



مجموعة صافولا  
The Savola Group

Savola Quarterly Newsletter

3rd 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.

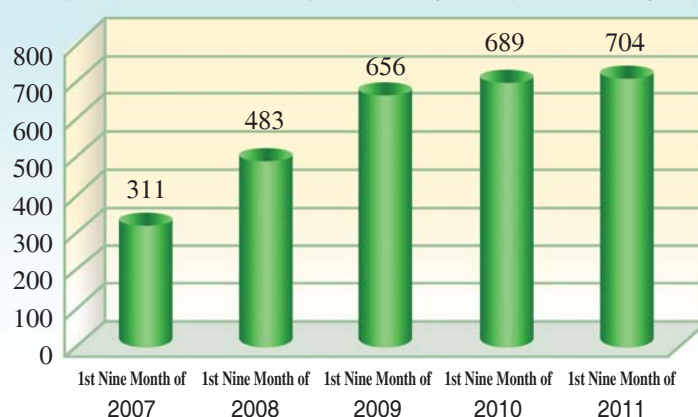
**The Savola Group Achieves its Highest Ever Nine-Month Net Profit (Before Capital Gains) Reaching SR 703.8 Million**

**The Group Expects to Achieve Net Profit (Before Capital Gains) of SR 296 Million for the Fourth Quarter 2011, Targeting 2011 Forecasted Net Profit (Before Capital Gains) of SR 1Billion**

- The Group Achieves Net Profit For The Third Quarter In The Amount Of SR 307.9 Million, An Increase Of 8.8 % Compared To The Same Period Last Year Of SR283 Million, An Increase Of 33.4% Compared To Second Quarter 2011 Which Was SR 230.7 Million.
- The Net Profit, Before Capital Gains For The Nine Months Ending 30 September 2011 Reached SR 703.8 Million, Showing An Increase Of 2.04 % Compared To Same Period Last Year's SR689.7 Million.
- The Savola Group Expects To Achieve A Net Profit (Before Capital Gains) Of SR 296 Million For The Fourth Quarter 2011.
- Appointments Of H.E Eng. Abdullah M. Nour Rahaimi (Group Board Member) As Vice Chairman Of The Savola Group Board Of Directors And Mr. Badr Bin Abdullah Al Issa Board Member, As A Result Of The Resignation Of Mr. Yousif M. Alireza.
- Azizia Panda Receives Four Awards & Continues Its Expansion By Opening Two New Branches In Hail.
- Savola Participates In ACCENTA's 66th International Media And Advertising Fair In Belgium Where Over 400 Exhibitors Participated.
- Distinguished Efforts From Al-Marai company & Herfy Food Services Company Continues Throughout The Third Quarter 2011.
- The Savola Group Executives Launches New Communications Strategy.
- Trust Across America Selects the Executive Director for CSR, PR & Corporate Services, Savola Group among the top 100 thought leaders In trustworthy business behavior In Europe And The Middle East.

(For more details see next pages).

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



The Managing Director and Savola Executives during the Communications Strategy Workshop ... (page 7)

## The Savola Group Board of Directors Approves Distribution of SR 125 Million as Dividends for the Third Quarter 2011

**Due** to excellent net profits (SR307.9 Million) achieved during the third quarter 2011 and as per declared policy to distribute quarterly dividends to its shareholders, Dr. Abdulraouf M. Mannaa, Group Managing Director announced the Board's approval to distribute SR125 Million (0.25 per share) as dividends

to be registered in the company books by the end of the trading date of Wednesday, October 19, 2011. This amount brings the total amount of dividends paid during the first half of 2011 to SR375 Million (0.75 per share). The dividend payment process began on Wednesday, November 2, 2011.

**Savola Acquires 78% Ownership Stake In Al-Malika & Al-Farasha, both Egyptian Companies Specializing In Pasta.**

... ( page 3 )

## Forward



**Ibrahim Mohammed Al Issa**

In the name of Allah... the Most Gracious... the Most Merciful  
May Peace and Blessing of Allah be upon Prophet  
Muhammad Ibn Abdullah,

Dear Savola Group Shareholders,

It gives me great pleasure to present this issue of "Savola Newsletter" for the third Quarter 2011, which coincides with Al-Adha Feast and the culmination of Hajj (holy pilgrimage) for the year 1432H. And would also like to send Eid greetings to you and your family members and congratulate those who performed Hajj this year.

This issue of "Savola Newsletter highlights Savola Plastics Company, which is preparing for more growth and expansion in its business and various investments. Savola Plastics is a major regional producer of rigid and flexible plastic packaging, through its subsidiaries Savola Packing System Company in Jeddah, Al Sharq Co. in Riyadh and New Marina Plastics located in Alexandria, Egypt manages six operating facilities (one in Jeddah, three in Riyadh and two in Alexandria).

Savola Plastics Company is one of The Group's promising core businesses; its subsidiaries lead the way in PET production in the GCC, as well as major exporters to 15 countries. The company supplies pre-forms, containers, closures and films for water and soft drinks, edible oil, health and personal care products, cleaning materials, lubricants, retail among

others. In this third quarter 2011, SPC also exported to most European markets, exporting to France, Belgium, Italy, Germany, Spain, Romania, Poland, and Russia. while continuing to target the rest of the European and global market.

In spite of the increase in prices of raw materials during 2010, SPC generated a respectable 18% growth in its sales reaching SR 883 million, and consolidated net profits in 2010 amounting to SR 100 million, which showed growth of more than 11% of The Group's total consolidated net profit generated last year (SR887 Million),.

Last, but not least, I would like to confirm that Savola Packaging Company (SPC) will continue its future plan of expansion and growth through an ambitious strategy. On behalf of the Chairman and the Board Members of The Savola Group Board of Directors and the senior dignitaries of SPC, I would like to express immense gratitude and appreciation for your trust and support. I would also like to extend my thanks to the management of The Group and its employees inside the Kingdom and abroad for their valuable efforts, wishing success to The Group towards embracing their strategic goals.

**Ibrahim Mohammed Al Issa**

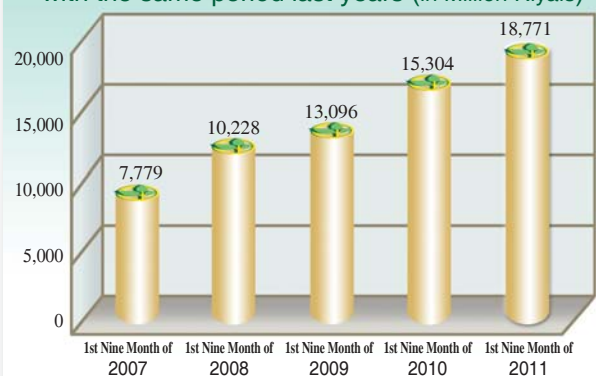
*Board Member- The Savola Group  
Chairman of SPC Board*

## Savola Achieves the Highest Ever Nine-Month Net Profit (Before Capital Gains) to Reach SR 703.8 Million, and Expects to Achieve SR 296 Million as Net Profit (Before Capital Gains) for 4th Quarter 2011

### Summary of Third Quarter 2011 & Nine Month Performance:

Dr. Abdulraouf M. Mannaa, Managing Director of The Savola Group, announced that The Savola Group achieved a net income of SR 307.9 million for third quarter 2011, an increase of 8.8% compared to the same period last year (SR283 million) and an increase of 33.4% compared to the second quarter 2011 (SR 230.7 Million), bringing the net income before capital gains for the nine months ending on the 30<sup>th</sup> of September 2011 to SR 703.8 million, an increase of 2.04 % compared to same period last year SR689.7 Million. The Operating profit for third quarter of 2011 amounted to SR 471.8 million, an increase of 10.7% compared to the SR 426.2 million recorded at the same period last year, bringing the operating profit for the nine months ending on the 30<sup>th</sup> of September to SR 1.2 Billion, an increase of 13.2% compared to the same period last year (SR 1.06 Billion). However, revenues for the nine months ending 30 September amounted to SR18.8 Billion, an increase of 22.9 % compared to the SR15.3 Billion for same period last year, whereas the gross profit for third

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



quarter ended 30 September, 2011 amounted to SR982 million, increase of 8.4 % compared to same period last year SR 906.1 million, and operating profit for third quarter amounted to SR471.8 million, increase of 10.7% compared to same period last year SR 426.2 Million.

In addition, Dr. Mannaa announced that The Group achieved the highest ever quarterly net profit (before capital gains) for the third quarter as well as for the nine month period, in the history of The Group. He further stated that, the increase in The Group's net profit for the third quarter and net income before capital gains for the nine months ending on the 30<sup>th</sup> of September 2011 is attributable

mainly to the continued sales growth and increased market share in the retail and food sectors.

### Forecast of the Fourth Quarter 2011

The Savola Group expects to achieve a net profit before capital gains of SR296 million for the fourth quarter of 2011, which is in line with 2011 forecasted net profit before capital gains of SR 1 billion as announced earlier in the beginning of this year.

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[e-newsletter@savola.com](mailto:e-newsletter@savola.com)

For previous issues, please visit our website:

[www.savola.com](http://www.savola.com)

## Savola Sells its Shares (75%) in Al Yasmin Land to Kinan International Company for Real Estate Development

**On** 26th October, 2011 The Savola Group signed a contract to sell its shares of land in Riyadh (75% of the total land area equaling 906.438.6 square meters) to Kinan International Company for Real Estate Development of which 30% is owned by The Savola Group.) Pursuant to the contract, the Buyer will pay in four installments: 1st payment equal to SR 37.4 million to be paid upon signing of the contract, 2nd payment followed after one year from the date of signing the contract, and the 3rd and 4th installments are to be paid after one year from the preceded installments. The sale price has been decided based on the market value, in accordance with the prior evaluations and the purchase offers received in this regard.

The Group will recognize, as a result of this transaction, a net capital gain of around SR 76 million, which will be reflected in the 4th quarter 2011 financial results.

Dr. Abdulraouf M. Mannaa, The Group's Managing Director, highlighted that this transaction is aligned with The Group's strategy to focus on the core businesses (Foods, Retail and Plastic) and the gradual exit from the non-core businesses, while maintaining its investments in the real estate business through Kinan International Company.

The execution of the deal is considered a "related party transaction" and thus, according to regulations, requires Savola shareholder approval at an Ordinary General Assembly. The Group will update the market about any developments regarding this matter.



Dr. Abdulraouf M. Manna

*In the name of Allah... the Most Gracious... the Most Merciful  
May Peace and Blessing of Allah be upon Prophet  
Muhammad Ibn Abdullah.*

On behalf of The Savola Group I would like to offer congratulations to all of you and your families on the occasion of Eid Al Adha, praying to Allah to accept your good deeds and reward you and Muslims everywhere.

With this 3rd Quarter 2011 Savola Newsletter, I am pleased to share with you outstanding financial results for the first nine months, ending September 30, 2011. We are happy to announce that The Savola Group achieved the highest ever net income from operations, in the history of The Group, reaching SR703.8 Million, compared to SR689.7 Million reached the same period last year. Revenues for the nine-month period ending September 30, 2011 amounted to SR18.8 Billion, an increase of 23% compared to SR15.3 Billion for the same period last year.

In addition to the outstanding financial results mentioned above, The Group continued its strategy to focus on its core businesses (Foods, Retail, Plastics. Along these efforts, The Group recently signed an agreement to acquire 78% ownership stake in two Egyptian companies, Al-Malika & Al-Farasha, which specialize in Pasta through its subsidiary Savola Foods Company (SFC). At the same time The Group is continuing its efforts towards giving more

autonomy to its operating companies and subsidiaries.

To further its transparency The Group, has declared that its net income forecast for the fourth quarter 2011 is expected to reach SR 296 million, which is in line with 2011 forecasted net income of SR1 Billion (before capital gains). Meanwhile, and due to The Group's outstanding achievements and in continuation of its declared policy to distribute quarterly dividends to its shareholders, The Group Board of Directors has approved the distribution of SR 125 Million, (i.e. 0.25 per share) as dividends to the shareholders for 3rd quarter 2011, bringing the total dividends paid to shareholders for the first half and the dividends to be paid for the first nine months to SR 375 million(s) (i.e. 0.75 per share).

Lastly, I would like to extend my sincere thanks and appreciation to our esteemed shareholders & customers for their continued support and trust, and to The Group Board for their keen insight and vision, to The Group's Executives Management & all Savola employees for their outstanding efforts.

I am looking forward to seeing great end-of-year results.

Wishing you all the best.

**Dr. Abdulraouf M. Manna**  
Group Managing Director

## Savola Signs of an Agreement to Acquire 78% ownership

### Stake in Al-Malika & Al-Farasha Companies Specialized in Pasta in Egypt

**The** Savola Group signed an agreement on 17th October, 2011 to acquire 78% ownership stake in Al-Malika & Al-Farasha companies specialized in pasta in Egypt, through its subsidiary Savola Foods Company (90% owned by Savola), at a price of EGP 556.5 Million. This would be a new category in the area of wheat and flour based products, which are considered as adjacent and complementary to Savola's activities in the Edible oil and Sugar sectors. Both of these companies are



engaged in the field of manufacturing and marketing pasta inside and outside Egypt, and have two factories in Egypt with production capacity of 120,000 Tons per annum, with a market share of 30%.

It should be noted that financial due diligence has been conducted by PricewaterhouseCoopers (PwC) and legal due diligence has been conducted by Baker & McKenzie, while HC Securities & Investments was the financial advisor.

In this regard, Dr. Abdulraouf M. Manna,

The Group Managing Director, highlighted that this transaction will strengthen Savola's strategy to focus on its Foods, Retail & Plastics businesses. Furthermore, this transaction will provide good opportunity to integrate the existing operations of Edible oils and Sugar in Egypt (through its subsidiaries Afia International and United Sugar Company). This will result in value addition through the optimal use of Savola's existing distribution network in Egypt, which will positively affect its consolidated revenue and profitability.

## Al Marai Increases its Revenues by 14.8%

### and Achieves Net Profit of SR 429.7 Million for the 3rd Quarter 2011

**Al Marai** Company (29.9% owned by The Savola Group) achieved respectable results during the third quarter 2011, and generated a consolidated net profit amounting to SR 429.7 million, an increase of 1.2% compared with the same period last year SR 424.5 million and an increase of 23% compared to the second quarter 2011 SR 349.3 million, bringing its consolidated net profit for the first nine months ended 30 September 2011 to SR 1,014.2 million, an increase of 1.3% compared to the same period last year SR 1,001.7 million., the company turnover for the third quarter 2011 amounted to SR 2,105.3 million, an increase of 14.8% compared with the same period last year SR 1,833.7



million, bringing its total turnover for the first nine months of 2011 to SR 5,861.7 million an increase of 14.2% compared to the same period

last year- S R 5,132.1 million.

Due to Al Marai's commitment towards quality and improvement in services to its consumers, measures were taken to diversify the company's product portfolio, resulting in the achievement of record quarterly sales and profits figures.

Maintaining its market share, the company increased net income by 1.2% compared with the previous year, which was impacted by raw material price increases, in addition to investments in production capacities and expansions; Al Marai capital expenditure reached SR 2.2 billion in the first 9 months of 2011.

Al Marai is committed to delivering quality, nutritious food and beverages to its valued customers.

## Appointment of H.E. Eng. Abdullah M. Nour Rahaimi as Vice Chairman of The Savola Group Board of Directors, and Mr. Badr Bin Abdullah Al Issa as A Board Member

**Based** on Corporate Governance guidelines, which aim to enhance & strengthen the role and responsibilities of the Board of Directors in the public listed companies, The Group would like to announce that its Board of Directors has resolved to create a Vice Chairman of the Board position, hence the Board has appointed H.E. Eng. Abdullah M. Nour Rahaimi (Board Member) to hold this position, effective 10th August 2011, the Board further appointed Mr. Badr Abdullah Al Issa, as Non-Executive Board Member, effective 10th August 2011, and till the end of the current term of the Board 30th June 2013 in the vacant seat of Mr. Yousef M. Alireza who submitted his resignation from the board for personal purposes.

Mr. Badr Al Issa is currently serving as a member of The Group's Audit Committee. As per regulations, Mr. Badr's appointment as a member of The Group Board will be presented at the next Shareholders General Assembly Meeting for ratification.



H.E. Eng. Abdullah M. Nour Rahaimi  
Vice Chairman



Mr. Badr Abdullah Al Issa  
Board Member

## Azizia Panda United Opens a New Store in Riyadh



Muwaffaq Jamal  
CEO - Azizia Panda  
United Co.

**Azizia** Panda United celebrated the opening of a new store in Al-Andalus District, Riyadh, which increases the number of APU stores to 128. On this occasion, Mr. Muwaffaq Mansour Jamal, CEO of Azizia Panda United, stated that the new store is characterized by a "convenient store layout" aimed at enhancing the shopping experience for all family members. He reiterated their commitment to provide fresh quality products as well as a wide variety of consumer and luxury goods at the best prices to satisfy the needs of the entire family in each and every Panda and Hyper-Panda store. He added that the new store

is managed by a staff of 33 employees, 11 of which are Saudi nationals.

Azizia Panda United is one of the major retail companies in the Middle East and is renowned for its competitive prices and product variety appropriate for the needs of the entire family. In addition, the current focus on opening new stores comes as a part of Azizia Panda United's expansion strategy in an effort to reach the largest possible segment of customers in all parts of the Kingdom and to serve them in the best possible way. The expansion strategy has a goal to reach 200 Panda and Hyper-Panda stores by the year 2015.



## Savola Plastics Sector Continues its Expansion Strategy

### and Covers Saudi Market Needs & Continues its Exports Outside K.S.A

**As** part of its expansion strategy, Savola Plastics Sector (SPC) announced that it was able to take a greater share of plastic products in the Saudi market as a result of one of its subsidiaries, Savola Packaging Systems, expanding SPC business with Al Marai and also increasing Al Marai's production capacity by 260 million juice and milk bottles per year. With current capacity at 195 million bottles per year, the additional capacity takes Al Marai's full capacity to 455 bottles per year.

Eng Azhar Kangi, SPC CEO, also said that the company has been able to increase the export quota in the third quarter of this year through access to most European markets, where the company's products have been exported, namely France, Belgium, Germany, Spain, Romania, Poland and Russia, while continuing to target the rest of the European and global markets.



## Herfy Company Achieves SR34.5 Million as Net Income for the Third Quarter 2011

### and Opens Eight Restaurants During the Quarter Bringing its Total to 183

**Herfy** Co. 47.6% owned by The Savola Group, achieved, a net income in the amount of SR34.5 million during the third quarter 2011, compared with SR30.4 million during the same quarter from the previous year, marking an increase of 13.5% and bringing its Net Profit for the first nine months to SR106.4 million and an increase of 16.7% compared the same period from the previous year which was SR 91.2 million. Herfy increased its sales for the nine month period by 21.3% and reached SR520.2million compared to SR428.8 million for the same period from the previous year.



These positive results are due to the increase in sales as well as in the operating efficiency of the company's different sectors. In line with the company's expansion plans, new eight restaurants were opened during the third quarter of the current year, bringing the total number of operating restaurants in KSA to 183 branches. Also, two outlets were opened in Riyadh City "Herfys' Chain of Pastry, Bakery and during the third quarter of 2011" bringing its outlets to 25 branches.

As part of the Company's CSR unity, Herfy participated in a number of important events such as (You Are My Hope) - under the patronage of Saudi Cancer Society, as well as participating in the National Festival and other CSR events.

Herfy continues its ambitious efforts to develop plans for employing and training Saudi youth. The company employed 200 students during the third quarter of 2011; they will all be trained in various areas in the organization. The company also continues its futures plans and its efforts to train and employ Saudi Youth in collaboration with the Human Resources Developments Fund (HRDF) - Riyadh.

## SAVOLA GROUP COMPANY

(A Saudi Joint Stock Company)

### Interim consolidated balance sheet

(All amounts in Saudi Riyals thousands unless otherwise stated)

As at September 30, 2011

	September 30,	
	2011 (Unaudited)	2010 (Unaudited)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	810,767	920,652
Accounts receivable	1,877,435	1,682,611
Inventories	3,179,862	2,342,406
Prepayments and other receivables	1,194,209	1,220,425
Assets classified as held for sale	172,293	-
	<u>7,234,566</u>	<u>6,166,094</u>
<b>Non-current assets</b>		
Investments	6,420,776	6,056,697
Intangible assets	989,404	1,111,453
Property, plant and equipment	4,598,794	5,015,166
	<u>12,008,974</u>	<u>12,183,316</u>
<b>Total assets</b>	<u>19,243,540</u>	<u>18,349,410</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Short-term borrowings	2,966,782	1,608,926
Current maturity of long-term borrowings	729,824	693,246
Accounts payable	2,299,495	2,365,187
Accrued and other liabilities	1,711,242	1,442,107
Liabilities classified as held for sale	188,780	-
	<u>7,896,123</u>	<u>6,109,466</u>
<b>Non-current liabilities</b>		
Deferred gain	114,086	113,953
Long-term payables	58,596	59,679
Long-term borrowings	2,293,625	3,054,359
Employee termination benefits	307,253	271,422
	<u>2,773,560</u>	<u>3,499,413</u>
<b>Total liabilities</b>	<u>10,669,683</u>	<u>9,608,879</u>
<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	(120,384)	(107,160)
Effect of acquisition transaction with minority shareholders without change in control	(59,443)	49,370
Currency translation differences	(254,586)	(217,823)
Retained earnings	1,752,423	1,637,643
<b>Total shareholders' equity</b>	<u>7,278,782</u>	<u>7,234,132</u>
<b>Minority interest</b>	<u>1,295,075</u>	<u>1,506,399</u>
<b>Total equity</b>	<u>8,573,857</u>	<u>8,740,531</u>
<b>Total liabilities and equity</b>	<u>19,243,540</u>	<u>18,349,410</u>

### Savola major shareholders list who owns 5% or more from the company shares as of 26th October 2011

Ser.	Shareholders name	Ownership Percentage*
1.	Mohammed Ibrahim Al-Issa	12.0 %
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-Madina Newspaper Issue No (17713) dated 22nd October 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 & Nine-month periods, ended September 30, 2011

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2011 (Unaudited)	2010 (Unaudited)	2011 (Unaudited)	2010 (Unaudited)
Revenues	6,816,632	5,657,526	18,770,949	15,304,372
Cost of sales	(5,834,663)	(4,751,383)	(15,962,776)	(12,883,877)
<b>Gross profit</b>	<u>981,969</u>	<u>906,143</u>	<u>2,808,173</u>	<u>2,420,495</u>
Share in net income of associates and jointly controlled entity and dividend income - net	152,733	135,560	341,266	350,661
Other income - net	11,387	(6,588)	65,693	94,962
<b>Total income</b>	<u>1,146,089</u>	<u>1,035,115</u>	<u>3,215,132</u>	<u>2,866,118</u>
<b>Operating expenses</b>				
Selling and marketing	(545,842)	(480,962)	(1,601,970)	(1,390,710)
General and administrative	(128,408)	(127,905)	(411,218)	(419,361)
<b>Total expenses</b>	<u>(674,250)</u>	<u>(608,867)</u>	<u>(2,013,188)</u>	<u>(1,810,071)</u>
Income from operations	471,839	426,248	1,201,944	1,056,047
<b>Other income (expenses)</b>				
Gain on disposal of investments	-	-	-	195,056
Financial charges	(73,709)	(71,771)	(252,051)	(169,436)
Income before zakat and foreign taxes and minority interests	398,130	354,477	949,893	1,081,667
Zakat and foreign income tax	(27,146)	(29,296)	(83,048)	(78,593)
<b>Net income before minority interests</b>	<u>370,984</u>	<u>325,181</u>	<u>866,845</u>	<u>1,003,074</u>
Share of minority interests in the net income of consolidated subsidiaries	(63,099)	(42,189)	(163,062)	(118,389)
<b>Net income for the period</b>	<u>307,885</u>	<u>282,992</u>	<u>703,783</u>	<u>884,685</u>
<b>Earnings per share:</b>				
▪ Operating income	0.94	0.85	2.40	2.10
▪ Net income for the period	0.62	0.57	1.41	1.77

## SAVOLA GROUP COMPANY

(A Saudi Joint Stock Company)

### Interim consolidated cash flow statement

(All amounts in Saudi Riyals thousands unless otherwise stated)

As at September 30, 2011

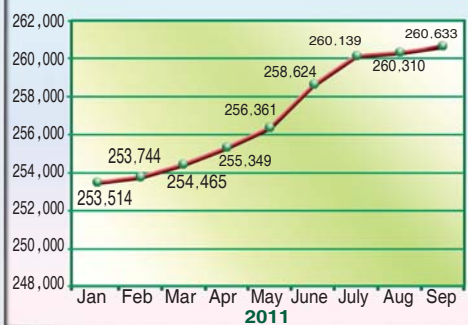
	September 30, 2011 (Unaudited)	September 30, 2010 (Unaudited)
<b>Cash flow from operating activities</b>		
Net income for the period	703,783	884,685
<b>Adjustments for non-cash items</b>		
Depreciation, amortization and impairment	409,243	442,785
Share of minority interests in net income of consolidated subsidiaries	163,062	118,389
Financial charges	252,051	169,436
Gain on disposal of investments	-	(195,056)
Gain on sale of property, plant and equipment	(6,603)	(5,914)
<b>Changes in working capital</b>		
Accounts receivable	(374,501)	(282,689)
Inventories	(652,792)	(88,782)
Prepayments and other receivables	(266,509)	(402,205)
Accounts payable	223,921	556,334
Accrued and other liabilities	164,424	42,882
Employee termination benefits	31,147	29,136
Net cash generated from operating activities	<u>647,226</u>	<u>1,269,001</u>
<b>Cash flow from investing activities</b>		
Cash effect of deconsolidation of an associate	-	(20,062)
Purchase of property, plant and equipment	(240,374)	(399,138)
Net change in investments	(360,232)	(598,731)
Net change in intangible assets	(21,936)	(22,614)
Net cash utilized in investing activities	<u>(622,542)</u>	<u>(1,040,545)</u>
<b>Cash flow from financing activities</b>		
Net changes in short-term borrowings	897,248	(618,255)
Net changes in long term borrowings	(80,615)	974,453
Net change in minority interests	(62,818)	(84,258)
Financial charges	(252,051)	(169,436)
Changes in restricted deposits	90,361	55,918
Dividends paid	(376,801)	(501,352)
Net cash generated from (utilized in) financing activities	<u>215,324</u>	<u>(342,930)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>240,008</u>	<u>(114,474)</u>
Cash and cash equivalents at beginning of period	562,663	1,001,185
<b>Cash and cash equivalents at end of period</b>	<u>802,671</u>	<u>886,711</u>
Restricted deposits excluded in cash and cash equivalents for Interim consolidated cash flow statement purposes	8,096	33,941
Cash and cash equivalents as per interim consolidated balance sheet	810,767	920,652
<b>Supplemental schedule of non-cash information</b>		
Unrealized loss on available for sale investments	(30,272)	(85,559)
Currency translation differences	(24,160)	(23,972)
Directors' remuneration	1,800	1,650
Assets classified as held for sale	172,293	-
Liabilities classified as held for sale	188,780	-

## 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.

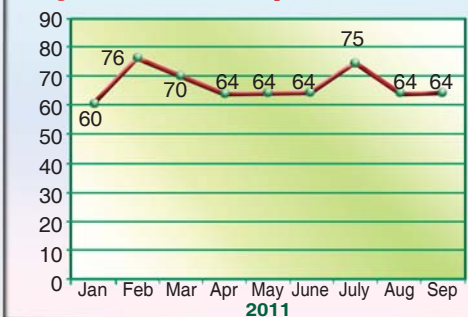
Below you will find the charts depicting share ownership movement for the period (from January to September, 2011).

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.

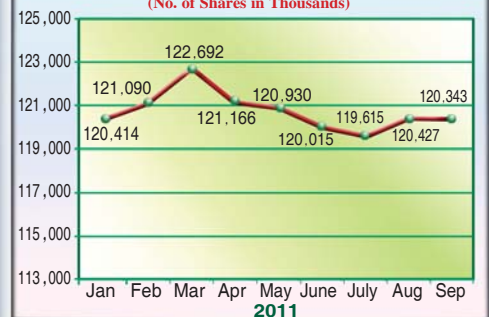
Change in Board Members Ownership (No. of Shares in Thousands)



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



Change in Top 90 Shareholders Ownership “after Top 10” (No. of Shares in Thousands)



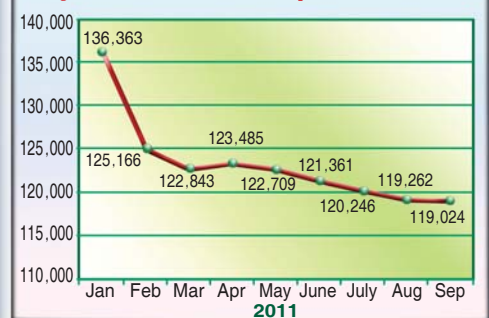
Change in Government Ownership (No. of Shares in Thousands)



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



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



## Panda Wins Four Awards:

**Excellence in Branding & Marketing, Best HR Strategy in Line with Business, Excellence in Training, Young HR Professional of the Year”**



**Azizia** Panda United has received international recognition by CMO Consultants, an international consultancy firm that conducts yearly research in market and corporate performance measurement. APU was honored and recognized for the following awards:

- “Excellence In Branding & Marketing”.
- “Best HR Strategy In Line With Business”.
- “Excellence In Training”.
- “Young HR Professional Of The Year”.

These four awards represent one of the largest international achievements in marketing, performance and customer relations for a Saudi company

on the Asian continent. While many other prominent Asian companies were given awards, Panda took “first place” in the retail food sector.

The awards were presented to Eng. Ahmad O. Munshi, Vice President of Marketing in APU, who represented the company during CMO Consultant’s ‘2nd CMO Asia Awards’, held in Singapore. He stated that these awards reinforce Panda’s relationship with its customers and its ability to offer the best services to its customers by maintaining contact with them and gathering feedback about Panda’s products and services to ensure the best quality products for the best prices.



## Savola Group Executives Launch New Communication Strategy

**Savola Managing Director: “Communication is the Central Nervous System of any Organization” to Enhance Communication with its Various Stakeholders, Customers and Employees**



*Dr. Abdulraouf Mannaa, The Group's MD addressing Savola Executives during the Communications Strategy Workshop*



*The Savola Group & Executives during brain storming session as part of the workshop agenda*

**The** Savola Group organized strategic Corporate Communications Workshop drawing senior executives across its operating companies locally and internationally.

The workshop, themed “Time to Grow” reviewed The Group’s internal and external communication programs and brought together The Group’s MD, and senior executives along with CEOs of the operating companies and specialists within The Group to review existing corporate communication programs and generate new ideas for the future.

“GROW” the new corporate communication strategy was unveiled during the workshop. This new strategy focused on 4 key components:

Media presence, internal communications, CSR, and stakeholder and reputation management. In addition to the new strategy, the executives brainstormed and discussed Savola’s communication platforms and the best way to communicate them across its diverse stakeholder mix.

During his opening remarks, Dr. Abdulraouf

Mannaa, Managing Director of The Savola Group said, “These are exciting times for Savola as we are near breaking the SR 1 billion in profits this year. Despite the great milestone for us, this places a huge responsibility on us in terms of communicating with our key stakeholders, whether internal or external.”

and communicating to various stakeholders is as equally important as putting products on the shelf. We at Savola believe in the importance of communication as a strategic tool and have placed it on top of our corporate agenda.”

The Savola Group is one of the Middle East’s leading companies in basic food products including edible oils and sugar, as well plastic products and retail activities. The Savola Group is a Saudi Joint Stock Company that was established in 1979 with SR 40 million in capital. It is currently valued at SR 5 billion as a result of expanding its operations regionally to become

a leader in its fields, which include producing of edible oils and sugar, plastics, retail stores and real estate development. Savola also produces flexible plastic packaging materials, and is one of the leading companies in the production of PET in the GCC. Additionally, Savola also exports its products to more than 30 countries around the world and its operations are spread across more than ten countries in the Middle East and North Africa.



Building on the importance of deploying this new strategy on a corporate and a subsidiary level, a series of interactive sessions were held as part of the workshop. The participants were divided into working groups to brainstorm and come up with a series of tactics to convert the strategy into action. The teams presented their programs at the end of the workshop.

Dr. Mannaa concluded that, “Communication is the central nervous system of any organization



*The Savola Group & Executives during Communications Strategy Workshop*

## The Savola Group Among the Top Participants at 2011 ACCENTA Trade Fair

### Savola Managing Director Appreciates H.E. Minister of Commerce & Industry's Support for National Industry



H.H. Turki Al-Faisal, during his visit to the Savola booth at Accenta 2011 Expo in Gent, Belgium and received by Mr. Mahmoud A. Ghaffar, SVP Corporate Affairs for Savola Group & Mr. M. Al-Yami, Manager, Export Dept. Sugar Business

**The** Savola Group recently participated in the 2011 ACCENTA Trade Fair, which was held in Belgium's industrial city, Ghent. This was ACCENTA's 66<sup>th</sup> international media and advertising fair where over 400 exhibitors participated and over 90,000 visitors attended.



H.E. Abdullah Zainal, Minister of Commerce & Industry, during his visit to Savola booth at Accenta 2011 Expo in Gent, Belgium and Mr. Mahmoud Abdul Ghaffar, Senior Vice President, briefing the Minister

Dr. Abdulraouf Mannaa, CEO of The Savola Group pointed out that Savola is considered to be the largest producer of edible oils in the world today and the largest producer of refined sugar in the Middle East through its refinery plants in Egypt and Saudi Arabia with total capacity 1.2 ton per year. Savola also produces flexible plastic packaging materials, and is one of the leading companies in the production of PET in the GCC. Additionally, Savola exports its products to many countries around the world. He added: "The Savola Group's participation in this exhibition highly

important trade fair will strengthen and enrich the Kingdom's efforts to diversify the economy across various sectors in accordance with the instructions of the Custodian of the Two Holy Mosques, King Abdullah bin Abdulaziz, whose vision is to achieve a sustainable economy in the Kingdom that includes trading with the rest of the world, especially Europe, as well as achieving the goal of making the Kingdom of Saudi Arabia among the top 10 competitive economies worldwide." Dr. Mannaa stated that the presence of The Savola Group at the exhibition was

"Honored Guest" along with "K.S.A official participation", which was reserved for prestigious public institutions and private companies among which was The Ministry of Commerce & Industry, The Ministry of Culture & Information, Islamic Affairs, Ministry of Industrial Property Authority, General Investment Authority and Royal Commission for Jubail & Yanbu'.

Mr. Mahmoud Abdul Ghaffar - Senior Vice President - Corporate Affairs represented The Group in this important exhibition.

## Trust Across America Selects Faten Al Yafi of The Savola Group as One of the Top 100 Thought Leaders

### in Trustworthy Business Behavior in Europe and the Middle East



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

**Trust** Across America™ (TAA), an organization that aims at setting a standard for trustworthy business behavior, and the Centre for Sustainability & Excellence (CSE), a leading global advisory and coaching organization providing sustainability solutions, have selected Faten A. Al Yafi, Executive Director for CSR & PR at The Savola Group as one of the "Top 100 Thought Leaders in Trustworthy Business Behavior in Europe and the Middle East" for 2011. The selected executives are people who collectively represent a group that can genuinely transform and reverse the cycle of mistrust in business. Following the selection process, Nikos Avlonas, President of CSE said: "I am truly honored to be involved in an initiative which recognizes individuals who attempt to bring change in a constructive and sustainable way, especially today where the financial and social crises in Europe and Middle East have a significant impact on the economy and society."

Expressing her appreciation to the organization, Faten Al

Yafi said, "I am honored to have been selected as one of the "Top 100 Thought Leaders in Trustworthy Business Behavior in Europe and the Middle East" for 2011," which is a recognition that says a lot about the development of business ethics and social responsibility in the Middle East as well as the commitment of companies to practice their business ethically and with transparency." Trust Across America™, a program of Next Decade, Inc., is a firm that has been unraveling and simplifying complex subjects for over twenty years. TAA incubated authors and published and marketed books and programs that have made a difference in people's lives.

The organization addressed women's and general health issues, retirement, aging, finance and immigration and has taken the complexity out of these topics and made them easy to understand and talk about. The Organization has selectively promoted authors and business leaders who can make a positive difference in the world in which we live.

## Savola Donates SR2 Million Food Items to Somalia

**In** response to the Custodian of the Two Holy Mosques King Abdullah's pledge to relieve famine in Somali, Savola has announced its commitment of humanitarian aid to Somalia including basic food items with a value exceeding SR2 million ranging from sugar, oil, and other basic items produced by Panda.

Dr. Abdulraouf M. Mannaa – The Savola Group Managing Director- explained that "This generous initiative by the Custodian of the Two Holy Mosques embodies Saudi Arabia's position and important role among nations across the world"

Dr. Mannaa added: «The launch of the national campaign for relief to the Somali nation by the

Custodian of the Two Holy Mosques, and his generous support makes it a logical step for Savola to take part in this very important drive which emanates from Savola's social responsibility and its sense of compassion for those in need.»

Savola is one of the leading companies in Saudi Arabia to implement CSR programs as an integral part of its strategy, objectives, ethics and values.

As a leading organization in private sector, The Group believes that it is important for the corporate world to play a part in the Kingdom's social development by rolling out key CSR initiatives for the benefit of the community.



#### Savola News letter

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