



# 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.

## Savola Group Net Profit Grows by 76%, Reporting SR278 Million for the Third Quarter of 2009 With Net Profit for the first nine months reaching SR683 Million, and Distributes SR125 Million as dividends for the Third Quarter



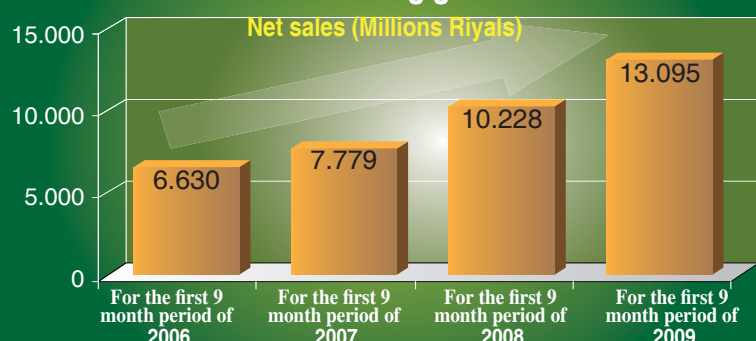
*The Group MD and Top Management Team, Economists and Media Representatives During the Press Conference*



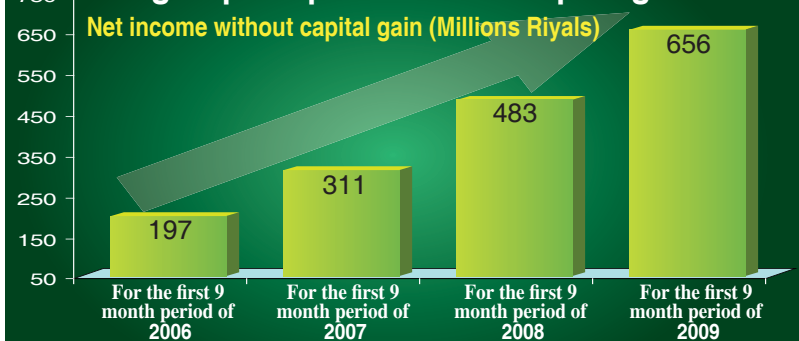
- The Group has adopted ambitious strategies of “focus and leverage” to grow its operating profit from its core activities within and outside the Kingdom of Saudi Arabia, which is reflected by 96% of the first nine months Net income being generated from core operating activities.
- Net Profit before capital gains was SR 656 million for the first nine months of the year, reflecting a 35% increase over the same period last year.
- Operating income increased by 85% to reach SR 449 million for the quarter.
- Total revenues increased by 28%, growing from SR 10.2 billion for the last year to reach SR 13.1 billion for the first nine months of the year.
- Year to date Retail sales grew by 40% over the same period last year.
- The Group continued its policy of maintaining a stable level of dividend payments to shareholders, by announcing the distribution of SR 125 million as dividends for the quarter, making a total of SR 375 million in dividend payment for the first nine months of the year.
- The Savola Group expects to report a net profit of SR 190 million for the fourth quarter of 2009, and consequently raises its previously announced estimate of SR 800 million, to SR 846 million for the year, excluding the impact of capital gains that have been recorded or may be recorded during the fourth quarter of 2009.



### Net revenues: an outstanding growth in core business



### The group net profit without capital gains







Eng. Adel M. Fakeih

## Message from the Chairman

Dear Savola Group shareholders,

It gives me great pleasure to welcome you to this issue of "Savola Newsletter" for the 3rd quarter of 2009" and to update you on the latest developments and achievements of your Group during the quarter. The Group continued its outstanding performance in all of its sectors both in KSA and overseas. The Group continued to implement its ambitious strategies of focus and leverage to grow its operating profit from its core activities, benefiting from the strength of its competencies, quality of its products and loyalty of its customers. As a result, the group has grown its net profit by 76%, reporting SR 278 million for 3rd quarter of 2009.

Moreover, The Group continued its strategy of focus in its core activities through increasing its ownership in its subsidiaries and sister companies and through acquisitions of, and mergers with, companies working in the same businesses. These strategies are aimed at increasing Savola's production capacity, exploiting business synergies and gaining more efficiency in cost management and product integration. In this area, the Group acquired additional shares in several core sectors, such as acquiring 10% of Savola Foods Company reaching 90% equity, additional 31% of Savola Behshahr for edible oils-Iran reaching a controlling stake of 80%, additional 5% of Afia Egypt reaching almost 100% equity and additional 30% of New Marina Plastics Company in Egypt to reach 100% equity. More details about those transactions have been highlighted in this issue of Savola Newsletter.

As a result of the outstanding achievements and the good profitability, and in continuation of Savola's policy of distributing quarterly dividends to shareholders, the Group has announced a distribution of SR 125 million as dividends to its shareholders for the third quarter of this year.

Finally, I would like to extend my sincere thanks to all our esteemed shareholders for their continued support and trust in our Group. My sincere thanks and appreciation are also extended to the Board of Directors, to the management team and to all employees of Savola both in Saudi Arabia and in the international operations for their dedication and efforts.

**Adel M. Fakeih,**  
Chairman of the Board of Directors

## Savola Net profit grows by 76% reporting SR 278 million for the 3rd Quarter 2009

**In** this connection, Dr. Sami Baroum, the Group Managing Director, announced in a press conference on Sunday, October 18, 2009, held in Jeddah Hilton Hotel the Group performance for the third quarter and first nine months of 2009, and the highlights and achievements during the period.

The Group achieved a net profit of SR 278 million, growing by 76% over SR 158 million achieved during the same quarter last year, bringing the total net profit for the first nine months of this year to SR 683 million. The net income reported for the quarter, was entirely generated from its core business operations.

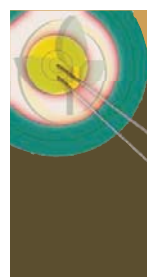
In this context, Dr. Baroum mentioned that income from operations recorded impressive growth over the same period last year. Gross profit for the 3rd quarter grew by 77%; from SR 511 million in 2008 to reach SR 903 million. Strong performance from all core sectors pushed income from operations to SR 449 million, reflecting an increase of 86%, over SR 242 million reported last year.

Net profits for the first nine months of the year reached SR 683 million, which includes net SR 27 million of capital gains and impairment provisions during the first and second quarter of 2009, compared to SR 666 million [which includes SR

183 million of capital gains] during the same period last year. Dr. Baroum highlighted that this reflected the results of the implementation of the Group's strategy of focus and leverage indicated above.

Sales revenues increased to SR 13.1 billion for the first nine months, recording an impressive growth of 28% over the same period last year. Sales have doubled over the same period in 2006, driven by the Group's focus in generating rapid growth in its core sectors, which includes Foods, Retail, Plastics and Real Estate; both within and outside the Kingdom, and leveraging its strength and competitive advantages of its products.

SR In Million	Nine months 2009	Nine months 2008	Growth %
Net revenues	13,096	10,228	28%
Gross profit	2,340	1,542	52%
GP %	17.9 %	15.1 %	
EBIT	1,102	719	53%
Capital Gains and others	27	183	-185%
Net Profit (loss)	683	666	2.6 %
Earning per share (EPS)	1.37	1.33	



### Savola forecast for 4th quarter and full year of 2009

The Savola Group expects to report a net profit of SR 190 million for the fourth quarter of 2009, and consequently raises its previously announced estimate of SR 800 million, to SR 846 million for the year, excluding the impact of capital gains that have been recorded and may be recorded during the fourth quarter of 2009.

### Savola Core Sectors Highlights

Net Income excluding capital gains grew by a record 333% over the same period of 2006, driven by the Group organic growth, merger and acquisition activities and reduced costs, thereby reducing the dependence on generating profits from capital gains, and other once off transactions.

#### Savola Foods Sector:

The Foods sector has advanced on various fronts. The Sugar refinery in Egypt has

commenced commercial operations, and now seeks to increase its capacity to 1 million MT per annum. The sector has also commenced construction of its third sugar refinery, located in Alexandria, Egypt. The Sector has also signed a memorandum of understanding for the acquisition of six sugar plants in Turkey, and other sugar related projects. In the Edible Oil business, the new Turkish and Algerian operations, coupled with the increase in capacities of Sudan and Arabia have significantly increased the pro-

duction capacities. Dr. Baroum also indicated that the Group has increased its current stake in its Iranian and Egyptian operations, which has boosted profits from the international operations, which now represent 57% of the net income from the foods sector.

### Retail Sector:

The Retail sector witnessed the completion of the integration of the Giant stores business, which was acquired by Panda late last year. The Panda chain now has 102 stores under its umbrella, covering a selling area of 312,000 square meters – excluding the assets of Géant acquired in October 2009. Customer count reached a record 60 million compared to 16 million customers

in 1997 [which was prior to the merger of Panda with Savola]. Panda is currently one of the largest employers in the retail sector of the Kingdom, having 3,596 Saudi employees, out of total 9,549 employees, reflecting a record 38% in Saudization, compared to 4% in 1997.

### Plastics sector

The Plastics sector increased its ownership in New Marina Plast Co., its Egyptian operation, by 30% making it a fully owned subsidiary of the Group. Several programs have been implemented to grow performance and reduce costs, which have contributed to more than tripling the sectors net income which was generated in 2006.



Dr. Sami Mohsen Baroum

### Message from the Managing Director,

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

*May peace and blessings of Allah be upon our Prophet Mohammed Ibn Abdullah*

#### Dear Esteemed Shareholders,

It is my great honor to welcome you to the "Savola newsletter" for the 3rd quarter of 2009 and to share with you a brief update on the Group's financial & business performance. The Group net profit grew by 76%, driven by strong business performance from all of its core business sectors. As a result, the Group recorded a net profit of SR 278 million for the quarter, and SR 683 million for the first nine months.

It is worth noting that the solid growth achieved in the Group's profitability is primarily attributed to the Group's strategy of "Focus and Leverage": focus on the Group's core businesses and leverage on the Group's core competencies. The Group has Alhamdulillah built a strong winning platform during year 2009 and has further strengthened its leadership position in its core businesses through the focused implementation of its strategy. This was indeed reflected by the fact that 96% of net profit for the first nine months was generated from core operating activities while capital gains contributed only 4% towards the Group's net profit. The financial statement included in this issue provides more details on the Group's performance.

The Foods Sector recorded an increase of 24% in its sales volume by achieving 1.9 Million metric ton in the first 9 months of Year 2009 against 1.5 Million metric ton achieved during the same period last year. The sales revenue was 4% lower than the same period last year due to the reduction in the raw material prices and the passing of this reduction to the end consumers. The Retail Sector (Panda hypermarkets & Supermarkets and Herfy Co) has managed to increase its sales by 42% realizing SR 5.4 billion during the first 9 months against SR 3.8 billion for the same period of last year due to attracting more customers, opening new stores, applying competitive pricing strategy, and providing quality products and services at best value for money. Sales volume for Plastics sector for the first nine months of 2009 has increased by 12% over the same period last year with SR552 Million net sales achieved during the same period..

The Group expects to achieve a net profit of SR 190 million for the 4th quarter of 2009, and consequently has revised its previously announced forecast for the net profit of year 2009 from SR 800 million to SR 846 million before any capital gains that have already been recorded or may be recorded during the last quarter of 2009.

Finally, I would like to take this opportunity to sincerely thank our esteemed shareholders for their continued unwavering support and trust towards Savola Group. I also extend my sincere thanks and appreciation to our Group Board of Directors, Executives and all Group employees inside and outside KSA for their efforts and continued support. I assure you that we, as management, are determined, with the help of Almighty Allah, to achieve our targets which we promised to deliver for the year 2009.

May Allah grant us success.

**Dr. Sami Mohsen Baroum**  
Group Managing Director

### Savola Announces Distribution of SR 125 Million as Dividends for the 3rd Quarter, 2009

**A**s a continuation of the Group's policy of distributing quarterly dividends on a regular basis to its shareholders, Dr. Baroum said that the Groups Board of Directors had approved the distribution of SR 125 million as dividends (i.e SR 0.25 per share) to shareholders for the third quarter of fiscal year 2009 to registered shareholders as at the end of trading on Wednesday, October 21, 2009. The Group will begin the process of disbursing the dividends from Sunday November 1st 2009. It must be noted that the group already has disbursed dividends for first and second quarter of 2009, totaling to SR 250 million, bringing the total dividends for the first three quarters of this year to SR 375 million, (i.e SR 0.75 per share).

### Savola Pays Unclaimed Dividends from the Past years to Its Shareholders

**T**o protect and maintain its shareholder rights, and in line with its core value of "Amanah - Honesty", the Savola Group continued to pay in cash the unclaimed dividends from past years for its shareholders who did not claim these dividends or having incorrect addresses or bank account numbers.

The Group has already completed the formalities and processed payment for more than 4,000 shareholders who have applied in response to the announcement published in Tadawul issued on March 2009. In this respect, the Savola requests its esteemed shareholders to check the list of shareholders by visiting the company's website ([www.savola.com](http://www.savola.com)). If the shareholder's name is included in that list and, he or she, has no investment bank account, and still hold share certificates, must open the necessary account at any local bank. The concerned shareholders may provide their updated information via e-mail address to ([share@savola.com](mailto:share@savola.com)) or send copies of their ID and others info via mail addressed to: (The Savola Group - Head Office – Saudi Business Center - Shareholders Department, P.O. Box: 14455 – Jeddah 21424).

The Group will coordinate with the relevant banks to transfer the shareholders' cash entitlements in their respective accounts following due verification of their identities, account numbers and any other relevant information.



### Savola Plastics Division Participated in Saudi PPPP 2009

**Eng.** Azhar Kangi, President of the Plastics Division - Savola Group said that the Division's companies (Savola Packaging System, Al Sharq Plastics Industries, New Marina Plastic Co.) had participated in Saudi Print/Packaging/Plast/Petrochemical (PPPP) 2009 at its ninth session held in Riyadh from October 18 - 21, 2009. He added that, the exhibition which held once every two years is considered to be the largest of its kind in the region.



The exhibition was sponsored by the Minister of Trade and Industry H.E. Mr. Abdullah bin Ahmad Zana'il Alireza, and found a good coverage from the media in Saudi Arabia, Arab and foreign.

Plastics Division Products have found great acceptance and appreciation from all the officials and visitors who passed by the Division stand and considered or Products as the pride of the national Plastics industry in the area.



**Eng. Azhar Kangi**  
President of Plastics Division



## Savola Acquires the Assets of Saudi Gèant from Fawaz Al-Hukair Group



**Dr. Mohammad Amin Kashgari,**  
CEO of Al- Azizia Panda United Co.

In this respect, Dr. Mohammad Amin Kashgari, CEO of Al-Azizia Panda United Co. stated in the course of a press conference held on October 18, 2009, that this step aims to foster the competitive power of the Saudi retail business both locally and regionally in addition to gaining cost efficiency that enables

**The** Savola Group , through its subsidiary Al-Azizia Panda United (80% owned by Savola and 20% owned by Al Muhaidib Group), acquired assets of Saudi Gèant as recently published in Tadawul. The deal has now been approved by the Competition Board. In the same deal, Saudi Gèant has acquired back 7% of Al-Azizia Panda United Co. shares in addition to SR.248.6 million paid in cash to Saudi Gèant. Saudi Gèant will settle its liabilities directly to the suppliers and vendors. The agreement signed by both parties in this respect states that Saudi Gèant has the right to acquire within 3 years up to 3% as additional share of Al Azizia Panda United Co.

local companies to compete with international retailers both locally and regionally. This step also aims to secure consumer goods kingdom-wide at the lowest prices through economy of scale. The move is seen as beneficial to the consumers as retailers pass down these savings to them. The move also helps provide more job and training opportunities to Saudi youth.



## Panda Stores Distributed One Thousand Food Baskets to the Poor Families and Charity Societies

**In** a collaborative effort between the Ministry of Health – Social Services – and Al Azizia Panda United Co, over one thousand food baskets (containing 10 items each) have been distributed to the needy families in the different cities of Saudi Arabia with focus on poor districts. This donation represent a joint support from both public and private sector.



As in the past years, Al Azizia-Panda United Co. has launched before Eid Al Fitr, its 9<sup>th</sup> annual charity campaign (Panda Charity Campaign) through which it endeavored to secure the basic needs to the needy families in collaboration with Ismail Abudawood Trading Co. and Employees of Al Azizia Panda United Co and various suppliers. Savola allocated over SR 300,000 shopping coupons in cooperation with Al Birr Society, Charity Store, Muwasa Society,

Taiba Children Village, Ministry of Health, Woman Charity Society, Orphan Welfare Society and Relief Organization in the various cities of Saudi Arabia.

On the other hand, Al Azizia-Panda United Co. has recently arranged a dental care campaign in its HyperPanda stores in Jeddah, Riyadh, Khamis Mushait and Bisha as contributive participation to spread health awareness among the community members.

## Panda Initiates the Campaign

### (Help the Needy People, Allah will Reward You)

**In** a practical implementation of CSR and good corporate citizenship principles, Al Azizia Panda United Co and Emirate Charitable Society (which takes care of children with Down Syndrome and provides them with the necessary services, supplies and support) have entered into cooperation agreement to implement the charity campaign for helping the needy in presence of His Highness Sheikh Makhtoum Bin Hasher Al Makhtoum and Her Excellency, the Society Chairman, H.E. Mrs. Soniya Al Hishmai, Dr. Mohammad Amin Kashgari, CEO of Al - Azizia Panda United Co. and a number of senior officials from the Emirate Charity Society and Panda management. This agreement was signed on Monday evening 28 Rajab 1430H corresponding to 20th July 2009 and announced in a press conference held in HyperPanda Dubai. This initiative is similar to the Savola charity campaign (*Leave the change for them*) which has proven successful initiative for two consecutive years.



H.H Sheikh Makhtoum Bin Hasher Al Makhtoum and H.E. Mrs. Soniya Al Hishmai, Dr. Kashgari, and other seniors during the launch of the campaign



## SAVOLA GROUP COMPANY

(A Saudi Joint Stock Company)

### INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at September 30, 2009

	2 0 0 9 (SR 000)	2 0 0 8 (SR 000)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	815,137	771,503
Investments	--	363,533
Trade receivables	1,685,881	1,063,010
Inventories	2,476,416	2,030,490
Prepayments and other current assets	889,834	849,238
<b>Total current assets</b>	<b>5,867,268</b>	<b>5,077,774</b>
<b>Non-current assets:</b>		
Investments	4,732,564	4,445,960
Intangible assets	1,233,973	611,777
Property, plant and equipment	4,999,246	4,162,161
<b>Total non-current assets</b>	<b>10,965,783</b>	<b>9,219,898</b>
<b>Total assets</b>	<b>16,833,051</b>	<b>14,297,672</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Short-term bank debts	1,839,518	2,755,348
Current portion of long-term debts	551,500	126,168
Trade payables	2,113,041	1,334,811
Accrued expenses and other current liabilities	1,542,250	1,162,967
<b>Total current liabilities</b>	<b>6,046,309</b>	<b>5,379,294</b>
<b>Non-current liabilities:</b>		
Long-term payables	70,200	68,308
Long-term debts	2,428,445	1,082,465
Employees' termination benefits	252,341	188,946
<b>Total non-current liabilities</b>	<b>2,750,986</b>	<b>1,339,719</b>
<b>Total liabilities</b>	<b>8,797,295</b>	<b>6,719,013</b>
<b>EQUITY</b>		
<b>Equity attributable to the Company's shareholders:</b>		
Share capital	5,000,000	5,000,000
Statutory reserve	772,945	752,710
General reserve	4,000	4,000
Unrealized (loss) on investments	(3,224)	(71,334)
Foreign currency translation account	(196,901)	(95,967)
Retained earnings	1,119,016	1,330,750
<b>Total shareholders' equity</b>	<b>6,695,836</b>	<b>6,920,159</b>
<b>Minority interests</b>	<b>1,339,920</b>	<b>658,500</b>
<b>Total equity</b>	<b>8,035,756</b>	<b>7,578,659</b>
<b>Total liabilities and equity</b>	<b>16,833,051</b>	<b>14,297,672</b>

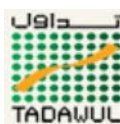
**Savola major shareholders list who owns 5% or more from the company shares as of 26th October 2009**

Ser.	Shareholders name	Ownership Percentage*
1.	Mohammed Ibrahim Al-Issa	11.9 %
2.	General Organization for Social Insurance	10.3 %
3.	Abdullah Mohammed Al-Rabe'ah	8.7 %
4.	Abdulgadir Al-Muhaidib & Sons 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 Tadawul register as of 26th October 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 3rd quarter, please visit Savola web site: ([www.savola.com](http://www.savola.com))

Or Tadawul website: ([www.tadawul.com.sa](http://www.tadawul.com.sa))

Also it was published in:

- Al-Egtisadia Newspaper Issue No (5854) dated 21st October 2009.
- Al-Watan Newspaper – issue No (3309) dated 2nd November 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 Nine-month periods ended September 30, 2009

	Three-month period ended		Nine-month period ended	
	September 30, 2009 (SR 000)	September 30, 2008 (SR 000)	September 30, 2009 (SR 000)	September 30, 2008 (SR 000)
Revenues – net	5,103,674	3,919,413	13,095,516	10,228,374
Cost of revenues	(4,200,759)	(3,408,285)	(10,755,362)	(8,686,067)
Gross profit	902,915	511,128	2,340,154	1,542,307
Share of profits (loss) of associates and jointly controlled entity and dividend income – net	97,510	100,961	304,798	289,875
Other income – net	21,649	23,436	61,819	58,465
	<b>1,022,074</b>	<b>635,525</b>	<b>2,706,771</b>	<b>1,890,647</b>
<b>EXPENSES</b>				
Selling and marketing	(442,806)	(285,128)	(1,209,398)	(840,579)
General and administrative	(130,683)	(108,634)	(395,268)	(331,428)
<b>Total expenses</b>	<b>(573,489)</b>	<b>(393,762)</b>	<b>(1,604,666)</b>	<b>(1,172,007)</b>
<b>Income from operations</b>	<b>448,585</b>	<b>241,763</b>	<b>1,102,105</b>	<b>718,640</b>
Gain on disposal of investments	--	11,891	100,968	183,317
Impairment loss on AFS investment	--	--	(74,241)	--
Financial charges – net	(49,253)	(49,789)	(169,010)	(107,583)
<b>Income before Zakat and income tax and minority interests</b>	<b>399,332</b>	<b>203,865</b>	<b>959,822</b>	<b>794,374</b>
Zakat and income tax	(49,547)	(16,949)	(84,865)	(66,184)
<b>Net income before minority interests</b>	<b>349,785</b>	<b>186,916</b>	<b>874,957</b>	<b>728,190</b>
Share of minority interests in the net income of consolidated subsidiaries	(71,892)	(28,881)	(192,011)	(61,984)
<b>Net income</b>	<b>277,893</b>	<b>158,035</b>	<b>682,946</b>	<b>666,206</b>
<b>Earnings per share (SR)</b>				
- Income from operations	0.90	0.49	2.20	1.44
- Net income	0.56	0.32	1.37	1.33

## SAVOLA GROUP COMPANY

(A Saudi Joint Stock Company)

### INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine-month period ended September 30, 2009

	2 0 0 9 (SR 000)	2 0 0 8 (SR 000)
<b>Cash flows from operating activities:</b>		
<b>Net income</b>	<b>682,946</b>	<b>666,206</b>
Adjustments to reconcile net income to net cash provided by		
Operating activities:		
Depreciation, amortization and impairment	421,553	244,539
Share of minority interests in net income of consolidated subsidiaries	192,011	61,984
(Gains) on disposal of investments	(100,968)	(183,317)
(Gain) on sale of property, plant and equipment	(4,232)	(863)
<b>Changes in operating assets and liabilities:</b>		
Trade receivables	(186,544)	(399,398)
Inventories	52,400	(798,679)
Prepayments and other current assets	(21,091)	(315,244)
Trade payables	492,123	552,842
Accrued expenses and other current liabilities	20,234	251,425
Employees' termination benefits	13,469	35,528
Financial charges	169,010	107,583
Total adjustments	1,047,965	(443,600)
<b>Net cash provided by operating activities</b>	<b>1,730,911</b>	<b>222,606</b>
<b>Cash flows from investing activities:</b>		
Net change in investments	(132,369)	(153,034)
Net change in intangible assets	(96,506)	(314,463)
Additions to property, plant and equipment	(810,457)	(876,387)
<b>Net cash used in investing activities</b>	<b>(1,039,332)</b>	<b>(1,343,884)</b>
<b>Cash flows from financing activities:</b>		
Net change in short-term bank debts	(1,959,431)	1,441,678
Net change in long-term debts	1,705,430	618,908
Net changes in minority interests	320,518	(19,260)
Financial charges	(169,010)	(107,583)
Net changes in restricted deposits against financing	--	(348)
Dividends paid	(378,833)	(375,495)
<b>Net cash (used in) provided by financing activities</b>	<b>(481,326)</b>	<b>1,557,900</b>
<b>Net change in cash and cash equivalents</b>	<b>210,253</b>	<b>436,622</b>
Cash and cash equivalents at beginning of period	604,884	330,129
<b>Cash and cash equivalents at end of period</b>	<b>815,137</b>	<b>766,751</b>
<b>Non cash items:</b>		
Foreign currency translation adjustments	(35,974)	3,885
Unrealized gains / (loss) on investments	124,029	(522,263)
Directors' remunerations	3,000	1,800

## United Sugar Company of Egypt (USCE)

### Launches a New Production Line for Al-Osra Desserts

**Al-Osra** Brand is the premium brand for the USCE (One of Savola Foods Sector Companies); it was the first brand to be launched into the Egyptian market in April 2008. During such short journey, it became the number one Sugar Brand in the Egyptian market with unmatched quality, value proposition and support. Also, it has turned out to be a trustworthy brand that is occupying a love mark connotation inside the Egyptian consumers' minds and hearts. It is worth mentioning that Al-Osra unique features of being pure, white & easy to dissolve have contributed to the brand being recognized for its outstanding performance when it comes to desserts baking. Capitalizing on this trust, and in light of USCE growth strategy, a new production line for Al-Osra Desserts has been launched to build a market share in the Egyptian market under the leadership of "Al-Osra" brand.

Al-Osra desserts aim at offering easy to prepare mixes with 100% natural ingredients unlike current market offerings that guarantee tasteful end-results similar to those professionally prepared. Moreover, Al-Osra desserts contain all the required ingredients available in powder form, which makes them convenient to prepare. Ramadan 2009 (August) witnessed the launch of the first pack of Al-Osra Desserts

portfolio; namely, Basbosa, Vanilla cake & Chocolate cake.

Al-Osra desserts launch will be supported by many activities to generate awareness and trial. These activities include adding desserts packs on Al-Osra sugar packs calling for consumers' action to try the new products. Over & above key accounts activities that offer a free desserts pack bundled with Al-Osra sugar.



## Savola Group Signs an MOU

### to Establish a JV to Acquire 6 Sugar Factories in Turkey

**The** Savola Group on October 12, 2009, signed an MOU to establish a Joint Venture with Tarim Kredi (Turkish Agriculture Union), and Nesma Holding (a Saudi Company) to join a privatization tender to acquire six sugar factories offered for sale by the Turkish Government. The deal will be done through "Savola Foods Company", which is jointly owned by Savola (90%) and Al Muhaidib Group (10%). The parties aim to establish a JV with the following shareholding: 40% Tarim Kredi Group, 40% Savola foods, and 20% Nesma Group.

In this connection, Dr. Sami M. Baroum, Group Managing Director, added that the acquisition is in line with the announced strategy of The Savola Group to focus its growth on its core activities, which include "Ambient Foods" as a key sector in the Savola Portfolio. He also emphasized that this step will strengthen further the current presence of the

Savola group in the Turkish market and create more areas of synergies as Savola has an existing operation in Turkey in the edible oils field, which is managed by its subsidiary "Yudum Gida Company" that supplies 20% of the Turkish edible oil market.

This step will also enhance the group efforts and existing operation in the sugar field. Savola owns and oper-

ates one of the world's largest sugar refineries, located in Jeddah, with a production capacity of 1.2 million MT per annum, and another refinery in Ain Al Sokhna port in Egypt, with a production capacity of 750kMT per annum, in addition to the Beet Sugar project in Alexandria, Egypt which is now under construction and other sugar projects underway that



**Eng. Zouhair Eloudghiri**  
CEO - Foods Sector

Savola plans to enter into. It is worth mentioning that Savola has appointed Swicorp Financial Advisory as its advisor on this privatization. The Savola Group will announce any further new developments as and when they occur.

## United Sugar Company in KSA

### Launches a New Van Sales Operations on Top of its Other Sales Channels



**In** its efforts to ensure product availability to reach end user consumers, the United Sugar Company (USC), part of Savola Foods Sector, has launched its van sales operations in the western region on top of its other Sales channels. This initiative comes as a result of the excellent work exerted by all USC personnel and building on the great distribution and product superiority that Savola Foods possess. It is worth mentioning that main key performance indicators of this initiative have, with Allah blessing, been met by the great team of USC.

It is worth to mention that USC operates the third largest sugar refinery in the world, with production capacity of over 1.2 million MT per annum. Sales volume for the year 2008 reached 1.2 million MT.



**Eng. Mohammed Al Klaihy**  
Senior Vice President  
Savola Food - Sugar Middle East

## Savola Signs MOU to Purchase Tate & Lyle Stake

### in Sugar Business in Both KSA & Egypt

**In** line with the Savola Group (a Saudi Joint stock company) strategy to focus on its core businesses by increasing its shareholding in its subsidiaries inside and outside Saudi Arabia, The Group announced that it has, on October 24th, 2009, signed an MOU with Tate & Lyle (UK based) through one of its subsidiaries to purchase the shares of Tate & Lyle in both United Sugar company (USC) in KSA of (9.68%) and United Sugar Company of Egypt (USCE) of (3.58%). It is worth to mention that the Savola Group owns (64.8%) in USC capital and (53.45%) of USCE capital. The Savola will inform the

Saudi stock market with transaction size and increase in shareholding percentage after conclusion of the deal.



## Al-Marai Achieves SR 848 Million Net Profit in Nine Months

### And acquires (HADCO) in KSA and (Beyti) in Egypt



**The** shareholders of Al-Marai (26.5% owned by Savola), approved in their extraordinary General Meeting held on October 7th, 2009, all the items on the agenda submitted to the meeting, among which the acquisition of 100% of the shares of Hail Agriculture Development Company "HADCO", where for every five HADCO shares held one new Almarai share is offered, and for every one HADCO share held a cash payment of SR 0.50.



The Shareholders Assembly also approved the increase of the Company capital from SR (1,090 million) to SR (1,150 Million) by issuing six million (6,000,000) ordinary share of nominal value of SR 10 per share. This increase represents 5.50% of the company capital which shall be distributed to HADCO shareholders (for every five HADCO shares held one new Almarai share) as part of the consideration provided by the Company to acquire the entire HADCO share capital issued. On this quarter, Almarai Company, through its 100% owned subsidiary



Almarai International Holdings W.L.L. also completed the acquisition of 100% of the shares of The International Company for Agro Industrial Projects (Beyti) in Egypt, together with 185 feddans of land and other business related assets. The transaction value is EGP 645 million (approximately SR 430 million).

On the other hand, Almarai, the leading producer of fresh dairy and juices, achieved a net profit of SR 848 million (SR 7.78 / share) in the first nine months of 2009, a growth of 23% over the same period last year.

## HERFY Food Company

### Opens additional Five Restaurants bringing its outlets to 154 in KSA



**In** a continuation of its growth drive, Herfy, which is 70% owned by Savola, has opened five new restaurants in Riyadh, Jeddah and Al Hassa during the third quarter of 2009. These five restaurants, with carefully chosen locations had increased HERFY's restaurants count in the Kingdom to reached 154.

In line with this expansion strategy, the company launched successful campaigns targeting HERFY's Beef Tortilla, Chili Chicken and the Big HERFY, in addition to valuable & distinguished offers during Ramadan. These offers earned the approval of HERFY's customers. In addition, Herfy launched Coloring Competition targeting children and the community at large.

HERFY Meat Products were part of very attractive offers in all major retail stores & Hyper markets in various regions of the Kingdom. In order to accommodate the vast demand on HERFY's meat products in the Saudi Market, new family-size packs have been introduced in the market. HERFY's Mamoul & Biscuits Factory's are first in the major markets in the Kingdom. Furthermore, new plans and new products are continually planned in order for HERFY to maintain its leading role in the food business.

HERFY's Bakery & Sweets Shops continued the phenomenal success bringing its chain count to more than 18 with the opening of 2 new shops in Riyadh. More 4 new openings are on the way.

In the field of Training & Development for its work force, a total of 400 trainees from Riyadh and outside have now been trained. Herfy has also concluded an agreement with the Human Resources Development Fund (HRDF) to train and further recruit more of the Saudi youth into HERFY's team.



*Herfy launches training program for Saudi nationals*

### Kinan Builds a Sales Center and launches "Giving Box Campaign" in its Malls during Ramadan

**By** the end of Q3, Kinan has started the construction of the Sales Center for its first middle income residential project, located North East of Jeddah. Kinan has completed the excavation work for the 2 Model Villas.



On the other hand Kinan launched "Giving Box Campaign" in Kinan Malls during Ramadan. The Idea of this campaign is to collect used toys from the visitors during the month of Ramadan and distribute them among the orphans within & outside the Kingdom and is sponsored by Makkah Al Mukarramah Charity Foundation, which operates under the umbrella of the Muslim World League. 4x4 meter boxes were installed in all Kinan malls for toys collection. The campaign has managed to collect 25,000 toys. The campaign has also received wide media coverage and attracted the attention of many celebrities including actor Fayez Al-Malki, social worker Ahmed Al-Shigairi, Hasan Shaheen and others.



**Eng. Nidal Jamjoom**  
Kinan, CEO.





## Savola Holds its Annual Iftar during the Month of Ramadan And celebrates Eid Al Fitr reception with its staff



**To** foster social ties among employees, Savola held its annual Iftar social gathering in Qasr Al Sharq (Jeddah - Hilton). The Iftar event was attended by Dr. Sami Mohsen Baroum, Group Managing Director of Savola Group, Board of Directors, Senior Executives as well as staff of the Headquarters and subsidiaries.

Savola also held its annual Eid Al Fitr reception at Headquarters to celebrate the Eid Al Fitr. The reception was attended by His

Excellency Eng. Adel M. Fakeih – Chairman of the Board, Dr. Sami M. Baroum, Group Managing Director, and other executives where they exchanged Eid greetings and congratulations.

## Afia Egypt, Launches a Training Program for People With Disability and Arranges a Special Tent in Ramadan

**As** part of its social responsibility, Afia-Egypt (one of Savola foods sector companies) signed on September, 2009 a protocol with a non-governmental organization (NGO) named “Way-ana” who support people with all types of disabilities and help integrate them in the society. Afia Egypt organized “soft skills” training program of 8 topics to cover the period till the end of current year. Already two training programs were executed in HQ venue with a participation of a number of special needs persons.

This initiative has resulted in a positive impact on all participants, most of whom had been offered the chance to be trained in IT, HR, Sales, Marketing and Corporate Affairs Departments. Furthermore, some of them were already hired in Sales & HR Departments.

On the other hand, Afia Egypt, and for the second consecutive year, extended its social services to Egypt community by arranging its second “Afia Ramadan’s Tent” in Cairo, where it offered educational and awareness sessions, gifts, competitions and distributed company products to the needy citizens.



## Savola Shares its Experience in the Field of Special Needs

### By Participating in the 6th Corporate Social Responsibility Summit in Dubai

**The** 6th Corporate Social Responsibility (CSR) Summit was conducted on Oct. 18th in Dubai with regional participation from the Gulf and Middle East states attracting a diverse mix of speakers and delegates, taking part in the longest running CSR conference in the region. The summit was held under the patronage of Her Excellency Sheikha Mariam Al-Romi, Minister of Social Affairs, Head of CSR Fund, Dubai.

CSR Senior Director, Faten Al Yafi presented the Savola Group’s experience with regard to The Center of Excellence to train and employ persons with disability. The 6th CSR Summit is the longest running CSR Summit in the region and debates CSR as a lever for trust, confidence and long-term corporate success. To discuss these issues and also how the public and private sector can cooperate to integrate CSR in the overall strategy, a panel of regional and international experts had shared their vision.



### Savola conducted a workshop on Comprehensive Accessibility Standards in its factories & buildings

In line with its strategy that aims to train and employ the disabled through Savola Center of Excellence for the disabled, Savola has arranged an extended



*The Group MD, CSR Team and Participants from Sectors*

workshop in its head office – Jeddah on the international standards for the Comprehensive Accessibility in its factories & buildings in the period from 7th – 9th September. This workshop was introduced and facilitated by the Accessibility Consultant Eng. Mokhtar Al Shaibani, Founder and General Manager of Al Modon Urban Consultancy on Universal Design and Accessibility, specialized in facilitating access to buildings, facili-

ties and technology. The workshop was attended by the Savola Executive Management Team in addition to representatives from all Savola subsidiaries. This workshop aimed to communicate the concept and importance of the Total Accessibility and how to streamline and adapt the work environment in Savola and its subsidiaries to accommodate & employ the disable persons and to facilitate their access to all Group facilities.

#### Savola News letter

Issued by Corporate Affairs, Investor Relations  
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