberate and viable strategy and adopting the advanced methods of management practices, in addition to continuous learning and benefiting from both our mistakes and experiences of the others in all fields.

In conclusion, it is my pleasure to express my endless thanks and gratitude to our respectful shareholders for their continuous support; and to the executive management and all the employees in the Group and the subsidiaries and affiliated companies both inside and outside KSA, for their extraordinary efforts and performance. I hope that I will have the chance to meet you through the next issues of Savola Newsletter in the fiscal year 2008, where the performance of your Group is more distinctive and more brilliant.

Thanks for your support and trust. My best wishes of continuous healthy life to all of you, and long standing prosperous and advanced developments for your Group.

Adel M. Fakeih,
Chairman of the Board

1st Quarter 2008



Savola News

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

Al Marai Achieved SR 162 Million as Net Profit for the First Quarter 2008

New Expansion in Afia International, Egypt

Savola Net Profits for the First Quarter 2008 Exceeds SR 250 Million; and Distributes SR 125 Million as Dividends to Its Shareholders

During its Board of Directors meeting held on Saturday 19th May, 2008, chaired by Eng. Adel Fakeih, the Board of Directors approved the initial consolidated financial results achieved by the Group during the first quarter ended 31st March, 2008. These results have shown that the net profits achieved by the Group reached SR 250.48 Million, compared with 137.46 Million for the same period of the last year, with a percentage increase of 82.2%.

In this context, Dr. Sami Mohsen Baroum, the Group Managing Director, highlighted that the increase in the 1st quarter net profits in comparison with the same period of last year, was due to the outstanding performance of all sectors of the Group both inside and outside KSA, specially the operational businesses in the international companies, notably the emerging companies that entered the profitability stage, as well as the excellent performance of the portfolio of the Group during this quarter. In this regard, Dr.

Baroum added that the total revenues realized by the Group for the first quarter 2008 reached SR 3 Billion compared with SR 2.25 Billion for the same period of the last year, with a 33.3% increase. Also, by the end of the first quarter, the earning per share has reached SR 0.50 in comparison with SR 0.27 for the same period of the last year.

On the other hand, the Board discussed the Group strategy for 2008-2012. The period ahead will unveil the most prominent features of that strategy.

As a continuation of the Group policy to distribute quarterly dividends to its shareholders, the Board resolved distribution of SR 125 Million as dividends for the first quarter compared with SR 93.75 Million distributed for the first quarter of last year, (i.e a SR 0.25 per share). The maturity date of these dividends will be given exclusively to the shareholders registered in the Company's books at Tadawul on April 30th 2008. These dividends will be paid effectively as of May 15th, 2008.

Shareholders Extraordinary General Assembly Approved Increase of the Group's Capital to SR 5 Billion and Compliance with Corporate Governance Regulations



Savola Group Board of Directors

Ministry of Commerce & Industry's Representatives

During its extraordinary meeting held in Jeddah Westin Hotel on 25th March 2008, the General Assembly of Savola Group voted with absolute majority in favor of the decision of increasing the Group's paid-up capital to SR 5 Billion, up from SR 3.75 Billion (i.e. 33.33% increase) through providing one free share for every three owned shares, resulting in increasing the Company number of shares from 375 million to 500 million. The General Assembly approved also the ordinary items related to the annual report and the 2007 year end results, as well as distributing SR 593.75 Million as dividends for the fiscal year 2007. It also approved the item of absolving the Board from its liability for managing the company, and appointing KPMG (Al Fawzan and Al Sadhan) as an External Auditors to audit the Group quarterly and the year end accounts of the year 2008, for total fees of SR 195,000.

As for the items concerning the compliance of Corporate Governance Regulations, issued by the Capital Market Authority (CMA) in November 2006, the General Assembly approved with absolute majority all the items, which includes, giving the shareholders the right to dismiss all or some of the members of the Board of Directors at any times, and amended article 18 of the Article of Association of the Group accordingly. In addition to the approval of amending article (26) to include the following paragraph: "every shareholder, irrespective of the number of his/her shares, has the right to attend the General Assembly and he/she may authorize other shareholders (non Board member) to attend the General Assembly on his/her behalf". The General Assembly approved also the criteria and procedures specifying the Board of Directors membership and the rules governing the selection of the Audit & Risk Management Committee and the Compensation and Nomination Committee, as well as the way these two committees perform their duties. However, the Assembly with absolute majority did not approve the accumulated voting method to select the Board of Directors members.



Savola's Shareholders during General Assembly Meeting



