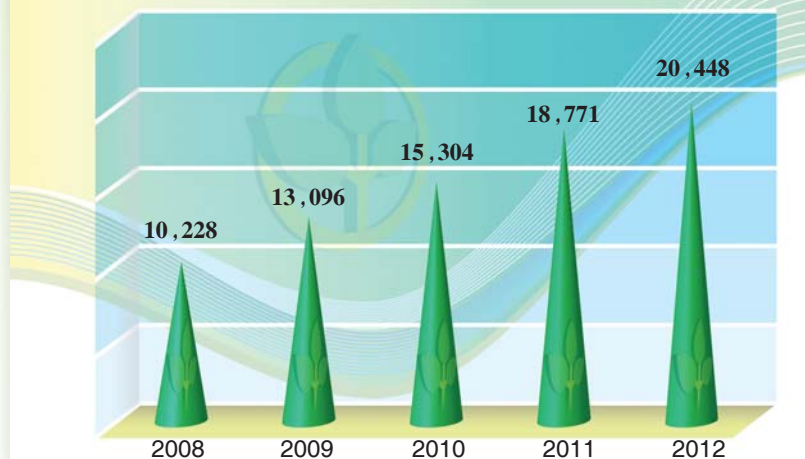


Issued by the Savola Group to enhance corporate communication with its Shareholders, Investors and all Stakeholders through furnishing them with its latest developments and performance progress on quarterly basis.

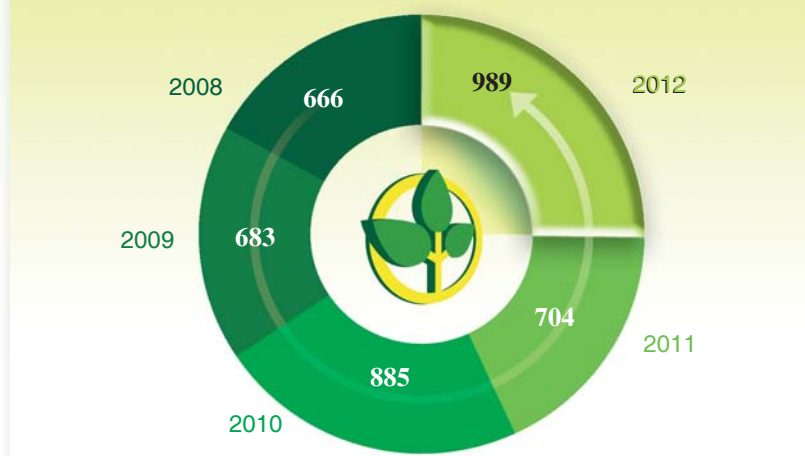
## Savola Group Net Profit Jumps by 40.5% to Reach SR 989 Million in Nine Months And Distributes SR 150 Million Cash Dividends to its Shareholders for the 3rd Quarter of the Year 2012 And Expects to Achieve SR 1.32 Billion Net Profit for the Full Year - 2012

### Savola Group Raised its Stake in AlMarai Co. to 36.52% with a Total Investment of SR 2 Billion

Net revenues for the nine-month period of 2012 compared to the same period over past years (in Million Riyals)



Net Income for the nine-month period of 2012 compared to the same period over past years (in Million Riyals)



- The Savola Group achieved a net profit of SR 405.2 million during the third quarter of 2012 compared to SR 307.9 million during the same quarter last year, an increase of 31.6%.
- The Savola Group generated revenues of SR 20.4 billion for the first nine months compared to SR 18.8 billion for the same period of last year.
- The Savola Group expects to achieve SR 1.32 billion net profit for the full year 2012, an increase of 10% over the announced projection.
- The Savola Group Board of Directors recommends to call for EGM to discuss the contemplated changes on the company's Article of Association (AoA) pertaining to the issuance of Sukuk and other securities.
- Al-Marai Co. achieved net profit of SR 450 Million for Q3, 2012, an increase of 4.7%.
- Panda opened a new branch in Riyadh and celebrated the Kingdom National Day.
- Savola Foods launched its new "Afia" olive oil and organized a seminar to present market outlook for sugar and vegetables oils in 2013.
- Plastics Sector increased its production rates by possessing new production lines.
- As part of its social responsibility, Afia International Algeria Company offered Eid clothes for 3150 Orphans.
- Herfy Co. achieved net profit of SR 132.3 million for the first nine months of 2012.
- The Savola Group hosted the second BDI members' roadshow to "Celebrate Five Years of Corporate Governance Excellence".
- The Savola Group participated in the 16th International Business Forum coinciding with Musiad in Turkey.
- The Savola Group continues its CSR efforts through Makeen Center.

 (For more details, please see the next pages)

### Savola Distributes SR 150 Million for 3rd Quarter 2012

In continuation of its declared policy to distribute quarterly dividends to its shareholders and due to the outstanding net income achieved during 3rd quarter, 2012, which reached SR 405.2 Million, Dr. Abdulraouf M. Mannaa, Group Managing Director announced that The Savola Group's Board of Directors, approved on Tuesday 16th October 2012, the distribution of SR 150 Million, (i.e. SR 0.30 per share) as cash dividends for the 3rd quarter of 2012, which represents 3% of the company share nominal value. The maturity date for 3rd quarter's dividends will be for all shareholders registered in the company books by the end of the trading date of Monday 22nd October, 2012. The dividends payments process will start as of Saturday 17th November 2012. Therefore, the dividends distributed to shareholders during the 1st & 2nd quarters and to be distributed for the 3rd quarter of the current fiscal year will reach SR 450 million, which represents 9% of the company share capital nominal value.





## Foreword



**Mousa Omran Al-Omran**  
Savola Group Board Member  
Chairman of Al Azizia Panda United Co.

### Dear Brothers & Sisters, Savola Group Shareholders & Investors,

It gives me great pleasure to greet you in this issue of the Savola Newsletter for Q3 2012 following our celebration of Eid Al Adha 1433H. I would like to take this opportunity to congratulate all of you and those who performed Hajj this year and may Allah accept your pilgrimage and bestow his blessings upon all.

As you are aware, through Savola Newsletter we aim to keep you informed on a quarterly basis about the performance of The Group and its most material developments by sharing financial results, news and analyses. You will find the details of The Group financial results and other achievement in the financial statements and other news articulated across this issue of the newsletter.

In the last issue of Savola newsletter, Savola Foods Company (SFC), one of The Group's core operating companies, was showcased with H.E. Eng. Abdullah bin Mohammed Noor Rihaimi, Vice President of the Board and Chairman of SFC highlighting some of its key achievements. In this issue it gives me pleasure to highlight some of the key achievements of another core operating company, Al Azizia Panda United (APU). With the grace of Allah, Panda was able to expand its outlets (Hypermarkets and Supermarkets) to more than 173 outlets of which 138 are in Saudi Arabia, 1 in Dubai, and 34 in Lebanon. This expansion also resulted in an increase in the number of customers by 1.3% in 2012 bringing the total number of customers to 87 million.

As a result of its continuous efforts, Panda's market share in the Saud retail market covering food and consumer related items reached 8.1% making it the leader in retail. The Company aims at reaching 9% by the end of 2012 by focusing on improving the performance of its current outlets and opening 19 new stores including 5 new hypermarkets and 14 new supermarkets by the end of 2012. This sector is poised for additional growth and development by opening more markets and enhancing its services to its customers by focusing on quality and competitive pricing.

Stemming from Panda's belief in the importance of human resources, the Company continued to develop its employees in addition to nationalizing many jobs, raising its Saudization level to 38% of its total workforce which is now 13,000 employees. In addition, Panda won four key awards across Asia, which include Best Human Resources Strategy, Best Company to Train its Employees, Best Rising Workforce with HR for 2011 and Best Company to Train its Employees in the GCC.

In closing and on behalf of the Chairman of the Board and fellow Board Members of The Savola Group and Al Azizia Panda Board, I take this opportunity to express my deepest appreciation and gratitude for your continued support, wishing you and your Group and Al Azizia Panda additional success, development and growth.

## The Savola Group Net Profit Jumps by 40.5% To Reach SR 989 Million in Nine Months And Expects to Achieve SR 1.32 Billion Net Profits for the Full Year 2012

### Performance Analysis for the 3rd Quarter Ended 30th September 2012:

The Savola Group Managing Director, Dr. Abdulraouf Mannaa, has declared that The Group achieved net income of SR 405.2 Million for the 3rd quarter ended 30/9/2012 an increase of 31.6% compared to the same quarter last year of SR 307.9 Million and an increase of 18.7% compared to SR 341.3 Million for the second quarter 2012. Whereas, the gross profit for the 3rd quarter ended 30/9/2012 amounted to SR 1,161 Million an increase of 18.2 % compared to the same quarter last year of SR 982 Million. While, the operating profit for the 3rd quarter ended 30/9/2012 amounted to SR 616.8 Million an increase of 30.7% compared to the same quarter last year SR 471.8 Million. This brings the total net income for the 9 months ended 30/9/2012 to reach SR 988.9 Million, an increase of 40.5% compared to the same period last year of SR 703.8 Million. The gross profit for the 9 months ended 30/9/2012 amounted to SR 3,350 Million an increase of 19.3% compared to the same period last year SR 2,808 Million, whereas, the operating profit for 9 months ended 30/9/2012 amounted to SR1,660 Million an increase of

38.1%, compared to the same period last year SR 1,202 Million. The earnings per share for the 9 months ended 30/9/2012 reached SR 1.98 compared to SR 1.41 for the same period last year.

### Reasons behind The Group's Increase in Profitability:

Commenting on these results, Dr. Mannaa attributed the increase in The Group's net income for 3rd quarter and the 9 month period ended 30/9/2012 as compared to the same quarter and period last year as mainly due to good performance of its operations in the Foods Sector, continued sales growth and increased market share in its Retail Sector. The Group generated revenues of SR 20.4 Billion for the nine month period compared to SR 18.8 Billion for same period of last year, and capital gain of SR 46 Million due to sale of Emaar Economic City shares as part of The Group's strategy to divest non-core investments. The increase in net income of the 3rd quarter compared to 2nd quarter of this year is due to the reasons mentioned above as well as the seasonal impact experienced every year during this quarter.

### Savola Expects to Achieve SR 1.32 Billion Net Profits for the Full Year 2012:

The 3rd quarter net income before capital gain and exceptional item reached SR 358.4 Million, which is 5.4% higher than the forecast of SR 340 Million. With regard to the projection for the full year of 2012 the Savola expects to achieve a net income before capital gain of SR 1.32 billion, which is 10% over the original forecast of SR 1.2 Billion.

### Savola Group Board of Directors Calls for Extraordinary General Meeting

#### To Discuss the Contemplated Changes on the Company's Article of Association (AoA) pertaining to the Issuance of Bonds

Savola Group announces that the Board of Directors has resolved on Sunday 21/10/2012 to call The Group's shareholders to attend the Extraordinary General Assembly meeting on the date to be approved by the Ministry of Commerce and Industry to discuss the contemplated changes on the Company's Article of Association (AoA) by amending paragraph (1) of Article (15) pertaining to the issue of Bonds, so The Group shall have the right to issue Sukuk or any other securities, through one or more tranches or series of issues under one or more programs as established by The Group from time to time and in accordance with the terms and in the amounts decided by the Board, while granting the Board the power to take all necessary measures to issue such securities.



مجموعة صافولا  
The Savola Group

The Board of Directors further resolved that the extraordinary general meeting (EGM) shall discuss the approval of The Group's issuance of Sukuk or any other securities, through one or more tranches or series of issues under one or more programs at the times, in accordance with the terms and in the amounts decided by the Board provided that the total of the those securities value shall not exceed at any time The Group's paid-up capital, and that the Board

of Directors is entitled to take all necessary procedures and actions for the issuance of such securities without reverting to the general meeting (EGM), and is authorized to empower others in some or all of the powers and authorization granted to the Board in this respect.

The Group will announce the date of the extraordinary general assembly meeting once it has obtained the required regulatory approvals.



## The Savola Group Increases its Stake to 36.52% in Almarai Company

### With a total Investment of SR 2 Billion

The Savola Group has announced the acquisition of additional shares in Almarai Company for a total cash consideration of SR 2 Billion. As a result, The Group's shareholding in Almarai Company has increased from 29.95% to 36.52%. The transaction was executed on 16th October, 2012. The transaction has been financed from a combination of operational cash flows and Islamic banking facilities from the local banks. The financial consultant for this transaction was SAMBA Capital.

Dr. Abdulraouf M. Mannaa, The Group's Managing Director, mentioned that the acquisition of additional shares in Almarai Company is in line



with The Group's strategy of further growing its exposure in its core operating companies of which Foods is a part of and is consistent with its previous actions of increasing its shareholding in Almarai Company from 26.5% to 29.95% during 2010.

It is worth mentioning that The Group has been a long term investor in Almarai since 1991 and believes that additional investment is in line with The Group's focus on growing the Foods business and increasing its operational presence in GCC markets. He also mentioned that the increase in shareholding is a strong reflection of The Group's confidence in the Board of Directors and management of Almarai Company and its growth plans.

## Managing Director's Speech



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

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

*Dear Savola Group Shareholders,*

Following our break for Eid Al Adha, I would like to begin by asking Allah Almighty to accept all of our work and bestow on us his blessings and good fortune.

In this issue of the Savola Newsletter for Q3 of 2012 we have included the latest news and developments related to the performance of your Group and its different sectors. It is with great pleasure that I share with you the outstanding results achieved by The Group during the first nine months that ended on 30/9/2012, in which - thanks to Allah - we achieved a net profit of SR 989 million, an increase of 40.5%. This achievement was due to The Group's excellent earnings in its food sector operations and the continued growth of sales and market share in the retail sector. You will find more details about the results for this period in the course of this newsletter.

Adding to The Group's pride is the continuity in applying its efforts to achieve stable returns to shareholders, which number more than 160,000. The Group continues its policy of periodic cash dividends distribution and in this regard the Board of Directors approved the distribution of SR150 million in cash dividends for Q3 of 2012, which brings the total distributed dividends for the first nine months of this year to SR 450 million.

In respect to our policy of disclosure and transparency, The Group announced that it expects to achieve a full year profit (before capital gains) of SR 1.32 billion - by the will of Allah - which is an increase of 10% over the previous/announced forecast which was estimated at SR 1.2 billion.

In line with the strategy to achieve further growth and expansion in its main investments, including food activity, The Group has increased its stake in Almarai by investing SR 2 billion to increase the percentage of ownership from 29.95% to 36.52%. This move reflects The Group's confidence in Almarai Board of Directors and management, as well as in the growth and expansion plan announced by Almarai. In addition, The Group's Board of Directors has recommended to issue Sukuk and securities as articulated in page (2).

In conclusion, I would like to express my appreciation and thanks to our shareholders and our customers for their trust, loyalty and continued support; to The Group's Board of Directors for its continuous guidance; and to the executive management and all of Savola's employees for their outstanding efforts.

I look forward to meeting you again in the Q4 2012 issue of the Savola Newsletter and bringing you further news of our achievements and success.

## Coinciding with the Renovation of a Number of Stores

### Al- Azizia Panda Opens New Branch in Riyadh



In September 2012; as part of its strategy to expand, Al Azizia Panda

United Co. - APU - (a subsidiary of The Savola Group) opened a new branch in Al-Yarmouk District in Riyadh, joining its series of stores scattered across the Kingdom, which has now reached 138 stores. The company has organized a special celebration on the occasion of the opening, during which it presented a number of promotions for the new branch, in addition to the establishment of a number of recreational activities for children.



Mr. Muwaffaq Jamal, CEO of Al Azizia Panda United Co., opening the new branch

In this regard, Mr. Muwaffaq Mansoor Jamal, CEO of APU, stressed that Panda is used to consistently celebrating with its customers in the opening of its new branches, however its celebration for the opening of the new Yarmouk branch was distinct and different, since it coincided with the celebration of recent renovations of six Panda stores in Riyadh and Jeddah.

Mr. Jamal also added that the new Riyadh branch is a part of the company's strategic expansion plan, which is supported and attended by the govern-

ment, pointing out that the increase in Panda and Hyper Panda branches stems from its eagerness to always be closer to its customers, and to provide the best service and quality products.

Al Azizia Panda United is one of The Savola Group companies, and it is one of the national companies that supports Saudization, exceeding 37% of the total number of 13 thousand employees. The company also owns and manages 138 stores spread across various regions of the Kingdom.

## Savola Foods Launches its New "Afia" Olive Oil Product

As part of Savola Foods Company (SFC) innovation strategy to further strengthen its flagship brand «Afia», a new family member; Afia Olive Oil, has recently been launched during the 3rd quarter 2012 (the holy month of Ramadan). Afia Olive oil is available

in extra virgin type that represents more than 70% of the total retail olive market. Afia olive oil is sourced from Savola YUDUM (a leader of olive oil in Turkey) & enjoys a superior product formula and taste.

Mr. Abderrahim Maaraf, CEO of SFC highlighted that this new product has been supported via a strong launch campaign across several channels with the objective to increase brand awareness and introduce trials in the local market.



**Mr. Abderrahim Maaraf**  
CEO of Savola Foods Co.





## Sales Increase by 27%

# Al-Marai Achieves Net Profit of SR 450 Million for Q3, 2012

■ Al-Marai Company (which is 36.52% owned by The Savola Group) achieved distinguished results for the third quarter and the first nine months of 2012 and generated a consolidated net profit for the 3rd quarter, 2012 amounted to SR 450 million, an increase of 4.7% compared to the same period last year (SR 429.7 million), bringing the total net profit of the nine months to SR 1,071.6 million, an increase of 5.7% compared to the same period last year (SR 1,014.2 million). Company sales for the first nine months ended 30 September 2012 amounted to SR 7,237.5 million, an increase of 23.5% compared to the same period last year (SR 5,861.7 million).

The growth of profit and sales of the third quarter compared to second quarter of this year was attributed to the seasonal impact

of summer and the holy month of Ramadan, in addition. The net profit growth in the third quarter compared to the last year is due

to business and sales growth in general as mentioned above, but it has been reduced by continuous high material costs resulting from

on-going erratic commodity prices, and also persistent increase in overhead costs due to the expansion in new projects.



## With an Increase of 22.9% Herfy Achieves Net Profit of SR 42.4 Million for Q3, 2012



Herfy Food Services Company (49% owned by The Savola Group) has announced the interim financial results for the period ended 30/09/2012, accomplishing net profit for the third quarter amounted to SR 42.4 Million compared to the same period last year, which amounted to SR 34.5 Million with an increase of 22.9%, bringing the total net profit for the nine months to SR 132.3 Million compared to SR 106.4 Million during the same period last year, with an increase of 24.3%. The sales for the nine months reached SR 620.3 Million compared to SR 520.2 Million for the same period from the previous year, with an increase of 19.2%.

The positive results for the third quarter of 2012 compared to the same period last year are due to the increase in sales as well as in the operating efficiency of the company's different sectors, whereas the positive results for the nine months of 2012 compared to the same period last year are due to the increase in sales as well as in the operating efficiency of the company's different sectors. The decrease of the net profit of the third quarter of 2012 compared to the second quarter of the same year is due to the variance in demand between both periods.

It is worth mentioning that the company has opened 7 new restaurants during the first nine months of the year 2012, in addition to having started the production of the first bread line at its new factory.

## Plastics Sector Increases its Production Rates by Procuring New Production Lines



**Eng. Azhar Kenji**  
CEO - Plastic Sector

■ Coping with the demand of the local dairy and juice market Packaging System Company (SPS) – one of The Group's operating companies - has introduced a new generation of PET bottle production lines. These lines include state of the art technologies, running at a high production rates reaching to 20,000 bottles/hr, and producing products that are covering the market demand from the size of 200ml up to the 1.75L.

Eng. Azhar Kenji - CEO of the Plastics Sector highlighted that "the sector has opened new markets in Britain, Slavonia and Uganda to export various plastic products."

## Afia International Algeria Company offers EID clothes for 3150 Orphans



The company cooperated with the Islamic Algerian Scout Association, which supervised the campaign through buying & distributing the Eid clothes to 3150 orphans over 30 different states in Algeria, after having received from Afia International Algeria Company an amount of 8 million Algerian Dinars (around 380,000 Saudi Riyals) as a first payment for the sake of this campaign.

On this occasion, a press conference was held in Algeria in the presence of his Excellency Dr. Djamel Ould Abbas, the minister of Health and Hospitals Reformation, who praised the role of Afia Company as well as the association of the Islamic Algerian Scouts for what he considered as a noble campaign that embodies the spirit of citizenship and seeks to achieve the bonds of social

■ Being a socially responsible company always looking after the needs of the community in which it operates, Afia International Algeria (a subsidiary of the Savola Foods Company) launched during the holy month of Ramadan, "Dinar Errahma", a charity campaign aiming to offer the largest possible number of Eid clothes to the orphans of Algeria, cutting 1 Algerian Dinar from the margin made by the company for each one liter of Afia oil sold during the holy month of Ramadan.

cohesion among Algerians. Then, was a word from the commander in chief of the Islamic Algerian Scouts, Mr. Nouredine Ben Brahem, in which he thanked Afia International Company for the humanitarian initiative and presented the details and mechanism of the campaign.

In conclusion, was a word from the General Manager of Afia International Algeria, Mr. Wael El Merhabi who



stressed the role of The Savola Group and Afia International Campaign in social responsibility and moral obligation towards any community in which the company operates. He added that this initiative is not the first of its kind and will not be the last, Insha'Allah; it is simply a translation of the ethics & values of the company and its role in social responsibility.



## 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, 2012

	September 30, 2012 (Unaudited)	2011 (Unaudited)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	772,977	802,671
Accounts receivable, net	1,750,031	1,877,435
Inventories, net	3,760,348	3,179,862
Prepayments and other balances	2,128,619	1,202,305
Assets classified as held for sale	190,141	172,293
	<u>8,602,116</u>	<u>7,234,566</u>
<b>Non-current assets</b>		
Long term receivables from a related party	327,374	-
Investments	5,466,237	6,420,776
Property, plant and equipment	5,511,912	4,598,794
Intangible assets	1,305,141	989,404
	<u>12,610,664</u>	<u>12,008,974</u>
<b>Total assets</b>	<u>21,212,780</u>	<u>19,243,540</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Short-term borrowings	3,269,996	2,966,782
Current maturity of long-term borrowings	887,774	729,824
Accounts payable	2,500,490	2,299,495
Accrued and other liabilities	2,012,686	1,711,242
Liabilities classified as held for sale	193,005	188,780
	<u>8,863,951</u>	<u>7,896,123</u>
<b>Non-current liabilities</b>		
Long-term borrowings	2,211,149	2,293,625
Deferred gain	107,566	114,086
Long-term payables	55,619	58,596
Employee termination benefits	340,495	307,253
	<u>2,714,829</u>	<u>2,773,560</u>
<b>Total liabilities</b>	<u>11,578,780</u>	<u>10,669,683</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
Retained earnings	2,417,428	1,752,423
Fair value reserve	49,556	(120,384)
Effect of acquisition transaction with minority shareholders	2,042	(59,443)
Currency translation differences	(404,933)	(254,586)
<b>Total shareholders' equity</b>	<u>8,145,103</u>	<u>7,278,782</u>
<b>Minority interest</b>	<u>1,488,897</u>	<u>1,295,075</u>
<b>Total equity</b>	<u>9,634,000</u>	<u>8,573,857</u>
<b>Total liabilities and equity</b>	<u>21,212,780</u>	<u>19,243,540</u>

### Savola major shareholders list who owns 5% or more from the company shares as of 22nd October 2012

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 22nd October 2012 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-Eqtisadiah Newspaper Issue No. (6951) dated 22nd October 2012.



## 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, 2012

	Three-month period ended September 30, 2012 (Unaudited)		Nine-month period ended September 30, 2012 (Unaudited)	
	2012 (Unaudited)	2011 (Unaudited)	2012 (Unaudited)	2011 (Unaudited)
Revenues	6,869,782	6,816,632	20,447,836	18,770,949
Cost of sales	(5,708,593)	(5,834,663)	(17,097,549)	(15,962,776)
<b>Gross profit</b>	<u>1,161,189</u>	<u>981,969</u>	<u>3,350,287</u>	<u>2,808,173</u>
Share in net income of associates	154,634	152,733	398,065	341,266
Other income - net	29,830	11,387	64,581	65,693
<b>Total income</b>	<u>1,345,653</u>	<u>1,146,089</u>	<u>3,812,933</u>	<u>3,215,132</u>
<b>Operating expenses</b>				
Selling and marketing	(602,405)	(545,842)	(1,749,617)	(1,601,970)
General and administrative	(126,496)	(128,408)	(403,812)	(411,218)
<b>Total expenses</b>	<u>(728,901)</u>	<u>(674,250)</u>	<u>(2,153,429)</u>	<u>(2,013,188)</u>
Income from operations	616,752	471,839	1,659,504	1,201,944
Investment income	46,822	-	46,822	-
Financial charges	(109,492)	(73,709)	(305,763)	(252,051)
Income before zakat and foreign income taxes and minority interests	554,082	398,130	1,400,563	949,893
Zakat and foreign income tax	(54,265)	(27,146)	(148,438)	(83,048)
<b>Net income before minority interests</b>	<u>499,817</u>	<u>370,984</u>	<u>1,252,125</u>	<u>866,845</u>
Minority interest	(94,593)	(63,099)	(263,275)	(163,062)
<b>Net income for the period</b>	<u>405,224</u>	<u>307,885</u>	<u>988,850</u>	<u>703,783</u>
<b>Earnings per share:</b>				
Operating income	1.23	0.94	3.32	2.40
Net income for the period	0.81	0.62	1.98	1.41

## SAVOLA GROUP COMPANY

(A Saudi Joint Stock Company)

### Interim consolidated cash flow statement

(All amounts in Saudi Riyals thousands unless otherwise stated)

Nine month period ended September 30, 2012

	2012 (Unaudited)	2011 (Unaudited)
<b>Cash flow from operating activities</b>		
<b>Net income for the period</b>	988,850	703,783
<b>Adjustments for non-cash items</b>		
Depreciation and amortisation	404,957	409,243
Minority interests	263,275	163,062
Financial charges	305,763	252,051
Share in net income of associates	(398,065)	(341,266)
Investment income	(46,822)	-
Gain on sale of property, plant and equipment	(6,475)	(6,603)
<b>Changes in working capital</b>		
Accounts receivable	65,609	(374,501)
Inventories	(607,899)	(652,792)
Prepayments and other receivables	(727,120)	(176,148)
Long term receivables from a related party	(18,696)	-
Accounts payable	(218,437)	223,921
Accrued and other liabilities	609,168	164,424
Employee termination benefits	33,232	31,147
<b>Net cash generated from operating activities</b>	<u>647,340</u>	<u>396,321</u>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(647,288)	(240,374)
Net change in investments	188,554	(18,966)
Proceeds from sale of investment	172,621	-
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	(24,686)	(21,936)
Net cash utilized in investing activities	<u>(203,030)</u>	<u>(281,276)</u>
<b>Cash flow from financing activities</b>		
<b>Net changes in short-term borrowings</b>	514,568	897,248
<b>Net changes in long term borrowings</b>	(378,674)	(80,615)
<b>Net change in minority interests</b>	(122,728)	(62,818)
Financial charges	(305,763)	(252,051)
Dividends paid	(592,820)	(376,801)
Net cash (utilized in) generated from financing activities	<u>(885,417)</u>	<u>124,963</u>
Net change in cash and cash equivalents	(441,107)	240,008
Cash and cash equivalents at beginning of period	1,214,084	562,663
Cash and cash equivalents at end of period	<u>772,977</u>	<u>802,671</u>
<b>Supplemental schedule of non-cash information</b>		
Fair value reserve	50,364	(30,272)
Currency translation differences	(101,264)	(24,160)
Directors' remuneration	1,800	1,800
Assets classified as held for sale	190,141	172,293
Liabilities classified as held for sale	193,005	188,780



## The Savola Group Hosts the Second BDI Members Roadshow to “Celebrate Five Years of Corporate Governance Excellence”

On Wednesday, September the 12th, the second meeting of GCC “Board Directors Institute” (BDI) was held in Four Seasons Hotel in Riyadh. The road show program highlighted the importance of corporate governance and the effectiveness of Board of Directors, which was kicked off in May in Manama, Bahrain.

Hosted by The Savola Group, the event was attended by more than 50 executives, publicly listed companies’ board members and private firms’ owners, the Chairman of The Savola Group Mr. Suliaman Al-Muhaidib was attended the event as well. The theme was “Celebrating 5 Years of Corporate Governance Excellence in the GCC”.

The program included a speech by Mr. Taha A. Al-Kuwaiz, Chairman of Saudi Capital Market (Tadawul), addressing the ultimate aim of the roadshow which was to promote an ongoing dialogue with the members to share ideas and best practices while highlighting their engagement in supporting better corporate governance, Board of Directors effectiveness and professional develop-

ment in the GCC.

Talking about the scope of the roadshow, Dr. Abdullah Al Abdulgader, BDI Founding Executive Director addressed the importance of communicating with the institute members to promote awareness of corporate governance. “We are delighted to have The Savola Group hosting our second meeting and facilitating further the exchange of views on the major Corporate

Governance developments and challenges affecting our region,” he said.

Afterwards, an interactive workshop was managed by the BDI experts which included all attendees. The workshop stressed current methods of initiating the governance role in both private and publicly listed companies. The participants were delighted and attracted by the presentation.

On hosting the BDI Riyadh road show, Dr. Abdulraouf Mannaa, The Savola Group Managing Director said: “we are proud to host the BDI Roadshow in Riyadh, and supporting the BDI efforts in bringing to its members, in the Kingdom in specific and the GCC in general, the international standards and best practices in the area of Corporate Governance.”



Participants of the Second round of “BDI Members Roadshow” which was organized by GCC Board of Directors Institute and hosted by Savola

## Savola Continues Updating Share Monitoring System “Transparency Screen”

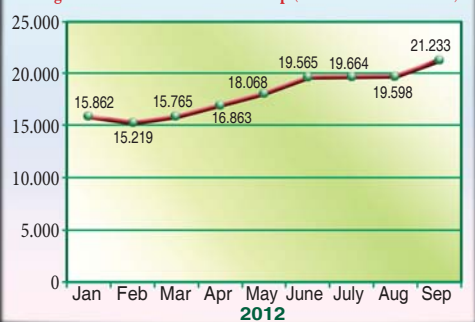
Change in Top 10 Shareholders Ownership (No. of Shares in Thousands)



In a move designed to further boost transparency, Savola has continued to update its 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 Investment Funds 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.

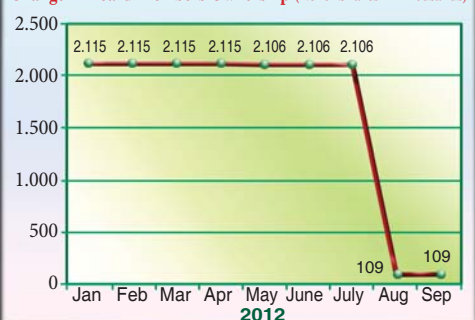
Below you will find the charts depicting share ownership movement for the period (from January to September, 2012).

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

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



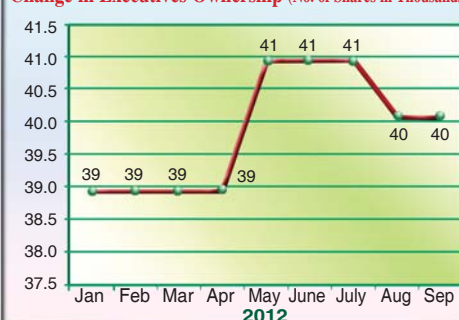
Change in Board Members Ownership (No. of Shares in Thousands)



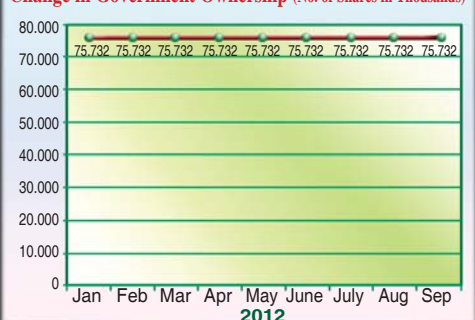
Change in Other Shareholders Ownership (No. of Shares in Thousands)



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



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





## Within the Kingdom Pavillon

# Savola Group Participates in the 16<sup>TH</sup> International Business Forum in Turkey



■ As part of the Jeddah Chamber of Commerce and Industry initiative, The Savola Group, a leader in the manufacturing of basic foods, retail, and plastics, participated in the 16th International Business Forum coinciding with 14th MUSIAD Exhibition under the theme “the Era for Economic and Political Progress in OIC Countries”. This important global event took place starting from Thursday October 11th until Sunday October 14th, 2012 in Istanbul - Turkey. The Savola Group was represented by Mr. Mahmoud Mansour Abdul Ghaffar – Chief of Corporate Affairs, Mr. Tarik Ismail – PR and CSR Senior Manager in Al Azizia Panda United Co. and Mr. Raed Al Mehdar – Export Manager in United Sugar Co.

In this connection, Dr. Abdulaouf Mannaa - The Savola Group's Managing Director, stated that: “It is known that the two brotherly countries, the Kingdom and Turkey, have strong economic and commercial relations, which contributes in making Turkey one of the major trading partners of the Kingdom, and our participation in this forum is based on our belief of the

important role that the private sector plays in promoting the existing mutual relations between the two countries.” He also added “It is our pleasure here at Savola to be within the private wing of the Kingdom of Saudi Arabia in this important economic forum as one of the leading industrial companies in the Kingdom. This forum represents a good opportunity to meet with a large



number of businessmen from many countries around the Muslim world, thus enhancing the existing and mutual relationship among these countries in the field of economics and business.”

Under the patronage of His Excellency the President of the Republic of Turkey, Mr. Abdullah Gul, a gala dinner has been held, honoring the businessmen and guests attending this forum.

On the following day, HE Turkish Prime Minister, RecepTayyipErdogan, and HE ZaferCaglayan, the Turkish Minister of Economy, inaugurated the 14th Almusiad International Show, while the forum will be filled with bilateral meetings between the foreign trade advisers and purchase bodies from the participating countries.

## Savola Foods Company Organizes Seminar

# to Present Market Outlook for Sugar & Vegetable Oils in 2013

■ Extending its efforts to be a solution provider for all its customers, especially the Business to Business (B2B) segment, Savola Foods Company - SFC - (one of The Group operating companies) organized a two day-seminar at the Jeddah Hilton hosted by Eng. Mohammed Al-Klaiby, CEO of Savola Food Arabia, and Eng. Mazen Badawood, VP SFC, Saudi Arabia.

The seminar was conducted to present the market outlook for 2013 for both Sugar and Vegetable Oils, with two major concerns.

### 1- Global Sugar Production and Price Volatility

In his overview of world sugar production Dr. Fry stated that Brazil produces about 25% of the world's sugar and is by far the largest exporter in the world, accounting for around 50% of global trade. What is special about Brazil is that over half of the country's cane harvest goes to make ethanol as a biofuel, rather than sugar, and this is done in the same sugar mills. Since most Brazilian mills can

switch between sugar and ethanol output, any imbalance between sugar and ethanol prices will quickly lead mills to switch towards the more profitable product and bring their prices back into line with one another. Brazil drives world sugar prices, but the country's flex-fuel vehicles keep sugar linked to Brazilian gasoline prices and the prices set by Brazil's fuel policies are now high enough to stimulate sugar output in other countries.

Turning to global markets, Dr. Fry said world sugar prices have risen dramatically since 2005, pointing out that in the supply/demand balance three years of deficit severely depleted global stocks; however, we are moving back to a surplus again. Looking at the market outlook he stated that sugar consumption is expected to grow by 3% in the coming 10 years, mainly in Asia.

### 2- Edible Oil Markets and Global Trends

Moving on to vegetable oils, Dr. Fry pointed out that current oil prices are on the high side by historical standards. However, the wave of new supplies triggered by high prices will force palm oil to capture world market shares from the other oils, and this will keep palm at a discount to

the other major oils for the foreseeable future.

He went on to say that, applying income growth and the increase in population, the demand growth for oils for food will depend heavily on China and India. Taking global markets as a whole and combining all the segment forecasts for world vegetable oil demand, he estimated that the growth rate will be 3.3% for the coming 10 years.

On a final note, Dr. Fry observed that biofuels have transformed agricultural markets. In relation to fossil fuel demand, biofuels have made limited inroads, slowing, but not reversing, growth in crude oil demand. In terms of agriculture, however, their impact is vast. For grain, oils and sugar crops, 15% or more of world output now goes to biofuels.

Following the event, Eng. Mohammed Al-Klaiby said: “We are delighted at hosting such a large number of attendees who were unanimous in expressing their appreciation of Dr. Fry's valuable insight into next year's market outlook. The Savola Group's firmly believes that sharing knowledge and information with partners and stakeholders is an integral part of our corporate responsibility as one of Saudi Arabia's leading organizations and makes a significant contribution to the advancement of the Kingdom's economic growth and development.”





## Al Azizia Panda Celebrates Kingdom National Day

To commemorate the Kingdom's National Day, Al Azizia Panda United Company (APU) organized a special festival on this occasion on Sunday, 23rd September 2012, where the company allocated a number of its main stores to celebrate with its customers the joy of this important occasion for three consecutive days, where they participated in a number of various ceremonial events, which received great response, especially from children, most of whom participated in drawing art, relating to the KSA national day.

Mr. Muwaffaq Mansour Jamal, CEO of APU, stated that "the company has always sought to be present in such national events, in order to strengthen its role which stems from its responsibility towards our beloved Kingdom and its people, stressing that this fiesta comes as an extension to Panda's National Day celebration in previous years, in which the company has annually participated based on its national and social responsibility".



## Seventy Employees Participate in the Program from Various Sectors of The Savola Group in the Implementation of Five Buddy & Mentor Workshops



In its continuous efforts to empower people with disabilities and to integrate them in society, specifically in the labor market, Makeen Center has implemented five workshops on "The Concept & Implementation of the Mentor & Buddy System to Merge People with Disabilities at Workplaces." These sessions were facilitated by the Human Resource and Production Managers who participated in the international training program organized by Makeen in November 2011 in Amsterdam, which became Mentors within the buddy & mentor program and Certified Program Trainers. The workshops aimed at shedding the light upon the importance of integrating people with disabilities in all walks of life, especially from the business wise, enhancing employability skills for HR managers and co-workers who closely work with staff with disabilities in accordance to a clear methodology (Buddy & Mentor), providing trainees with the most effective communication and professional tips on how to deal with employees with disabilities functioning within their organizations to ensure the smooth integration for these staff and finally highlighting the concept of Universal Accessibility Guidelines & Safety for Employees with Disabilities at Workplaces. The workshops witnessed very active participation, and were attended by seventy Savolans from different departments, from the operational companies and from the HQ.

**Makeen Center Renews its Commitment to Support Training and Employing People with Disabilities:** Makeen Center has the great honor to share with you the story of Ayman Al Amoudi, an extraordinary person who defeated the odds and rose to the challenge because of the Grace of Allah first, and due to his own perseverance and Savola's commitment and support.

Approximately one year ago, Mr. Al Amoudi and his family approached Savola to provide some financial assistance for him to complete

the require training as he is suffering from minor intellectual disabilities. Ayman was studying at the Arabic Development Center for Daycare for three years and the funds to secure his training was coming from charities. The family had no means to support him during his last year of training and this is when they reached out to Makeen Center. It was either that or for Ayman to stay home and be taken care of by his family. Savola quickly responded and took care of his costs. A year later, Ayman finished his training at the Institute and passed with flying colors. In fact all we got was positive reviews from the Institute on how fast he learned doubling his efforts and his aptitude to learn.

Now, Ayman is appointed and employed as a Produce Clerk in the vegetable section in Al Faisalia Branch, HyperPanda in Jeddah. Ayman's family expressed its gratitude for having their son to complete his training and for being able to be part of the Savola family as another sincere staff member and as the youngest Makeen trainee and employee.



**Savolans at INJAZ Second Campaign**

17<sup>th</sup> November – 18<sup>th</sup> of December 2012

**Success Skills Program**

Let your success be their inspiration

Volunteer for only five hours

High School Students

**Program Objective**

Providing students with personal skills by teaching them to utilize sixteen keys of success

**Invitation to Savolans** to attend the Orientation Training Day: Sunday 11<sup>th</sup> of November 2012, Time: 9:00 AM–3:00 PM

**Venue:** Al Diwan Hall, Radisson Blu, Jeddah– Al Madinah Road – AlRawdah Area, beside Al Motaq Furniture

To volunteer, contact us at: [Savolavolunteers@injaz-saudi.org](mailto:Savolavolunteers@injaz-saudi.org)

### Savola News letter

Issued by Corporate Affairs, Investor Relations  
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