

# Savola News



مجموعة صافولا  
The Savola Group

Savola Quarterly Newsletter  
1st Quarter 2012

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.

## The Savola Group Increases Its Profits by 46.7% Over Last Year

**Achieved SR 242.3 Million Record Profits For The First Quarter Of 2012 And Distributed SR 150 Million Net Dividends For The Same Period**

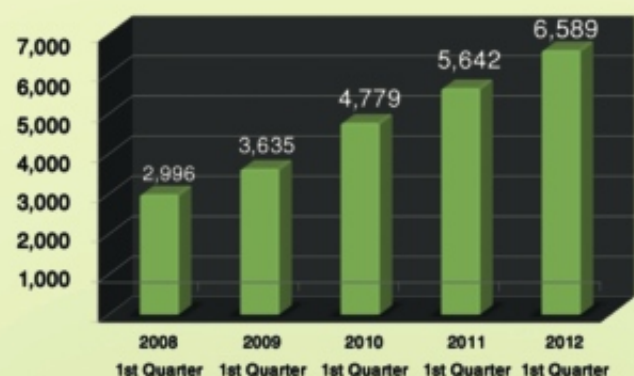
- The Savola Group achieved a record net profit amounting to SR 242.3 million for the first quarter this year and distributed SR 150 million dividends for the same period .
- Revenues reached SR 6.6 billion in the first quarter compared to SR 5.6 billion during the same period last year, an increase of 17.9% .
- The Group forecasts a net profit of SR 310 million (before capital gains) for the second quarter of 2012 .
- The Savola Group's achieved net profit from operations for the year ending December 31, 2011 exceeded SR 1 billion in profits.
- 800 new jobs for Saudi nationals through 19 new Panda and Hyper Panda stores .
- Savola Sudan celebrated its 5th anniversary and achieved its 10X10 goals .
- Al Marai and Herfy continue their strong performance during the first quarter of 2012 .
- Savola extended its bridges to support 5 key NGOs in Jeddah by signing agreements for training, research, and equipping laboratories and training classes .

...More details in the inside pages

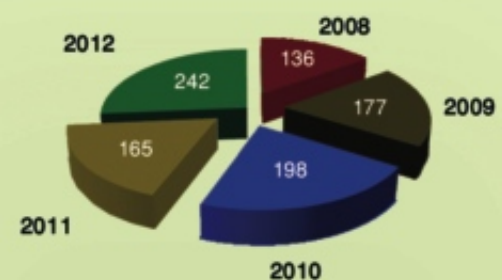


Group Shareholders During The AGM Held On April 17, 2012

Net revenues for 1st Quarter 2012 compared with the same period last years ( in Million Riyals )



Net Income (before capital gains for 1st Quarter of 2012 compared with the same period last years (in Millions Riyals)



The Savola Group Board of Directors



## INTRODUCTION



Mr. Sulaiman Abdul Kader Al-Muhaidib

In the name of Allah... the Most Gracious... Most Merciful May the blessings of Allah be bestowed upon Prophet Muhammad Ibn Abdullah.

Dear Savola Group Stakeholders,

I am pleased to welcome you to this issue of the Savola Newsletter for Q1 of 2012, through which we aim to communicate with you and keep you informed about the latest news and developments of the Group and its operating companies inside and outside the Kingdom.

As you know, with the expansion in the Group's main activities in accordance to its announced plans, and with the expansion of its operations geographically in the MENA and Asia regions,

we are glad that the Group's excellent performance and record results, which are coupled with maximizing revenue and shareholder's equity, have become an inherent characteristic for Savola's associates inside and outside the Kingdom. These characteristics are integrated with Group's organizational and ethical structure, which have had a tremendous role on the Group's success.

On this occasion I am pleased to share with you the outstanding results achieved by the Group during Q1 of 2012, in which we registered record performance by achieving a net profit (before capital gains) of SR 242.3 million, which is an increase of 46.7% for the same quarter of previous year 2011, and an increase of 10% over expectations, despite the increase in the prices of raw material and the challenges surrounding the international markets. In continuation of applying The Savola Group's policy of distributing quarterly profits to shareholders, and due to the good profits achieved by the Group during the quarter, the Board of Directors has approved the distribution of cash dividends to shareholders in the amount of SR 150 million for Q1 of 2012.

This Group intends to continue implementing its strategic plan that focuses on key operational sectors, which include food, retail and plastics, in

addition to its plan to gradually shift to a financial investment holding Group by increasing its focus on investments and exploring promising new investment opportunities, a strategy that will strengthen the company's leadership position and contribute to maximizing the shareholders' value.

On the other hand, your Group recently signed a contract to purchase a new headquarters which will reduce costs and expenses and achieve synergy amongst the various Group team members and its subsidiaries. The Group will use the remaining space and floors as additional investments through various leasing options.

In conclusion and on behalf of the other board members, I would like to express my deepest appreciation and gratitude to the Savola Group shareholders for their trust in the Board and the Executive Team and for their continuous support of the Group's various strategic plans through which we have been able to increase our competitive capabilities and main its leadership in all sections. I hope that we will continue to meet the expectations of our shareholders and affirm that we will exert more efforts in taking care of their interests and achieving the goals of the Group.

Once again thank you for your support and wish you and your Group continuous success and prosperity.

Sulaiman A. Al-Muhaidib  
Chairman, The Savola Group

## SAVOLA GENERAL ASSEMBLY

### APPROVES ALL ITEMS ON AGENDA AT ITS ANNUAL MEETING HELD APRIL 2012

The 35TH General Assembly for Savola shareholders held on April 17, 2012 at the Park Hyatt in Jeddah approved, by absolute majority, all items of the agenda. Attendees represented 61.32% of the total shares of The Group's SR 5 billion capital.

Approvals of the various elements on the agenda exceeded 99% including the final



the external auditor's report, the 2011 Board of Directors Board reports and the hiring of Price Waterhouse Coopers (PWC) as external auditors for Savola's 2012 financials at a fee of SR 210,000. In addition, the General Assembly approved the Board's recommendation to distribute SR 275 million profits for Q4 2011 at 0.55 per share (effective the day of the General Assembly). The Assembly also approved the distribution of profits for the previous 3 quarters from 2011 at 0.75 per share at a total of SR 375 million. The total amount distributed represents 1.30 per share adding up to SR 650 million for 2011, representing 13% of the

Group's SR 5 billion capital.

The AGM also ratified the Board's recommendation to appoint Mr. Badr bin Abdullah Alissa to the Board of Directors effective 10/8/2011 until the end of the board office term on 30/6/2013, a vacant position following the resignation of Mr. Yousuf Mohammed Alireza from the Board.







**Dr. Abdulraouf Mannaa**

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

May the blessings of Allah be bestowed upon Prophet Muhammad Ibn Abdullah.

Dear Savola Group Shareholders

I am pleased to welcome you to this issue of the Savola Newsletter for Q1 of 2012, through which we aim to communicate with you and keep you informed about the latest news and developments of the Group and its subsidiaries inside and outside the Kingdom.

On this occasion I am pleased to share with you the outstanding results achieved by the Group during Q1 of 2012, in which we registered record performance by achieving a net profit (before capital gains) of SR 242.3 million, which is an increase of 46.7% for the same quarter of previous year 2011, and an increase of 10% over expectations, despite the increase in the prices of raw material and the challenges surrounding the international markets.

This rise in the Group's net profit for Q1 of 2012, in comparison to the same quarter from last year, is especially due to the premium earning achieved by the Group in its international operations in the food sector, and the continued growth in sales and increased market share in the retail sector, where the consolidated revenue of the Group during Q1 amounted to SR 6.6 billion compared to SR 5.6 billion for the same period in the previous year, which is a 17.9% increase.

In continuation of applying The Savola Group's policy of distributing quarterly dividends to shareholders, and due to the outstanding profits achieved by the Group during the

Board of Directors has approved the distribution of cash dividends to shareholders in the amount of SR 150 million for Q1 of 2012 at the rate of SR 0.30 per share.

The Group also expects to achieve net profits (before capital gains) amounting to SR 310 million during Q2 of 2012.

This Group intends to continue implementing its strategic plan that focuses on key operational sectors, which include food, retail and plastics, in addition to its plan to gradually shift to an investment holding Group by increasing its focus on investments and exploring promising new investment opportunities, a strategy that will strengthen the company's leadership position and contribute to maximizing the shareholders' equity.

During Q1, the Group continued its CSR programs through the Savola Center for enabling persons with disabilities, and also through supporting a number of programs about which you will find details inside this issue.

In conclusion, from myself and on behalf of my fellow board members of the Group, and also the distinguished executive management team, I extend to you our sincere thanks and appreciation for your trust and your continued support for the management of this prosperous economic entity. I also thank the Group's management and all of its employees in the subsidiary companies inside and outside the Kingdom for their dedicated efforts during Q1 of this year, and I look forward to the Q2 newsletter which will bring you further reports of achievements, by the will of Allah.

**Dr. Abdulraouf Mannaa**  
Group Managing Director

## Alexandria Sugar Company is progressing as planned

Members of Alexandria Sugar Company (ASC) Board of Directors and representatives from the executive management team recently visited the company's beet factory and farms to see the progress being made in the beet sugar project, which is moving ahead as planned under the close supervision of the project management team.

ASC's target is to plant and harvest 60 to 70 thousand acres annually to produce 1.3 million tons of sugar-beet roots, enough to operate at full capacity (9,000 tons a day) during the crushing season, which lasts 140 days. ASC has expanded its Agro business in order to create the Agro infrastructure necessary to function at full capacity once the factory is operative. During the year 2011 the company contracted for the cultivation of 16,000 acres spread between traditional agriculture and mechanized agro under central-pivot irrigation systems, to take advantage of the large spaces available in some agricultural companies, especially those using automatic irrigation systems, which will increase productivity and achieve returns for both the farmer and the company. ASC is taking all necessary measures in order to commence operations of the new factory during the 2013 beet season.



## Savola Sudan Celebrates Its 5th Anniversary

In a gala event attended by Mr. Mr. Abderrahim Maaraf, Chief Executive Officer of Savola Foods; Mr. Walid Salah, CEO of Emerging Markets and New Business Development; Omar Abdulrahman, Board member as well as heads of banks, distribution companies, other organizations, and employees, Savola Sudan celebrated its 5th anniversary in the Sudanese market. The Company currently enjoys high visibility and presence making it the leader in the manufacturing of edible oils in Sudan and is contributing to changing consumer behavior in the consumption of high quality edible oils.

In his speech, Mr. Maaraf explained in that this achievement is a result of the team efforts during the five year journey while confirming at the same time the Company's strategy to expand and increase its market share as well as expand in the agricultural sector in the next few years.





## The Savola Group Achieves Net Income of SR 242.3 Million for the First Quarter 2102

### An increase of 46.7% compared to the same quarter of last year

### And distributes SR 150 Million as dividends for Q1 2012

The Savola Group achieved net income of SR 242.3 Million for the first quarter ended March 31, 2012, an increase of 46.7% compared to the same quarter last year of SR 165.2 Million, and a decrease of 51.4% compared to SR 498.6 Million of the fourth quarter last year. Whereas Gross profit for first quarter ended 31 March 2012 amounted to SR 996 Million, an increase of 15% compared to SR 866 Million for the same quarter last year. However, Operating profit for first quarter ended 31 March 2012 amounted to SR 439 Million, an increase of 43% compared to same quarter last year SR 307 Million. The earnings per share for the first three months ended 31 March 2012 is SR 0.48 as compared to SR 0.33 for the same period last year.

The increase in the Group's net income for 1st quarter 2012 is attributed mainly to turnaround in profitability of start-ups and overseas operations of the Foods Sector, continued sales growth and increased market share in the Retail

Sector. As a result the Group's revenues for 1st quarter ended 31 March 2012 reached to SR 6.6 Billion, an increase of 17.9% compared to same quarter last year of SR 5.6 Billion. The decrease in net income for 1st quarter 2012 as compared to fourth quarter of last year was mainly due to the capital gains on sale of lands amounting to SR 153 Million during 4th quarter 2011.

Dr. Abdulraouf M. Manna, Managing Director of Savola Group, highlighted that the 1st quarter net income reached SR 242.3 Million which is 10% higher than the forecast of SR 220 Million despite challenges in the overseas markets and increase in raw materials prices.

Savola expects to achieve a net income before capital gain of SR 310 Million for second quarter of 2012, God willing.

In continuation of its declared policy to distribute quarterly dividends to its shareholders and due to the outstanding results achieved during the 1st quarter 2012 with a net income of SR 242.3 Million, Dr.

Abdulraouf M. Manna, Group Managing Director is pleased to announce that the Savola Group's Board of Directors has approved in its meeting held on Tuesday, 17th April 2012, the distribution of SR 150 Million, (i.e. 0.30 per share) as dividends for the 1st quarter of 2012 to the shareholders registered in the company books by end of the trading date of Wednesday, 25th April, 2012. The dividends payments process will start as of Saturday, 5th May 2012.



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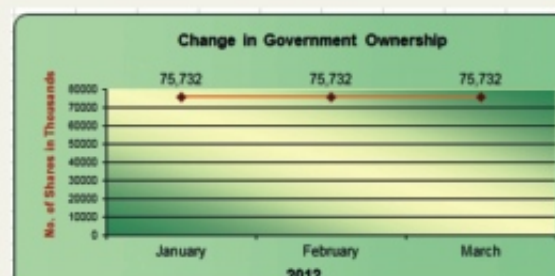
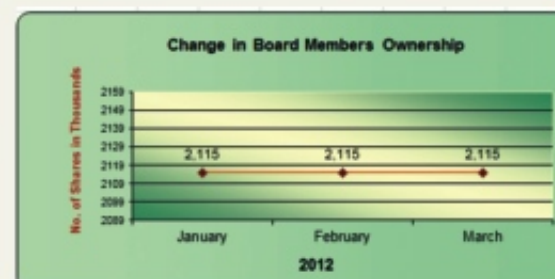
## Savola Continues Updating Share Monitoring System "Transparency Screen"

In a move design 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 Web site : [www.savola.com](http://www.savola.com)



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 March 2012 ) Note the company's capital is fixed at S.R 5 billion divided into 5 million ordinary cash shares and the company total shareholders are about 160,000.





## SAVOLA GROUP COMPANY

(A Saudi Joint Stock Company)

Interim consolidated balance sheet

(All amounts in Saudi Riyals thousands unless otherwise stated)

March 31	2012 (Unaudited)	2011 (Unaudited)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	957,745	570,223
Accounts receivable	1,612,030	1,745,476
Inventories	3,204,742	2,814,608
Prepayments and other receivables	2,194,230	1,068,026
Assets classified as held for sale	173,080	213,419
	<u>8,141,827</u>	<u>6,411,752</u>
<b>Non-current assets</b>		
Long term receivables	327,374	-
Investments	5,752,258	6,165,793
Intangible assets	1,297,779	1,008,020
Property, plant and equipment	5,275,261	4,706,200
	<u>12,652,672</u>	<u>11,880,013</u>
<b>Total assets</b>	<u>20,794,499</u>	<u>18,291,765</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Short-term borrowings	2,604,958	2,616,569
Current maturity of long-term borrowings	821,505	752,891
Accounts payable	2,677,195	2,175,165
Accrued and other liabilities	1,821,284	1,551,594
Liabilities classified as held for sale	183,370	232,609
	<u>8,108,312</u>	<u>7,328,828</u>
<b>Non-current liabilities</b>		
Deferred gain	103,060	109,654
Long-term payables	57,461	59,116
Long-term borrowings	2,507,401	2,267,999
Employee termination benefits	312,610	280,565
	<u>2,980,532</u>	<u>2,717,334</u>
<b>Total liabilities</b>	<u>11,088,844</u>	<u>10,046,162</u>
<b>Equity</b>		
Equity attributable to shareholders of the Company:		
Share capital	5,000,000	5,000,000
Statutory reserve	1,077,010	956,772
General reserve	4,000	4,000
Fair value reserve	300,417	(107,690)
Effect of transaction with minority shareholders without change in control	2,042	(59,443)
Currency translation differences	(345,409)	(246,797)
Retained earnings	2,247,085	1,465,003
<b>Total shareholders' equity</b>	<u>8,285,145</u>	<u>7,011,845</u>
Minority interest	1,420,510	1,233,758
<b>Total equity</b>	<u>9,705,655</u>	<u>8,245,603</u>
<b>Total liabilities and equity</b>	<u>20,794,499</u>	<u>18,291,765</u>

### List of the Savola Group's Major

Shareholders as per Tadawul's registry as of 13 / 5 / 2012

Ser.	Shareholder Name	Ownership*
1	MASK Holding Company	12.0%
2	General Organization for Social Insurance	10.9%
3	Abdullah Mohammed Abdullah Al Rabea	8.7%
4	Abdulkader Al Mohaideb & Sons Company	8.5%

\* The paid up capital of The Savola Group is SR 5 billion divided into 500 million shares with an equal nominal value of SR 10 per share

#### Notes:

The percentages above are based on the Tadawul records as of May 13, 2012 and may change from time to time based on the trading transactions of the Savola Group shares

#### Important Notes:

For more information you can read the detailed financial results visit:

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

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

The results were also published in

- Al Jazirah Newspaper Issue (14451) dated April 22, 2012
- OKAZ Newspaper Issue (16677) dated April 24, 2012-05-29

As specified by the Capital Markets Authority at the Ministry of Commerce and Trade

## SAVOLA GROUP COMPANY

(A Saudi Joint Stock Company)

Interim consolidated income statement

(All amounts in Saudi Riyals thousands unless otherwise stated)

Three-month period ended March 31	2012 (Unaudited)	2011 (Unaudited)
<b>Revenues</b>	6,588,972	5,641,740
<b>Cost of sales</b>	(5,593,286)	(4,775,415)
<b>Gross profit</b>	995,706	866,325
Share in net income of associates and jointly controlled entity and dividend income - net	107,111	79,858
Other income - net	16,628	17,462
<b>Total income</b>	<u>1,119,445</u>	<u>963,645</u>
<b>Operating expenses</b>		
Selling and marketing	(539,697)	(520,912)
General and administrative	(140,860)	(136,060)
<b>Total expenses</b>	<u>(680,557)</u>	<u>(656,972)</u>
<b>Income from operations</b>	438,888	306,673
Other income (expenses)		
Financial charges	(98,232)	(69,737)
Income before zakat and foreign taxes and minority interests	340,656	236,936
Zakat and foreign income tax	(40,040)	(27,871)
<b>Net income before minority interests</b>	300,616	209,065
Share of minority interests in the net income of consolidated subsidiaries	(58,309)	(43,904)
<b>Net income for the period</b>	<u>242,307</u>	<u>165,161</u>
<b>Earnings per share:</b>		
• Operating income	0.88	0.61
• Net income for the period	0.48	0.33

## SAVOLA GROUP COMPANY

(A Saudi Joint Stock Company)

Interim consolidated cash flow statement

(All amounts in Saudi Riyals thousands unless otherwise stated)

Three-month period ended March 31	2012 (Unaudited)	2011 (Unaudited)
<b>Cash flow from operating activities</b>		
Net income for the period	242,307	165,161
Adjustments for non-cash items		
Depreciation, amortisation and impairment	138,770	134,193
Income applicable to minority interest	58,309	43,904
Financial charges - net	98,232	69,737
Share in net income of associates and jointly controlled entity and dividend income - net	(107,111)	(79,858)
Gain on sale of property, plant and equipment	(2,892)	(2,472)
Changes in working capital		
Accounts receivable	203,610	(242,542)
Inventories	(52,293)	(313,820)
Prepayments and other receivables	(775,670)	(57,647)
Long term receivables	(18,696)	-
Accounts payable	(41,732)	99,591
Accrued and other liabilities	418,575	20,039
Employee termination benefits	5,347	4,459
<b>Net cash generated from (utilized in) operating activities</b>	<u>166,756</u>	<u>(159,255)</u>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(106,947)	(103,196)
Net change in investments	(13,590)	(12,729)
Proceeds from sale of investment	1,830	-
Proceeds from sale of property, plant and equipment	46,284	-
Effect of transaction with minority shareholder without change in control	61,485	-
Net change in intangible assets	(3,391)	(9,892)
<b>Net cash utilized in investing activities</b>	<u>(14,329)</u>	<u>(125,817)</u>
<b>Cash flow from financing activities</b>		
Net change in short-term borrowings	(150,471)	559,782
Net change in long-term borrowings	(148,691)	(66,155)
Changes in minority interest	13,850	(4,977)
Financial charges - net	(98,232)	(69,737)
Dividends paid	(25,222)	(126,281)
Net cash (utilized in) generated from financing activities	(408,766)	292,632
Net (decrease) / increase in cash and cash equivalents	(256,339)	7,560
Cash and cash equivalents at beginning of period	1,214,084	562,663
Cash and cash equivalents at end of period	<u>957,745</u>	<u>570,223</u>
<b>Supplemental schedule of non-cash information</b>		
Fair value reserve	301,225	(17,578)
Currency translation differences	(41,739)	(16,371)
Directors' remuneration	600	600



# HyperPanda

هايبربند

## 19 NEW PANDA & HYPER PANDA BRANCHES PROVIDE 800 JOBS FOR SAUDIS

As part of its expansion plans, Al Aziziya Panda Company announced its expansion strategies for 2012 where the company plans to open 19 new branches providing 800 new jobs for Saudi nationals.

Al Aziziya Panda CEO, Muwaffaq Jamal said that Saudization tops the company's priorities since 2002 where the Company started training and employing nationals to work in the retail business. In recognition of its achievements, the Company won numerous awards for Saudization including the Prince Naif Award. Panda also established Panda Academy which specializes in training Saudi youth as the first of its kind in the Middle East according to international standards in the retail field.

Al Aziziya Panda is one of the first companies in the Kingdom to adopt the Custodian of the Two Holy Mosques initiative launched in 2011 to raise the minimum wage for Saudis to SR 3,000, an investment of more than SR 10 million per year.

Panda CEO added that the Company allocated an annual budget of SR 10 million for training Saudi nationals to the annual training budget which exceeds SR 5 million. The Company currently employs 5,187 Saudis compared to 1,347 non Saudis. And in 2012 based on the Company's expansion plans, 19 branches will come on line to service our customers and providing 800 new jobs for Saudi nationals wanting to work in retail.

Al Aziziya Panda, a Savola company is one of the largest retailers in the Middle East that was established in 1979 and has 165 branches across the Kingdom.



المراعي  
Almarai

Almarai Company increases its Sales by 17%

And Achieves SR 242.1 million As Net Profit for the First Quarter of the Year 2012

Al-Marai Company (which 29.9% owned by the Savola Group) achieved distinguished results for the first quarter 2012 and generated a consolidated net profit amounting to SR 242.1 million, an increase of 2.9% compared to the same period last year (SR 235.2 million) and a decrease of 15.2% compared to the fourth quarter 2011 (SR 285.5 million). The company also achieved Sales for the first quarter ended 31 March 2012 amounted to SR 2,040.3 million, an increase of 17% compared to the same period last year (SR 1,743.6 million). The reason for a lower net profit compared with the fourth quarter of the year 2011 to the consumption seasonality and the continued impact of higher commodity prices. And the higher sales revenue growth of 17% on a year on year basis is driven by the continued expansion of our distribution network across GCC. In particular, this was driven by Bakery growth in the Gulf countries and Poultry expansion in KSA. However this also resulted in higher selling and distribution costs.



## THE SAVOLA GROUP BUYS EAST TOWER OF THE HEADQUARTERS BUSINESS PARK FOR SAR 134 MILLION FOR NEW CORPORATE HQ

The Savola Group has signed a contract with Adeem National Construction and Development Company to purchase the East Tower of "The Headquarters Business Park", located in the Ashati District on Corniche Road, North Jeddah. The Business Park project consists of two towers, East and West. The Savola Group headquarters will be situated in the East Tower facing Prince Faisal bin Fahad Street and consists of sixteen floors, including the ground floor, with a total area of 13,404 square meters, not including some common areas.

The total cost of the purchase is SAR 134 million to be paid in three installments. The first installment of 60% represents what has been constructed to date and is payable on signing. The remaining two installments of 20% each will be paid according to the stages of deliverables as per the contract. The East Tower will be handed over to The Savola Group by the end of May 2013 and at that point of time the ownership will be transferred to The Savola Group. The purchase will be self-financed.

Dr. Abdulraouf M. Mannaa, Managing Director of The Savola Group, said that this project will unify the Group's corporate headquarters and its operating companies offices, reduce costs of administrative expenses and rent, enhance management of processes and effectively foster team-work. Furthermore, any remaining space in the East Tower will be as an investment for The Group.



Herfy Food Services Company Increases its Net Profit by 24.9% achieving SR 40.6 Million as net profit for the first quarter 2012.

Herfy Food Services Company (which 49% owned by the Savola Group) outstanding results for the period ended 31/03/2012, and achieved Net income for the first quarter 2012 amounted to SR40.6 Million compared to SR 32.5 Million for the same quarter from the previous year 2011, with an increase of 24.9%, the company recorded sales for the first quarter 2012 amounted to SR198.9 Million compared to SR159.3 Million for the same period from the previous year 2011. These positive results for the first quarter of 2012 are due to the increase in sales as well as the increase in the operating efficiency of the company's different sectors. Finally, it is worth mentioning that the company has opened 4 new restaurants during the first quarter during the first quarter of 2012.



## THE SAVOLA GROUP CELEBRATES ONE BILLION SAUDI RIYALS PROFIT WITH FESTIVE SOCIAL EVENT ATTENDED BY STAFF AND GUESTS

**Managing Director Dr. Abdulraouf Mannaa: "Focusing on our core strengths enabled us to achieve exceptional net profits from operations , and our team led the way"**



**Savola Board Members and Executives Celebrate the One Billion Milestone**

In its financial results for the twelve months ending 31st December 2011, The Savola Group reported a powerhouse performance resulting in operating net profit of more than one billion Saudi Riyals and to mark this milestone achievement, Savola held a high profile celebratory event for over 400 attendees including board members, the management team, key executives from across the region, employees and other guests.

The ceremony began with a recital of verses from the Holy Quran, followed by a keynote speech by Dr. Abdulraouf Mannaa, Managing Director of The Savola Group, in which he expressed his gratitude for the efforts of everyone in The Savola Group whose teamwork has achieved this milestone, saying: "On our road to becoming one of the most successful enterprises in the entire Middle East - a road on which we have travelled for 33 years - we have grown from a single company that was established with a paid up capital of 40 million Saudi Riyals into a diversified Group that is now worth 5 billion Saudi Riyals. And from a company that started with 200 employees in 1979 to a Corporation that employs more than 17,000 employees inside and outside the Kingdom."

Dr. Mannaa went on to say: "Working together as a team we have delivered the targeted results by adopting the simple strategy of building on our core sectors - Food, Packaging and Retail - and maintaining our investment in other strategic businesses, including Herfy, Al Marai and Kinan.

"And now, on this happy occasion, we celebrate our third

of a century with the achievement of more than One Billion Saudi Riyals in profit. This in itself is nothing new for us, but what makes our latest achievement so special is that it is operating income, which means that we are achieving real and sustainable growth across our core operational sectors.

"By focusing on our core strengths we are continuously enhancing our capability to deliver a healthy return on shareholder equity and maintain sustainable growth for the benefit of all our stakeholders - and now that we are clearly focused on one direction it is the strength and quality of our people that gives us the confidence to keep on growing and adding value for our shareholders, our community and our employees."

Noting that Savola's operations are based on honesty, piety, righteousness and support, values which have placed The Savola Group at the top in transparency and corporate governance in the Kingdom of Saudi Arabia as well as in the entire Middle East, Dr Mannaa declared that ethical practice is integral to The Savola Group's success and emphasized that in pursuit of sustainable growth the management team and employees will continue to follow The Balanced Way that is fundamental to the Group's corporate culture and is based on Savola's values of Honesty, Caring Justice, Conscientiousness and Personal Control. He went on to assert that observance of the Group's corporate values supports the Savola Pledges initiative to build and strengthen ties with stakeholders including employees, shareholders, regulators, suppliers and vendors.



**Dr. Abdulraouf Mannaa delivers an inspiring speech during the celebration**

regulators, suppliers and vendors.

Supporting Dr. Mannaa's remarks, Mr. Abderrahim Maaraf, Chief Executive Officer of Savola Foods, said: "Savola's success goes beyond the excellence of its products and companies, its impressive market share and strategic expansion - it is a Saudi success story resulting from the Savolan spirit that is reflected in dedication, loyalty and team work at every level of the organization."

Adding his comments, Mr. Mahmoud Abdul Ghaffar, Chief of Corporate Affairs and Board Secretary of the Savola Groups said: "Savola was able in a very short time to transform itself from a regional player into an international conglomerate due brilliant strategic planning based on a far-seeing realization of market needs supported by massive investment in its core sectors."

It was a festive and joyous occasion that provided an opportunity for group engagement and interactivity including a series of motivational segments with activities designed to further build team spirit, which will result in more achievements for 2012.

A highlight of the event was the announcement by Dr. Mannaa that a documentary film to celebrate reaching the milestone of One Billion Riyals profit. Titled **ONE TEAM - ONE GOAL - ONE BILLION** the film showcased Savola's achievements over the past three decades and the growth that has been achieved in the process of evolving from a single brand into a major global conglomerate. Savola owns well known commercial brands, including Afia, Al Arabi, Rawabi, Al Osra and Panda.



**Snapshots From the One Billion Celebration Event**





## Savolans Take Part in Injaz Volunteering Day

Injaz Saudi Arabia organized a volunteering workshop for Savola employees in Roshan Mall in Jeddah. Participants attended the Orientation Training Program and were trained on the Skills Success Program, which aims to develop personal skills for students in intermediate level. The program's objectives is to help students master the skills to communicate with others and influence them positively to enter the job market efficiently.

In addition to that, the Skills Success Program is the only Injaz's Curriculum that is available in Braille Language for visually impaired students.

The Savola Group is a key partner of success to Injaz Saudi Arabia where its Group MD Dr. Abdurouf Mannaa is an Injaz Saudi Arabia Board Member and the Group is the exclusive sponsor of the Skills Success Program. Savola employees have already begun conducting their training sessions in schools in March and they are expected to finish the training by end of April 2012.



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

## The Savola Group Wins CSR Global Challenge

The Savola Group, represented by Faten A. Al Yafi, Senior Executive Director of CSR and PR at The Savola Group, was named one of the nine global winners - and one of only three winners from the MENA region - of the hotly contested CSR Global Challenge initiated by the San Francisco based Center for Sustainability and Excellence (CSE).

The Global Sustainability (CSR) Practitioner Challenge was created by CSE in order to recognize the progress that Certified Sustainability

(CSR) Practitioners are making in leading their organizations to a more Sustainable Future. The goal of the Challenge is to enhance Practitioners engagement and contribute to their personal recognition. Commenting on this new win, Dr. Abdurouf Mannaa, Managing Director of The Savola Group, said, "We are delighted to have been selected as one of the winners for The Global Sustainability (CSR) Practitioner Challenge, affirming that The Savola Group's CSR programs are in accordance with international best practice and meet the demanding criteria of Global Sustainability."



## Savola Extends Its Bridges To Support Five Social Organizations in Jeddah

The Savola Group signed five agreements with leading social organizations in Jeddah where the Group will support key programs in training, research, and equipping labs and training classes as part of "Savola Bridges," the Group's social responsibility umbrella.

Savola Group Managing Director, Dr. Abdurouf Mannaa signed the agreements with Al Faisaliah Women's Charity Organization represented by its President HRH Princess Fahda bint Saudi bin Abdulaziz where the Group will fund the education of 10 students for a complete scholastic year. The Savola Group will also support the Jeddah Institute for Speech and Hearing (JISH) to conduct medical and clinical research programs with aim to develop special speech diagnostic tools; the agreement was signed by Mrs. Sultana Alireza President of JISH. Mr. Waleed Bahamdan, Secretary General of Albir Society signed an agreement with Savola where the Group will equip labs and classrooms to accommodate 60 students in addition to providing computers for staff members in Dar Al Zaharaa and Dar Baghdadiah. The fourth agreement was signed with the General Manager of Children's Ability Programs (CAP) represented by Mrs. Dina Mohammed Ali Radwan in order to provide rehabilitation sessions for 9 children at an average of 12 sessions per child for 6 months. The final agreement was signed with Zamzam for Healthcare Volunteering Services represented by Mr. Fahad Mohammed Al Zahrani, where Savola will fund purchasing equipment and medical supplies for persons with disabilities.

On this occasion, Savola Group managing Director said, "Savola's support for these social organizations stems from the Group's strategy to take part in these important community initiatives. These programs have been carefully selected after thorough review and belief of their importance in the benefit and value they bring to the various stakeholders thus achieving a balance between our objectives and serving all sectors of the society."

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## 'LEAVE THE REST TO THEM' PROGRAM SECURED MORE THAN SR 6 MILLION FOR DISABLED CHILDREN ASSOCIATION



The Disabled Children Association has recently received a cheque for the amount of SR 6,350,000 as the result of the 2011 "Leave the Rest to Them" program, which was organized by Azizia Panda United at its stores in all over the Kingdom.

The cheque was presented to Dr. Hashim Abdu Hashim, Member of the Board of Directors of DCA on behalf of HRH Prince Sultan bin Salman bin Abdulaziz, Chairman of the Disabled Children's Association by Mr. Muwaffaq Jamal, CEO of Azizia Panda. The event was attended by Abdullah Al Tawi, General Manager of Social Affairs in Makkah, and a number of officials from the company and the Association. The result of the 2011 "Leave the Rest to Them" program was an 11% increase from the 2010 program, which was SR 5,710,000.