



مجموعة صافولا
The Savola Group

Savola Quarterly Newsletter
1st Quarter 2011

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 Grows Its Revenues by 17%,

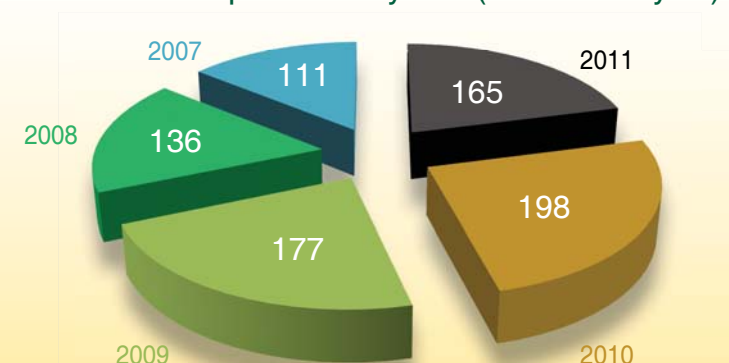
Records a SR 165 Million Net Profit for the First Quarter of 2011, Exceeding Its Announced Forecasts, And Distributes SR 125 Million Cash Dividends To Its Shareholders

- The Savola Group net profit for the first quarter, 2011 reaches SR165 million compared to the projected net profit of SR 160 million for the period.
- The Group forecasts net profit of SR 225 million (before capital gains) for the second quarter 2011.
- The Savola Group held its annual general Shareholders meeting on the 28th of March, 2011, the assembly approved the Results of the fiscal year 2010, the distribution of dividends and, all other items on the agenda.
- World sugar prices reduced gradually after unprecedented volatility and increases in raw sugar prices, which has not been witnessed during the past thirty years.
- Savola plastics sector invests in new product lines, targeting exports to Europe.
- Panda opens two new stores, bringing the total number of its stores to 125 in the Kingdom.
- Almarai increases its net profits for the first quarter, by 11.2% and enters into a strategic alliance with the Mead Johnson Global Company.
- Highlights on Herfy Foods Company during the first quarter 2011.
- The Savola Group was honored for sponsoring the Jeddah Economic Forum (JEF).
- The Savola Group ranks second among the Public Listed Companies in the Arab World list, In Corporate Governance And Transparency.
- The Group continues to maintain Its commitment and efforts In corporate social responsibility (CSR) activities.

Net revenues for the 1st quarter 2011 compared with the same period last years (in Million Riyals)



Net Income for the 1st quarter 2011 compared with the same period last years (in Million Riyals)



Attendees from Savola Shareholders during the AGM held on 28th March 2011



The Savola Group Board of Directors

Forward



Dr. Ghassan A. Al-Sulaiman

Dear Esteemed Shareholders,

While observing the recent economic transformations which have taken place on the business world, we find that the criteria of assessing the value of the private sector firms, no longer depends solely on their profitability. New concepts and practices have emerged in this modern era that are helping to create the added value for the businesses to meet the rapid and dynamic developments and challenges that are faced by them around the world. One of the most common and popular concepts that have materialized at this time, is the emergence of Corporate Governance & Social Responsibility (CG & CSR). Keeping in line with the Savola Groups Ethics and Values, the Group recognized very early, that Companies can no longer use their financial statements as the sole criteria to measure their successes and boost their reputation; instead they needed to build into their Business Model innovative and proactive solutions to meet the social and environmental responsibilities and challenges which exist in society. These efforts enabled The Group to be amongst the pioneering companies in adopting an effective CG & CSR program. Due to this proactive endeavor, The Savola Group achieved the second place among the top publicly listed companies in the Arab World, in the field of Governance and Transparency, according to the Study Conducted by Standard & Poors, Hawkamah Institute for CG and International Financial corporation -IFC in early February 2011.

As part of The Group's continuing commitment to enhance further the transparency and corporate communication levels with its shareholders and the public domain, The Group is adopting the Governance Code issued by the CMA as one of its' top priority task, taking the required steps to comply with the full list of S&P's disclosure requirement, whilst complying with other international practices in the area of CG. As an initial step in this area, the Group has introduced a new share monitoring system named the «Transparency Screen». This system provides the facility to track and displays changes in shareholder ownership, in different categories, which also includes the major shareholders, mutual investment funds, government institutions board members and the executive team. This information is published on a monthly basis on the company's website, as well as in its periodic newsletter. In its continuous effort for improvement and in light of the Group's geographical expansion, Savola will be reviewing its Manual on Governance Code, and develop a

new CG guide for each of its core sectors, i.e. Foods, Retail and Plastic, This initiative will enhance its internal control, strategic decisions making process and risk management.

In its commitment to serve the community, the Group continues to roll out a range of CSR programs which are organized under the "Savola Bridges" initiative. A Key project of the CSR initiative's is the Savola Center for Empowering People with Disabilities (Makeen); this project aims to train differently disabled persons and thereafter help them secure employment within The Group and its subsidiaries, or other private institutions. The Center launched its pilot program during the year 2010 by training and employing 100 differently disabled candidates. Preparations are already under way to train the second batch of candidates and employ them in suitable positions matching, with their competencies and ability.

The Group is also a key sponsor of the Madina Institute of Leadership and Entrepreneurship program (MILE) in collaboration with Madina Knowledge Economic City Co. (KEC). MILE aims to develop senior management resources in Saudi Arabia, as well as in other Arab and Muslim countries. It launched two training programs for leaders/executives during the year 2010 & 2011 which included the participation of world class speakers, and top quality resource including regional case studies.

The Group will also engage itself in the small enterprise sector programs and to help achieve their goals by focusing on handicraft projects for both the disabled and differently disabled persons. The Group is also exploring and analyzing the feasibility of adopting some of the successful experiences and role model in the region, in its program.

The Group will continue in its efforts in the CG & CSR areas keeping in line with its policy of continuing to fulfill its obligations to its stakeholders and participating in the development of society through adopting and implementing sustainable added value programs to society. Best regards,

Dr. Ghassan A. Al-Sulaiman

*The Savola Board Member & Chairman of Savola Foods Company Board
Chairman - Compensation, Nomination and CG Committee
& CSR Committee*

The Savola Shareholders Annual General Assembly (AGM) approves, by Majority Votes, all items on the Agenda

By majority votes, The Savola AGM approved all the items on the agenda for the meeting, No. (34) held at the Park Hyatt Hotel on Monday 23rd Rabi- Thani 1432H, corresponding to 28th March 2011. The AGM was chaired by Mr. Sulaiman Abdulgadir Al Muhaidib – Chairman of the Board. The legal quorum for this AGM reached 59.29% of the company's share capital, of Five Billion Saudi Riyals. The AGM's approval's for all the items exceeded 99% of the votes. The agenda of the AGM included the approval of the Board of Directors' Annual Report, final audited accounts for the year ending 31st December 2010 and the ratification of the Boards' recommendation to distribute SR 125 million (SR 0.25 per share) as cash dividends for the fourth quarter of 2010. The total dividends distributed to shareholders for the first three quarters of 2010 at the rate of SR 1 per share amounted to SR 500 million thereby making the total dividends paid for 2010 to SR 625 million (i.e. 12.5 % of company share capital at SR 1.25 per share). The maturity date for the fourth-quarter dividends was for those shareholders registered in the company books at the close of trading day of Monday 28th March 2011. The dividends distribution was processed and paid to shareholders on Monday 4th April 2011.

The shareholders also approved to absolve the Board Members from any liability pertaining to the management of the company for the year 2010 and approved the Groups' Audit Committee's recommendation, submitted by its Chairman Mr. Abdulaziz Khaled Al Ghufaily for appointing Pricewaterhouse Coopers (PWC) as the External Auditor for auditing The Group's quarterly accounts and the final accounts for the fiscal Year 2011 at a fee of SR 210,000. The AGM also ratified the Board of Directors'



Attendees from Savola Shareholders during the AGM held on 28th March 2011

resolution to appoint H. E. Eng. Abdullah Mohammed Noor Rehami as a member of the Board of The Savola Group, effective 21st September 2010 till the end of the current Term of the Board, representing the Public Investment Fund in the Board membership, replacing H.E Eng. Adel M. Fakeih, former representative of the Public Investment Fund in the Group Board membership, after his appointment by royal decree as Minister of Labor in August 2010

During the AGM meeting, the floor was opened to the Shareholders for discussion and questions. All questions raised were addressed by the Board & the Auditors.

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www.savola.com

Savola Board of Directors Approves Distribution of SR 125 Million As Cash Dividends To Its Shareholders

Continuing

the Groups policy to distribute quarterly dividends to its shareholders, The Savola Group Board of Directors approved, the distribution of SR 125 Million (i.e. 0.25 per share) as cash dividends for the 1st quarter 2011 at its meeting held on Monday 18th April 2011. This distribution will be made to shareholders registered in the company books at the end of the trading date of Monday 25th April 2011. The Group announced that it will start the dividends payments process from Tuesday 10th May 2011.



Dr. Abdulraouf M. Mannaa

Dear Esteemed Savola Shareholders,

It gives me great pleasure to address you through this edition of the Savola Newsletter and share with you your Groups results for the 1st quarter of 2011.

With the Grace of Almighty Allah, we concluded the 1st Quarter 2011 with very impressive results across all fronts. The Savola Group reported revenues amounting to SR 5.6 Billion, reflecting a 16.7% over the same quarter last year.

Net income for this quarter 2011, before capital gains and exceptional items, was SR165.2 million compared to the projected net income of SR 160 million. Continuing its policy of transparency, the Group projects its net income before capital gains and exceptional items at SR 225 million for the second quarter of 2011.

Despite the adverse impact in the business environment due to the current political turmoil in the region, the Group continues its leading position in the local and regional markets, harvesting the fruit of its 'Focused Growth strategy' of tangible growth in its core businesses, namely, the Foods, Retail & Plastic sectors, whilst closely managing its strategic investments within the Kingdom and the overseas markets, and strengthening its current position of being the market leader. Your Group has taken serious and confident

steps towards realizing the gradual expansion of its core competencies by re-focusing on successful business and re-assessing its position in under-performing operations. This strategy has already been disclosed earlier in the 2010 annual report, where we indicated that the Group is reformulating itself as a holding company. This objective is being fulfilled by administering a balanced growth strategy in its core businesses and making optimum use of The Group's asset which include its strong financial position, the qualified and dedicated human resources and the accumulated experience over the past decades.

Finally, I extend my sincere thanks and appreciation to our esteemed Board for their insight and valuable direction and to all employees across the Group, for their continuous efforts and dedication. I would like to extend my sincere gratitude to our esteemed shareholders for their continued support and trust, and I look forward to addressing you once again next quarter with another report good performance, Insha' Allah.

Wishing you all the best.

Dr. Abdulraouf M. Mannaa
Group Managing Director

Savola Group Grows its Revenues by 17%

And records a SR 165 Million Net Profit for the First Quarter of 2011

The Savola Group Board of Directors at its meeting held on Monday 18th April 2011, chaired by Mr. Sulaiman Abdulgadir Al Muhaidib, Chairman of the Board, approved the consolidated financial results for the first quarter of 2011. The Group achieved net income of SR165.2 Million for the quarter compared to

Gross profit for the Quarter amounted to SR863 million, representing an increase of 7.3% compared to the same period last year. Net Revenues amounted to SR5.6 billion, growing by 16.7% versus SR 4.8 billion reported in the first quarter last year. Operating profits decreased by

12.9% over last year to SR 288.3 million, due to rising commodity prices and startup costs.

Net income before capital gain and exceptional items for the 1st Quarter reached SR 165 Million, exceeding the forecast of SR160 Million, despite the adverse impact on business operations region

the forecast of SR 160 Million as announced earlier this year. The group reported net income of SR 394 Million for the same period last year, which included the capital gain of SR 196 Million realized by the disposal of 30% of Herfy Company at its IPO. The Group continues to retain a major stake in Herfy Company.

due to the current situation in the region, reported the Group Managing Director, Dr Abdulraouf Mannaa. He also mentioned that the Group expects to achieve a net income (before capital gain and exceptional items) of SR 225 million for the second quarter of 2011 as earlier indicated.

Panda Highlights During the 1st Quarter of 2011

Store Openings

During March 2011, Panda opened a new Super Market and a new Hyper Market in Riyadh. This raised the total number of stores to 125 in Saudi Arabia. Total selling area reached 445,000m² comprising of 168,000 m² of super markets and 277,000 m² of hyper markets.

Panda's Mega Activities:

During the first quarter of 2011, Panda carried out several marketing activities among them the "Killer Items Ceremony". This activity was conducted for two weeks (Feb 23 – Mar 11) to capture both Hijra and Gregorian pay weeks. The activity was published in all the major newspapers, leaflets and special displays in stores by offering customers "every-day new offer" with aggressive price cut, in addition to the 2,000 daily winners of shopping vouchers. Building on its continuous success, Panda once again repeated the "10/20

Offers" promotion during the period (26 Jan- 15 Feb.)", by offering flagship brands and other prominent brands to its customers at very competitive prices. During the 1st quarter for the first time, Panda also introduced a unique promotion concept in the Middle East. The "Watch & Win" promotion aimed to reward Panda customers innovatively. The event involved 30 cars as gifts for lucky Panda customers and other prizes worth of SR 15 million. The mega event had the unique feature of engaging customers in TV programs through a strategic alliance with the Saudi Television. All modes of media sources were engaged for the promotion of this unique thematic activity.



Panda CSR activities:

- The 1st quarter of 2011 witnessed the Graduation ceremony for students of the Retail Academy held on Jan 11th where the Minister of Labor, Eng. Adel Fakeih graced this ceremony celebrated the graduation of



Muwaffaq Jamal
CEO - Azizia Panda United Co.



Essam Majed Al Muhaidib
Managing Director - Azizia Panda United Co.

1,000 Saudi students and getting them ready to join the workforce in Retail Sector.

- Panda was also one of the first companies to offer its support the very next day to the victims of the Jeddah flood disaster of January 2011. It approved an immediate support budget of One Million Saudi Riyals during the period of Jan-Feb. 2011 and followed-up and extended effort, by visiting the affected areas to ensure the support reached the deserved and the affected people.

The World Sugar Prices Begin to Reduce Gradually After Unprecedented Fluctuations And Increase in Raw Sugar Prices that has not been Witnessed over the Past Thirty Years



Eng. Mohamed Hamed Al-Klaiby – Senior Vice President of Sugar Sector at Savola Group and the Head of the United Sugar Company (USC) (a subsidiary of the Savola Group) indicated that the world sugar prices began to reduce gradually during the past two months due to the global fluctuations and the sharp increase in the raw and white sugar prices, which exceeded 100%. This type of increase has not been witnessed in the past thirty years. Figure # (1) illustrates the developments of the white sugar prices in London Stock Exchange and the prices of raw sugar in New York Stock Exchange (U.S. \$ per tone):



Eng. Mohammad Al-Klaiby, SVP, Foods Sector.

Eng. Al-Klaiby also indicated that the following reasons and factors have contributed significantly to the change in this market behavior:

- The substantial improvement to the sugar crop this year, which increased by 2 million tones compared to the previous forecasts.
- Brazil expected to achieve a large crop this year (starting from the month of May) in response to higher prices.
- Significant decline in white sugar purchased transactions, which was unexpected from the Middle East and North Africa due to the undergoing situation taking place in this region and the high prices.

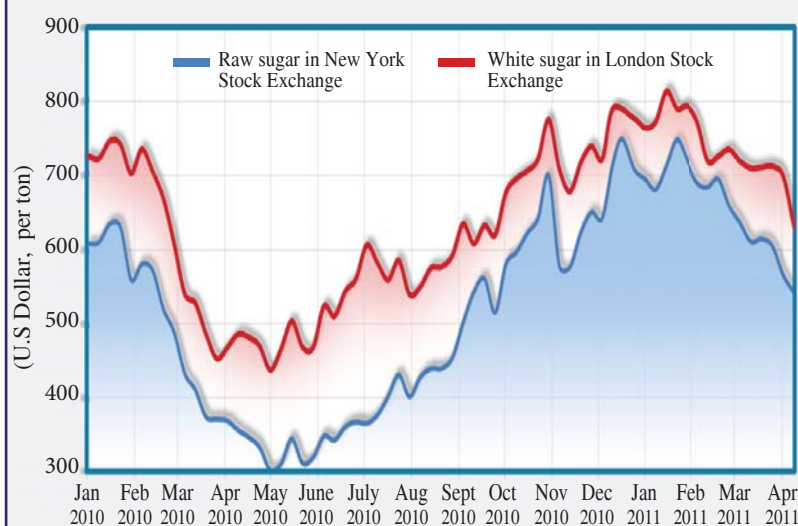
The Current Situation In The Local Market:

With regard to the current situation in the local markets, Eng. Al-Kulaiby mentioned that the United Sugar Company (a subsidiary of Savola Group) has reduced its price by more than SR 25 for the 50 kilograms bag of sugar for an effective price of SR160 (i.e. 16% less than the price in the beginning of this year) while the sugar prices in London Stock Exchange decreased by the same amount.

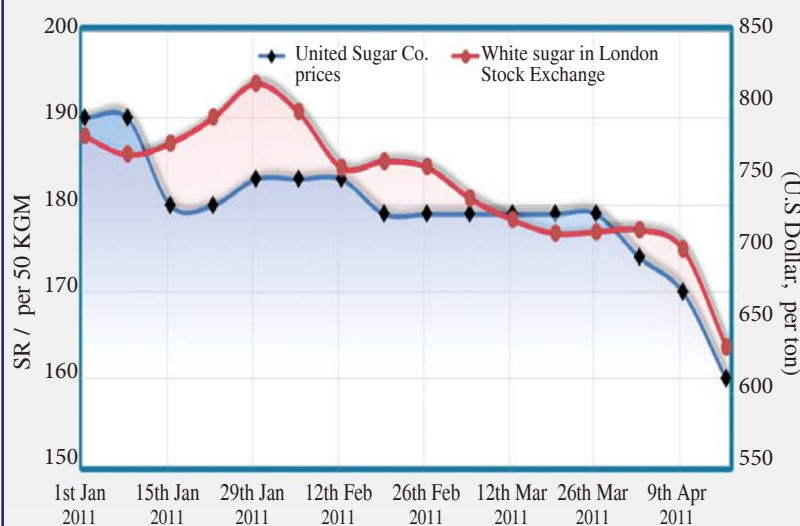
He also added that the company has continued to provide the Saudi market with a substantial portion of its needs, in addition

to the sugar imports by other sugar and food wholesalers to cover the market needs. It is worth to mention that the company sales in Saudi market are estimated at 70-80 thousand tons, which may vary according to the season. The company produces 1.3 million tons sugar per year despite the existing situation and is very keen to make this product permanently available for the Saudi market while maintaining the stability of sugar prices locally and preventing from any sharp price fluctuations affecting the consumer, as shown in Figure # (2).

The raw & white sugar prices in international stock exchanges (figure 1)



The United Sugar Company (for traders) & white sugar prices in London Stock Exchange (figure 2)



Afia International Co. Launches A New Product

Afia International Company in Saudi Arabia, a subsidiary of the Savola Foods Company, has lately launched a new product under the “Afia” flagship trademark, in the Sunflower category with chamomile extract. This is in addition to its current leading flagship “Afia” under the corn category. The new product represents an additional value to the company’s current edible oils product portfolio, which includes the leading brand “Al-Arabi” under the palm category and other trademarks.

SAVOLA GROUP COMPANY

(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at March 31, 2011

	2011 (SR 000)	2010 (SR 000)
ASSETS		
Current assets:		
Cash and cash equivalents	570,223	634,042
Trade receivables	1,745,476	1,534,361
Inventories	2,814,608	2,175,504
Prepayments and other current assets	1,068,026	946,185
Assets classified as held for sale	213,419	--
Total current assets	6,411,752	5,290,092
Non-current assets:		
Investments	6,165,793	6,021,934
Intangible assets	1,008,020	1,103,824
Property, plant and equipment	4,706,200	5,068,937
Total non-current assets	11,880,013	12,194,695
Total assets	18,291,765	17,484,787
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term bank debts	2,616,569	1,790,693
Current portion of long-term debts	752,891	741,929
Trade payables	2,175,165	1,796,958
Accrued expenses and other current liabilities	1,551,594	1,052,149
Liabilities classified as held for sale	232,609	--
Total current liabilities	7,328,828	5,381,729
Non-current liabilities:		
Deferred gain	109,654	91,569
Long-term payables	59,116	60,469
Long-term debts	2,267,999	2,754,667
Employees' termination benefits	280,565	250,423
Total non-current liabilities	2,717,334	3,157,128
Total liabilities	10,046,162	8,538,857
EQUITY		
Equity attributable to the Company's shareholders:		
Share capital	5,000,000	5,000,000
Statutory reserve	956,772	868,102
General reserve	4,000	4,000
Unrealized (loss) on investments	(107,690)	(12,054)
Effect of acquisition transaction with minority shareholders without change in control	(59,443)	49,370
Foreign currency translation account	(246,797)	(189,588)
Retained earnings	1,465,003	1,648,100
Total shareholders' equity	7,011,845	7,367,930
Minority interests	1,233,758	1,578,000
Total equity	8,245,603	8,945,930
Total liabilities and equity	18,291,765	17,484,787

Savola major shareholders list who owns 5% or more from the company shares as of 1st May 2011

Ser.	Shareholders name	Ownership Percentage*
1.	Mohammed Ibrahim Al-Issa	11.9 %
2.	General Organization for Social Insurance	10.9 %
3.	Abdullah Mohammed Al-Rabe'ah	8.7 %
4.	Abdulgadir Al-Muhaidib & Sons Company	8.5 %

* 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,

Notes:

1-The above percentage is updated according to Tadawul register as of 1st May 2011 and may change from time to time based on the trading movement in the Savola Group shares in the stock market.

2- To Review the detailed accounts for this quarter and the previous quarter's, please visit Savola web site: (www.savola.com)

Or Tadawul website: (www.tadawul.com.sa)

3- These results were also published within the statutory period as required by regulations in the following newspapers:

• Al-Egtisadia Newspaper Issue No (6404) dated 24th April 2011.



SAVOLA GROUP COMPANY

(A Saudi Joint Stock Company)

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INTERIM CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the three-month period ended March 31, 2011

	2011 (SR 000)	2010 (SR 000)
Revenues - net	5,641,740	4,778,781
Cost of revenues	(4,778,731)	(3,974,249)
Gross profit	863,009	804,532
Share of profits of associates and jointly controlled entity and dividend income - net	79,858	93,841
Other income - net	2,434	59,985
Total income	945,301	958,358
EXPENSES:		
Selling and marketing	(520,912)	(455,100)
General and administrative	(136,059)	(172,132)
Total expenses	(656,971)	(627,232)
Income from operations	288,330	331,126
Gain on disposal of investments	--	196,266
Financial charges - net	(51,394)	(47,829)
Income before Zakat and income tax and minority interests	236,936	479,563
Zakat and income tax	(27,871)	(28,560)
Net income before minority interests	209,065	451,003
Share of minority interests in the net income of consolidated subsidiaries	(43,904)	(56,961)
Net income	165,161	394,042
Earnings per share (SR)		
- Income from operations	0.58	0.66
- Net income	0.33	0.79

SAVOLA GROUP COMPANY

(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three-month period ended March 31, 2011

	2011 (SR 000)	2010 (SR 000)
Cash flows from operating activities:		
Net income	165,161	394,042
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortisation and impairment	134,193	132,395
(Gain) on sale of property, plant and equipment	(2,472)	(1,795)
(Gain) on disposal of investments	--	(196,266)
Financial charges - net	51,394	47,829
Share of minority interests in net income of consolidated subsidiaries	43,904	56,961
Changes in operating assets and liabilities:		
Trade receivables	(242,542)	(134,439)
Inventories	(313,820)	78,120
Prepayments and other current assets	(156,106)	(37,161)
Trade payables	99,591	(11,895)
Accrued expenses and other current liabilities	20,039	(317,566)
Employees' termination benefits	4,459	8,135
Total adjustments	(361,360)	(375,682)
Net cash (used in) provided by operating activities	(196,199)	18,360
Cash flows from investing activities:		
Net change in investments	(92,587)	(618,255)
Net change in intangible assets	(9,892)	6,826
Net change in property, plant and equipment	(103,196)	(131,207)
Effect of deconsolidation of Herfy	--	(20,062)
Net cash provided by (used in) investing activities	(205,675)	(762,698)
Cash flows from financing activities:		
Net change in short-term bank debts	559,782	(436,488)
Net change in long-term debts	(66,155)	723,444
Net changes in minority interests	(4,977)	48,771
Financial charges - net	(51,394)	(47,829)
Net change in restricted deposits against financing	98,459	44,696
Dividends paid	(126,281)	(562)
Net cash provided by (used in) financing activities	409,434	332,032
Net change in cash and cash equivalents	7,560	(412,306)
Cash and cash equivalents at beginning of the period	562,663	1,001,185
Cash and cash equivalents at end of the period	570,223	588,879
Unrealized (loss) gain on available for sale investments	(17,578)	6,547
Foreign currency translation account	(16,341)	4,262
Directors' remuneration	600	550
Assets classified as held for sale	213,419	--
Liabilities classified as held for sale	232,609	--

The Savola Group Ranks No. (2) in the Arab World In Corporate Governance & Transparency



The Savola Group

Has achieved the Second Position

Among the top listed companies

in The Arab World according to a study conducted

by: (Standard & Poor's (S&P), Hawkamah Institute for Corporate Governance
and the International Finance Corporation - IFC)

this was announced in early February 2011

Savola Continues Updating Share Monitoring System "Transparency Screen"

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

www.savola.com

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



The system is now being regularly updated to reflect the movement in major share ownership in order to entrench transparency and to facilitate the task for parties interested in Savola share tracking.

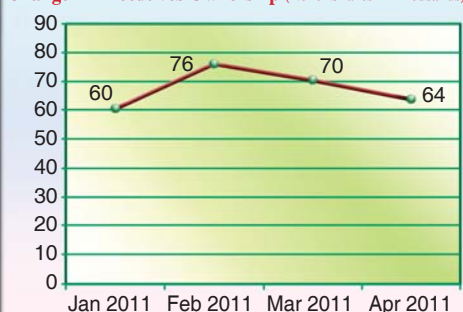
Below you will find the charts depicting share ownership movement for the period (from **January to April, 2011**).

Note the Company's capital is fixed at S.R. 5 billion divided into 500 million ordinary cash shares and the company total shareholders are about 160,000.

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



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



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



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



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



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



The Savola Group Is Honored for its Sponsoring the Jeddah Economic Forum “JEF”

On 19th March 2011, His Royal Highness Prince Khalid Al Faisal Bin Abdul Aziz, Governor of Makkah Region, honored the Savola Group for sponsoring the Jeddah Economic Forum 2011 (JEF) among the other sponsor of this event. The event was held under the patronage of His Royal Highness during the period from 19th to 22nd March 2011 at Jeddah Hilton. The central theme for this year JEF was “A 21st Century Transformation and The Impact of Global Forces”.

Dr. Abdulraouf Mohammed Mannaa, the Group Managing Director, received the plaque of honor for the Group's participation as “a Diamond sponsor” for this mega event. This reflects the importance given by the Savola group to such economic activities that enrich the discussion on strategic issues that is badly needed by the private sector as it will help in overcoming



Dr. Abdulraouf Mannaa, Group MD receives the plaque of Honor from HRH Prince Khalid Al Faisal

the obstacles facing the growth of both the industrial and financial markets in Saudi Arabia. It is also expected to have a positive impact on the private sector corporations as well as in accelerating the development & economic cycles in KSA.

In his address, Dr. Mannaa stated that “the Groups participation and the sponsorship of the JEF showed the strategic importance of this event as it has a significant impact on the economy of Saudi Arabia resulting from the promotion and exchange of experience and knowledge in the economic and trade relations with a number of countries in the region and worldwide. Also the events of this

nature enable the establishment of future partnerships and cooperation between the public and private sectors”. In addition, he also expressed the Group deep pleasure in supporting this remarkable event.

Al Marai Company Grows its Net Income for the First Quarter 2011 by 11.2%

Al Marai Company, (29.9% owned by The Savola Group) achieved a net profit increase of 0.5% for the first quarter of 2011 amounting to SR 235.2 Million compared to SR 234.1 Million achieved in the same quarter last year. The Company's sales for the 1st quarter of 2011 increased by 11.8% and reached SR 1.74 Billion, compared to SR1.56 Billion for the same quarter last year.

These impressive financial results for the company were achieved despite the negative impact on the company's performance due to the increase in the price of packaging materials, dairy commodities, increase in feed costs, and the increase in the price of juices concentrate. At the same time the Company has been able to maintain its operations capabilities and increase its market shares and thus resulting in its sales growth. However,

the increase in input costs has resulted in the deterioration of the profit margins. Amidst all the above-mentioned factors, the company has maintained its selling prices of its fresh products unchanged through-out the quarter.

In its continuous process to further strengthen its strong existence & its continuous growth locally and



regionally, Al-Marai has recently entered into a Strategic Joint venture with an International Pediatric Nutrition Company (IPNC) to produce, market, and distribute “Infant Nutrition Products” in the kingdom, GCC, and others Arab Countries. IPNC has already launched its first product into the market in Saudi Arabia. These products are currently imported from

both the United States and Netherlands until such time the construction of the new facility in Saudi Arabia is completed.

Herfy Highlights During the 1st Quarter 2011

Herfy Food Services Company (49% owned by the Savola Group) opened three new restaurants during the first Quarter of 2011 in Saudi Arabia namely two restaurants in Jizan City and one in Yanbu, bringing the total number of operating restaurants in KSA to 174 branches. Also, the Company has launched several promotional campaigns, starting with the special offer “Double Herfy”, Chicken Super Chili and later the “Fish Tortilla” and the Mushroom “Swiss Burger”. Besides the special offers for its new product (Herfy original American Cheese Cake) and the other promotional offers, the products of Herfy meat factory has 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 the Herfy Company and work is in progress to increase the production capacity to meet the demands of the Saudi Meat market.

Furthermore, Herfy's chain of Pastry, Bakery and Chocolate continued its expansion efforts, by opening four new outlets during the first quarter of 2011 in Riyadh City.

As a result of these efforts, the company achieved SR159.3 Million in Sales for the first quarter of 2011 with a net income of SR32.5 Million compared to the SR28.1 Million for the same quarter last year.

Herfy also succeeded to increase the Saudization percentage to

30% of its total workforce by the end of the first quarter 2011.

The company has successfully participated in a number of events such as the weekly meetings for employments in collaboration with Riyadh Chamber of Commerce & Industry and also signed a comprehensive agreement with the Human Resources Development Fund (HRDF) for its new system. Herfy continues its efforts to develop ambitious plans for employing and training Saudi Youth in coordination with the HRDF.



Plastic Sector Invests in a New Product to be Exported Mainly to Europe



Azhar Kangi
CEO - Plastic
Sector

In line with its expansion strategy and to strengthen its local and regional existence and to increase its market share, the Plastic Sector is entering into a new market segment by producing Stretch Films. These new products are used widely and extensively in logistic & warehousing industries for wrapping pallets. To enhance this business, Eng. Azhar Kangi, CEO of Plastic Sector together with the sector management is planning to build up a stock capacity of 50,000 tons per annum in 4 years time, where a major portion of this capacity will be exported to Europe, this due to the market needs for such product. He also added that, this investment is matching with the sectors' strategic plan to be among the top 20 global plastic packaging manufacturers. To achieve this strategy; the sector will also continue to explore other promising opportunities in the field.

Eng. Kangi indicated as part of the sectors' contribution in strategic local and regional events, the plastic sector participated by submitting two working papers, one of them titled “understanding the global plastic packaging market & considering the position of KSA now & moving forward” and was presented by the Sector team at the Plastic Packaging Saudi Arabia 2011 Conference” held in Riyadh on March 2011. The second paper presented at the “AMI Flexible Packaging Middle East Conference” by Al Sharq Plastic team under the topic of “Flexible packaging trends & new technologies in ME” discusses the opportunities & threats facing the industry in the Middle East. The participants and the industry experts have highly appreciated the contribution by the plastic sector teams and the advanced technology used by the sector.

for sponsoring the Fourth Autism Gulf Championship

In addition to the Savola Groups' commitment to CSR and its community service programs, the Group was one of the sponsors participated in the Fourth Autism Gulf Championship that was held in Jeddah on Sunday 1st of May 2011 under the patronage of Prince Sultan Bin Fahad Al-Saud. This event represented the largest gathering of autistic youths in Saudi Arabia and the Arabian Gulf region under the slogan "Our Strength is in our Unity".

As part of the CSR mission, the Savola Group participated through "the Savola Center for Empowering Person with Disability" (Makeen), as a silver sponsor for this event. Mr. Mahmoud Abdul Ghaffar, SVP - Corporate Affairs received the plaque

of Honor for the Group's sponsorship of this social event. During this event, the center introduced its objectives and the success stories through a documentary film. The CSR team also distributed brochures and bulletins highlighting Savola's CSR initiatives.

It is worth mentioning that the Makeen Center aims to train and secure employment for disabled persons within The Savola Group, its subsidiaries and other private institutions. The Center launched its first pilot program during the Year 2010 by training and employing 100 disabled candidates. Preparations are already under way to begin the trainings for the second batch of disabled candidates and employ them in suitable positions matching with their disabilities and qualifications.



Mr. Mahmoud Abdul Ghaffar, SVP - Corporate Affairs receives the plaque of Honor from Prince Sultan Bin Fahad

The Group Participates in the Forum Organized for Employing Persons with Disabilities

The Savola Group through the "Savola Center for Empowering Person with Disability" (Makeen) participated in the 3rd and the 4th events organized, mainly for the "Recruitment of Persons with Disabilities for the year 2011". These two events were organized by the Disabled Children Association in Jeddah under its strategy to support this disabled category of persons in Saudi Arabia. During these events, the Makeen center shared a very comprehensive presentation on the available jobs opportunities (administrative and technical), which



were mainly designed to suit the nature of each disability (physical or hearing impaired).

In this context, Mrs. Faten Abdulbadia Al Yafi, Executive Director for CSR, PR and Corporate Services at the Savola Group, emphasized that the participation of the private sector and its contribution in supporting such initiatives comes as a social & national responsibility to empower persons with disability to actively participate in the community development as well as in realizing the actual meaning of the CSR concept.

The Savola Participates in International Day of Disability at the International Medical Center (IMC)

As part of Savola's national responsibility and its deep commitment to CSR, the Savola Center for Empowering Person with Disability (Makeen), participated in the annual "International Disability Day Celebration" which is held on 3rd of December every year. This event is organized under the supervision of Mrs. Faten Al Yafi and the Mentors team of KSA led by Mrs. Maha Fitaihi. The celebration was hosted by IMC. The Event of 2010 was held under the slogan "Keeping the Promise: Achieving the Millennium Development Goals for persons with disabilities until 2015 and beyond."

During the event, the Makeen center introduced its objectives and its success stories through a very comprehensive and informative documentary film. Thereafter Mrs. Faten Al Yafi, Executive Director for CSR, PR and Corporate Services at the Savola Group, in her address, she welcomed the audience and followed it by a comprehensive presentation highlighting the first stages of the Centre and its Goals, Vision and Mission, the services provided by the center to the persons with



Mrs. Faten Al-Yafi addressing the event



disabilities and the role of the "mentor and buddy" in the workplace. Mrs. Faten also shared a very comprehensive profile related to the jobs opportunities available, which are custom made mainly to fit each disabled person according to his/her disability type and qualifications. During the question and answer sessions a number of audiences asked about the Makeen center and the process of involved in applying for jobs. All questions raised were answered swiftly. Finally the audience extended their sincere thanks and appreciation to the Savola Group and the CSR team for sharing this information.

Savola Group Contributes in Mobilization of Culture in Dealing with Persons with Disabilities



In its efforts to raise the awareness of the importance of training and employing persons with disabilities, in collaboration with Dr. Suliaman Fakeih Hospital (DSFH) - CSR & PR Department - The Savola Group, represented by the Makeen Center, arranged a lecture on "how to deal with persons with disabilities and the mechanism of adopting the "mentor and buddy" concept in the human resources management section, in order to facilitate the integration of these employees with disabilities in the work place. The aim of this lecture was to build bridges of cooperation with the private sector institutions in order to provide the appropriate jobs matching the nature of each candidate's disability.

Mrs. Faten Al Yafi expressed her thanks and appreciation to the management of DSFH for their interaction with the Makeen center, which was reflected in their determination to recruit a group of candidates nominated by the Center, as well as their commitment to provide new opportunities for job seekers in the next phase.

Dr. Sheriff Adel, Director of the Department of Institutional Relations at the hospital extended his thanks and appreciation to The Savola Group for the initiative of training and employing this category of people who are

valued to all community members. He stressed their willingness and commitment to establish a long-term strategic partnership and to grow this important initiative with The Savola Group. Also, Dr. Hossam Ghoneim, Executive Director of Medical Affairs, Clinical & Nursing stated that "this lecture has added an important value to the employees of the hospital, as it will contribute positively and effectively in speeding the ease of integrating employees with disabilities in the environment, based on a scientific basis & best practices".

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For more information or sharing views, please contact
Fax (02) 6482053, P.O.Box:14455 Jeddah 21424
alnoun@savola.com, or visit our website www.savola.com

Management & General Supervision

Mr. Mahmoud Abdul Ghaffar
SVP-Corporate Affairs & Board Secretary

Management & Editing

Alnoun Ali Saad
Director, Corporate and Board Affairs
alnoun@savola.com
Al Sadig Yousuf

Assistant Team Distribution Team

Siddiqui Zeeshan Khaled Khaleefa
Designed by
Eng. Abd Elhalim Abd Elkarim M.