



مجموعة صافولا  
The Savola Group

Savola Quarterly Newsletter  
2nd Quarter 2011

# Savola News

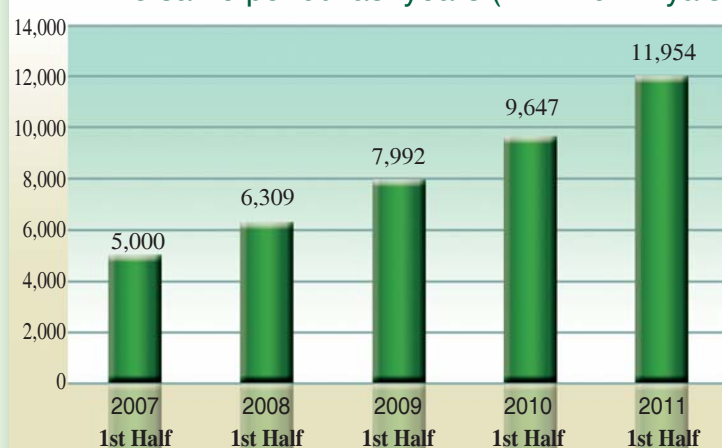
Issued by the Savola Group to enhance corporate communication with its Shareholders, Investors and all Stakeholders through furnishing them with its latest developments and performance progress on quarterly basis.

## Savola Operating Profit for 2nd quarter grows by 40% to reach SR 423.4 million over the same period last year The Group records SR 230.7 million Net Profit for the 2nd quarter 2011 And distributes SR 125 million cash dividends to its shareholders

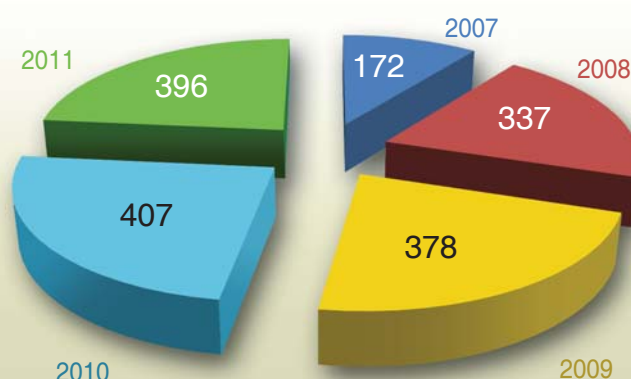
- The Savola Group reports net income of SR230.7 Million for second quarter ending 30 June; an increase of 11% compared to same period last year of SR207.7 Million.
- Operating profit for second quarter ending 30 June amounts to SR423.4 Million, representing an increase of 40.8% compared to the same period last year of SR300.8 Million.
- Revenues for six months ending 30 June reach SR11.95 Billion, representing an increase of 23.8% compared to the same period last year of SR9.65 Billion.
- The Savola Group forecasts net profit of SR 300 million (before capital gains) for the third quarter 2011.
- Panda opens Two New Stores/Branches in Hail increasing its total number of branches to 129 in the Kingdom during the quarter.
- Savola Behshahr Company (SBC) - Iran Kicks off the Total Productive Manufacturing System (TPM) in Liquid Oil Packaging.
- Savola Plastic Sector succeeds in launching & Exporting its latest products segments "Stretch Film" to European countries.
- Al-Marai reports net income of SR 349.2 Million for the 2nd quarter, 2011; invests SR 4 Billion in production of high-quality poultry.
- Herfy achieves good results for the 2nd quarter 2011 and obtains necessary approvals to hold its Extra Ordinary General Assembly meeting, to raise its capital to SR 300 million.
- H.R.H Prince Sultan Bin Salman, inaugurates the Panda's Customers Charity Project Center in favor the Disabled Children's Association (DCA).
- The Savola Group presented its learning and experience in the training and recruitment of persons with disability, to the Ministry of Labor.

(For more details see next pages).

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



Net Income (before capital gains) for the 1st half of 2011 compared with the same period last years (in Million Riyals)



The Savola Group, Managing Director launches SBC, Iran's Total Productive Manufacturing System (TPM) in Liquid Oil Packaging ... (page 4)



The Group MD & Sectors' CEOs honoring The Group's employees who have completed 25 & 30 years of long service in the Group or its Subsidiaries ... (page 7)



## Forward



**Mousa Omran Al-Omran**

### Dear Esteemed Shareholders,

It is my pleasure to meet you through this issue of the Savola Newsletter for the second quarter of 2011 and extend my congratulations and best wishes to you for the holy month of Ramadan, praying to Allah Almighty to shower His blessings on all of us and the Muslim nation. The objective of this newsletter is to update you with Group's business activities and developments on a quarterly basis. You will find in this issue, details of progress achieved by The Group and its various sectors, its Corporate Governance and Social Responsibility activities, and other news and analysis.

This issue of Savola Newsletter coincides with the successful achievement made by Azizia Panda United Co. (a subsidiary of The Savola Group), by increasing its number of stores to reach more than 160 supermarkets and hypermarkets, of which 129 are located in Saudi Arabia. This was accompanied by 12% increase in the number of customers during 2010 to reach 86 million people shopping at Panda. Due to these efforts, Panda currently holds a market share of 7.7% of the retail market of the food and consumer goods sector in the Kingdom, making it the largest company in the retail sector in Saudi Arabia. Panda aims to reach 8% market share by the end of 2011, by expanding its operations in its current market and opening additional new stores during 2011. Panda's contributes to about 40% of Savola's overall revenues, as reported in The Group's 2010 financial statements.

Due to its efforts in Human Resource Development arena, Panda was recently honored as the best company for the year 2011 in the Gulf states that provides training and development programs for its employees. This was announced at the Sixth Conference for human resource for Arab Gulf States held in Dubai, at the end of May of 2011.

In cooperation with the General Organization for Technical and Vocational Training Organization (GOTVTC) and through the Saudi Institute for Retail Sales (SIRS), Panda has opened a number of training institutes in the main cities last year. During its first phase, SIRS allocated 31 market sites for practical training, and by the end of last year had more than 1000 young Saudis males and females graduating, working towards its three year objective of training 10,000 Saudis and assisting them in finding appropriate jobs in Panda and other retail outlets in the kingdom. As a result of these efforts towards Saudization, Panda has recently been awarded the prestigious Prince Naif Saudization prize in recognition of more than 4,500 Saudi employees working in Panda from the total workforce of more than 12,000 employees, achieving a record Saudization percentage of more than 36%.

Panda has continued to carry out its CSR programs under the slogan "Serving our Community is Our Duty". Panda's three year running initiative titled "Leave the Change for Them" has generated more than SR9 million in cash donations to the Disabled Children's Association. Panda has also adopted a number of new initiatives, such as providing aid to Jeddah floods victims in early 2011, blood donation campaigns, Children Anti-Polio Campaigns and several other charity and humanitarian schemes in collaboration with governmental authorities, private sector, health and educational institutions.

Finally, I would like to extend my sincere thanks to Chairman and my fellow Board members for their insights and valuable direction, and to The Groups' management and employees in the kingdom and across the world, continuous efforts and dedication to meet its projections for 2011.

Wishing you all the best,

**Mousa Omran Al-Omran**

*The Savola Group Board Member &  
Chairman of Azizia Panda United Co. Board of Directors*

## The Savola Group Grows its Revenues by 24%

**And records SR 230.7 million Net Income for the 2nd quarter 2011 & expects to achieve a net Income of SR 300 million (before capital gains) for the 3rd quarter 2011**

### Performance Summary for Q2:

Dr. Abdulraouf M. Mannaa, Managing Director of The Savola Group, announced that The Group achieved a net income of SR230.7 Million for second quarter ending 30 June, an increase of 11% compared to same period last year SR207.7 Million and increase of 39.6% compared to the first quarter 2011 SR165.2 Million. Gross profits for second quarter ending 30 June amounted to SR963.2 Million, an increase of 35.7% compared to same period last year 709.8 Million. The results also showed that the operating profit for second quarter amounted to SR423.4 Million, increase of 40.8% compared to same period last year SR300.8 Million, Net income for six months ending 30 June amounted to SR395.9 Million, a decrease of 34.2% compared to same period last year. Earnings per share for the six months ending 30 June were SR 0.79 as compared to SR1.20 for same period last year. The Managing Director of The Savola Group, attributed the increase in The Group's net income for 2nd quarter 2011 compared to 2nd quarter 2010 mainly to the continued growth in revenues and increased market share in

the foods and retail sector. The drop in The Group's net income for six months ending June 30, 2011 compared to same period of 2010 is mainly due to the capital gain of SR 196 Million from 30% of Herfy Foods Services Company's IPO, which The Group owns a major stake, realized during first half of 2010.

The MD also added that the gross profit for the first six months ending 30 June of 2011 amounted to SR1.8 Billion, an increase of 20% compared to same period last year SR1.5 Billion, and the operating profit for the six months ending 30 June amounted to SR730.1 Million, an increase of 15.9% compared to same period last year SR629.8 Million. Revenues for six months ending 30 June amounted to SR11.95 Billion, an increase of 23.8% compared to same period last year SR9.65 Billion.

### Third Quarter forecasts:

The Managing Director reported that the 2nd quarters' net income before capital gains, reached SR 230.7 million, which is above the estimated forecast of SR 225 million, despite the impact on sales of certain markets due to the current situation in the region. The Group Insha Allah expects to achieve a net income before capital gains of SR 300 million for third quarter of 2011, which is in line with the 2011 forecasted net income before capital gains of SR 1Billion.



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**IRWeb@savola.com**

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## Savola Distributes SR 125 Million of Dividends to its Shareholders for the second quarter of 2011

**In** continuation of its declared policy to distribute quarterly dividends to its shareholders and in light of its earnings during the quarter, Dr. Abdulraouf M. Mannaa, The Group Managing Director announced that The Savola Group's Board of Directors has approved a distribution of SR 125 Million, (i.e. 0.25 per share) as dividends for the 2nd quarter of 2011 to the shareholders registered in the company books at the end of the trading day on Monday July 25th, 2011. The dividends payments process will commence on Monday August 8th, 2011.



**Dr. Abdulraouf M. Manna**

#### Dear Respected Shareholders,

I would like first to congratulate you on the occasion of the holy month of Ramadan, and pray to Almighty Allah to make it a month of acceptance, blessing, forgiveness and good deeds for all of us. Also, I ask the Almighty Allah to give us joy, bestow upon us his mercy and may the holy month come back to us, our families and all Muslims with blessings, prosperity and good health.

I am pleased to update you through this edition of the Savola Newsletter and share with you The Group's results for the 2nd quarter of 2011. With the Grace of Almighty Allah, we concluded the 2nd Quarter 2011 with great results across all sectors. The Savola Group reported net income of SR230.7 Million for the quarter, reflecting 11% increase over the same period last year, with consolidated revenues for the last six months ended 30 June amounting to SR11.95 Billion, growing by 23.8% over the same period last year. These impressive results were achieved in spite of the adverse impact on the business environment due to current political turmoil in the region. The Group continues to maintain its leading position in the local and regional markets in its core sectors, namely, the Foods, Retail & Plastic sectors, benefiting from its competitive advantages and leadership competencies.

The Group's successful 'Focused Growth' strategy of ensuring wider existence and tangible growth in its key businesses in the Middle East, North Africa and Central Asia countries, continued to drive the Group towards achieving an operating profit of SR423.4 Million for the quarter, growing by 40% over the same period last year, a record in the Groups'

history, bringing the total operating profit for the six months ended 30 June to reach SR730.1 Million, growing by 15.9% over to same period last year. Further details on the company's performance and news are detailed in the financial statements on (page 5) and other articles.

In continuation of the group's disclosure policy, the Savola Group expects to achieve a net profit of SR300 million (before capital gains) for the third quarter 2011, which is in line with our 2011 forecasted net income before capital gain of SR 1Billion.

I would like also to emphasize, as announced earlier, The Group has taken serious and confident steps towards realizing the gradual expansion of its core competencies by re-focusing on successful businesses and re-assessing its position in under-performing operations and restructuring itself as a holding company. This objective is being fulfilled by administering a balanced growth strategy in its core sectors 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 continued 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 of good performance, God Willing.

My Best Personal Regards,

**Dr. Abdulraouf M. Manna**

*Group Managing Director*

## Panda Opens Two New Stores in Hail

**bringing its total number of branches to 129 Kingdom wide**

### Azizia

Panda United Company (APU) has opened two new stores in Hail, which increases the total number of APU branches to 129 branches within the Kingdom. Mr. Muwaffaq Mansour Jamal, CEO of APU, has stated that Hail is one of the economically and industrially active regions in the Kingdom. This, he believes, will provide a bright future in light of the government's plans to create projects and economic cities nearby. For this reason, they were keen to be near their customers and provide them with the best services and the highest quality products under one roof.

Mr. Jamal has also expressed that the two



new branches will have over 53 Saudi employees, which represent approximately 50% of the total number of employees within those two branches. This is due to APU's keen interest in developing its human capital. Moreover, these two new branches have followed an international standard of facility accessibility to both customers and employees with special needs. The CEO then explained that the two new branches are located in a total area that exceeds 8,000 m<sup>2</sup>, 60% of which is the selling area. Finally, the opening of these two branches is part of Azizia Panda United's expansion strategy to reach over 200 branches in the Kingdom within three years.

## Savola Plastic Sector succeeds to launch & export latest products segments "Stretch Film" to Europe countries

**Mr.** Azhar Kangi, CEO of Savola Plastic Sector has declared that the sector through its subsidiary "Al-Sharq Plastic" has succeeded in launching & exporting their latest products segments "Stretch Film" on Jun-2011 with capacity of 12,000 MT annually.

During the first month, the plastic sector has start export to Italy & Spain, and targeting to export to UK, France, Holland, and Romania during the next Quarter.

The sector is planning to build up a capacity of 50,000 tons per annum in 4 years' time, where almost 90% of the capacity will be exported to Europe. Mr. Azhar Kangi pointed out that this invest-

ment matches the sector's strategic plan to be among the top 20 global plastic packaging manufacturer. Mr. Kanji also points out that this investment is only one of the many other initiatives to make the sector a major global manufacturer.



The Savola Plastics Sector is run by Savola Packaging System Co. (SPS), a 100% owned subsidiary by The Savola Group, SPS is a major regional producer of rigid and flexible plastic packaging. SPS supplies pre-forms, containers, closures and films for water and soft drinks, edible oil, health and personal care products, cleaning materials, lubricants, retail and other sectors. Plastics Sector reported outstanding results in 2010 despite tremendous pressure on margins as a result of raw material prices increases of over 20%. The total revenues of the sector grew by 18% to reach SR 884 million.



## Savola Behshahr Company (SBC) - Iran

### Kicks off the Total Productive Manufacturing System (TPM) in Liquid Oil Packaging

**After** great achievements of the Total Productive Manufacturing System (TPM) implementation in Ghee Packaging Department of the Savola Behshahr Company (SBC) in Iran, top management has decided to replicate the same system, which represents Japanese experience and origin, to other Production Units. Since the Liquid Oil Packaging Production Department capacity improved so greatly with its expert team, it was chosen as the next step for the TPM replication.



The Management Team of Savola Behshahr Company (SBC)- Iran with the Group MD,



TPM activities began on the one Automatic Line (Line Ocme1) as a manager model line with participation of the all related managers, senior supervisors, supervisors and the floor team. After a 3 months' successful implementation of the system and achieving breakthrough results it was time to kick off the TPM for the entire Liquid Oil Packaging Department of the SBC.

SBC, Iran (which 80% owned by Afia International Company), is a holding company manufacturing both ghee and edible oils, it owns and operates three plants in Iran. In 2010, the company reported net revenues of SR 2.6 billion for the year 2010. SBC continued to maintain its leadership position by supplying the Iranian oil market with 40 percent of the market total needs, led by its premium brands "Ladan" and "Aftab".

## Al-Marai achieves net income of SR 349.2 Million for the 2nd Quarter, 2011

### And invests SR 4 Billion in production of high-Quality Poultry

**Almarai** generated a consolidated net profit amounting to SR 349.2 million for the second quarter ending 30 June 2011, an increase of 1.8% compared to the same period last year (SR 343.1 million) and an increase of 48.5% compared to the first quarter 2011 (SR 235.2 million), bringing the consolidated net profit for the first six months ending 30 June 2011 to reach SR 584.5 million, an increase of 1.3% compared to the same period last year (SAR 577.2 million). The company turnover for the first six months of 2011 amounted to SR 3,756.4 million, an increase of 13.9% compared to the same period last year (SR 3,298.4 million). The operating profit for the first six months of 2011 amounted to SAR 697.2 million, an increase of 4.7% compared to the same period last year (SAR 665.8 million).

Compared with the same period last year, the second quarter has been negatively impacted from continued commodity price inflation. The increase in raw material costs is impacting the following key areas such as feedstuffs, packaging materials, dairy commodities and juice concentrates. Considering the impact of these cost increases, Al-Marai is satisfied with the overall performance in the second quarter with continued sales growth and increased market share across all key product categories. Al-Marai is

committed to ensuring the highest level of quality in all its products and to providing the highest level of service to all consumers.

Furthermore in June 2011, Al-Marai Board of Directors reviewed the current progress of Al-Marai's poultry expansion. The Board also reviewed the proposal to increase the scope of the project previously announced on April 2010. This proposal was approved and will see the investment in the expansion of Al-Marai's poultry business total SAR 4.0 billion.



This increase in investment is part of Al-Marai's long term vision to position the company to take full advantage of the opportunity within the Poultry market. This investment will start to deliver benefits in the course of 2012.

## Panda won the best company award in the Gulf States for the year 2011 for Training and Development

**APU** was recently honored as the best company for the year 2011 in the Gulf states that provides training and development programs for their employees. Panda was selected as the best company that provides training and development programs for its employees at the Human Resource's Sixth Conference for Arab Gulf States held in Dubai at the end of May 2011.

Mr. Muwaffaq Mansoor Jamal, CEO of APU Nations, mentioned that their investment in the human element is in the forefront of their priorities. Part of its budget has been set aside to develop the capabilities

of its employees through training and development offered by Panda's training centers around the Kingdom whereby the trained employees receive internationally recognized certificates in the field of management and operations of retail stores in addition to staff training on the job. In addition to its commitment to staff training and development in all 129 branches, APU received the prestigious Prince Naef bin Abdulaziz Saudization award earlier in the year. This award enhances APU's national and global status as celebrating its pivotal role in the economic and social development and workforce in our beloved country.



Muwaffaq Jamal  
CEO - Azizia Panda  
United Co.



## SAVOLA GROUP COMPANY

(A Saudi Joint Stock Company)

### Interim consolidated balance sheet

(All amounts in Saudi Riyals thousands unless otherwise stated)

As at June 30, 2011

	June 30,	
	2011 (Unaudited)	2010 (Unaudited)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	697,199	589,736
Accounts receivable	1,944,156	1,563,198
Inventories	2,894,119	2,379,628
Prepayments and other receivables	1,171,051	1,228,021
Assets classified as held for sale	190,719	-
	6,897,244	5,760,583
<b>Non-current assets</b>		
Investments	6,136,641	5,942,260
Intangible assets	1,000,688	1,107,784
Property, plant and equipment	4,652,772	5,067,471
	11,790,101	12,117,515
<b>Total assets</b>	<b>18,687,345</b>	<b>17,878,098</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Short-term borrowings	2,648,232	1,394,199
Current maturity of long-term borrowings	777,768	807,635
Accounts payable	2,482,341	2,031,899
Accrued and other liabilities	1,602,264	1,413,100
Liabilities classified as held for sale	202,629	-
	7,713,234	5,646,833
<b>Non-current liabilities</b>		
Deferred gain	114,086	96,051
Long-term payables	58,759	59,982
Long-term borrowings	2,141,898	3,213,578
Employee termination benefits	290,717	269,149
	2,605,460	3,638,760
<b>Total liabilities</b>	<b>10,318,694</b>	<b>9,285,593</b>
<b>Equity</b>		
Equity attributable to shareholders of the Company:		
Share capital	5,000,000	5,000,000
Statutory reserve	956,772	868,102
General reserve	4,000	4,000
Unrealized loss on investments	(70,289)	(80,158)
Effect of acquisition transaction with minority shareholders without change in control	(59,443)	-
Currency translation differences	(258,232)	(204,670)
Retained earnings	1,570,136	1,529,572
<b>Total shareholders' equity</b>	<b>7,142,944</b>	<b>7,116,846</b>
<b>Minority interest</b>	<b>1,225,707</b>	<b>1,475,659</b>
<b>Total equity</b>	<b>8,368,651</b>	<b>8,592,505</b>
<b>Total liabilities and equity</b>	<b>18,687,345</b>	<b>17,878,098</b>

### Savola major shareholders list who owns 5% or more from the company shares as of 20th July 2011

Ser.	Shareholders name	Ownership Percentage*
1.	Mohammed Ibrahim Al-Issa	12 %
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 20th July 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](http://www.savola.com))

Or Tadawul website: ([www.tadawul.com.sa](http://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 (6491) dated 20th July 2011.



## SAVOLA GROUP COMPANY

(A Saudi Joint Stock Company)

### Interim consolidated income statement

(All amounts in Saudi Riyals thousands unless otherwise stated)

For the Three-month & Six-month periods, ended June 30, 2011

	Three-month period ended June 30,		Six-month period ended June 30,	
	2011 (Unaudited)	2010 (Unaudited)	2011 (Unaudited)	2010 (Unaudited)
Revenues	6,312,577	4,868,065	11,954,317	9,646,846
Cost of sales	(5,349,382)	(4,158,245)	(10,128,113)	(8,132,494)
<b>Gross profit</b>	<b>963,195</b>	<b>709,820</b>	<b>1,826,204</b>	<b>1,514,352</b>
Share in net income of associates and jointly controlled entity and dividend income - net	108,674	121,260	188,533	215,101
Other income - net	33,529	43,704	54,306	101,551
<b>Total income</b>	<b>1,105,398</b>	<b>874,784</b>	<b>2,069,043</b>	<b>1,831,004</b>
<b>Operating expenses</b>				
Selling and marketing	(535,218)	(454,648)	(1,056,129)	(909,748)
General and administrative	(146,753)	(119,323)	(282,811)	(291,455)
Total expenses	(681,971)	(573,971)	(1,338,940)	(1,201,203)
Income from operations	423,427	300,813	730,103	629,801
<b>Other income (expenses)</b>				
Gain on disposal of investments	-	(1,210)	-	195,056
Financial charges	(108,604)	(51,975)	(178,342)	(97,666)
Income before zakat and foreign taxes and minority interests	314,823	247,628	551,761	727,191
Zakat and foreign income tax	(28,031)	(20,737)	(55,902)	(49,297)
<b>Net income before minority interests</b>	<b>286,792</b>	<b>226,891</b>	<b>495,859</b>	<b>677,894</b>
Share of minority interests in the net income of consolidated subsidiaries	(56,059)	(19,239)	(99,963)	(76,200)
<b>Net income for the period</b>	<b>230,733</b>	<b>207,652</b>	<b>395,896</b>	<b>601,694</b>
<b>Earnings per share:</b>				
▪ Operating income	0.85	0.59	1.46	1.25
▪ Net income for the period	0.46	0.42	0.79	1.20

## SAVOLA GROUP COMPANY

(A Saudi Joint Stock Company)

### Interim consolidated cash flow statement

(All amounts in Saudi Riyals thousands unless otherwise stated)

As at June 30, 2011

	June 30, 2011 (Unaudited)	June 30, 2010 (Unaudited)
<b>Cash flow from operating activities</b>		
Net income for the period	395,896	601,694
<b>Adjustments for non-cash items</b>		
Depreciation, amortisation and impairment	274,844	306,665
Share of minority interests in net income of consolidated subsidiaries	99,963	76,200
Financial charges	178,342	97,666
Gain on disposal of investments	-	(195,056)
Gain on sale of property, plant and equipment	(4,511)	(4,019)
<b>Changes in working capital</b>		
Accounts receivable	(441,222)	(163,276)
Inventories	(367,049)	(126,004)
Prepayments and other receivables	(261,777)	(409,801)
Accounts payable	406,767	223,046
Accrued and other liabilities	69,895	(16,965)
Employee termination benefits	14,611	26,863
<b>Net cash generated from operating activities</b>	<b>365,759</b>	<b>417,013</b>
<b>Cash flow from investing activities</b>		
<b>Cash effect of deconsolidation of an associate</b>	-	(20,062)
Purchase of property, plant and equipment	(178,068)	(302,754)
Net change in investments	(26,002)	(457,293)
Net change in intangible assets	(20,843)	(6,767)
Net cash utilized in investing activities	(224,913)	(786,876)
<b>Cash flow from financing activities</b>		
Net changes in short-term borrowings	578,698	(832,982)
Net changes in long term borrowings	(184,398)	1,248,061
Net change in minority interests	(69,087)	(72,809)
Financial charges	(178,342)	(97,666)
Changes in restricted deposits	62,779	48,556
Dividends paid	(251,638)	(376,049)
Net cash utilized in financing activities	(41,988)	(82,889)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>98,858</b>	<b>(452,752)</b>
Cash and cash equivalents at beginning of period	562,663	1,001,185
<b>Cash and cash equivalents at end of period</b>	<b>661,521</b>	<b>548,433</b>
<b>Supplemental schedule of non-cash information</b>		
Unrealized gain (loss) on available for sale investments	19,823	(58,557)
Currency translation differences	(27,806)	(10,818)
Directors' remuneration	1,200	1,100
Assets classified as held for sale	190,719	-
Liabilities classified as held for sale	202,629	-



## Herfy Co. achieves SR 39.4 million net income for the 2nd Quarter 2011

and obtains the necessary approvals to hold its Extra Ordinary Shareholders Meeting, to raise its capital to SR 300 million & distribute SR 45 million as dividends to shareholders



**Herfy** Food Services Company (which is 49% owned by The Savola Group) has achieved net profit for the second quarter of 2011 of SR 39.4 million compared to SR 32.6 million for the same quarter of last year, reflecting 20.9% over last year, whereby the net profit for the first six months of 2011 reached SR 71.9 million, with 18.3% increase versus the same period last year. Herfy's sales in the first six months of 2011 reached SR 347.7 million against SR 282.9 million for the same period last year, reflecting 22.9% over the same period last year. These good results were attributed to the increase of company sales and enhancing its operational efficiency in the different sectors. It is worthy to mention that 7 additional restaurants were opened in the first half of the year 2011.

Due to the company's good performance, and to enhance its ongoing investment plans, the board has recommended to hold the Extra Ordinary General Assembly, which will be convened on 1<sup>st</sup> August 2011 to increase the company's capital from SR 270 million to SR 300 million at an increase of 11.1%, through granting one share for each nine owned shares. The company has obtained the necessary approvals from the government authorities to hold the said meeting on the above

mentioned date. The board also resolved to distribute SR 45 Million cash dividends to its shareholders for the first quarter of the current fiscal year 2011 at rate of SR 1.5 per share for the existing owned and new granted shares, constituting 15% of the company's capital, following the proposed increase. The maturity date for this dividends, will be offered to the shareholders registered in the company books at the end of the trading date of the same day of said shareholders meeting.

## 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](http://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 June, 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.

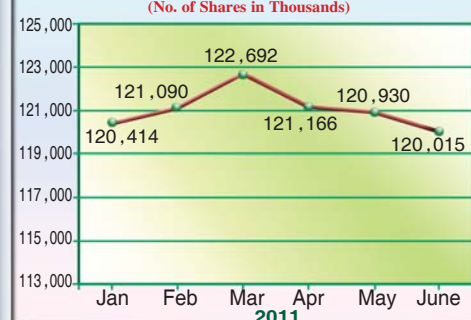
Change in Board Members Ownership (No. of Shares in Thousands)



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



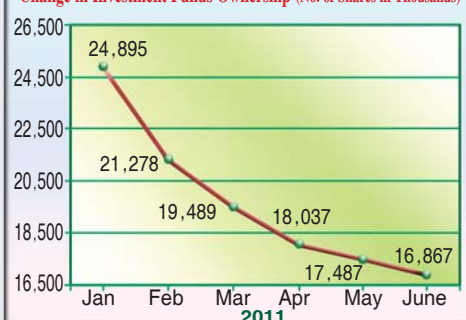
Change in Top 90 Shareholders Ownership "after the Top 10" (No. of Shares in Thousands)



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 Group Holds its Managers' Annual Conference to review last year performance and 2011 outlook**

**The Group MD appreciates the performance of Savola employees**



*Dr. Abdulraouf Manna, Group Managing Director, addresses the Group & Sectors Seniors Executives and Managers during the Annual Conference*



*Team Members of Savola Edible Oils Sudan, who won the Group MD Award Best Performance for 2010*

**Under** the theme "Focused Growth", The Savola Group held its Executives and Senior Managers' Annual conference on 7th June 2011 at Laylaty Ballroom in Jeddah. Over 250 executives and managers from The Group's different sectors in KSA and overseas where The Group operates were present.

The Group's Managing Director, Dr. Abdulraouf Manna, welcomed the participants and expressed his sincere appreciation to all Savola employees, executive team and all managers in local and international business for their distinguished performance during the fiscal year 2010, and for their work with a one team spirit to achieve the set objectives which contributed in boosting The Group's leading position in its local and overseas markets and help in preparing for another success story in 2011.

During the conference, the Sectors' CEOs, namely (Foods, Retail and Plastics) shared the performance of their respective sectors for the fiscal year 2010, as well as year 2011 projections, challenges and their sectors contribution in The Group's plan for the year 2011. Subsequently, The Group's MD presented the Group strategy

as well as expectations from each sector towards achieving 2011 Goal. The MD also highlighted that the Group will continue exerting all efforts with one team spirit, and further enhance the principle of transparency and accountability in all its business activities in order to achieve its announced forecasts for the year 2011 of SR 1 billion as net profits from operation (i.e. without capital gains). Furthermore, the attendance emphasized their acceptance to this challenge and that they will exert all efforts to maximize the shareholders' interests and to achieve the prescribed objective.

During the conference, The Group MD has honored the long service employees who have completed 25 & 30 years of service. Also, four nominated Business Leadership Team (BLT) were challenged to win the MD Award 2010 for the best performance team. Accordingly, each team's Head presented his team success story and based on electronic voting made by attendees and the decision of the independent Committee, the prize was awarded to Savola Sudan Team, who fulfilled the prescribed criteria of the MD award. It's worth to mention that

8th team were submitted their case studies during the first round.

Several interactive Q&A sessions with The Group's MD & sector CEOs as well as quiz sessions were also conducted, with prizes being handed out to the winners. In addition to these a disabled employee from Azizia Panda shared his success story as part of Savola Center for Empowering Person with Disability (Makeen) initiative, which is part of The Group's Social Responsibility program.

At the end of the conference, Dr. Abdulraouf Manna, Group's MD thanked the attendees for their valuable contribution, which made the annual conference successful and appreciated the sincere efforts exerted by the employees of Savola and its different sectors inside and outside Saudi Arabia.

It's worth to mention that the Savola Group holds such event on an annual basis following each fiscal year end to share The Group's and its sectors performance for the past year as well as The Group's outlook for the next year and the way forward, taking into account its employees' views and feedback.





## inaugurates Panda's Customers Charity Project Center in favor of Disabled Children's Association

**His** Royal Highness Prince Sultan bin Salman bin Abdul Aziz, Chairman of the Board of Directors of the Disabled Children's Association (DCA), inaugurated the charity project Panda Employees Trust, which was adopted by the Disabled Children's Association in collaboration with Azizia Panda United Co. . The new center will be located in Makkah, and the amount of donations gathered from Panda's customers will generate the cost of the building and its operating expenses in order to provide its services free of charge to thousands of children with disabilities.

The inauguration ceremony was held in Jeddah Intercontinental Hotel in parallel to the fourth consultative meeting of all the charities concerned with the welfare of those with special needs. For his part, Mr. Mousa Omran Al Omran - Member of the Board of Directors of The Savola Group and Chairman of the Board of Directors of Panda extends his appreciation to His Royal Highness Prince Sultan bin Salman for launching the new center, which represents a strategic partnership between Panda and the Disabled Children's Association through the program Leave the Change for Them, which is one of the most prominent social responsibility programs for Panda.

In a press statement from His Royal Highness Prince Sultan bin Salman, Head of the Disabled Children's Association, he confirmed that the project accurately supports the mission and vision of the Disabled Children's Association, and reflects the country's keenness to support efforts of charitable work and the clear trend towards building strategic partnerships between the private sector and charitable institutions which promote a culture of social responsibility. The Prince explained that the agreement was that the Disabled Children's Association will provide the land on which the center will be built, which has a market value of twenty million riyals. Panda would then provide the financing for building the center through its program

to ask customers to donate the Halalas or Riyals of change from the value of their purchases, as part of the support program Leave the Change for Them. He highlighted that Panda is a model of national corporations leading in social responsibility through the adoption of a number of charitable programs and community service programs one of which is the program «Leave the Change for them.» This program was developed as a long-term strategy in order to increase the impact of the donations, and contribute to the formulation of a partnership between the Disabled Children's Association and the clients of Panda. «It is expected that the revenues of the program reach» Leave the Change for Them, «twenty million riyals from the beginning of the program, which

will contribute to Panda's philanthropic investment in the Disabled Children's Association's project in support of the noble vision of this leading charity.

It should be noted that the centers of the Disabled Children's Association provide complementary treatment services, education and training services as well as social services for more than three thousand boys and girls with disabilities. The Association currently has centers in Riyadh, Mecca, Medina, Jeddah, Hail, and Jouf, in addition to the four centers under construction in Baha, Al-Rass, Asir and southern Riyadh. The operating budget for the fiscal year 2010 is more than 65 million riyals in addition to the costs of establishing new projects which reach up to SR 67 million.



Prince Sultan Bin Salman, inaugurates Panda's Customers Charity Project Center in favor of the DCA in the presence of some of Savola Board members, Chairman of Panda and company's Senior Executives & Managers

## The Savola Group Shares its Experiences in Training and Employing People with Disability with the Ministry of Labor



**The** Savola Group shared its experience of Makeen Center (Savola Center for Empowering People with Disability) during a workshop held in June 20th, 2011, at the office of H.E Minister of Labor in Jeddah. The workshop was attended by H.E. Eng. Adel M. Fakeih-the Minister of Labor, the senior officials at the Ministry of Labor, besides the Chairman of The Savola Group CSR Committee and Members; Dr. Shareif Zeid Al Ghalib, Dr. Mervat Tashkandi and Mr. Mahmoud Abdul Ghaffar, SVP – Corporate Affairs and committee member.

Mrs. Faten Al Yafi, the Executive Director - CSR, PR and Corporate Services at The Savola Group, has delivered, presentation with the participants about the Savola's experience in the CSR area, a detailed The presentation that addressed many issues that were subject to discussion and exchange of views by the attendees. The presentation highlighted the program which is being implemented by Makeen Center including the Center's goals, vision and mission for long and short term, in addition to the challenges and difficulties encountered by the

Center since its establishment; when it was an initiative designed to attract the persons with disability for training and recruitment opportunities. Mrs. Alyafi has also shared the causes of the drop-out problem of candidates during the training period and after employment and remedial measures taken by the Center in this respect, in addition to the accessibility project which aims to facilitate the work environment by making Savola's premises accessible to people with disabilities (physical, hearing or visually impaired). Mrs. Faten has also shared Savola's experience with the specialized training centers and the families of the persons with disability. Furthermore, she presented the

“Buddy & Mentor” experience and its vital role in availing moral support and stressing on embracing the persons with disability in the work environment and making it easy for them. Mrs. Faten also informed the attendees on Makeen's strategic partnership with the other private companies and corporations in the field of training and employing of the persons with disability.

This initiative has been mainly established to train and secure jobs opportunities for persons with disability within The Savola Group, its subsidiaries and other private institutions. The Center launched its first pilot program during 2010 by training and employing 100 disabled candidates. It has now started preparations and progressing well in the second phase which involves the training and employment for similar number of disabled candidates during the year 2011. This phase aims to attract the job seekers of this segment; who will be trained & employed for the jobs that most fit each candidate's nature of disability. Makeen offers these employment opportunities within The Group or within any other entities of the private sector.



**Mrs. Faten A. Al Yafi,**  
Executive Director – CSR,  
PR & Corporate Services



Disabled Persons during Makeen Center Training Program

### Savola News letter

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