



Savola News

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 Reports an Increase of 38% in Operating Income and records SR 405 million for the first half 2009

- The Savola Group increases its Operating Income by 38% over last year, reaching SR 375 million for the second quarter of 2009.
- The Group records SR 213 million in Net Income for the second quarter, with Net Income for the first half reaching SR 405 million
- Revenues grow by 27% to reach SR 8 billion, compared to SR 6.3 billion for the first half of last year.
- Gross Profit reaches SR 1.4 billion for the first half of 2009 compared to SR 1 billion achieved during the first half of 2008.
- Core operations contribute 95% of Net Income, with the remaining 5% being contributed from Net Capital Gain for the first half 2009.
- Revenues from the retail sector (including Panda & Herfy) grow by 47% during the first half of 2009 Vs the same period of last year.
- Distribution of SR 125 million as dividends for the second quarter, maintaining its policy of stable returns to shareholders, bringing the total distributed dividends to SR 250 million for the first half of 2009.
- The Savola Group projects Net Income of SR 250 million for the third quarter 2009 not including net capital gains that might occur during the quarter.
- H.H. Minister of Labor launches the joint training program between the General Organization for Technical and Vocational Training (GOTEVOT) and the Savola Group to train 10,000 Saudis in the retail sector.



The Savola Group announced on Saturday July 18 2009 its financial results for the second quarter 2009 and the significant achievements for the period. The Group reported Net Income of SR 213 million for the second quarter, compared to SR 259 million reported during the same period last year,

resulting in Net Income reaching SR 405 million for the first half 2009. Net Income from core operations was SR 201 million, contributing 95% of the Net Income for the quarter.

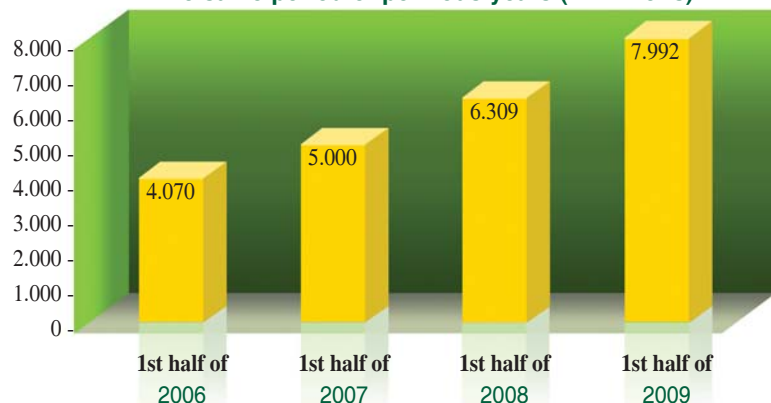
Also the Group Generated outstanding operating results compared to the second quarter of last year. Gross profits

grew by 41.3% to reach SR 776 million compared to SR 549 million in the same period of last year. Income from Operations reached SR 375 million compared to SR 272 million; growing by 38%, driven by strong performance from all core sectors.

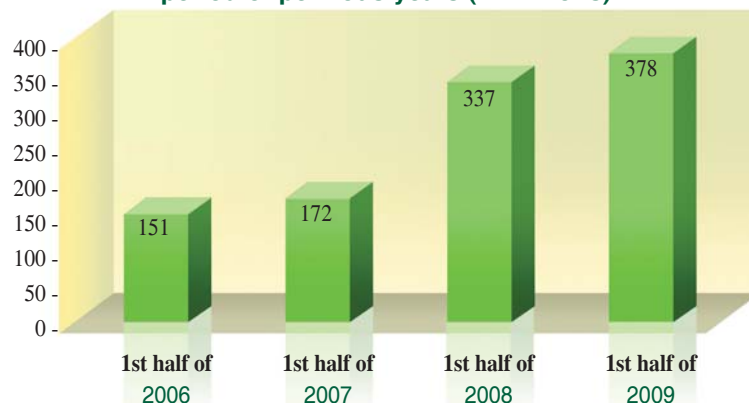
Net Capital Gains during

the first half of this year were SR 71 million less than the same period last year. In addition, the Group reassessed the value of its investment in Emaar Economic City Company at market value which resulted in taking a provision in this quarter.

Net Profit for the first half of 2009 (before Capital Gain) compared with the same period of pervious years (In Millions)



Net Revenues for the first half of 2009 compared with same period of pervious years (In Millions)





Eng. Adel M. Fakeih

Message from the Chairman

In the name of Allah ... the Most Gracious ... the Most Merciful

May Peace and Blessing of Allah be upon Prophet Muhammad Ibn Abdullah

Dear Savola Group shareholders

In the beginning, let me congratulate all of you, your families and all Muslims for the holy month of Ramadan, praying to Almighty God to accept our fast and good deeds.

It gives me great pleasure to welcome you through this issue of "Savola Newsletter" for the 2nd Quarter of 2009 and to update you on the latest developments of the Group performance and achievements during the quarter. Your Group continued its outstanding performance in all aspects, both inside and outside KSA. We, the Board of Directors, executive management and the employees, will continue to do our utmost towards achieving the Group's strategy and realizing its objectives of maximizing shareholders value and maintaining the balanced growth in the various core businesses.

The Group continued to grow during the quarter in all its operations, which helped it to register outstanding financial results during the 2nd quarter of 2009 as detailed in this newsletter. The Group realized net profits of SR 213 million and continued its policy of distributing dividends to its shareholders on a quarterly basis. The Board approved the distribution of SR 125 million [SR 0.25 per share] for the second quarter for the registered shareholders at the end of the trading day (Wednesday July 22, 2009). It is worth to mention that the Group distributed SR 125 million as dividend for the 1st quarter of the year; bringing the total distributed dividends to SR 250 million for the first half of 2009 [equivalent to SR 0.50 per share].

Currently, the Savola Group, as one of the major national companies, is playing a key role in securing basic foods for the Kingdom and the region. Moreover, it continues to generate the investment returns to more than 160,000 shareholders. Our Group enjoyed a robust and growing competitive position and strong financial standing. Such success is bestowed by Allah and has resulted from applying rational management practices and maintaining the corporate culture adopted earlier by the Group.

With regard to the projections for the 3rd quarter of 2009, the Group expects SR 250 million of Net Income for the third quarter, driven by the stability in raw material prices and the continuation of its growth in its core sectors. The projected Net Income for the year remains at SR 800 million, excluding capital gains and non operational related items. It is worth mentioning that the Group projected SR 164 million as Net Income for the second quarter this year without including net capital gain.

Finally, I would like to extend my sincere appreciation and gratitude to all our esteemed shareholders for their continued support and trust in the management of the Group and its subsidiaries; with best wishes for more future success.

Adel M. Fakeih,

Chairman of the Board of Directors

H. H. Minister of Labor visits Panda & launches the joint training program between the General Organization for Technical and Vocational Training and the Savola Group

H.H. Dr. Ghazi Al Gosaibi, Minister of Labor launched the joint training program between the General Organization for Technical and Vocational Training (GOTEVOT) and the Savola Group on Wednesday 24 June 2009. H.H. Dr. Ali Al Ghafees, Governor of GOTEVOT, Mr. Mousa Al Omran, Chairman of Azizia Panda Co. Board as well as other officials in the GOTEVOT and the Executive Management of the Savola Group were also present on this occasion. This strategic initiative between the GOTEVOT and the Savola Group is considered as the largest partnership in the Middle East between the private sector and the governmental office. This partnership aims to train Saudi youths and prepare them for work in the field of retail industry and to contribute in Saudization of jobs in this pioneering field.



H.H Minister of Labor & The Governor of GOTEVOT launch the joint training program with Panda



Dr. Sami Baroum, Group Managing Director, emphasized that the experience of «Savola» in this program is concerned with the development of the skills, capabilities of employees working in the retail sector through offering of a professional training and to encourage the youths to work in retail sector. Also, Dr. Baroum stated that this will offer a promising employment path, and to support the State's efforts through the localization of jobs in the retail sector and to minimize the percentage of unemployment among the Saudi youths who are willing to work.

On the other hand, Dr. Mohammed Amin Kashgari, CEO – Retail Sector clarified that the purpose of establishing this training institute is to qualify a young generation of graduates of the secondary and intermediate schools to work in the commercial field and to empower the retail sector as well to increase the percentage of Saudization by providing more jobs annually. The retail and wholesale sector represents the second largest economic activity in the Kingdom according to last year statistics.

The number of Shoppers to Panda Stores Reaches 32.5 million in Six month

Panda opens new additional stores during the 1st half of the current year

As an extension of its leading role, Azizia Panda United achieved a distinguished growth during the first half of the year 2009 where the sales has crossed SR 3.4 billion with a growth of 48% over the same period last year. Also, the company achieved a significant increased in the customer count during the second quarter of 2009 with 8% in comparison with the 1st quarter of 2009 despite the continuous reduction of inflation and prices of many of basic commodities.

Dr. Mohammed Amin Kashgari, CEO – Retail Sector, stated that Panda had opened four new stores during the first half of this year taking Panda's total number of stores to 101. The new stores were opened in Jeddah, Jubail, Tabuk and Khamis Mushait.

Dr. Kashgari indicated that our success is attributed to the confidence of the customers in Panda Stores where the number of the shoppers reached more than 32.5 million during the first half of 2009 with growth of 34% in comparison with the first half

of 2008. This strong growth in customer count clearly reflects the ability of Panda to attract customers in the retail market in the Kingdom. It is worth to mention that more than 4,000 Saudi staff are currently working in Panda stores.

Dr. Kashgari pointed out that the second half of this year will witness the opening of nine (9) new stores for Panda, including three HyperPanda stores that are in progress. This is part of our drive to increase the number of Panda stores to 160 (which includes 40 HyperPanda stores) by the end of the year 2012.



Dr. Kashgari, CEO – Retail Sector opens one of Panda's Hypermarkets in Jeddah



Savola distributes SR 125 million of dividends to its Shareholders for The 2nd quarter of 2009

Due to the outstanding financial results achieved by the Group for the 2nd quarter 2009, which reached SR 213 million and in continuation to its declared policy to distribute dividends on quarterly basis to its shareholders, the Savola Board of Directors resolved to distribute dividends amounting to SR 125 million Riyals for the 2nd quarter of 2009 (SR 0.25 per share) to the shareholders registered in the company books by the end of the trading date of (Wednesday 22nd July 2009, and the dividends distribution will start from 2nd August 2009. The Group had already distributed SR 125 million as dividends for the 1st Quarter 2009. The total amount of the dividend payment for the two quarters reached SR 250 million at SR 0.50 per Share.

Savola Group Signs an MOU

to acquire the Assets of Saudi Géant Stores

The Savola Group has, on July 24, 2009, signed an MOU with Fawwaz Al Hukair Group to acquire the assets of Géant chain of Hypermarkets in Saudi Arabia. The deal, which also gives Mr. Al Hukair a 3-year option to acquire back 10% of the merged entity, was valued at approximately SR 440 Million. The acquired assets include fixed assets and lease agreements.

The acquisition will be done through Savola's Retail arm, Azizia-Panda United (APU) which is jointly owned by Savola (80%) and AL Muhaideb Group (20%). The acquisition is in line with the announced strategy of The Savola Group to focus its growth on its core activities. These core activities are Ambient Foods, Retail, Real Estate Development and Plastics Packaging.

The deal, brokered by Swicorp Financial Advisory, is subject to formal approval by the regulators in Saudi Arabia and will be self-financed.

The acquisition will increase Savola's market share in the Saudi retail sector, estimated at SR 96 Billion, from 7% to 8%. Savola hopes within five years Aziz-

ia Panda would take up to 10% share of the Saudi retail market. This deal will add 11 stores to Panda's existing 100 stores.

Al Hukair is a major retail player with long experience in the development of malls and fashion retail. The total sales generated by Géant stores during the year 2008 reached SR 1 Billion. Panda Stores sales for the year 2008 reached SR 5.6 Billion (including SR 365 million generated from outside KSA stores). Panda's sales for the 1st half of the year 2009 crossed SR 3.4 billion (including SR 300 million generated from outside KSA stores), with a growth of 45% for KSA over the same period last year.

With a total of 100 stores

for APU and 11 stores for Géant and over 35 years of retail experience collectively, the newly added assets will create the biggest chain network in the Middle East which will be able to lead more effectively the Saudi retail market through economies of scale and will continue to provide the best value for money and offer best services to its customers. The deal will also help Azizia Panda United Company to execute its plan, which targets to hire 10,000 Saudi employees within the next five years. It is worth to mention that more than 4,000 Saudi staff are currently working in Panda stores (whereas the Saudi number before the merger between Panda & Savola in 1998 was 200 only).



Dr. Sami Mohsen Baroum

Message from the Managing Director,

Dear Savola Group Shareholders,

First of all, I would like to congratulate you for the holy month of Ramadan, praying to Almighty God to shower you with His bounteous blessings and prosperity and accept your fast and good deeds.

It gives me honor to share with you the outstanding results achieved by the Group during the period ending 30 June 2009 through the "Savola newsletter" for the 2nd quarter of 2009.

With the grace of Allah, the Almighty, the Group concluded the 2nd quarter of 2009 with an impressive operational profit of SR 375 million compared to SR 272 million for the same quarter of last year, growing by 38%, driven by strong performance from all core sectors. As a result, the Group recorded SR 213 million in net profit for the second quarter, with net profit for the first half reaching SR 405 million.

During the first half, the Group continued to grow its core operations with revenues growing by 27% to reach SR 8 billion. Contributing factors were the quality of the Group products and the loyalty of its customer base, which enabled the Group to effectively leverage its competitive strength in all operating markets, within and outside the kingdom. The Group has taken all necessary steps to overcome the impact of the economic crisis whilst continuing to maintain its leadership position in the local and international arena.

Elaborating on the results from the Group core sector, I would like to report the 17% increase in sales volume generated by the Foods sector, to reach 1,477 thousand metric ton, up from 1,268 thousand metric ton shipped during the first half last year. Sales Revenues however were 0.5% lower than last year, due to the reduction in commodity prices being passed on to the customers. International business operations of the Foods sector contributed 67% of its Net Income for the first half of the year. Whereas, revenues from the Retail sector, which includes Panda, HyperPanda and Herfy grew by 47% to reach SR 3.7 billion for the first half, compared to SR 2.5 billion reported during the same period last year. The growth in Revenues was driven by higher sales volumes achieved as a result of the company's ability to attract new customers leveraging its quality of service provided and competitive pricing strategy. The total number of customers grew by 34% over last year to reach 32.5 million visitors during the first half of 2009. Also, sales volumes from the Plastics sector increased by 15%, resulting in revenues of SR 346 million being reported for the first half of 2009.

I look forward to report to you more achievements for the 3rd quarter, and would like to thank our shareholders for their confidence and support, the Board of director for their strategic view and directions, and our employees for their efforts and outstanding performance.

Dr. Sami Mohsen Baroum
Group Managing Director



Savola Turkey launches a new corn Oil under its Premium brand “Yudum” And Afia company re-launches “Afia & Al-Arabi” brands in a new Look

The new Yudum Corn Oil was launched by Savola Turkey at the end of April 2009. The purpose of the launch was to grow the company's total corn business volume and profit in the Turkish market.

Savola's strong and leading brand Yudum has been positioned as the “light sunflower oil” for over twenty years in Turkey and the brand is very strongly associated with “lightness” in the mind of the consumer. Therefore, in order to meet consumer expectations and offer the market a new, “healthy and light” corn oil, Yudum brand has been extended into corn oil category with the same positioning of “lightness”. With the new Yudum Corn Oil, lightness of Yudum has been combined with the healthiness of corn oil. Yudum Corn Oil is the ideal choice for all dishes

because Yudum Corn is the “light” corn oil for women 25-45+ who are looking for health and lightness in their dishes.

The new product launch has been supported with intensive marketing and advertising including TV, radio and outdoor advertising, point-of-purchase materials, consumer in-store activities and PR activities.

As of end of June 2009, the new Yudum Corn Oil has reached a market share of 7% and the company's total share in the corn oil segment has increased from 18% to 21%. The company's total corn oil sales volume in Q2' 2009 has shown consider-



able growth (38%) when compared to sales volume in Q2 last year.

In order to strengthen its leadership, Afia Co. has decided to make a change and upgrade its positioning to the next level by re-launching its premium brands Pack “Afia & Al-Arabi” in a new design. The new look communicates what Afia & Al-Arabi are best known for, i.e. their quality, crunchy & golden bite. Consequently, the Afia & Al-Arabi new golden look was originated, executed & successfully launched in the market in order to differentiate itself from the rest of the products and reinforce its identity as the number one brand in the segment.

Savola Group participates in the Fourth Turkish Arab Economic Forum

Savola Group participated in the fourth Turkish Arab Economic Forum, which was held in Istanbul in June 2009 under the patronage of a group of Turkish & Arab economists and businessmen in coordination with the Turkish government represented by the Ministry of Finance, the external economic relations committee and the Arab League Nations.

The Savola Group was honored in this forum for the investments made in Turkey as well for its efforts in enhancing the investment process and expanding its activities in many countries especially in Turkey. Eng. Zouhair Eloudghiri, CEO – Foods Sector, received the award on behalf of the Savola Group. YUDUM Turkish company, which is wholly owned by Afia International company (entity of the Savola Group) is considered one of the largest Turkish company specialized in the field of vegetable oils where it is leading the market share of

the Turkish consumer through its two main brands (YUDUM and SERMA). The sales of the company witnessed a clear improvement since it was acquired and managed by the Savola Group in the year 2007 and its sales reached more than SR 760 million by the end of the year 2008.

The forum witnessed the presence of more than 600 participants from the Arab World who are actively involved in investment in Turkey. The Turkish Deputy Prime Minister, H.E. Dr. Ali Bajan and the Finance Minister, H.E. Mohammed Shamshak attended



Eng. Zouhair Eloudghiri, CEO – Foods Sector explains Savola Business and Activities to the participants

the honoring ceremony along with a number of Turkish and Arab dignitaries. The forum attracts many Arab and

Turkish businessmen, governmental and private sector heads.



SAVOLA GROUP COMPANY

(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at June 30, 2009

	2009 (SR 000)	2008 (SR 000)
ASSETS		
Current assets:		
Cash and cash equivalents	660,757	481,718
Investments	--	445,852
Trade receivables	1,596,329	919,649
Inventories	2,370,294	1,637,322
Prepayments and other current assets	983,869	683,639
Total current assets	5,611,249	4,168,180
Non-current assets:		
Investments	4,598,157	4,422,165
Intangible assets	1,257,616	567,601
Property, plant and equipment	4,609,646	3,959,370
Total non-current assets	10,465,419	8,949,136
Total assets	16,076,668	13,117,316
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term bank debts	1,872,358	1,628,206
Current portion of long-term debts	317,268	157,355
Trade payables	1,824,055	1,021,626
Accrued expenses and other current liabilities	1,463,792	1,118,215
Total current liabilities	5,477,473	3,925,402
Non-current liabilities:		
Long-term payables	74,233	68,345
Long-term debts	2,720,763	1,017,204
Employees' termination benefits	244,044	177,942
Total non-current liabilities	3,039,040	1,263,491
Total liabilities	8,516,513	5,188,893
EQUITY		
Equity attributable to the Company's shareholders:		
Share capital	5,000,000	5,000,000
Statutory reserve	772,945	752,710
General reserve	4,000	4,000
Unrealized (loss) /gain on investments	(717)	339,337
Foreign currency translation adjustments	(191,956)	(97,779)
Retained earnings	978,807	1,298,315
Total shareholders' equity	6,563,079	7,296,583
Minority interests	997,076	631,840
Total equity	7,560,155	7,928,423
Total liabilities and equity	16,076,668	13,117,316

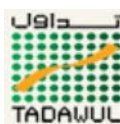
Savola major shareholders list who owns %5 or more from the company shares as of 29th July 2009

Ser.	Shareholders name	Ownership Percentage*
1.	Mohammed Ibrahim Al-Issa	11.9 %
2.	General Organization for Social Insurance	9.8 %
3.	Abdullah Mohammed Al-Rabe'ah	8.7 %
4.	Abdulgadir Al-Muhaidib & Brothers Company	8.4 %

* The paid capital of the Savola Group is SR 5 billion divided into 500 million shares having equal nominal value of SR 10 per share,

Note:

The above ownership percentage according to the Tadawul register as of 29th July 2009 and may change from time to time based on the trading movement in the Savola Group shares in the stock market.



Note please:

To Review the detailed accounts for the 2nd quarter, please visit Savola web site:

(www.savola.com)

Or Tadawul website:

(www.tadawul.com.sa)

Also it was published in:

● AL-Egtisadia Newspaper Issue No (5761) dated 20th July 2009.

● AL-Jazirah Newspaper – issue No (13445) dated 21st July 2009.

Within the statutory period according to the CMA & MOC regulations.

SAVOLA GROUP COMPANY

(A Saudi Joint Stock Company)

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INTERIM CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

For the three-month and six-month periods ended June 30, 2009

	Three-month period ended		Six-month period ended	
	June 30, 2009 (SR 000)	June 30, 2008 (SR 000)	June 30, 2009 (SR 000)	June 30, 2008 (SR 000)
Revenues – net	4,356,799	3,312,536	7,991,842	6,308,961
Cost of revenues	(3,580,469)	(2,763,100)	(6,599,190)	(5,277,783)
Gross profit	776,330	549,436	1,392,652	1,031,178
Share of profits of associates & jointly controlled entity & dividend income – net	100,413	92,604	207,288	188,914
Other income – net	62,817	22,326	84,757	32,718
Total Income	939,560	664,366	1,684,697	1,252,810
EXPENSES				
Selling and marketing	(424,101)	(293,033)	(766,592)	(555,451)
General and administrative	(140,527)	(99,050)	(264,585)	(222,793)
Total Expenses	(564,628)	(392,083)	(1,031,177)	(778,244)
Income from operations	374,932	272,283	653,520	474,566
Gains on disposal of investments	85,481	57,486	100,968	171,426
Impairment loss on AFS investments	(74,241)	--	(74,241)	--
Financial charges – net	(67,862)	(29,456)	(119,757)	(55,483)
Income before Zakat & income tax and minority interests	318,310	300,313	560,490	590,509
Zakat and income tax	(21,214)	(19,540)	(35,318)	(49,235)
Net income before minority interests	297,096	280,773	525,172	541,274
Share of minority interests in the net income of consolidated subsidiaries	(84,594)	(23,084)	(120,119)	(33,103)
Net income	212,502	257,689	405,053	508,171
Earnings per share (SR)				
- Income from operations	0.75	0.54	1.31	0.95
- Net income	0.43	0.52	0.81	1.02

SAVOLA GROUP COMPANY

(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended June 30, 2009

	2009 (SR 000)	2008 (SR 000)
Cash flows from operating activities:		
Net income	405,053	508,171
Adjustments to reconcile net income to net cash provided by operating activities:		
Gains on disposal of investments	(100,968)	(171,426)
Depreciation, amortization and impairment	300,272	165,403
Share of minority interests in net income of consolidated Subsidiaries	120,119	33,103
Gain on sale of property, plant and equipment	(3,304)	(2,249)
Changes in operating assets and liabilities:		
Trade receivables	(96,992)	(256,037)
Inventories	158,522	(405,511)
Prepayments and other current assets	(115,126)	(149,645)
Trade payables	203,137	239,657
Accrued expenses and other current liabilities	(56,424)	207,273
Employees' termination benefits	5,172	24,524
Financial charges	119,757	55,483
Total adjustments	534,165	(259,425)
Net cash provided by operating activities	939,218	248,746
Cash flows from investing activities:		
Net change in investments	4,545	187,222
Net change in intangible assets	(99,329)	(274,540)
Additions to property, plant and equipment	(305,495)	(590,633)
Net cash (used in) investing activities	(400,279)	(677,951)
Cash flows from financing activities:		
Net change in short-term bank debts	(1,926,591)	314,536
Net change in long-term debts	1,763,516	584,834
Net changes in minority interests	49,566	(17,039)
Financial Charges	(119,757)	(55,483)
Net changes in restricted deposits against financing	--	(319)
Dividends paid	(249,800)	(250,458)
Net cash (used in)/ provided by financing activities	(483,066)	576,071
Net change in cash and cash equivalents	55,873	146,866
Cash and cash equivalents at beginning of period	604,884	330,129
Cash and cash equivalents at end of period	660,757	476,995
Non cash items:		
Foreign currency translation adjustments	(31,029)	5,697
Unrealized gain / (loss) on available-for-sale investments	127,970	(111,592)
Directors' remunerations	1,200	1,200

Knowledge Economic City signs a contract with AECOM

To proceed with Phase 1 of the Project Development



The Knowledge Economic City (KEC) where Savola is one of the major founders, has awarded a \$14,4 million Project Management Services contract to AECOM for the development of Phase 1 of the prestigious City Project. The agreement was signed by Tahir Bawazir, CEO of KEC and Douglas R. McCracken, president of Resource Sciences Arabia Ltd., AECOM's operating company in the Kingdom, on Tuesday at KEC headquarters in Jeddah.

Commenting on the agreement, Bawazir said, "this agreement is considered one of the important steps that KEC has undertaken in the initial implementation of its project in Al Madinah Al Munawwarrah."

Bawazir further said that the signing of this agreement with AECOM is an indication of KEC's initiative in attracting international expertise to support the development of the project through advanced and innovative programs, especially after an earlier agreement in which KEC signed power supply agreement with Saudi Electricity Company.

McCracken said that "we are excited by this strategic win as it further extends our presence in the largest and fastest developing economy in the region. Our commitment to the Middle East is unwavering and wins such as this, come on the back of our expanding presence in the region."

Under the accord, AECOM will provide comprehensive in-house project management services for Phase 1 of the development.

The services include project governance, project controls and systems, construction logistics strategy, procurement, and the pre-construction and construction phases.

Launched in June 2006, KEC is the fourth of six Economic Cities being developed in Saudi Arabia.

However, KEC differs from the others as it will concentrate on the development of knowledge-based industries. Moreover, it will become the center for Islamic research and knowledge as well as a medical hub.

Brief Facts:

Knowledge Economic City is located approximately 5 km to the east of the Prophet's (pbuh) Mosque along the King Abdulaziz Road and 7 km from Al-Madinah Airport. It is one of the

four economic cities that have been launched out of the planned six economic cities in the Kingdom. KEC has been designed to be a master-planned community with smart environment over a land size of about 5 million sq. meters. The development includes residential, commercial, retail, hospitality, knowledge-based industries and healthcare.

KEC offers a platform that will assist the transformation of the Kingdom's economy to knowledge-based one.

The development of the KEC has been projected to create more than 20,000 jobs, have a population of about 150,000 people, attract an aggregate investment of more than SAR30 billion and take approximately 10-12 years to complete.

Assistant Governor of Al Madina Al-Munawwarrah honors the KEC

The Assistant Governor of Al Madina Al Munawwarrah city H.E. Ibrahim Bin Mazyad Al Khataf, honored the KEC for their support and sponsoring the 5th Tourism and Real Estate Forum held in Al Madina Al Munawwarrah in May 2009. The forum witnessed the presence of about 50 senior government officials as well as economists, real estate dealers and investors.



CEO of Knowledge Economic City and President of, AECOM signing The agreement for Phase 1

The KEC took the initiative of golden sponsoring of this forum whose aim is to support the tourism and real estate development in the Kingdom. The investments of the KEC amounts to SR 30 billion in Al Madina Al-Munawwarrah as the first smart city in the region with the contribution of the private, national companies and establishments in line with the recommendations of the forum with support from the private sector in the Kingdom in general.

On the other hand, Eng. Taher Mohammed Bawazir, the CEO of KEC had expressed his happiness for participating as a golden sponsor for the forum and the accompanying exhibition. The recommendation of last year's forum was to focus on the establishment of a center for confining the investment opportunities in Al Madina Al Munawwarrah and to benefit from the antiquities and historical places. In addition, it aims to support tourism development and to invite the governmental authorities including the Municipality of Al Madina Al Munawwarrah Region for facilitating the procedures of investments and adopting the solutions that ensure the support and development of investment in the Region.



The Executive Management of the two companies after signing the Agreement

Plastics Division Achieves SR 346 Million Revenues During the first half of 2009

and Honors its Long Service Employees



Eng. Azhar Kangi
President of Plastics Division

The Plastics Division, which is 100% owned by Savola Group, continued its success during the 1st half of 2009, and as a result of the efforts exerted by its management and employees, the division generated revenue of SR 346 million, which is 8% over the Plan.

In this regard, Eng. Azhar Kangi – President of Plastics Division indicated that the production volume for the first half reached 46.7 KMT which is 15% above the same period last year. The Division projects to produce 100.000 KMT by the end of 2009.

The Plastics Division (Savola Packaging System) organized an open day for its employees and honored long service employees who served the company for 5, 10, and 15 years. The event was held on Thursday, 17th July 2009. The management of the division honored the employees by thanking them and giving the plaques



and awards for their contribution, dedicated and this long service.

This event was followed by another similar ceremony organized by Al-Sharq Plastics Industries Co. (One of the plastics division entity). It honored its long service employees who served the company for 15, 20, and 25 years.



A side from the honoring event organized by Plastic Division to its employees

Al Marai Dairy Company signed an agreement with HADCO for Acquiring its whole shares at a value of SR 949.5 million and achieves net profit of SR 484.5 million for the first sixth month of the current year



Al Marai Company (28% owned by the Savola Group) reached an agreement in June 2009 with Hail Agricultural Development Co. (HADCO) regarding the terms and conditions under which Al Marai Company will acquire the full shares of the capital issued by HADCO. When the transaction is complete, HADCO will be fully own by Al Marai Company. The value of this transaction reaches SR. 949.5 million, which will be finance by Al Marai Company from its own resources.



On the other hand, and as a result of implementing its investment strategy and expanding its clients' base, Al Marai company achieved distinguished results for the 2nd Quarter of 2009 by registering net profit of SR 287.1 million compared to SR 235.2 million last year (an increase of 22.1%). With an increase of 45.5%.

The net profit of Al Marai Company for the first six months of the current year has reached SR 484.5 million against SR 397.4 million for the same period last year. The



sales of the second quarter reached SR 1.45 billion with an increase of 16% against SR 1.25 billion for the same quarter of last year.

Al Marai Company is considered one of the pioneer companies in the field of fresh and long-life dairy foods in the Middle East and its trademark «Al Marai» enjoys a good reputation for the high quality of its products.

Al Marai trademark had become one of the best known trademarks in the Arab World.

Herfy Food Company continues its expansion

by opening new branches to reach 149



Herfy Food Company, which is 70 % owned by the Savola Group, continues its expansion through opening seven new restaurants during the second quarter of this year. Six restaurants were opened in Riyadh City and one outlet in Al Qassim area. Thus, the total number of outlets of Herfy restaurants in the Kingdom reached to 149.

In line with this expansion, the company had launched many promotional campaigns among its marketing activities, through special offers for Herfy meals, in addition to summer offers that had gained the satisfaction of Herfy food customers and lovers of the fast & snack meals. These offers had also included a wide range of toys suitable to the age of children. A child meal is offered for each companion accompanied by the famous children paint and win tournament presented by Herfy, which is considered the oldest continuous and wide spread tournament in the Kingdom in this field.



The products of Herfy meat factory had recently gained new presence in shopping centers and hypermarkets in different parts of the Kingdom. New products were launched to meet the requirements of the customers of Herfy Company. The Company is working to increase its production capacity with quality food to meet the Saudi meat market. In addition, Herfy Company achieved a significant success in the field of its bakery products (Rusk and Mamoul), where a new outlet was opened in Riyadh. Therefore, the series of the outlets of Herfy Company

reached 17. In addition, work is going on for opening two new outlets in Riyadh as well as for attracting new agencies of the superior quality types of chocolates.

In the field of training and development, all staff working in the outlets across the Kingdom had been trained (Dammam, Al Khobar, Al Hassa, Abha, Khamis Mushait, Jizan, Qassim and Buraidah). The program included more than 796 trainees among them 120 trainees for the restaurants within the trainers' program.

Herfy Company developed six new

programs within the Saudization plan, and within the framework of the human resources agreement for the Saudization of the various jobs.

Herfy Company had made ambitious strides in the Saudization programs. It was successful in achieving the percentage of employing the Saudi youths and cadres, which is 30 % of its staff working in the different departments and restaurants. The company had also participated in the employment weekly meetings in coordination with Riyadh Chamber of Commerce & Industry. In

addition to a distinguished participation in the Heritage and Culture Festival (Al Janadriya), the company had also finalized the approval and signing of a new agreement for the year 2009 with the Human Resources Development Fund, Riyadh (HRDF). The Company keeps on developing ambitious plan for employing and training of the Saudi technical and administrative employees in collaboration with the HRDF in Riyadh, and the various departments and organizations supporting in this field.

for attaining the first rank in employing the Saudi youths

In appreciating of its outstanding efforts in the field of Saudization, Dr. Abdulwahed Al Humaid, Deputy Minister of Labor honored Azizia Panda United for achieving the top rank among other companies honored by the recruitment center at Riyadh Chamber of Commerce & Industry for the year 2008/2009. H.E. the Deputy Minister presented a plaque of appreciation to Mr. Abdulrahman Al Refaie, Executive Director – Human Resources Division of Azizia Panda.

The company endeavors through ambitious plans in the field of Saudization to raise the Saudis percentage by end of the year 2010 to 45%. The accomplishments achieved by the Saudi team at all levels re-emphasized the belief of the company in the efforts and ambitions of the Saudi Youths in building their technical and administrative skills. The Saudization percentage in Azizia Panda grew from 11% in the year 2003 to about 40% as of now.

Azizia Panda started its process in enhanc-

ing the concept of Saudizaion through the establishment of Panda Academy for Training in different regions of the Kingdom and signed agreements with Human Resource Development Fund, Recruitment centers in the Chamber of Commerce. The launching of the strategic partnership with the General Organization for Technical and Vocational Training through the establishment of Panda Retail Academy for Sales & Marketing to train and employ 10,000 Saudi employees through a gradual studied plan.



Deputy Minister of Labor honors Azizia Panda for achieving the first rank in employing the Saudi youths

Kinan International for Real Estate Co.

launches a walking Campaign at Roshan Mall

As part of Kinan's contribution to the community, in June of 2009, Roshan Mall started a walking campaign providing a venue for people to walk without the hassle of cars, bad weather or any other obstacles that one might face when walking outdoor.

This campaign started specifically for the males & females from the Retirement Association who were invited directly by Roshan Mall but the doors were open for everyone. The campaign lasted for a month and it was during the morning time till 2:00 PM, twice a week. There were stickers and signs during the campaign hours to show the walkers the distance that they had walked. The campaign was highly appreciated by the participants for encouraging them to better living.

The Savola Group owns 30% of Kinan International for Real Estate Development Company. Kinan has 10 malls in its portfolio, spread across the Kingdom, with total equity of SR 1.7 billion. Kinan adopts a longer-term strategy to focus on development of middle-income residential and office properties in KSA.



Dr. Fuad Amin Bougary- President of Retirement Association launches the walking campaign

Savola Foods Sector in Egypt leads wider Blood Donation campaign

Based on the management belief that our CSR activities should not be limited to donating money and company products only, we took our vision to a larger scale. It is a vision about sharing the needy people their necessities and dreams; sharing from our hearts and though our efforts. Therefore, the foods sector planned this year to have wider campaigns that include all Savola's affiliates in Egypt where every single employee will have the chance to experience the joy of such noble contribution.

One of these calls is the "Blood Donation". Last year Afia Egypt launched its first blood donation call for its staff only. This year it was further stretched. The sector management addressed all staff of Afia edible Co., United Sugar Co. of Egypt, and Strategic Marketing Services (SMS). June 29 not only witnessed this practice, but rather proved how the Savola ethics & values had been translated into reality. The medical crew of the Association of Friends of the National Cancer Institute (AFNCI) - who supervised this campaign - was touched by the kindness of the sector staff and was happy to collect such many blood bags to allocate to emergency cases and the needy hospitals.

Same medical team paid a visit to 10th of Ramadan, Suez and Sokhna Factories. The outcome was so satisfactory.

The Sector management extends its thanks and appreciation to all donors who acted out of Moazarah & Taqwa and turned hard time to some people - whom they don't know - to a time of relief.



Savola Foods Sector's Staff in Egypt During Blood Donation

Savola News letter

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