THE SUSTAINABLE GROWTH

ANNUAL REPORT 2011

The Savola Group

بسم الله الرحمن الرحيم

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

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The Savola Group, Annual Report, 2011

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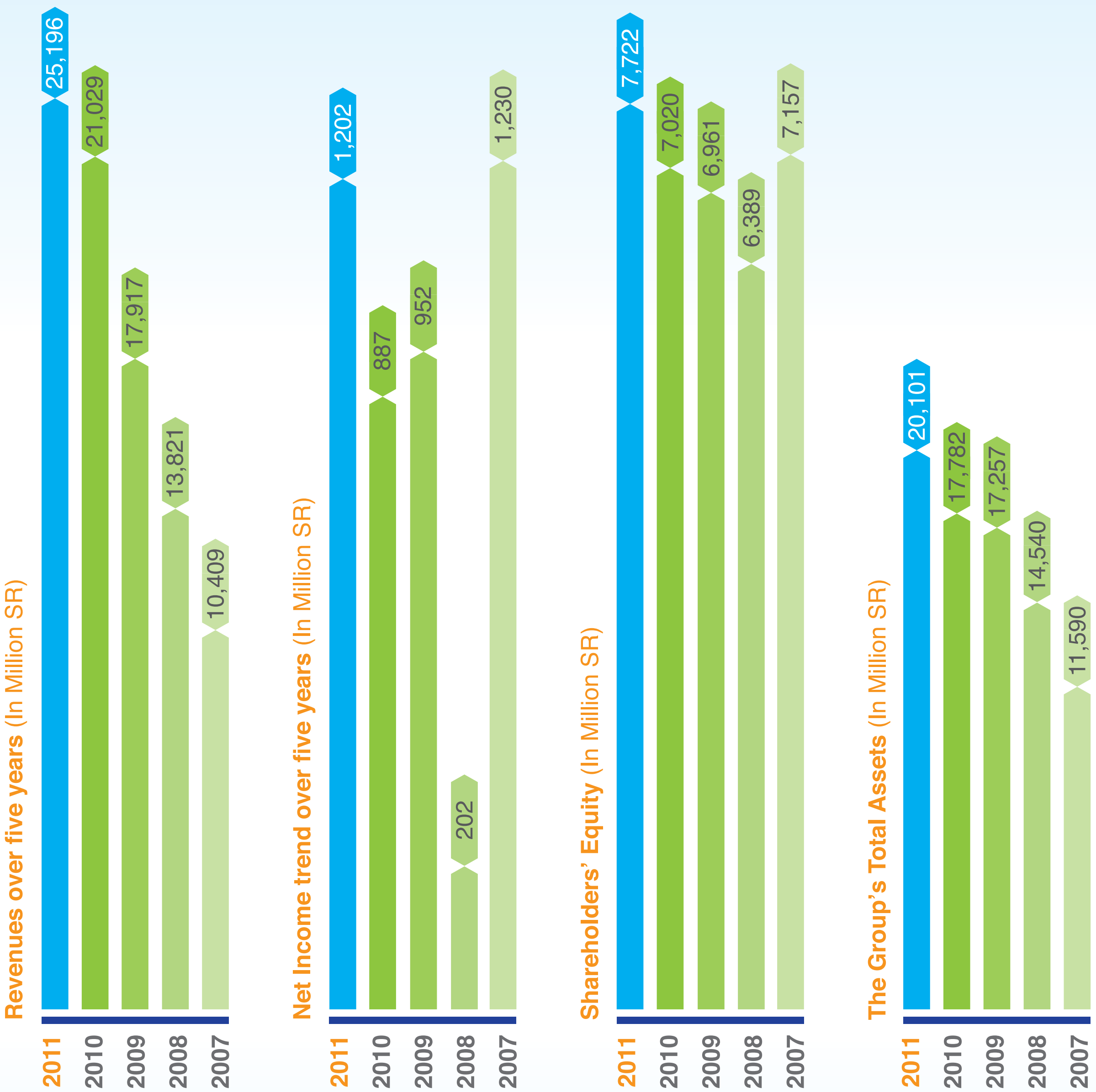
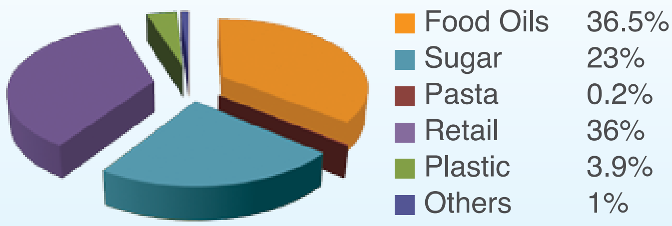
2011 Major Financial Indicators

Net Revenues	**25,126** *Million SR*
Total Assets	**20,101** *Million SR*
Shareholders' equity	**7,722** *Million SR*
Net Income	**1,202** *Million SR*



Main sectors contributions in The Group's overall revenues/ sales for 2011:



Board of Directors Report

Dear Respected Shareholders,

The Board of The Savola Group has the honor to present to your 35th Annual General Meeting (AGM) the Annual Directors' Report (The Report) for the fiscal year ended December 31, 2011 for discussion and approval. The Report includes the Chairman's and Managing Director's speeches and a summary of the performance of The Group and its subsidiaries and associates in all business sectors and areas of operations locally and overseas. This report also mention the Group's efforts in developing corporate programs for its employees and the corporate social responsibility programs adopted by The Group. Further, this report includes the Board resolutions and the extent of compliance with the Corporate Governance Regulations issued by the Capital Market Authority. In the final part, we present our gratitude and respect to our leaders, shareholders and all employees associated with The Group inside and outside the kingdom for the outstanding and special performance achieved by The Group in 2011.

In order to establish effective communication and disclosure with shareholders and the public domain, this report has been prepared in line with the requirements of the Capital Market Authority's Corporate Governance and Disclosure Standards, Listing Rules and other regulations, and international good practices in governance and transparency.

On the other side, this report also includes the audited financial statements, the related disclosures, and the External Auditors' Report for the fiscal year ended 31st December 2011.

We hope this report will reflect The Group overall performance and business developments, and we will be pleased to receive and respond to your questions related to the content of this report during the AGM and we also hope to obtain your ratification on the information and on the strategic direction of The Group included in this Report.

Board of Directors

February 2012

Board of Directors

Sitting L to R: Dr. Sami Mohsen Baroum | Mr. Sulaiman A. Al Muhaidib, Chairman | H.E. Eng. Abdullah M. Rehaimi, Vice Chairman
Standing L to R: Mr. Mohammed Abdulqader Al Fadl | Mr. Ibrahim Mohammed Al Issa | Mr. Mousa Omran Al Omran

| Dr. Abdulraouf Mohammed Mannaa, Managing Director
| Mr. Abdul Aziz Khaled Al Ghufaily | Mr. Badr Abdulaah Al Issa | Dr. Ghassan Ahmed Al Sulaiman
| Mr. Ammar Abdul Wahed Al Khudairy

Board of Directors Report

Chairman's Message,

Dear Savola Group Shareholders,

I am pleased to meet you through this 2011 Board of Directors Annual Report, and to share with you The Savola Group's performance for the year ended 31st December 2011. First of all and on behalf of my colleagues The Savola Group Board Members, I would like to extend my appreciation and great thanks to the former Board Member, Yousef M. Alireza, for the great efforts he extended during his membership for the previous and current terms of office, as he resigned from Board Membership during 2011 for special reasons. We wish him all the best and great success in the future.

It is also my pleasure to share with you the news that The Group achieved its highest ever results during the year 2011.They showed that The Group recorded a net income for 2011 amounting to SR 1.2 billion, an increase of 35.6% compared with last year's SR 886.7 million, and achieved consolidated revenues for the year 2011 amounting to SR 25.2 billion, an increase of 19.8% compared with last year.

The Group continued its strategy to place more focus on its core businesses; Foods, Retail (Panda Supermarkets) and Plastics. The Group sold its shares in two plots of land one located in Riyadh and the second in Jeddah, to Kinan International Company for Real Estate Development achieving SR 153 Million as capital gain recorded in 2011 results. Also The Group has signed a contract with Knowledge Economic City Company (a Public Listed Company) to sell its entire stake equal to (80%) in the land located in Al-Madina Al-Munawwarrah City at a total price of SR 631.3 million. The Group is expected to realize a capital gain of SR 231.4 million out of this deal, which should be concluded during the year 2012. These transactions will be presented to your AGM for ratification.

The Group maintained its leading competitive advantage locally and regionally despite the tough economic circumstances and bumpy road that the region has been traveling since early 2011. The Group has a strong financial position and is very proud of its sound corporate culture, management leadership and the competency of its human assets.

Further to our declared policy to distribute quarterly dividends to our shareholders, the total dividends paid and to be paid to the shareholders in 2011 reached SR 650 million. On the human resources side, The Group was honored for employing more than 5,000 Saudi nationals in its total workforce, taking the percentage of Saudization to 35% in The Group's total workforce in KSA, which exceeds 14,000 employees. Furthermore, the majority of top management personnel are Saudi nationals.

In line with The Group's policy of enhancing its disclosures and transparency with its shareholders and investors, The Group announced that the 2012 full year forecast is expected to reach SR1.2 billion net income (before capital gains and exceptional items) and for the 1st quarter of 2012, net income (before capital gains) is expected to reach SR 220 million.

Due to The Group's outstanding efforts in governance and transparency, it has been ranked second among the top companies in the MENA region for Corporate Governance, according to a study conducted in early February 2011 by Standard & Poor's (S&P), Hawkamah Institute and the International Finance Corporation (IFC).

Finally, on behalf of both my fellow board members and myself, I would like to extend to you our sincerest thanks and appreciation for your trust and support. Also, we extend our thanks and appreciation to The Groups' management and employees in the Kingdom and overseas for their continuous effort and dedication, and for delivering the best ever financial results for The Savola Group. I look forward to meeting you during the AGM with yet another set of good performance figures.

Thank you and best regards,

Sulaiman A. Al Muhaidib

Chairman of the Board of Directors

Managing Director's Message

Dear Esteemed Shareholders,

I am pleased to welcome and guide you through this 2011 Annual Report and share with you the exceptional business and financial performance achieved by The Savola Group during the year. In 2011, The Group recorded its highest-ever yearly net income (before capital gains and exceptional items). Amounting to SR1.08 billion, an increase of 15.8% compared with last year and 7% higher than the projected net income of SR1 billion. This increase in The Group's net income for the year, as compared with last year, can be attributed mainly to the turnaround in profitability of overseas operations in the Foods Sector, continued sales growth and increase market share in the Retail Sector, and capital gains resulting from sale of land during the fourth quarter.

During 2011, The Group Through its supsidary (Savola Food Company) acquired all the capital shares of Al-Malika and Al-Farasha specialist pasta companies in Egypt for EGP 713 million, giving The Group a new business line, which is expected to provide a good opportunity for integrating the existing operations in both edible oils and sugar business in Egypt. In another development, The Group increased the share capital of "Savola Foods Company" from SR 500 million to SR 2.2 billion. This capital increase is recommended in order to match the company's current investments and assets value as well as future strategic expansions both locally and regionally. These steps have been initiated to further strengthen Savola's strategy to focus on its core operations: Foods, Retail (Panda Stores) and Plastics.

The Group continued its strategic direction, which aims at placing more focus on its core businesses (Foods, Retail and Plastics) and granting more autonomy to its operating companies to run and manage their own businesses, in order to convert gradually to a successful financial holding company. This strategic direction will help The Group's Board to dedicate more time to strategic issues and create a new investment pillar to add value to the current portfolio. It is also expected to improve further The Group operating performance, boost growth strategy in its core businesses and enhance shareholders' value.

As part of its commitment to serve the community, The Group continued to implement a range of CSR programs during the year 2011, organized under the "Savola Bridges" initiative that involves sponsorship and participation for citizens in collaboration with official institutions.

Key projects in the CSR initiative are: The Savola Center for Empowering People with Disabilities (Makeen) ; "Leave The Change for Them" program in association with The Disabled Children's Association; Leadership Programs, through Al-Madina Institute of Leadership & Entrepreneurship (MILE) ; and other CSR initiatives administered in collaboration with various non-profit organizations, the government, and various medical and educational institutions. A more detailed description of The Group's CSR activities follows later in this report.

Finally, on my behalf, as well as that of my fellow board members and The Group's executive team, I would like to extend to you my sincere thanks and appreciation for your trust and continuous support. Also, I express my special thanks and gratitude to all Savolans in the Kingdom and across the region for the distinguished performance and dedication they displayed during 2011.

In closing, I am sure with our shareholders support and trust and with Savolans' Muazarah, team spirit, dedication, and the guidance from Almighty Allah, The Group will achieve its forecast for the 1st quarter of 2012 as indicated in the Chairman's speech in this issue.

A. Mannaa

Dr. Abdulraouf M. Mannaa
Group Managing Director

Executive Team

Dr. Abdulraouf Mohammed Mannaa
Managing Director

Mr. Abderrahim Maaraf
Chief Executive Officer – Savola Food Company

Mr. Mahmoud M. Abdul Ghaffar
Chief of Corporate Affairs & Board Secretary

Mr. Nouman Farrukh Mohammed
Chief Financial Officer (CFO)

Eng. Azhar M. Kangi
Chief Executive Officer - Plastic Sector

Mr. Muwaffaq M. Jamal
Chief Executive Officer -
Azizia Panda United Company

Description of the Main Activity of the Group

2011 Performance Summary Review and Financial Analysis and Strategic Direction

Operating Companies Performance and Results

Non-Managed Investments

Human Resources & Corporate Programs Developed for The Group Employes

Corporate Social Responsibility (CSR) Programs

Governance & Transparency Report

Directors' Annual Report

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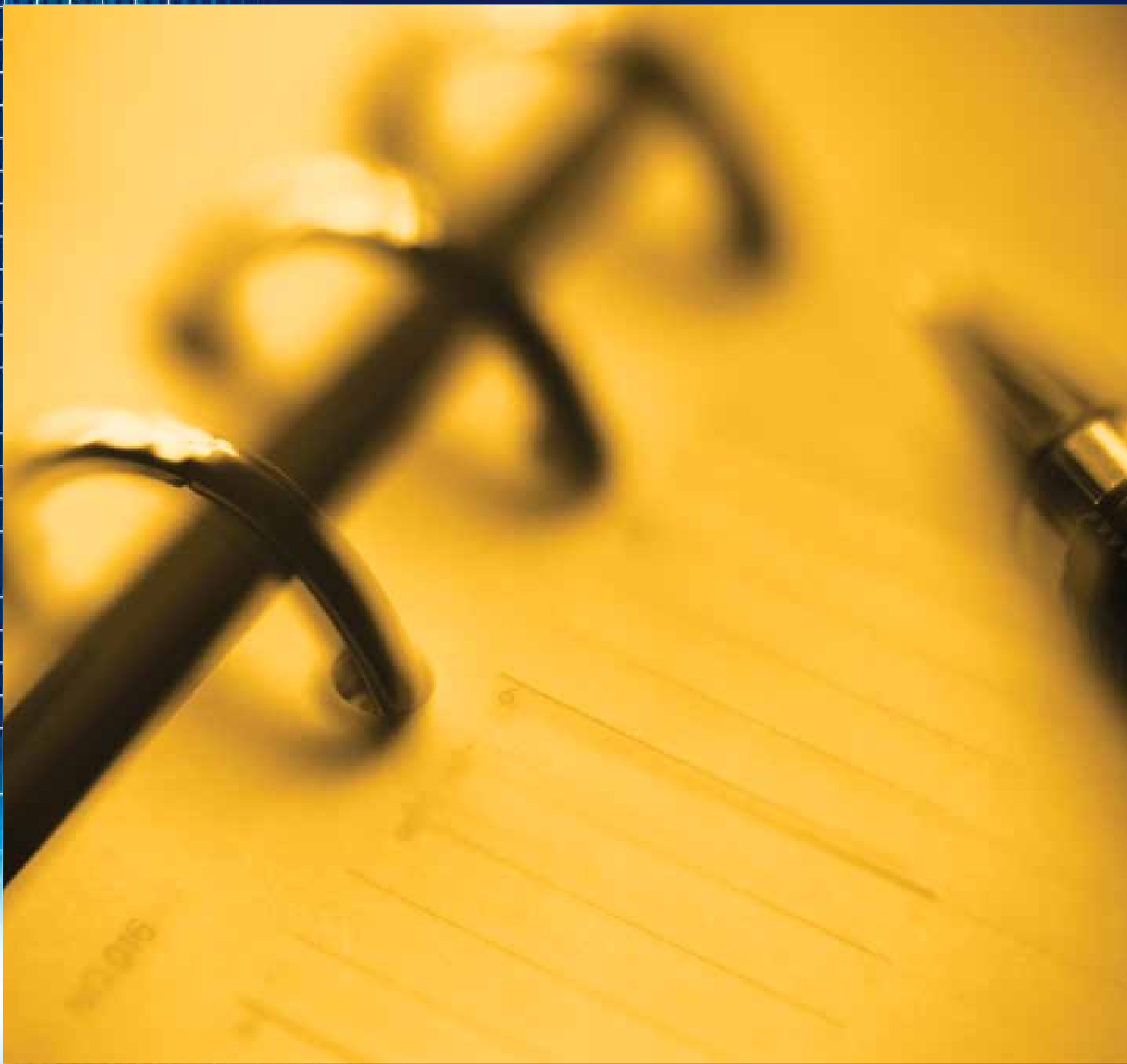


1. Description of the Main Activity of The Group

The Savola Group was established in 1979 with the objective of manufacturing & marketing Edible Oil & Fats in the Kingdom of Saudi Arabia (KSA). It is now one of the most successful and fastest growing multinational food groups in the Gulf and the Middle East Region, North African and Central Asian countries (MENACA), and has a wide portfolio of businesses including Edible Oils, Sugar, Noodles/ Pasta, Retail and Plastics. The Group also has significant investments in leading publicly-listed Saudi companies, investment funds and real-estate businesses. This report covers its activities and performance of its key sectors, investments and real estate operations, and their contribution to the results of The Group. Listed below are The Groups' subsidiaries and associates in KSA and overseas, their core activities, and country of incorporation:

#	Company Name	Country Based	Core Activities	Country Presence	Ownership % (Direct& Indirect)	Capital As per Nominal Share Value
First: Foods Sector:						
1.	Savola Foods Co. (SFC)	KSA	Basic Foods (Edible Oil, Sugar & Pasta	Holding Company Manage group investments the food sector inside & outside KSA	90%	SR 500 million and its recommended to increase it to SR 2.2 billion
2.	Afia International Co.	KSA	Edible Oils & Fats & Pasta	KSA, Gulf, Yemen, Egypt, Iran, Turkey, Kazakhstan	95.19%	SR 500 million
3.	Savola Foods Emerging Markets Company *	Virgin Island	Edible Oils	Algeria, Sudan, Morocco	95.4%	SR 130 million
4.	United Sugar Company	KSA	Cane sugar, Beet Sugar and Sweeteners	KSA, Egypt, exports its products to most Arab Countries	74.48%	SR 395 million
5.	El Maleka Foods Industry Co.	Egypt	Pasta Manufacturing	Egypt	100%	50 million EGP
6.	Al Farasha Foods Industry Co.	Egypt	Pasta Manufacturing	Egypt	100%	20 million EGP
Second: Retail Sector:						
7.	Azizia Panda United	KSA	Retail Stores (Hypermarkets, Supermarket & Discounters)	KSA, Dubai, Lebanon, Qatar	74.4%	SR 652.8 million
Third: Plastic Sector:						
8.	Savola Packaging Systems Co.	KSA	Plastics (Flexible & Rigid)	KSA, Egypt Exports its products for more than 20 countries around the world	100%	SR 434.4 million
9.	New Marina Plast Co.	Egypt	Plastic	Egypt, Alexandria	100%	30 million EGP
10.	Al-Sharq Plastic Co.	KSA	Plastic	KSA	100%	SR 61.6 million

Fourth: Investments Sector (Non- Managed By The Group)						
11.	Herfy Foods Services Co.	KSA	Foods, Restaurant Chains	KSA & in some of GCC Countries	49%	SR 300 million
12.	Al-Marai Diary Co.	KSA	Fresh Foods	KSA & a number of Regional Countries	29.9%	SR 2.3 billion recommended to increase it to SR 4 billion
13.	Kinan International for Real Estate Development Co.	KSA	Real Estate	KSA	30%	SR 1.7 billion
14.	Knowledge Economic City Development Co.	KSA	Real Estate Development	KSA	11%	SR 3.4 Billion
15.	Tameer Co.	Jordan	Real Estate Development	Jordan	5%	260 million Jordan Dinar
16.	Dar Al Tamleek	KSA	Real Estate Development	KSA	5%	SR 1 billion

Note: Some of the main subsidiaries indicated above also have sub-companies or affiliates. You will find the details of their performance during 2011 and The Group's direct or indirect ownership in these companies. Further details can be found in the audited financial accounts that accompany this report.

Savola Group's operations are spread widely in a number of countries in the Middle East and North Africa and Central Asia:

- Saudi Arabia
- Egypt
- Iran
- Turkey
- Sudan
- Algeria
- Kazakhistan
- Morocco
- Jordon
- UAE
- Lebanon

It also exports its high quality products of edible oils, margarine, sugar and plastic to more than 30 countries around the world.

- a) Major Financial Indicators for 2011
- b) 2011 Major Highlights
- c) Forecast for 2012
- d) The Group Strategic Direction
- e) Overall Financial Performance Review & Comparison for 2011
- f) Details of long and short-term loans for The Group and its Subsidiaries:
- g) Summary of payments made to Government Authorities

2. Performance Summary Review and Financial Analysis and Strategic Direction

a) Major Financial Indicators for 2011

- Revenues amounted to SR 25.2 billion, an increase of 19.8% overlast year.
- The consolidated net income amounted to SR 1.2 billion, an increase of 35.6% compared with last year's net income amounting to SR 886.7 million.
- The Group recorded its highest ever one year's net income in 2011 (before capital gain & exceptional items). This year net income reached SR 1.08 billion, which is 15.8% higher than the previous year net income amounting to SR 933 million.
- Operating profit amounted to SR 1.8 billion, an increase of 20% compared with last year's operting profits amounting to SR 1.5 billion.
- Earnings per share (EPS) are SR 2.40, compared with SR 1.77 for 2010.
- Savola Sudan net profit reached SR 60 million, an increase of 225% over last year.
- Afia International Algeria continued its rapid growth transforming from a loss of SR 37.5 million in 2010 to a profit of SR 23.5 million in 2011.
- Plastics sector revenues exceeded SR 1 billion.
- The Group distributed cash dividends of SR 650 million to its shareholders for the year 2011.

b) 2011 Major Highlights:

- The Group continued its strategic direction, which aims at placing more focus on its core businesses and to convert gradually into to a successful investment holding company.
- The Group acquired all the capital shares of Al-Malika and Al-Farasha specialized pasta companies in Egypt.
- The Group sold two plots of land, one located in Riyadh and the other in Jeddah, and achieved SR 153 million as capital gain, which was recorded in the 2011 results. The Group also signed a contract to sell its entire stake (equal to 80%) in the land located in Al-Madina Al-Munawwarrah City to the Knowledge Economic City Company at a total value of SR 631 million. The Group is expected to realize a capital gain of SR 231.4 million out of this deal during the year ending 2012.
- The Group increased the share capital of "Savola Foods Company" from SR 500 million to SR 2.2 billion.
- Savola Turkey has successfully entered the local olive oil market by launching its new olive oil product under the Yudum Umbrella brand, gained 15% market share of the retail olive oil market in its first year.
- United Sugar Company has entered the Sweetener Category for the first time.
- Azizia Panda United launched an additional 20 stores during the year 2011 bringing its total stores (Super & Hypermarkets) to 131 in Saudi Arabia.
- The Group was ranked number one in Saudi Arabia and second in the Arab world for governance and transparency, according to the results of the study conducted by Standard & Poor's (S&P), Hawkamah Institute and IFC which was published in early February 2011.
- The Savola Group continued to implement a range of Corporate Social Responsibilities (CSR) programs during the year 2011. Key projects in the CSR program are: The Savola Center for Empowering People with Disabilities (Makeen) ; Handicraft initiative; Injaz Saudi Arabia Program; Al-Madina Institute of Leadership & Entrepreneurship (MILE) ; and "Leave The Change for Them" program by Panda stores.
- Conducted annual Corporate Governance (CG) compliance Assessment by an independent audit firm to ensure The Group's compliance with CMA CG regulations.

c) Forecast for 2012:

In line with The Group's policy of enhancing its disclosures and transparency, The Group announced its financial projection for the year ending 2012 indicating that it will reach SR 1.2 billion net income (before capital gain & exceptional items). For the 1st quarter of 2012 net income (before capital gain & exceptional items) is expected to reach SR 220 million Insha'Allah.

d) The Group Strategic Direction:

The Group continued its strategic direction, aimed at placing more focus on its core businesses:

- Savola Foods Company, which operates Edible Oils & Fats, Sugar & Pasta businesses.
- Azizia Panda United Co., which operates the Panda retail business (Supermarket and Hypermarkets).
- Savola Plastics Co., which operates in the Plastic sector.

This strategic direction seeks to grant more autonomy to The Group's operating companies (OpCos) to run and manage their own businesses. This is achieved, by giving subsidiary Boards and the CEOs more independence to manage their companies and take decisions. Each OpCo CEO reports directly to his OpCo Board Chairman. The Group maintains a majority of representatives in each OpCo Board of Directors, which also include external (local and/or international) experts as Board members with relevant experience in the respective sectors. Minority shareholders are also represented on these Boards.

Continue to apply the strategy to focus on main sectors and key activities of the group and the group gradually transfer into an investment holding company.

This strategic direction will empower the core businesses to define and execute their strategies within financial parameters set by The Group and will provide The Savola Group with greater flexibility to pursue private/placements of each core business level. It will also allow The Savola Group to pursue business opportunities in new sectors and to better focus on the overall strategy of The Group to meet the objectives of stakeholders. Finally, this will allow The Group to gradually migrate into an investment holding company, which is expected to further improve company performance, support growth of its core businesses and enhance shareholders' value.

To implement the new model, The Savola Group developed a new organizational and governance model to protect the interests of shareholders, minimize risk exposure and maintain the values and culture within The Savola Group. This will help The Group to achieve its objectives while fulfilling its role as a public listed company towards its shareholders and Regulatory Bodies.

e) 2011 Overall Financial Performance Review & Comparison with 2010:

The Group achieved its highest-ever net one-year income for the year 2011 (before capital gains and exceptional items). It reached SR 1.08 billion, which is 15.8% higher than that of last year and 7% higher than the projected net income of SR 1billion. The consolidated net income amounted to SR 1.2 billion, an increase of 35.6% compared with last year's SR 886.7 million. The gross profit amounted to SR 3.97 billion; an increase of 16.1% compared with the same period last year's SR 3.42 billion. The operating profit amounted to SR 1.8 billion, an increase of 20% compared with last year's SR 1.5 Billion.

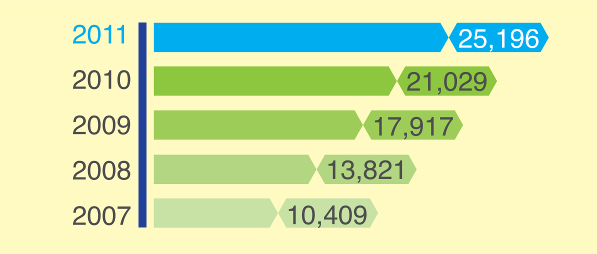
The group recorded for the first time in its history, the highest net profit (before capital gains and exceptional items) for the year ended 2011, reaching 1.08 billion Riyals, an increase of 15.8% from last year, which amounted to 933 million Riyals.

e-1) Overall Financial Performance Review for 2011:

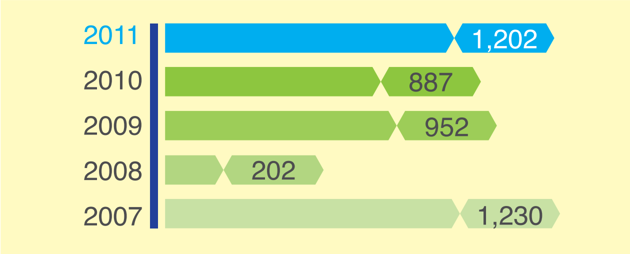
e-1-1) Consolidated income statement, five-year comparison (2007-2011):

Income (in thousands Saudi Riyals)	2011	2010	2009	2008	2007
Revenues - net	25,195,702	21,029,472	17,917,202	13,821,377	10,409,530
Cost of sales	(21,224,980)	(17,614,233)	(14,809,887)	(12,007,054)	(8,705,859)
Gross Profit	**3,970,722**	**3,415,239**	**3,107,315**	**1,814,323**	**1,703,671**
Share of profits (loss) of associates and jointly controlled entity and dividend income -net	440,613	459,522	352,799	335,174	243,753
Other income - net	96,767	97,340	79,877	110,526	82,057
Total Income	**4,508,102**	**3,972,101**	**3,539,991**	**2,260,023**	**2,029,481**
Selling & Marketing	(2,144,813)	(1,870,153)	(1,533,574)	(1,123,033)	(839,516)
General and Administrative	(562,472)	(603,138)	(628,783)	(465,491)	(456,794)
Total Expenses	(2,707,285)	(2,473,291)	(2,162,357)	(1,588,524)	(1,296,310)
Income (loss) from Operations	1,800,817	1,498,810	1,377,634	671,499	733,171
Gain (loss) on Disposal of Investments	152,781	195,055	318,116	147,980	863,982
Impairment of Assets & Projects Written-off	(35,366)	(283,716)	(221,596)	(442,406)	(110,482)
Financial charges - net	(317,472)	(244,260)	(227,337)	(153,658)	(33,326)
Income (loss) before Zakat and income tax and minority interests	1,600,760	1,165,889	1,246,817	223,415	1,453,345
Zakat and income tax	(132,024)	(140,146)	(63,323)	(53,387)	(115,463)
Net income before minority interests	1,468,736	1,025,743	1,183,494	170,028	1,337,882
Share of minority interests in the net income (loss) of consolidated subsidiaries	(266,360)	(139,041)	(231,929)	32,330	(107,858)
Net Income	**1,202,376**	**886,702**	**951,565**	**202,358**	**1,230,024**

e-1-2) Revenues & Net income over five years:



Revenues Sales trend over five years (2007-2011) In Million SR



Net Income over five years (2007-2011) In Million SR

Note: the net profit for 2011 included capital gains of SR 153 million, whereas in the net profit of 2007 included capital gains exceeded SR 700 million.

e-1-3) Consolidated Income Statement, Year 2010 & 2011 comparison:

Income Statement ((in thousands Saudi Riyals)	2011	2010	Variance + or (-)	Variance %
Revenues - net	25,195,702	21,029,472	4,166,230	19.8%
Cost of revenue	(21,224,980)	(17,614,233)	(3,610,747)	20.5%
Gross profit	3,970,722	3,415,239	555,483	16.3%
Share of profits (loss) of associates and jointly controlled entity and dividend income - net	440,613	459,522	(18,909)	-4.1%
Other income - net	96,767	97,340	(573)	-0.6%
Total Income	4,508,102	3,972,101	536,001	13.5%
Selling and Marketing	(2,144,813)	(1,870,153)	(274,660)	14.7%
General and Administrative	(562,472)	(603,138)	40,666	-6.7%
Total Expenses	(2,707,285)	(2,473,291)	(233,994)	9.5%
Income (loss) from operations	1,800,817	1,498,810	302,007	20.1%
Gain (loss) on disposal of investments	152,781	195,055	(42,274)	-21.7%
Impairment of Assets & Projects written off	(35,366)	(283,716)	248,350	-87.5%
Financial charges - net	(317,472)	(244,260)	(73,212)	30%
Income (loss) before Zakat and income tax and minority interests	1,600,760	1,165,889	434,871	37.3%
Zakat and income tax	(132,024)	(140,146)	8,122	-5.8%
Net income before minority interests	1,468,736	1,025,743	442,993	43.2%
Share of minority interests in the net income (loss) of consolidated subsidiaries	(266,360)	(139,041)	(127,319)	91.6%
Net Income	**1,202,376**	**886,702**	**315,674**	**35.6%**

The increase in The Group's net income for the year ended 31st December 2011, as compared to last year, was attributed mainly to the turnaround in profitability of start-ups and overseas operations of the Foods Sector; continued sales growth and increased market share in Retail Sector; capital gain of SR 153 million resulting from the sale of two plots of land during the 4th quarter of 2011, and impairment provisions taken during 2010 not taken in 2011and Herfy IPO capital gain in Q1 2010. Revenues for the year ended 31st December 2011 reached SR 25.2 billion, an increase of 19.8% compared with the same period last year.

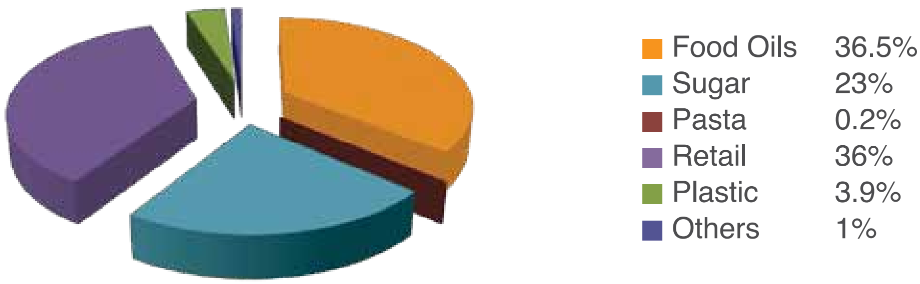
e-1-4) Geographical analysis of revenues/sales of The Group and its subsidiaries by product (in SR 000's) for 2011 compared to last year:

By Country	By Products/Brands	2011	2010
Edible Oil		**SR '000'**	**SR '000'**
KSA, Gulf &Yemen	Afia, Al Arabi, Olite, Almaida, Shams, Sun Glue, Dalal Afia Canola.	2,524,929	1,826,113
Iran	Ladan, Aftab, Bahar, Afia	3,361,119	2,609,836
Egypt	Rawabi, Afia, Ganna, Slite, Helwa	1,049,533	847,388
Kazakhstan	Lito, Khazayoushka	210,684	182,164
Sudan	Al Taeb, Sabah, Sudani	550,968	366,278
Morocco	Afia, Hala,	279,316	264,485
Turkey	Yudum and Sigma	813,698	595,672
Algeria	Afia, Olear	524,022	358,659
Intercompany Sales Elimination		(2,328)	(47,057)
Total of Edible Oil Sales		**9,311,941**	**7,003,537**
Sugar Sales:			
KSA, GCC and Yemen	Al Osra, Ziadah, Safaa, Nehar, Hala	4,082,008	3,540,807
Egypt (USCE)	Al Osra	1,779,353	1,482,188
Total of Sugar Products Sales		**5,861,361**	**5,022,995**
Total of Pasta Products Sales	**Malika, Macaronto, Italiano**	**50,616**	**0**
Retail Sales (Panda Stores)			
KSA	Azizya Panda (Hyper Market & Supermarkets)	8,574,156	7,590,187
United Arab Emirates/ Dubai	HyperPanda	310,700	286,331
Lebanon Republic	Supermarket	296,694	306,153
Total of Retail Sales		**9,181,550**	**8,182,671**
Plastics Sector Sales			
KSA- Jeddah & Riyadh Factories	The plastics division manufactures a wide variety of products as requested by clients	872,181	762,223
Egypt (New Marina)	The plastics division manufactures a wide variety of products as requested by clients	131,942	121,753
Intercompany Sales		(2,590)	0
Total of Plastic Sales		**1,001,533**	**883,976**

By Country	By Products/Brands	2011	2010
Others			
Franchising Sales, KSA	Bonia, Jacqueline Riu, Yves Rocher, Tom Tailor	0	44,416
Real Estate - KSA		75,819	110,172
Total Revenues of other investments activities		**75,819**	**154,588**
Total Revenues/Sales		**25,482,820**	**21,247,767**
Consolidation entry – Inter-company sales		(287,118)	(218,295)
Total Revenues / sales		**25,195,702**	**21,029,472**

Note: The trademarks of Franchise (Non-core business) were sold during the year 2010 and 2011.

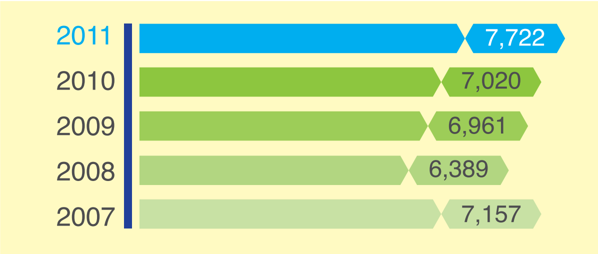
e-1-5) Sector contribution in The Group's overall revenues/sales for 2011:



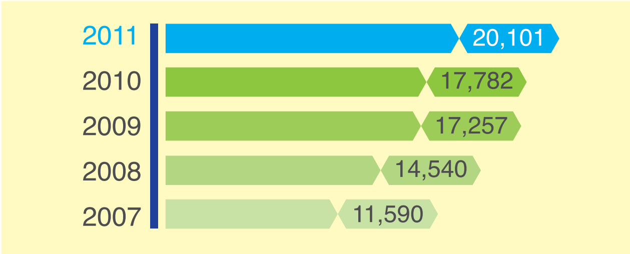
e-1-6) Consolidated Balance Sheet, five-year comparison (2007-2011):

Balance Sheet (in thousands Saudi Riyals)	2011	2010	2009	2008	2007
Current assets (A)	7,773,813	5,910,643	5,633,507	4,764,430	3,711,339
Current liabilities (B)	7,740,279	6,724,128	6,313,432	6,001,606	3,138,566
Working capital C = (A - B)	33,534	(813,485)	(679,925)	(1,237,176)	572,773
Current assets	7,773,813	5,910,643	5,633,507	4,764,430	3,711,339
Other non-current assets	6,943,133	7,132,076	6,086,256	5,525,059	4,364,864
Property, plant and equipment (fixed assets)	5,384,430	4,739,217	5,536,761	4,250,663	3,513,801
Total Assets	**20,101,376**	**17,781,936**	**17,256,524**	**14,540,152**	**11,590,004**
Current liabilities	7,740,279	6,724,128	6,313,432	6,001,606	3,138,566
Long-term loans	2,821,494	2,394,807	1,996,202	1,117,136	456,540
Other liabilities	468,786	448,133	418,979	284,730	222,221
Total liabilities	**11,030,559**	**9,567,068**	**8,728,613**	**7,403,472**	**3,817,327**
Paid-up capital	5,000,000	5,000,000	5,000,000	5,000,000	3,750,000
Retained earnings and reserves	2,722,467	2,020,037	1,960,628	1,389,165	3,406,901
Shareholders› equity	7,722,467	7,020,037	6,960,628	6,389,165	7,156,901
Minority interests	1,348,350	1,194,831	1,567,283	747,515	615,776
Total liabilities and shareholders› equity	**20,101,376**	**17,781,936**	**17,256,524**	**14,540,152**	**11,590,004**

E-1-7) Shareholders' equity and Total Assets (as per the previous table):



Shareholders Equity Changes
For the Years 2007 up to 2011 (in SR 000'S)



The Group's Total Assets Changes
For the Years 2007 up 2011 (in SR 000'S)

f) Details of long and short-term loans for The Group and its Subsidiaries:

The Group's policy has always been to adopt Islamic Shari'ah compliant processes in all its financial transactions. All loans and deposits within the Kingdom are fully Shari'ah compliant. The following are details of long and short-term loans outstanding as on 31st December 2011.

f-1) Long-term Loans, as on 31st December 2011 (000's SR):

Long-term loans (in thousands Saudi Riyals)	Banks/Others	2011	2010
Saudi Industrial Development Fund (SIDF):			
Savola Packaging Systems Co.	Saudi Industrial Development Fund (SIDF)	23,829	27,029
Total (A)		23,829	27,029
Commercial Banks			
The Savola Group	SAMBA, Saudi Fransi Bank and Saudi Investment Bank, Jazirah Bank	1,831,250	1,756,250
Al Azizia Panda United Co.	NCB, SABB	370,000	450,000
Afia International Co.	NCB, SAMBA, HSBC in Turkish and European Banks	337,187	419,069
Savola Foods Emerging Markets Co.	Société Générale/ Algeria, French Bank	30,764	43,567
United Sugar Co.	SABB, SAMBA, Commercial Intl. Bank of Egypt, Standard Chartered Bank	813,598	367,334
El Maleka & Al Farasha Co. Pasta	HSBC, National Bank, Société Générale, NBSG	10,969	0
Savola Packaging Systems Co.	SABB, SAMBA	60,000	40,815
Total commercial banks (B)		3,453,768	3,077,035
Total long-term debt (A+B)		3,477,597	3,104,064
Less current portion:			
SIDF		(4,140)	(3,200)
Commercial banks		(651,963)	(706,057)
Long-term debt		**2,821,494**	**2,394,807**

f-2) Long-term loan repayment schedule as of 31st December 2011 (000's SR):

Fiscal Year	Savola Group	Afia Int'l	APU	Savola Packaging Systems Co	United Sugar Co.	Savola Food Emerging Markets	Pasta	Total 2011	Total 2010
2012	0	0	0	0	0	0	0	0	850,230
2013	797,308	100,943	151,111	42,378	200,642	11,867	10,969	1,315,217	717,925
2014	417,308	56,567	111,111	23,128	207,888	3,947	0	819,949	588,683
2015	348,077	10,413	0	6,380	97,634	2,102	0	464,606	232,653
2016	0	10,413	0	3,359	79,173	0	0	92,944	5,316
2017	0	10,413	0	0	49,140	0	0	59,552	0
2018	0	10,413	0	0	53,607	0	0	64,020	0
2019	0	5,206	0	0	0	0	0	5,206	0
Total	**1,562,692**	**204,366**	**262,222**	**75,245**	**688,084**	**17,916**	**10,969**	**2,821,494**	**2,394,807**

f-3) Short-term loans with Banks & others repayable within one year (000's SR):

Short-term Loans (in thousands Saudi Riyals)	Banks / Others	2011	2010
The Savola Group	Al Rajhi, SAAB, SIB, SAMBA and Bank Al Jazirah	910,853	236,430
Afia International	SAAB, NCB, SAMBA and European, Egyptian, Iranian & Turkish Banks	947,296	989,905
Savola Food Emerging Markets Co.	Sudanese, Algerian & European banks	106,002	125,262
El Maleka & Al Farasha Co. Pasta	HSBC-Egypt, National Bank, National Egyptian Bank, Société Générale	32,825	0
Azizia Panda United	NCB	0	35,000
Matoun Co.	SAMBA	70,000	0
Savola Packaging Systems (SPS)	SABB and SAMBA	243,750	149,034
United Sugar Company (USC)	SAAB, NCB and SAMBA and Int'l Commercial Bank Egypt	444,703	502,903
Al-Batool International Co. (Franchising)	SABB	0	31,000
Total of short-term debt		**2,755,429**	**2,069,534**

g) Summary of payments made to the Government Authorities during 2011(000's SR):

Payments in (in thousands Saudi Riyals)	2011	2011
Customs Duties	200,112	184,092
Zakat & Income Tax	84,440	109,677
GOSI (for KSA) & Social insurance (for outside KSA)	62,800	68,940
Visa and Government fees	31,925	11,485
Other duties and Government levies	19,603	15,165
Total	**398,880**	**389,359**

In the next sections you will find a detailed report on the performance of The Group's key sectors and operating companies both inside Saudi Arabia and overseas, in addition to the other non-managed investments:

3) Operating Companies Performance and Results

3-1) Savola Foods Company - Foods Sector:

The Foods Sector is the Flagship operating segment of The Savola Group, under the umbrella of Savola Foods Company (SFC). SFC owns and manages subsidiaries with production facilities across 8 countries covering the North African, Middle Eastern and the Central Asian regions. SFC owns top brands in high quality edible oil, ghee, sugar and Pasta products marketed across 30 countries across the Globe, with market leadership in most of the countries it operates.

The year 2011 was historic for SFC not only because of record financial results, but also for the successful entry into a new Foods category - viz. Pasta in Egypt. The Group acquired the strong market leader with a cash outlay of 713.5 million Egyptian Pounds, the largest ever investment in the Company's history. With this milestone achieved, our ambition is to develop strongly the wheat added-value products as a third pillar of the Savola Foods business portfolio.

The Company reported consolidated revenues of more than SR 15 billion, representing a 26% growth over last year. Net Income reached SR 489 million, which is more than double when compared with SR 238 million reported last year. Amidst tough market conditions during the year, coupled with regional political unrest and the inability to pass on high global commodity prices, the sector performed exceptionally well in all matured markets, with remarkable turnaround across most of the overseas operations where businesses delivered historical results.

SFC also raised its capital base from SR 500 million to SR 2.2 billion during the year to match its current assets and investment size, the completion of legal formalities are still under progress.

Increased the capital of Savola Food Company from SR 500 million to SR 2.2 billion.

Savola Foods Company exports high quality products to more than 30 countries around the world, and entered for the first time in the field of pasta and raised its capital from 500 million Riyals to..

2.2 Billion SR

a) Edible Oils, Fats & Pasta:

a-1) Afia International Company:

Afia International Company (Afia) (Joint Stock Company) is 95.2% owned by SFC. Afia primarily owns and operates edible oils and fats operations in KSA, Iran, Egypt, Turkey and Kazakhstan. Below are the performance details of Afia International's subsidiaries:

a-1-1) Afia operation in Arabia, Gulf, Yemen & Levant:

Afia Arabia's operation is focused on Saudi Arabia, Yemen, Gulf and Levant Markets. The production plant is based in the city of Jeddah in the Western region of Saudi Arabia, where it provides the above-mentioned markets with high quality edible oil products.

At the close of 2011, Afia Arabia continues to enjoy market share leadership across its operating markets, reaching 60% in Saudi Arabia, approximately 26% in the Gulf States and 30% in the Levant markets. Market share leadership continues to be one of the strategic objectives of the company in coming years. In 2011, the company achieved a strong volume growth of 11% to reach 1.6 billion tons. The sales turnover of the company in this region exceeded SR 2.5 billion with 38% growth compared to 2010. Despite this impressive sales turnover growth, the company achieved a net profit of SR 210 million in 2011, a decrease of 9% compared with last year. This decline in net profit is derived from several factors, most importantly inflation in raw material costs in 2011, without being accompanied by a similar increase in the prices of sales of the finished product, and as a contribution from the company to stabilize prices in the markets where the company is operating.

The most important marketing activities of the company in 2011 were focused on our star brands Afia and Al Arabi with new expansion of the oil portfolio. In 2011, we had a promising launch of Afia Sunflower in the Saudi market, which contributed to growth of the company share by 3.5% in that market, in addition to the continuous support of the company to its two main brands Afia Corn and Al-Arabi in all regional markets.

Further, Afia Canola has been launched in Levant markets on trial basis and the initial consumer responses were very encouraging and promising. The company has ambitious plans in 2012 to continue the growth momentum and leadership in the region.

a-1-2) Savola Behshahr Company (SBC) – Iran:

Afia International Company owns 80% of Savola Behshahr Company, Iran (SBC), a holding company which owns and operates 3 plants in Iran, namely, Behshahr Industrial Co.; Margarine Manufacturing Co.; and Behshahr Arvand.

SBC achieved outstanding 2011 results in all major KPIs financials and Brands Equity. This historic performance was despite the known major macros driven by international sanctions, higher cost of distribution and utilities and many other business environment challenges. The decisions to re-shuffle the sales mix, control costs and closely manage the working capital supported the delivery of these results. The company net profit grew by 21% to reach SR 211 million, compared with SR 200 million last year. This was delivered behind a volume growth of 500 KMT, which is almost the same as last year, while total local sales grew by 2% compared with last year.

Total Market share and brands equity went from strength to strength as overall market share reached 40%. SBC market-leading brands went from strength to strength in the consumer market where our Star brand Ladan Ghee's share of the segment increased from 81% to 86%, Ladan Oil from 67% to 69%, Bahar Frying from 81% to 83%.

Also the B2B segment reached a historical high of 50% from 37% compared with last year in the added value shortening and margarine segments. SBC's net revenue reached SR 3.36 billion, increasing by 29% compared with last year because of higher crude oil prices and the discontinuation of subsidized market.

In this regard, the Board would like to point out the key risks and challenges that currently face the company's activity in the Islamic Republic of Iran, which are the economic sanctions imposed on Iran in addition to the difficulty of importing raw materials from abroad and the decline in Iranian currency against the dollar. Hence the Board of Directors would like to assure you that it is watching the situation carefully and is making use of efficient management techniques to deal with these risks.

a-1-3) Afia International (Egypt):

2011 was a dramatic year for Egypt on all fronts. Yet despite the tough times and a bumpy road the country has traveled since the eruption of the revolution on 25th January 2011, Egypt appears to be moving towards a better working environment.

For 2011, and with all its happenings in the background, Savola Egypt Business units managed to close the year on a high note with significant achievements across the board. Afia International Egypt managed to deliver the same level of net profits – SR 56.8 million - as last year. This on its own represents an achievement given the turbulence the country witnessed across the entire delivery chain (i.e. suppliers, traders, and consumers). The main brands' market shares remained intact reflecting their strength and successful management through the rough times.

This year also witnessed the completion of the “Intelaka” project involving the dismantling and re-assembling of the 10th of Ramadan factory at our factory in Suez, aiming for greater efficiencies and cost optimization.

Acquisition over the entire shares of the El Maleka and Al Farasha two specialist companies in the field of pasta in Arab Republic of Egypt.

On a new front, the biggest FMCG acquisition in the history of The Group was made in November and December of 2011, through the purchase of the sister companies, El Maleka and Al Farasha, with their flagship brand “El Maleka”, which claims 35% share of the Egyptian pasta market. This acquisition aims at establishing a third pillar for Savola Foods in related foods categories in line with company strategy set out in mid 2010. Savola Foods now has a strong foothold in the flour-based category; that also represents a springboard for similar moves in Egypt and the region in the future.

a-1-4) Yudum Edible Oil Company (Turkey):

Yudum Gida (100% owned by Afia International Company) operates an edible oil manufacturing plant in the Izmir region, Turkey. It supplies the Turkish edible oils consumer premium market with two leading brands – Yudum (12.6% market share) and Sirma (1.8% market share) in multiple oil categories (sunflower, corn, and olive oil) and in the premium market segment. The company, with long standing olive oil exports to the Far East, has successfully entered the local olive oil market with the expansion of the Yudum Umbrella brand, which reached an outstanding 15% market share of the retail olive oil market with a strong number #2 position in its first year of operations. Yudum Professional showed impressive growth in Out-of-Home segment, entered in 2010, reaching close to 16,000 tons with a +141% growth over the previous year. The volume sold by Yudum Professional reached 15% of total volume. Total Revenues were SR 814 million in 2011 for a volume of 102,322 tons, a record volume with a strong growth of 12% in a mature market.

Despite many positive achievements in building the business fundamentals and diversifying the portfolio, the company ended with a Net Loss of SR 14.8 million compared with SR1.5 million net income for last year. This reduction is primarily due to an unexpected devaluation in the Turkish Lira. The company suffered also from further decline in the historical high profit corn oil category and further decline in premium pricing, which has been partly compensated with the new initiatives such as B2B and Yudum olive oil.

The company is working on an aggressive turnaround plan to turn the solid brand portfolio base into profit, by combining initiatives in partnership in vertical integration and drastic cost optimization, including the distribution model.

a-1-5) Savola (Kazakhstan):

Savola Foods CIS is 90% owned by the Afia International Company. The company maintained its leadership position in Kazakhstan with 25% market share and the number one brand position with Leto, despite a highly competitive environment and aggressive price strategy from big, integrated players. Total volume was 31,327 tons and net sales achieved for 2011 were SR 211 million. Savola Kazakhstan achieved SR 0.8 million profit in 2011 as opposed to SR 0.1 million in 2010. The aggressive export businesses from Russia and the competitive advantage of local integrated players remain a structural handicap for further profitable growth. The management is actively working on various business models to turnaround the business to a bigger base. With this in view, The Group has studied some options and reviewed its strategy towards the future of this company and of its operations and will take appropriate decisions during the year 2012.

b) Savola Foods Emerging Markets Company (Edible Oils):

Savola Foods Emerging Markets Company (SFEM) is a subsidiary of SFC, which holds a 95.4% stake in SFEM. It owns edible oil operations in Morocco, Sudan, and Algeria. Performance details of the company's subsidiaries are:

b-1) Afia International Algeria:

Afia International Algeria is one of Savola Foods Co's subsidiaries owned 100% and whose activity is to manufacture and commercialize edible oil in Algeria. The company started operations in October 2008 and is now the second player in the market with a market share above 33%, mainly with Afia Brand, present all over the country.

Transformation losses Afia Algeria Company (which amounted to 37.5 million Riyals in 2010) to earnings of 23.5 million Riyals in the year 2011.

Afia International Algeria continued its rapid growth and closed 2011 with a volume of 85,389 tonsgrowing by 23% over 2010 and 74% over 2009. This growth was driven by the increase in distribution coverage and the launch of a second brand (Oleor) in the taste platform. Turnover by year-end was SR 524 million, which increased by 47% over 2010 as a result of an equal combination of volume growth and selling price increases. Another key milestone was achieved by moving the business to profit benefiting from the price control by the Government which stopped the price war, and major saving initiatives. Thus, the company moved from a loss of SR 37.5 million in 2010 to a profit of SR 23.5 million in 2011.

The Company will continue its expansion plans of volume growth during the coming few years to reach market leadership as well as improving the performance in profit. The company is planning to adapt the packing capacity to the high growth rates planned and to further develop Savola's human resources.

b-2) Savola Sudan:

Savola Edible Oils Sudan Company is 100% owned by the SFEM and was established in 2005 to cover the Sudan oil market that was traditionally dominated by a consumption of crude groundnut in bulk. Through the period 2006 to 2011, the company has been actively converting the consumers pattern to top quality refined and PET packed oil by making important investment in new packaging mechanisms, strong advertising campaigns and a first-class distribution system in the country.

In this journey, 2011 is seen as an outstanding year for Savola Sudan in all business fundamentals. This strong business strategy has led in 2011 to a total volume sale of 50,059 tons 3% over 2010 but with a better mix registering 60% increase in the branded PET segment and with Sabah Brand as the number one brand in Sudan with over 80% market share in the branded segment. The company launched, late in 2011, a second brand, Al Tayeb, in the taste platform in order to capture the maximum number of potential consumers. This change in the business model to branded products combined with good buying positions and drastic cost optimization led to an important improvement in business profitability, which reached SR 60 million, as compared to SR 42 million over year 2010 and from sales revenue of SR 551 million, 50% above year 2010.

In 2012, securing competitive food crude reached oil continues to remain a key challenge for our business in a context of scarcity of hard currency. The company is actively pursuing long-term supply agreements with key local companies, supported by international farming expertise. New investments in a PET packing line are planned to cope with the growth agenda driven by the conversion from bulk to packaged products.

Savola Edible Oil in Sudan achieved a net profit of over 60 million Riyals, an increase of 225% compared to 2010.

b-3) Savola Morocco:

Savola Morocco started operations in 2004 as a Greenfield company after liberalization of the edible oil market in Morocco. After harsh competition following Savola's arrival in the Moroccan market, the company succeeded in reaching around 15% market share, which has been stable for last three years. Savola Morocco is the third player in the Moroccan market with focus on Afia brand representing 10% market share. The focus in 2011 was around re-organizing the distribution set up while optimizing efforts and cost and focusing on most profitable market segments. Due to a de-facto price control during the 1st half of 2011 driven by the regional geopolitics, the sales volume was contained at 45,403 tons compared with 57,877 tons in 2010, mainly through Afia brand. Sales Revenue reached SR 280 millions an increase of 6% compared with 2010. The squeezed margins over the first half of 2011 and impact of Forex has resulted in a Net loss of SR 5.9 million, yet still an important improvement over the 2010 net loss of SR 22.4 Million.

The company is planning to continue its effort to enhance distribution capabilities and optimize the set up of the business model. The company is aiming to reconnect with volume growth capitalizing on Afia Brand and by regaining market share in the growing economy segment through Hala Brand. The company will undergo further study during 2012, to take the appropriate decision in light of the results of its operations for the year 2012.

2 Million Tons

**Annual Production Capacity for Sugar Refinery.
The United Sugar Company entered the Sweetener business for the first time**

c) Sugar & Sweeteners Businesses:

c-1) United Sugar Company (USC) (Saudi Arabia):

United Sugar Company (USC) operates from the Jeddah Islamic Port and it is 75% owned by Savola Industrial Investments Company, which in turn is 95% owned by Savola Foods Company. USC operates the third largest sugar refinery in the world, with annual production capacity of around 1.3 million tons. The company has built a strong marketing base in the Middle East on its core brand – "Al Osra" and holds 75% market share in Saudi Arabia. The company is a dominant leader in the important B2B markets with solid partnership relations in many food industries.

As part of the diversification of the product portfolio, the company entered during 2011 into the sweetener category and launched the "Sweeva" brand, which was primarily created to provide a sugar alternative for consumers who are looking for a product that fits their desires and their health needs.

In a difficult context of the region in 2011, the Company sales volume was stable at 1.3 million tons, with exports accounting for 0.3 million tons. The net revenue for the business exceeded SR 4 billion, which was 15% up compared with last year. The company net income for the year 2011 reached SR 253 million, an increase of 1% compared with last year.

c-2) United Sugar Company of Egypt:

United Sugar Company of Egypt (USCE) is a 56.9% owned subsidiary of USC; The Savola Group has also a direct 19.20% shareholding in the company. The Egyptian business began its operations in 2008 with a new 750,000 ton sugar refinery at Ain Al Sokhna port, the capacity of which increased during 2010 to reach 800,000 tons, although the sales volume remained the same, 600,000 tons, as last year 2010,

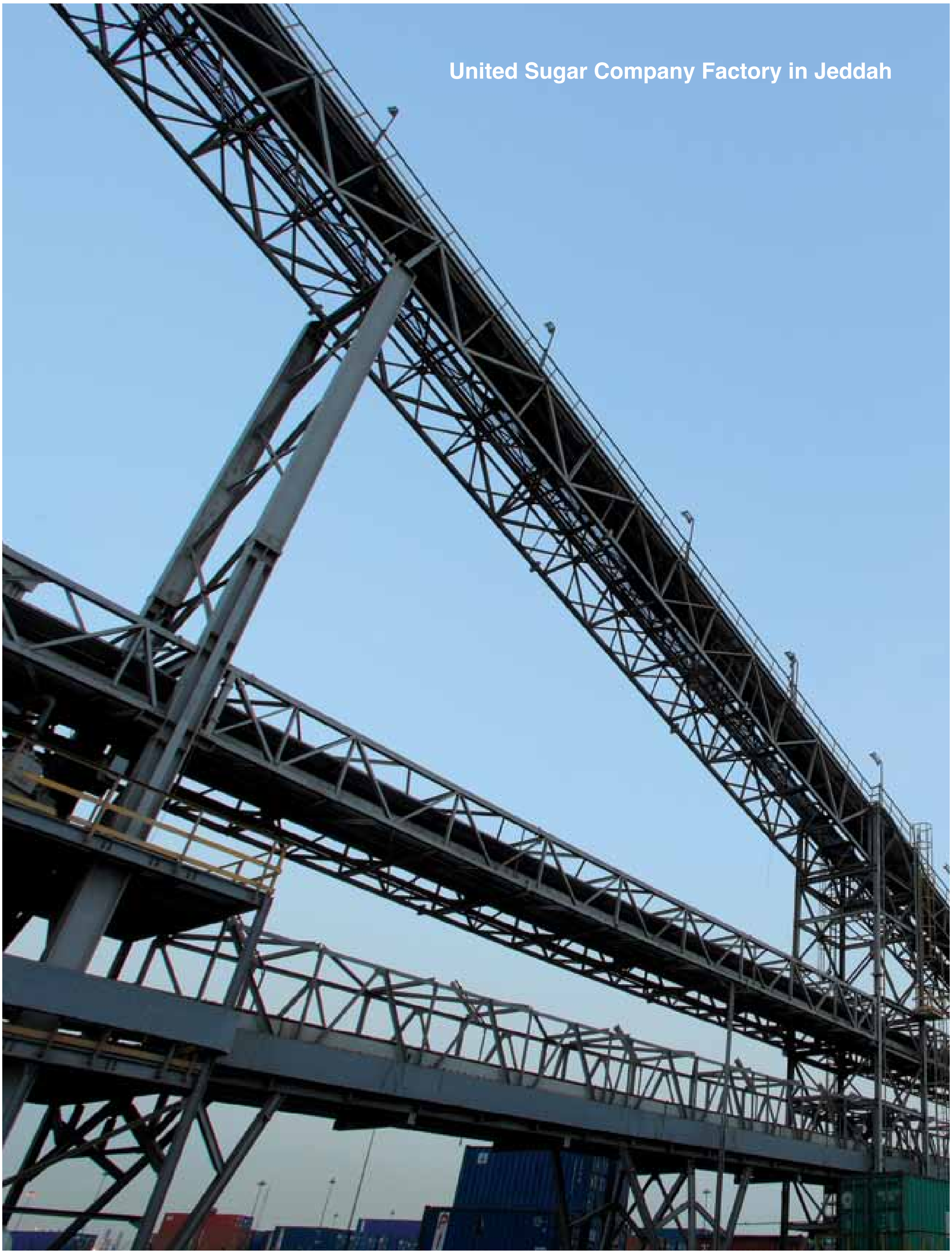
The net revenues for 2011 reached SR 1.8 billion compared with SR 1.5 billion for last year. The company reported a net profit of SR 3.5 million for the year, compared with a loss of SR 105 million generated in 2010. The major cause for the turnaround to profits was attributed to the decrease in the international raw sugar prices, cost optimization, macro management which led to avoid the extra rolling cost and the liquidation of options in 2011 & 2012 which avoided the sharp fluctuation in international sugar prices. During the second half of the year the company revised its strategy and started to be flexible in switching between export and local markets which ended with an almost 50:50 distribution for total year volume. The company will continue to maintain its strategies in order to avoid further fluctuations in the international commodity market during 2012 Insha'Allah.

c-3) Alexandria Sugar Company:

Alexandria Sugar Company (ASC), 62% owned by USC and the first fully integrated project within The Savola Group, was acquired by The Savola Group and its subsidiaries in 2009. Capital was then increased two times to reach US$ 117 million, equivalent to EGP 664 million. 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 during 2011 in order to create the Agro infrastructure necessary to operate at full capacity once the factory is operative. This was clearly witnessed in the expansion of the Mechanized Agro under central-pivot irrigation systems owned by big Agro-specialized companies. This has helped increase the yield per acre to reach 25.4 tons per acre during 2011 harvest. This average is comparable to the European averages, with a record high of 46 tons per acre and a record low of 18 tons per acre. (The record low is still higher than Egypt's average per acre). ASC sold its crop to other beet companies with a net margin of EGP 3 million.

During 2011, ASC managed to finalize all approvals and permits necessary for the utilities. The company has signed and awarded most of the equipment-purchase contracts and equipment has already started arriving at the site. Local fabrication is also going on and equipment erection at site has already started. The company engaged a leading German company in the sugar industry to participate in the construction of the majority of Egypt's beet factories thus enjoying its expertise in the Egyptian market. ASC is taking all necessary measures in order to commence operations of the new factory during 2013 beet season.

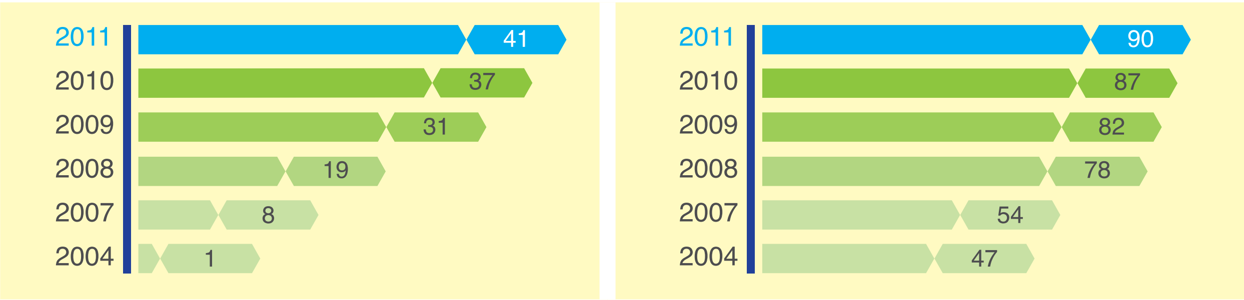

United Sugar Company Factory in Jeddah

Al Azizia Panda United opened 20 markets during the year 2011, bringing the number of markets (Hyper Panda and Panda) to 131 total branches in the Kingdom.

166 Supermarkets & Hypermarkets

3-2) Azizia Panda United – Retail Sector:

The Group operates its retail business through its subsidiary “Aziza Panda United” a closed joint stock company. Panda currently operates 166 supermarkets and hypermarkets, of which 131 are located in Saudi Arabia, 1 in Dubai, and 34 units in Lebanon. By the infinite grace of God since its inception, Panda has been the region’s pioneer company in the area of retail trade. The company store growth can be illustrated as follows:



Growth Trend of Panda’s Hypermarkets in the Kingdom

Growth Trend of Panda’s Supermarkets in the Kingdom

In 2011, APU achieved a growth of 12 % in sales as it reached SR 9.2 billion compared with sales of SR 8.2 billion in the year 2010. This is a result of Allah’s blessings and the ongoing support of its shareholders and customers, due to which APU has established its strong leadership position in the grocery retail market in Saudi Arabia. During the year 2011, APU achieved a net profit of SR 200 million compared with SR 66.4 million in the year 2010. This profit level was achieved after absorbing the losses of SR 11.2 million pertaining to “Saudi Institute for Retail Sales & Marketing”.

APU increased the total selling area of its stores to 497,000 square meters, an increase of 4.6% over the previous year. This increase is the result of 11 new store openings in Saudi Arabia, made up of 4 hypermarkets and 7 supermarkets, which also contributed in expanding the customer base by 1.3% to reach 87 million customer-shopping transactions in 2011.

Panda maintained its ranking as number one in customer perception in Saudi Arabia according to a wide customer survey which benchmarks the competitiveness, of price, quality and standard of services provided by Panda to its customers. Panda’s market share in year 2011 reached 8.1% in the Saudi grocery retail market (for food and consumer goods), making it the leading company in the retail sector in KSA. Panda is aspiring to expand its market share to 9% by the end of 2012 through enhanced performance of its existing stores and the opening of 19 new stores, among which 5 are hypermarkets and 14 supermarkets. These will further expand its geographical footprint across the country. One of the pillars of Panda’s growth strategy is the development of Panda’s private label. During 2011, Panda’s private label witnessed an expansion of products to include new varieties of food and non-food products at highly competitive retail prices.

Through its expansion strategy during 2012, Aziza Panda United plans for a continued growth in sales coupled with an increase in the number of its valued customers, which would further strengthen its leadership in the grocery retail market. Leveraging on the economies of scale, APU is focused on driving further synergies in its operations and to transfer the benefits of such synergies to provide best competitive value to its valuable customers during 2012.

On the Panda brand-equity front, APU was awarded Asia’s Best Brand in the field of “Excellence in Branding & Marketing” by the “CMO Council”, an international institute that specializes in market research and corporate performance measurements. Panda continues with its strategic thrust on the development of its human resources by providing them on the job training programs such as DRM (Diploma in Retail Management), CRM (Certificate in Retail Management), and CRO (Certificate in Retail Operations). These are not only specifically tailored for its employees but are also internationally accredited. This comes in addition to the Saudization program across various support functions, which resulted in the total number of Saudis employed by APU reaching 4,235. The above efforts have also contributed in APU winning several national, regional and international accolades such as the “Prince Naif Saudization Award”, “Best Training Strategy in GCC” award, “Asia’s Best Employer Brand Award”, “Best HR Strategy in line with Business Strategy” award and “Excellence in Training” award.

In 2011 Plastic Sales exceeded the sales barrier of

1 Billion SR

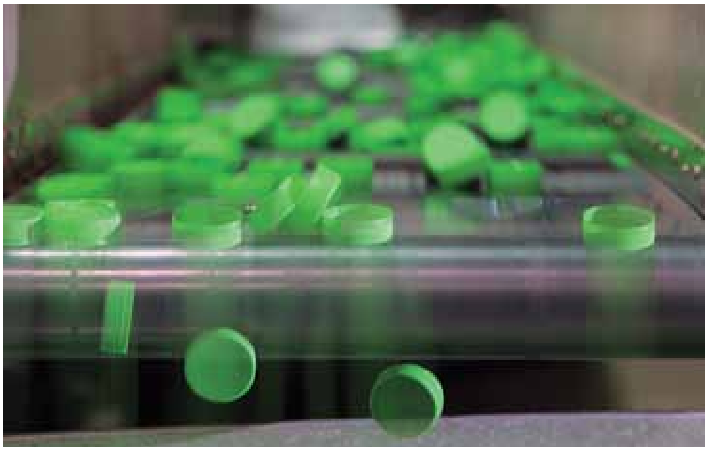
3-3) Savola Packaging Company – Plastic Sector:

Savola Plastics (Limited Liability Co.) based in Jeddah and 100% owned by The Savola Group, is a major regional producer of rigid and flexible plastic packaging. The company owns 100% of the shares of both Al Sharq Co. (Riyadh, KSA) and New Marina Plastics (Alexandria, Egypt).

The company manages and operates seven facilities, one in Jeddah, four in Riyadh, and two in Alexandria. It supplies pre-forms, containers, closures and films for water and soft drinks containers, edible oil, health and personal care products, cleaning materials, lubricants, retail and other sectors. This year the company expanded its product range by introducing plastic stretch-film mainly for export to Europe and GCC countries. PET sheet with thermoforming capabilities and high quality printing lines were also commissioned during 2011.

Despite tremendous pressure due to significant political unrest in the MENA region and crisis in Europe, Savola Plastics still reported better revenue in 2011. Sales value reached a historic high level of SR 1 billion with 13% growth over last year and production volume grew up by 2%.

Savola Plastics generated a consolidated net profit of SR 91 million during 2011 compared with the SR 100 million of last year. The drop happened mainly due to increase in PET raw material prices, which reached a historical peak during the year. Savola Packaging Systems net profit of the year reached SR 52.5 Million compared with SR 77.5 million last year, whereas Al Sharq Plastic net profit reached SR 28.9 Million compared with SR 20.9 million in 2010. On other hand, New Marina (Egypt) recorded a net profit of SR 11.1 million compared with SR 10.2 million in 2010.



During 2011, Savola Plastics reorganized the Sales and Operational departments of its KSA businesses and established the OSM (Office of Strategic Management). The company also launched a number of initiatives to control costs, and carried out IT systems implementations and upgrades. People development and growth continued to be area of focus during the year, in this regard “Employee Recognition” rewards and “Savola Long-Service” rewards were awarded to deserving employees. Certain training initiatives were launched such as SEMBA and the Oracle Festival. Various management and IT training courses were conducted under those initiatives and attended by SPC employees. Savola Plastics also attended plastics exhibitions and presented papers at various regional conferences.

a) Al Marai Diary Company
b) Herfy Foods Company
c) Real Estate Development Activities
d) Private Equities

4) Non-Managed Investments

a) Al Marai Diary Company:

Savola has a strategic investment in Al Marai Diary Company (Al Marai), a Saudi based publicly listed company, of which it owns 29.9%. Al Marai is a leading food and beverage company in the Middle East and, under the brand name Al Marai; it enjoys an outstanding reputation for high-quality products in GCC and Middle Eastern countries.

Al Marai consolidated net income for the year ended 31 December 2011 amounted SR 1.14 billion, a decrease of 11.4% compared with last year. The reason for the 11.4% decline in net income compared with 2010 is the impairment of the investment in Zain of SR 160.2 million. The fair value of the Zain equity investment has been significantly below cost for a prolonged period and management now considers the investment impaired. This impairment loss has been recognized in Al Marai consolidated statement of income for the year ended 31st December 2011. In addition to this factor, margins have been impacted by the increase in raw material costs. In spite of this Al Marai has maintained its leading position in the market, by achieving net sales of SR 7.95 Billion for 2011, an increase of 14.7% compared to last year.

Al Marai acquired 100% of the shareholding of Fondomonte S.A., a company that owns and operates three farms in Argentina. The transaction will help the company to improve the company supply chain and ensure access to the highest quality feed for both our dairy herd and poultry business. The transaction value amounted to SR 312 million.

Al Marai Board of Directors recommended increasing the share capital from SR 2.3 billion to SR 4 billion through the distribution of one bonus share for each outstanding 1.739 shares (an increase of 73.9%). This increase in the share capital is subject to obtaining the formal approval from the relevant government authorities and an Extraordinary General Assembly Meeting, which was held on 2nd April 2012.

b) Herfy Foods Company:

Herfy Food Services Company (listed Co.), 49% owned by Savola (direct & indirect), operates a fast food chain with 188 restaurants across the kingdom and 15 branches overseas. The company also produces bakery and meat products, has an extensive distribution network and a well-established supplies division, and owns a special catering services division.

Herfy reported net profits of SR 146.6 million, an increase of 17.9% compared with last year. This positive result for the year 2011 is due to the increase in sales, which reached SR 708.6 million compared with SR 579.9 million for the same period during 2010, with an increase of 22.2%. This was in addition to the increase in the operating efficiency of the company's different sectors through controlling the cost factors and limiting the effect of the price increase of raw material, as well as the new restaurant openings. The company opened 20 new restaurants during the financial year 2011 and the first branch of Herfy Cafe and Grill restaurant during the 4th quarter of the year 2011. As a new business, it enhances existing ones (Restaurants, Meats, Pastry and Bakery). In addition to this, Herfy's Meat Processing Factory performed exceptionally well, especially after introducing new items such as Grilled Chicken Burger, Cheese Pop Corn, Beef Meatballs, Chicken Meatballs, and Shish Kebab (Beef).

c) Real Estate:

c-1) Kinan International for Real Estate Development:

The Kinan Company, which is 30% owned by The Savola Group, recorded outstanding achievements in 2011, where the company achieved net profit that exceeded SR 100 million, an increase of 20% compared with last year. Based on these results, the company has distributed cash dividends to its shareholders at a rate of 5% of the company share capital. Kinan also successfully sold out all its residential units initiated by Masharif Project as a first major residential development project, located in the northeast of Jeddah. The construction of the first phase is progressing as per plan and is expected to be delivered to customers on schedule in early 2012. Furthermore, the company started the work of implementing the infrastructure for its second residential development projects, located in the north of Riyadh. The area covers approximately one million square meters and the company aims to complete the infrastructure works and start selling the residential units of this project by the first quarter of 2013. In addition, Kinan has completed the planning studies for its third residential development project, located in the northwestern

Savola profit capitalisation amounted to 153 million Riyals from the sale of two lands in Riyadh and Jeddah. And signed a contract to sell its stake in territories are located in Medina worth 631 million Riyals, which is expected to achieve 231.4 million Riyals capital gains during the year 2012.

city of Jeddah and it is now working to ratify the master plan for the project. Kinan expects to start the implementation of the infrastructure phase by end of 2012 and will begin to sell out these residential units by 2014. It is worth mentioning that the total area of the three projects that the company is currently developing reached approximately five million square meters, which makes Kinan one of the largest residential projects developers in Saudi Arabia. On the other hand, the number of shoppers at Kinan's commercial centers reached 56 million compared with 49 million last year. The company also succeeded in increasing the occupancy rate in six out of nine of its commercial centers to reach nearly 100%, and the occupancy rate in other three centers exceeded 90%.

c-2) Other Real Estate Investments:

In addition to Kinan Co. shareholding, The Group has various investments in real estate projects, which include an 11.5% (6.5% direct and 5.2% indirect ownership) in the Knowledge Economic City (KEC), which was successfully IPO'ed during 2010; a 2.9% ownership of the Saudi publicly listed Emmar Economic City; 5% of Taameer Jordan Holdings Company a specialist in Real Estate development, listed on the Jordanian Stock Exchange; and minority shareholding in Dar Al-Tamlik and others.

During 2011, The Group sold its shares in the two plots of land located in Riyadh and in Jeddah, to Kinan International Company for Real Estate Development and recorded SR 153 million as capital gains in 2011. The Group has also signed a contract with KEC to sell its entire stake, equal to 80%, in the land located in Al-Madina Al-Munawwarrah City at a total value of SR 631.3 million. The Group is expecting to realize a capital gain of SR 231.4 million out of this deal, which is expected to be booked during the year 2012, as indicated earlier in the Chairman's speech.

d) Private Equities:

Other investments held by The Group include:

d-1) Swicorp Saudi Company:

Swicorp is a financial advisory firm operating in the Middle East and licensed by the Capital Market Authority of Saudi Arabia. Savola holds 15% of the company's outstanding capital, in return for an investment of SR 116 million. Swicorp has reported profits in each of the past three years.

d-2) Joussour Holding Company:

Joussour is a private equity vehicle that focuses on petrochemicals, energy-intensive industries and infrastructure. The book value of Savola's investment in this fund is SR 287 million and accounts for 14% of the total equity. The Group recorded a provision of SR 78 million during the year 2008, against losses in the fund, which resulted from the deterioration of the market due to the global financial crisis. Joussour has invested SR 1.9 billion in several businesses that are expected to benefit from the competitive advantage of being located in the MENASA region.

d-3) Intaj Capital Ltd Co:

Intaj is a private equity fund managed by Swicorp, which focuses on high-growth industries driven by consumer demand in the MENA region. The Group holds 49% of this fund, with a book value of SR 374 million. The fund is currently investing in different companies across various sectors.

a) Workforce and Communication Programs with Employees
b) Special Programs developed for The Group Employees

5) Human Resources & Corporate Programs Developed for The Group Employees

a) Workforce and Communication Program with Employees:

Employing and developing local talent remains a cornerstone of Savola's core strategy. The Group's total international and local workforce exceeded 17,500 employees out of which 3,000 were in international operation. It worth to mention that the total Saudi employees reached 5,000 out of the total workforce. This led the overall Saudization percentage to reach 35% approximately out of Saudi's based workforce. Efforts are continuing to accommodate more young Saudi nationals in the ensuing years. Competent and qualified Saudis occupy the majority of the executive and leadership positions.

The Group's Annual Conference for the Executives and Managers: In 2011, The Group conducted its Annual Conference for its Executives and Managers in Saudi Arabia and overseas. During the conference, the participants reviewed and discussed The Group and sector performance and key learning's from the previous year. The Group also revised the strategic objectives, programs and plans of The Group and sectors in the Kingdom and international operations for the fiscal year 2011. In addition to this, they discussed the challenges and potential risks and mechanisms of implementation. At the event, outperforming teams from all sectors were honored for their outstanding performance during the year. Employees who had served the company for 25 and 30 years were also honored at the conference.

b) Special Programs developed for Employees:

As one of The Group's core values towards its employees is "Birr" (caring justice), Savola has developed a number of programs for its employees designed to retain, motivate and improve performance:

b-1) Employee Home Loan Scheme:

This program was first introduced in 1992, and is designed to retain and motivate employee of The Group and its subsidiaries' to improve their performance continuously. An interest-free loan of 50 basic salaries, at a minimum of SR 500,000 and maximum of SR 2.5 million, is provided by The Group to be paid back over 120 months. This program helps employees to buy their own homes after fulfilling certain requirements and criteria. Some 95 Savola employees participated and benefited from this scheme up to 31st December 2011.

b-2) Employee Co- operative/Takaful Program for Death and Permanent or Partial Disability:

In cooperation with Bank Al Jazirah, in the case of employee death, permanent or partial disability, Savola compensates an equivalent of two years' salary; all cases submitted in 2011 have been settled accordingly.

b-3) Employee Takaful Fund:

This fund helps junior staff (non-managers) deal with financial emergencies they or their families might encounter that puts them in urgent need of financial assistance. The fund is financed through voluntary monthly contributions by different grades of staff. Savola also contributes by matching employees' monthly payments. The Fund supported all cases that fulfilled the criteria during the year 2011. Accordingly, more than 185 cases were financialy assisted by the fund during the year 2011 compared with 150 cases for last year

The Group's Annual Conference:

During 2011 The Group conducted its Annual Conference for its Executives and Managers in Saudi Arabia and overseas. During the conference, the participants reviewed and discussed The Group and Sector performance and key learning's from the previous year. It also revised the strategic objectives, programs and plans of The Group and Sectors in the KSA and international operations for the fiscal year 2011.

In addition to this, they discussed the challenges and potential risks and mechanisms of implementation. During the event, outperforming teams from all Sectors were honored for their outstanding performance during the year. Employees who had served the Group for long service period were also honored during the conference.

6-1) The Savola Center for Empowering People with Disabilities (Makeen).
6-2) Leave the Change for Them.
6-3) Saudi Injaz Entrepreneurs Project.
6-4) Leadership and Entrepreneurship program (MILE).

6) Corporate Social Responsibility (CSR) Programs

As part of its commitment to serve the community, The Savola Group continued to implement a range of CSR programs during the year 2011. Key projects in the CSR initiative are: The Savola Center for Empowering People with Disabilities (Makeen) ; Leave The Change for Them program in association with The Disabled Children's Association; Leadership Programs through, Al-Madina Institute of Leadership & Entrepreneurship (MILE) ; and other CSR initiatives administered in collaboration with various non-profit organizations, the government, and various medical and educational institutions. Recognizing the importance of Savola's involvement in developing communities where it operates, The Group Board adopted a resolution to allocate 1% of annual operating net profits to support CSR programs. Savola CSR programs include the following:

6-1) The Savola Center for Empowering People with Disabilities (Makeen):

a) Training and Employing Disabled Persons

This initiative has been established to train and secure employment for disabled persons within The Savola Group, its subsidiaries and other outside private institutions. Makeen launched its pilot program during 2010 by training and employing 100 disabled candidates. The second batch graduated successfully, with the aim to train and recruit more people with disabilities. Makeen has actively worked to achieve the target of 2011 by training and employing 144 people with disabilities, with an increase of 44 candidates compared with last year. 47 candidates out of the total number were employed in outside companies and institutions, after being well trained by Savola. In line with its strategy to support people with disabilities through training and employment in accordance to scientific criteria and clear methodologies in its various sectors, The Group has sent a selected group of employees from human resources, production, finance and IT departments across its various sectors to Holland to take part in a specialized training program titled, "The Concept and Implementation of the Mentor and Buddy System in the Human Resources Department". The program was facilitated by a leading international consultant and international trainers specialized in the field of training of disabled people. Makeen is currently working on the application stage to implement this program across The Group's various sectors, so that each trainee can give 4 training sessions to colleagues during 2012.

Training and employment of 144 persons with a disability during the year 2011, through the center of Savola for the training and employment of persons with disabilities (Makeen)

Savola Group celebrates graduation of the second batch of trainees in Savola Center, to enable persons with disabilities (Makeen).

b) The Comprehensive Accessibility Project:

To ensure that working environments are friendly to disabled people, The Group has decided to implement the Easy Access Project that meets the international standards in all its buildings and premises. The project aims to create a convenient work environment to suit people with disabilities and facilitates their integration in the work environment. In this connection, The Group has signed an agreement with the Al-Modon Office for Architectural Consultancy and the work has begun in Savola Operational Companies in Saudi Arabia at a cost of more than SR 2.6 million and the final implementation of the project is expected to be completed in 2012




6-2) Leave the Change for Them

Extending CSR initiatives throughout its subsidiaries, Azizia Panda United Company (Panda Stores) executed its own CSR program under the slogan “Serving our Community is Our Duty.” Panda believes that its social responsibility is an integral part of the company strategy as it continues to support its program of “Leave the Change for Them,” which was launched in partnership with the Disabled Children’s Association. During the course of the year 2011, APU collected donations of more than SR 6.3 million from its valued customers. The Disabled Children’s Association has announced that it will initiate the construction of a special needs center in Makkah under the name of “Panda Customers Building”, the financing of which will be done through these donations. Panda is also actively involved in various other social responsibility projects such as donating SR 1 million for the relief efforts of Jed-

Panda executive management team and the team of directors of children with disabilities during the ceremony to hand over the outcome of the campaign “Let The Rest For Them”.

dah floods; donating SR 500,000 as a relief fund for affected people in Somalia; donating SR 500,000 for the annual Panda Charity Caravan, which supports families during the holy month of Ramadan; and providing special services and accessibility for people with special needs in Panda's new stores in addition to refitting its existing stores, catering to people with special needs who are an integral part of the society.

6-3) Saudi Injaz Entrepreneurs Project:

Injaz Saudi Arabia is a member nation of Junior Achievements Worldwide. This is the world's largest non-profit organization dedicated to educating students and preparing them for the work place. It was founded in 1919 and reaches over 10 million students in 124 countries around the world annually. It runs hands-on programs in the areas of: Entrepreneurship, Financial Literacy, and Workforce Readiness aiming to prepare elementary, middle school, high school and university students to deal with business demands through developing their personal and practical skills by training them in workshops led by private sector volunteers. Injaz Saudi Arabia's mission is dedicated to inspire and prepare Saudi youth to succeed in a global, knowledge based economy with a vision of delivering pioneering, hands-on, programs to 250,000 male and female Saudi students Kingdom-wide by 2018, in partnership with the business community, ministries, educators and volunteers. Savola Group is a founding company of Injaz Saudi Arabia. The Group's Managing Director is a Board member of Injaz's Board. The Group is also the sole sponsor of "Success Skills", in which it took a pioneering initiative to develop the program "Success Skills" in Braille for the visually impaired. With the "Success Skills" program providing engaging, academically enriching and experiential learning meetings in work-readiness education and career perspectives, it meets the needs of a diverse group of middle-grade school students.

6-4) Leadership and Entrepreneurship program (MILE):

The Savola Group continued to sponsor MILE in collaboration with Al-Madina Knowledge Economic City Co. (KEC). MILE aims to develop senior management resources in Saudi Arabia, as well as in other Arab and Muslim countries. During 2011, MILE was able to provide many training leadership programs, including the advanced program to develop leadership and management skills for senior managers in both the public and private sectors, with an enrollment of more than 400 executives from 32 countries around the world. The Institute also established a program to enhance governmental performance, with a participation of 60 official executives from the government sector. It attracted world class speakers from many universities across the world including Harvard, Berkeley, Thunder Bird, Wharton and others, as well as major consulting firms such as McKinsey & Company, Boston Consulting, Gallup. The Institute has also launched training programs and disseminated electronic channels of communication through email and Internet social networking. MILE plans to hold several training programs in Al-Madina Munawwarrah City during 2012.

a) Shareholders' Rights and methods of Communication.
b) Savola Group Equity Profile and Floating Shares as at 31st December 2011.
c) List of Major Shareholders.
d) Expected Dates of Key Events for Shareholders and investors for the Fiscal Year of 2012.
e) Disclosure Related to Board of Directors & Executive Management,
f) Board of Directors Committees,
g) Board Members interest and changes during the year 2011,
h) Senior Executives Interest and changes during the year 2011,
i) Related-Parties Transactions,
j) Board Declarations as per CMA Corporate Governance Code for 2011,
k) Board of Directors Recommendations to the 35th AGM.

7) Governance & Transparency

As part of The Group's commitment to enhance both transparency and corporate communication levels with its shareholders and the public domain, The Group continued during the year 2011 to implement and comply with Corporate Governance (CG) regulations issued by the CMA. Based on article 9 stipulated in the same CG regulations, The Group conforms to the "comply or explain approach" on compliance issues. The Board is pleased therefore to disclose, besides The Group results, Sectors' performance and CSR, the following information, as part of The Group's compliance with CG:

The Group has achieved first place in the Kingdom in the field of corporate governance and second in the Arab world, according to the study by the Institute of Regional Governance, Standard & Poor's and the International Finance Corporation, which published its results in early February 2011.

a) Shareholders' Rights and methods of Communication:

Savola pays special attention to the rights of shareholders and investors by including such rights in The Group's Articles of Association and its Corporate Governance Manual, which was developed in 2004 and has since been continually refined. These documents outline shareholders' rights, as detailed in the applicable rules and regulations, and which can be reviewed on Savola's website (www.savola.com). The company regularly publishes financial and non-financial reports and other data on the Tadawul website, in daily newspapers, and in Savola's quarterly newsletter. A dedicated department deals with shareholders' affairs.

a-1) Company Dividends Policy:

The Company's Articles of Association according to article (34), with regard to Dividends Policy, authorizes:

- Allocating 10 percent of net profits to statutory reserves. The General Assembly meeting is authorized to stop this allocation once the reserve is equal to half the capital.
- Of the remaining net profits, a first payment at 5 % of paid up capital is distributed to shareholders.
- 7.5 % of the balance is allocated as remuneration for members of the Board of Directors.
- The balance is then distributed to shareholders as additional dividends.

In line with the above policy, The Group distributes quarterly cash dividends to shareholders above 10 percent of its share capital. As actual implementation of this policy, the dividends distributed to shareholders and to be distributed for the year 2011 reached SR 650 Million at a rate of SR 1.30 per share, which is more than 10% of the company share capital. The Group will continue to apply this policy in 2012 (SR 0.30 per share for each quarter to reach SR 1.20 per share for the whole year), unless there are material changes to the financial projections for the year, in which case The Group will announce such changes to its shareholders. The Board of Directors specifies the date of entitlement to such dividends, announced through the Tadawul stock exchange screen and local newspapers in accordance with the regulations.

For the Board members' annual remuneration, which is stipulated in the company's Articles of Association and mentioned above in item (3) in above dividends policy, The Group complies with Ministerial Resolution No 1071 dated 1412 AH, specifying a ceiling not exceeding SR 200,000 as Board members' annual remuneration.

a-2) Dividends Distributions in 2011:

To enhance the shareholders' right, The Savola Group distributed quarterly cash dividends during 2011. The Board of Directors recommends this to be ratified by your esteemed AGM in its General Annual Meeting for 2011.

Period	Total in (million SR)	Dividend Per Share SR	Date of disclosure in Tadawul	Entitlement Date	Date of Distribution
1st Quarter	125	0.25	19/04/2011	25/04/2011	10/05/2011
2nd Quarter	125	0.25	19/07/2011	25/07/2011	08/08/2011
3rd Quarter	125	0.25	17/10/2011	19/10/2011	02/11/2011
4th Quarter	150	0.30	17/01/2012	Date of the AGM	Quarterly distribution
	125	0.25	17/01/2012	Date of the AGM	Additional distribution
Total	**650**	**1.30**			

b) Savola Group Equity Profile and Floating Shares as at 31st December 2011:

	Detail	Value/ SR / Number of Shares
-	Company authorized capital (SR)	SR 5,000,000,000
-	Issued shares (all company's shares are ordinary shares)	500,000,000
-	Floated issued shares (as per Tadawul records) *	367,238,194
-	Paid-up capital (SR)	SR 5,000,000,000
-	Nominal value per share (SR)	SR 10
-	Paid up value per share (SR)	SR 10

Note: The total number of floated shares changes from time to time based on the trading movement of The Savola Group shares in Saudi's Stock Market.

c) List of Major Shareholders:

List of Major Shareholders who owns 5% shares and above and their ownership changes during the year 2011.

#	Name	Nationality	Shares # at the beginning of 2011	Ownership at the beginning of 2011	Shares # at the end of 2011	% by end of 2011
1	Mr. Mohammed I. Al Issa (*) Currently MASC Holding Co.	Saudi	59,638,999	11.93%	60,000,000	12.00%
2	General Organization for Social Insurance (GOSI)	Saudi Government Institution	54,658,575	10.93%	54,658,575	10.93%

#	Name	Nationality	Shares # at the beginning of 2011	Ownership at the beginning of 2011	Shares # at the end of 2011	% by end of 2011
3	Sheikh Abdullah M. A. Al Rabiah	Saudi	43,750,000	8.75%	43,750,000	8.75%
4	Abdulqadir Al-Muhaidib & Sons Co.	Saudi Company	42,379,469	8.48%	42,594,444	8.52%

Note: With regard to the declaration of changes in major shareholders ownership ratios, as per Article 30 of the Registration and Listing Rules, The Group reports that it has not received any written notification during 2011 from any of its shareholders indicating that changes took place in their ownership ratios. The above disclosed information has been made based on Tadawul records.

We draw attention that the shares ownership of Sh. Mohammed Ibrahim Al Issa's is transferred to MASC Holding Co.

d) Expected Dates of Key Events for Shareholders and Investors for the Fiscal Year of 2012.

#	Dates, 2012	Key Events for 2012	Notes
1.	20th February	Board of Directors Meeting	To approve the financial results for the year 2011 and its dividends based on the Audit Committee, recommendation, and to call for the 2011 Shareholders AGM.
	First Quarter Events, 2012		
2.	17 April	Board of Directors› meeting for the first quarter.	Based on the audit committee recommendation, the board approves the financial results, for the first quarter of 2012 and the dividends declared for the same period.
3.	17 April	Ordinary General Assembly, subject to official authority's approval.	The date and the detailed agenda of AGM meeting will be announced in Tadawul, newspapers and company's website, according to the regulation and after requiring the official authority's approval.
4.	17-21 April	Publishing financial results for the first quarter.	First to be announced in Tadawul, uploaded on the company website and published in the daily newspapers.
5.	17-21 April	Disclose the first quarter dividends to shareholders.	Dividends payment made within 15 days from the maturity date mentioned in Tadawul announcement.
6.	30 April to 10 May	Issue Savola Newsletter (Arabic/English version) for the first quarter.	The newsletter includes full coverage of company & sectors performance for the quarter. It is expected to be published and distributed as an appendix with one of the daily newspapers and placed on the Savola website. It is also communicated via e-mail to a large number of investors.

#	Dates, 2012	Key Events for 2012	Notes
	Second Quarter Events, 2012		
7.	17 July	Board of Directors› meeting (second quarter).	Based on the audit committee recommendation, the board approves the financial results, for the second quarter of 2012 and the dividends declared for the same period.
8.	17-21 July	Publishing financial results for the second quarter.	See item (4) in the column's notes.
9.	17-21 July	Announce the second quarter dividends to the shareholders.	See item (5) in the column's notes.
10.	30 July to 10 Aug.	Issue Savola Newsletter for the second quarter.	See item (6) in the column's notes.
	Third Quarter Events, 2012		
11.	16 October	Board of Directors› meeting (third quarter).	Based on the audit committee recommendation, the board approves the financial results, for the third quarter of 2012 and the dividends declared for the same period.
12.	16-21 October	Publishing financial results for the third quarter.	See item (4) in the column's notes.
13.		Announce the third quarter dividends to the shareholders.	See item (5) in the column's notes.
14.	30 Oct. to 10 Nov.	Issue Savola Newsletter for the third quarter.	See item (6) in the column's notes.
	Fourth Quarter Events, 2012		
15.	15 Dec. 2012	Board of Directors› meeting (fourth quarter).	To approve plan & budget for 2013.
	2013		
16.	15 Jan. 2013	Board of Directors› meeting for the fourth quarter of 2012.	Based on the audit committee recommendation, the board approves the financial results, for the fourth quarter of 2012 and the dividends declared for the same period.
17.	15- 19 Jan. 2013	Publishing the financial projections for 2013.	Will be announced in Tadawul, uploaded on the company website and published in the daily newspapers with the fourth quarter results of 2012.
18.		Publishing financial results for the fourth quarter of 2012.	See item (4) in column's notes
19.	15- 19 Jan. 2013	Announce fourth quarter's dividends to the shareholders.	See item (5) in column's notes.
20.	30 Jan. to 10 Feb 2013.	Issue Savola Newsletter for the fourth quarter of 2012.	See item (6) in column's notes.

Note: Some dates above are an approximate and may change according to notifications received from official authorities.

e) Disclosure Related to Board of Directors & Executive Management:

The main role of the Board is to establish overall corporate strategies, plans, policies and financial objectives and ensure the effectiveness of internal controls across The Group. The Board approves financial provisions and budgets, oversees, and monitors the performance of The Group and ensures proper mechanisms to manage risks. The Board protects the interests of the shareholders and other relevant parties by ensuring compliance with all applicable rules and regulations. The Group follows all requirements stipulated by the company Articles of Association, its Corporate Governance Code and other internal policies. The detailed role of the Board has been articulated in the company Articles of Association and Corporate Governance Manual, which are available on the company website (www.savola.com).

e-1) Board Composition, Qualifications and Joint Stock Companies' Membership:

Article sixteen of The Savola Group Company's Articles of Association, state that; The Board of Directors comprises 11 members, which complies with paragraph (a), Article (12) of the Corporate Governance Regulation issued by Capital Market Authority. The Group Board members were elected for the new cycle, which commenced on 1st July 2010 and will continue for three years ending 30th June 2013. All Board Members are non-executives and independent with the exception of The Group Managing Director. The below table also includes details of other joint-stock companies where Savola Directors currently hold Board positions:

#	Member Name	Membership Classification	Qualifications	Companies Membership (Listed & unlisted) where Savola Directors currently hold Board Membership (excluding Savola Group) Memberships
1	Mr. Sulaiman A.K. Al-Muhaidib (Chairman of the Board)	Non-Executive	Second Class, Faculty of Medicines 1985.	**Listed:** Al-Marai Co, Arabian Pipe Line Co., Saudi British Bank. The National Industrialization Company. **Not Listed:** Abdulqadir Al Muhaidib & Sons Co. Tatweer Al Aoula Co., Joussour Swicorp Co.
2	H.E. Eng. Abdullah Mohammed Noor Rehaimi Vice Chairman (Representing The General Public Investments Fund)	Non-Executive	Bachelor of Mechanical Engineering, King Fahd University of Petroleum and Minerals Sciences in Dhahran, Saudi Arabia in 1975. (He is former President of the General Authority of Civil Aviation up to March 2010).	**Listed:** National Commercial Bank, Herfy Food Services Co. and Alujain Co..

#	Member Name	Membership Classification	Qualifications	Companies Membership (Listed & unlisted) where Savola Directors currently hold Board Membership (excluding Savola Group) Memberships
3	Dr. Abdulraouf M. Mannaa (Group Managing Director)	Executive	Ph. D University of Washington, Seattle, USA in (1982), M. Eng. University of California, Berkeley, USA M. Sc University of California, Berkeley, USA B. Sc. University of Petroleum and Minerals, KSA.	**Listed:** Al Marai Co, Saudi Investment Bank, Herfy Food Services Co. **Not Listed:** Kinan Int'l for Real State Development, Azizia Panda United Co. representing The Savola Group and General Organization for Social Insurance "GOSI".
4	Mr. Ibrahim M. Al Issa	Non-Executive	Bachelor of Business Administration, Chapman University, California, USA. 1974.	**Listed:** Yanbu Cement Co, Taibah Holding Group, Saudi Fransi Bank, and Al-Marai Co.
5	Dr. Sami M. Baroum	Non-Executive	Ph.D. in Operations Management and MIS from Indiana University; MBA with distinction from the Wharton School of Business, University of Pennsylvania 1985.	**Listed:** Knowledge Economic City Co., Arabian Cement. **Not Listed:** Azizia Panda United Co. representing The Savola Group.
6	Mr. Ammar A. Al Khudairy	Independent	Master of Engineering Administration, George Washington University, USA, Bachelor of Engineering, George Washington University, USA. 1984.	**Listed:** Al Deraa Al-Arabi Co., Herfy Food Services Co., Mobile Telecommunications Company "Zain ". **Not Listed:** Rowad Schools Co., Sport Clubs Co. Saudi Rockwool Co., Morgan & Stanley, Al Tayyar Group For Travel & Tourism, and Zehoor Al Reef Trading Co.
7	Mr. Abdulaziz K. Al Ghufaily Representing General Organizations for Social Insurance (GOSI)	Non-Executive	Master of Economics, USA; Bachelor of Economics, King Saud University.	**Listed:** Al Rajhi Bank, Herfy Foods Services Co..
8	Dr. Ghassan Ahmed Al Sulaiman	Independent	Ph.D. in Strategic Management, University of Hull, U.K.; Master of Business Administration (Honor Degree), University of San Francisco, USA; Bachelor of Science in Business Administration, Menlo College, California, 1978.	**Listed:** Arabian Cement Co. **Not Listed:** Al-Magrabi Group of Hospitals. Oniazah for Investments, Saudi Venture Capital Investments Co..

#	Member Name	Membership Classification	Qualifications	Companies Membership (Listed & unlisted) where Savola Directors currently hold Board Membership (excluding Savola Group) Memberships
9	Mr. Mousa O. Al Omran	Independent	Master of Business Administration, Saint Edward; and Bachelor of Industrial Engineering- King Saud University in 1990, Diploma of American Institute (AIB), USA.	**Listed:** (Arabian Cement Co., Al-Marai Co., Saudi Fransi Bank). **Not Listed:** Azizia Panda United Co. representing The Savola Group and General Organizations for Social Insurance (GOSI).
10	Mr. Mohammad A. Al Fadl	Independent	Bachelor of Economics and Marketing Sciences, USA, 1977.	**Listed:** None **Not Listed:** Jeddah Holding Co., Dar Al Tamlik, Kinan International Co.
11	Mr. Badr Abdullah Al-Issa*	Independent	Masters of Business Administration, Rice University, USA, Bachelor of Arts in Economics, University of Virginia, USA.	**Listed:** The Saudi Hotels & Resort Areas Co. **Not Listed:** Al Qeeq Real Estate Development Co., Aseelah Investments Co., Saudi Fransi Capital.

**For more details on the Board members, their C.Vs. and experience, please visit The Group Website: www.savola.com

e-2) Board of Directors Meetings Attendance Records:

Six Board meetings were held during 2011, the meetings attendance record for each meeting is as follows:

Name	Meetings during 2011						Total
	17 Jan.	21 Feb.	18 Apr.	10 Aug.	17 Oct.	26 Dec.	
1) Mr. Sulaiman A. Al-Muhaidib	√	√	√	√	√	√	(6)
2) Eng. Abdullah M. Noor Rehaimi	√	×	√	√	√	×	(4)
3) Dr. Abdulraouf M. Mannaa	√	√	√	√	√	√	(6)
4) Dr. Sami M. Baroum	√	×	√	√	√	√	(5)
5) Mr. Ibrahim M. Al Issa	×	√	√	√	√	√	(5)
6) Mr. Abdulaziz K. Al Ghufaily	√	√	√	√	×	√	(5)
7) Mr. Ammar A. Al Khudairy	√	√	√	√	√	√	(6)
8) Dr. Ghassan A. Al Sulaiman	×	×	√	√	√	√	(4)
9) Mr. Mohammad A. Al Fadl	√	√	√	√	√	√	(6)
10) Mr. Mousa O. Al Omran	√	√	×	√	√	×	(4)
11) Mr. Badr Abdullah Al-Issa	Not applicable – New appointed member				√	√	(2 of 2)

Note: The post of Vice Chairman of the Board of Directors was created during the year 2011 mainly to strengthen governance within The Group.

Mr. Badr Bin Abdullah Al-Issa was appointed as a member of the Board as of August 10, 2011 till the end of the current Board office term at the end of June 2013. The position became vacant after the resignation of Mr. Yusuf Mohamed Alireza from the membership of The Group Board in August 2011 for personal reasons.

e-3) Executive Board Team:

The Savola Group's Executive Board role is to implement the strategies, plans and policies approved by the Board of Directors. It also monitors the performance of Group sectors and ensures their adherence to plans, policies, regulations, and ethical standards of The Group. The Executive Board meets on monthly basis to review and monitor progress. There are also sub-committees and task forces at subsidiaries level to assist in the management and supervision and control over implementation.

The Executive Board members are detailed as follows:

Sr. #	Name	Position	Qualifications
1.	Dr. Abdulraouf M. Mannaa	Group Managing Director	As mentioned above in(e-1)
2.	Mr. Abderrahim Maaraf	CEO - Foods Sector	- Diploma of Higher Institute of Trading and Contracting- Morocco. - Bachelor of financial management 1983. - Master of Business Administration -1985.
3.	Eng. Azhar M. Kenji	CEO – Plastic Sector	- Bachelor of Engineering, King Abdul Aziz University, 1985.
4.	Mr. Muwaffaq M. Jamal	CEO - Retail Sector	- Bachelor of Science in Accounting, King Fahd University of Petroleum & Minerals Dhahran, Saudi Arabia, 1988.
5.	Mr. Nouman F. Farrukh	Group CFO	- ACMA – Cost & Management Accountant –ICMAP, - ITM – Taxation Management.
6.	Mr. Mahmoud M. Abdul Ghaffar	Chief of Corporate Affairs & Board Secretary	Bachelor of Industrial Safety & Security, San Francisco University, USA, 1985.

e-4) Board of Directors and Senior Executive Remuneration:

The Group pays annual remuneration, meetings attendance fees, and other expenses for its Boards and sub-committee members based on the rules and regulations stipulated in the Ministry of Commerce & Industry and in accordance with The Group Article of Association and The Group's Corporate Governance Manual, which the Board recommends to be ratified by your esteemed AGM as detailed below. It also pays salaries and benefits to its executives based on the contracts signed by them. Summaries of the compensation and benefits paid to Board members and senior executives during 2011 are as follows:

e-4-1) Board Members' Remuneration for 2011, (in Saudi Riyals):

Name of Board member	Board & committees meetings attendance fees & other allowances (SR)	Annual Remuneration SR 200,000 per year, per member	Total
1) Mr. Sulaiman A. Al-Muhaidib (Chairman)	51,320	200,000	251, 320
2) H.E. Eng. Abdullah M. Noor Rehaimi (Vice Chairman)*	40,000	200,000	240,000
3) Dr. Abdulraouf M. Mannaa (Group Managing Director)	75,000	200,000	275,000
4) Dr. Sami M. Baroum	30,000	200,000	230,000
5) Mr. Ibrahim M. Al Issa	35,000	200,000	235,000
6) Mr. Abdulaziz K. Al Ghufaily	86,580	200,000	286,580
7) Mr. Ammar A. Al Khudairy	73,080	200,000	273,080
8) Dr. Ghassan A. Al Sulaiman	60,000	200,000	260,000
9) Mr. Mohammad A. Al Fadl	45,000	200,000	245,000
10) Mr. Mousa O. Al Omran	35,000	200,000	235,000
11) Mr. Badr Abdullah Al-Issa**	88,050	75,000	163,050
Former Board Member up to August 2011			
- Mr. Yousef M. Alireza	15,000	125,000	140,000
Total	**634,030**	**2,200,000**	**2,834,030**

Notes: * Certified check issued under the name of the Public Investment Fund, which H. E. Eng. Abdullah represents in Savola Board membership.

** Mr. Badr Abdullah Al-Issa was appointed as a Board member as of 10th August 2011 in the vacant seat after resignation of Mr. Yusuf M. Alireza (the former Board Member) as detailed above, the remuneration allocated for both of them represents the remuneration & attendance fees for their membership during 2011 in the Board and Sub-committees.

e-4-2) Senior Executive compensation for 2011:

Sr. #	Description	Group Managing Director Dr. Abdulraouf M. Mannaa as (cEO) (SR)	Other Executives in The Group 5 members including the CFO (SR)
1.	Salaries	3,000,000	5,299,200
2.	Allowances	1,110,000	2,125,476
3.	Exceptional Remuneration	0	30,000
4.	Regular and Annual Remuneration	11,260,563*	4,418,604
Total		**15,370,563**	**11,873,280**

Note*: The amount mentioned in the above table (e-4-2) represents the annual remuneration for The Group Managing Director paid to him in his capacity as Group's CEO according to the contract signed with him in this connection. The CEO performance bonus is calculated based on a certain agreed criteria and KPIs as per the contract. This amount does not include the remuneration paid to the CEO in his capacity as a Board member, which was detailed in table # (e 4-1).

f) Board of Directors Committees:

The Savola Group Board has five sub-committees, the membership of which comprises of Board members, external independent specialists, and Savola senior executives, these committees have special charter, approved by The Group Board, to govern their scope of work and related procedures, these committees are as follows:

f-1) Audit Committee

The Audit Committee consists of four non-executive members, including specialists in financial and accounting affairs. The Committee held five meetings in 2011, playing a vital role in helping the Board to meet its supervisory responsibilities. In 2011, the Committee supervised and coordinated The Group's internal and external auditing activities to verify that internal control systems are operating effectively and efficiently, which support the Board of Director's role in discharging their supervisory responsibilities. The committee is also responsible for tackling grievances related to stakeholders. The committee, members, number of meetings and roles are as follows:

		Meeting Date during 2011					
Meeting Date during 2011		**(1) 17 Jan.**	**(2) 21 Feb.**	**(3) 18 Apr.**	**(4) 18 July**	**(5) 17 Oct.**	**Total**
1. Mr. Abdulaziz K. Al Ghufaily (Savola Group BoD Member)	Chairman	√	√	√	√	×	(4)
2. Mr. Badr Abdullah Al Issa* (Savola Group BoD Member)	Member	√	√	√	×	√	(4)
3. Dr. Mohammed Ali Ikhwan* Outside member (independent)	Member	√	√	√	√	√	(5)
4. Mr. Bandar Saeed Omar Alesayi Outside member (independent)	Member	-	-	-	√	√	(2)
- Mr. Mahmoud M. Abdul Ghaffar	Committee Secretary	√	√	√	√	√	(5)

Dr. Mohammed A. Ikhwan and Mr. Badr A. Al Issa (Non-executive members) were appointed in January 2011. Both are specialized in auditing affairs and financial analysis. Mr. Bandar Alesayi appointed in March 2011 and is an outsider with financial management background replacing Mr. Abdulhameed Al Muhaidib (former committee member) who resigned for personal reasons.

Main roles & Responsibilities

To supervise The Group's internal audit work and ensure its effectiveness; to review the internal audit report and pursue the implementation of corrective measures in respect to the comments included in them; to recommend to the Board of Directors the appointment, dismissal and the fees of external auditors; and to review the interim and annual financial statements prior to presentation to the Board. It is also responsible of grievances related to stakeholders.

The Committee remuneration: Members received the amount of SR 195,000, of which SR 106,000 represents an annual remuneration and SR 89,000 represents meeting attendance fees and travel expenses, (the members of the Committee who are the Board members of The Group do not receive annual remunerations for their membership in the Committee, and they only receive meeting attendance fees).

Internal and external audit Activities:

As part of its role, the Committee recommended the appointment of PwC as external auditors for a fee of SR 201,000/- in order to audit the company's quarterly & final accounts for 2011; the Board and AGM approved the committee recommendation, as KPMG (the former external auditor) services expired in 2010 due to the completion of five years (maximum legal period allowed as per regulations). The Committee reviewed The Group's accounts and external auditor's report on both a quarterly and year end basis. A final yearly review covers financial statements, clarification notes, and ensures that accounting policies conform to the standards issued by the Saudi Organization for Certified Public Accountants (SOCPA). The Committee recommends to the Board of Directors for ratification all issues related to accounts approval and quarterly dividends payments. The Group during the year 2011 assigned the Office of Ernst & Young (E&Y), to assess the effectiveness of internal audit and internal control systems and risk assessment for certain subsidiaries of The Group. All results of the review and observations made by E&Y were reported to the audit committee during 2011, and the committee took the necessary measures related to them.

The results of the annual review of the effectiveness of internal control:

The Committee during the year 2011 also reviewed major risks for The Group and some subsidiaries, solutions and correction required to ensure the effectiveness of internal control systems in The Group and its subsidiaries and supervised the audit work in accordance with the duties and responsibilities assigned to it. Due to The Group current organizational structure, which includes local and overseas subsidiaries, the internal audit function and assurance of the effectiveness of internal controls needs excessive efforts and time to be executed through internal auditors and Audit Departments. These internal audits are carried-out on a continuous basis to protect company assets and manage risks properly. The results of the internal audit were presented through a detailed report to The Group's Audit Committee for review and further direction. Based on the assessment done during the year 2011, the results showed that the audit exercises have covered some of The Group's main sectors. Due to the company's size and the geographical expansion, the internal audit efforts are still ongoing in some of its subsidiaries. This task needs additional time and efforts to be accomplished. However, the internal control systems assessment executed for the main sectors, ensured that there was no material deficiencies in such systems that require disclosure, whereas some areas need to be further improved for more effectiveness and efficiency. The committee took the necessary steps towards such issues.

F.2) Compensation, Nominations & Corporate Governance Committee:

The committee consists of four members and all are non-executives and independents. The Committee held four meetings during 2011, and the list of members, attendance records and the role of the Committee are summarized below:

		Meeting Date during 2011				
Name		(1) 14 Feb	(2) 16 Apr.	(3) 16 June	(4) 02 Oct.	Total
1) Dr. Ghassan A. Al Sulaiman Savola Group BoD Member	Chairman	√	√	√	√	(4)
2) Eng. Abdullah Mohammed Noor Rehaimi* Vice Chairman - Savola Group	Member	×	×	×	√	(1)

Name		Meeting Date during 2011 (1) 14 Feb	(2) 16 Apr.	(3) 16 June	(4) 02 Oct.	Total
3) Mr. Mousa O. Al Omran Savola Group BoD Member	Member	√	×	√	√	(3)
4) Mr. Mohammad A. Al Fadl Savola Group BoD Member	Member	√	√	√	√	(4)
5) Mr. Mahmoud M. Abdul Ghaffar	Committee Secretary	√	√	√	√	(4)

Note: * H.E. Eng Abdullah Mohammed Noor Rehaimi – appointed as a member of the Committee during the month of September 2011, replacing Mr. Yusuf Mohamed Alireza (Committee member and former board member).

Main roles & responsibilities

To recommend to the Board of Directors' appointments for membership to the Board, sub-Board and Committee in accordance with the set standards. To conduct an annual review of the requirement of suitable skills for membership to the Board, prepare a description of the required capabilities and qualifications for such membership. To review the structure of the Board and determine areas of strength and weakness in the Board of Directors and recommend changes. In addition, the Committee draws clear policies regarding the indemnities, remunerations and succession plan of the Board members and top executives to ensure that such policies meet the standards related to performance. It also follows up the implementation of these policies and ensures Board independence on annual basis. It is also responsible for compliance with Corporate Governance regulations and investigation and settlements of grievances case for employees.

The Committee remuneration: Members received the amount of SR 71,400/- which represents meeting attendance fees for the meetings held during the year, (the members of the Committee who are the Board members of The Group do not receive annual remunerations for their membership in the Committee, and they only receive meeting attendance fee).

Board assessment:

Pursuant to paragraph (4) of Article (15) of Corporate Governance regulation issued by CMA and The Group CG Code, The Group is currently carrying out an independent assessment of the Board of Directors' performance, which started its office term 1st July 2010. The assessment was commissioned by an independent specialist in board assessment. This exercise aims to identify the strengths and weaknesses of governance requirements and then develop an action plan accordingly to enhance the Board performance. This task, which started in January 2012, includes interviews with Board members and holding a workshop to develop the required criteria for evaluation. The specialist will then carry out a survey for Board members through questionnaires and the results of interviews and workshops will be integrated in an action plan as indicated above.

f-3) Risk Management Committee:

This committee has six members, each with relevant experience and qualifications. Its role is to manage risks across The Group and its subsidiaries. The Committee held only one meeting in 2011 and the list of members, attendance records, and the role of the Committee are summarized below:

#	Name	Position	Meeting # (1) 2nd Oct. 2011	Total
1.	Mr. Ammar Al Khudairy	Chairman	√	1
2.	Dr. Abdulraouf M. Mannaa	Member	√	1
3.	H.E. Eng. Abdullah M. N. Rehaimi	Member	√	1
4.	Dr. Sami M. Baroum	Member	√	1
5.	Mr. Badr Abdullah Al-Issa	Member	√	1
6.	Mr. Omar Abdullah Bajunaid (External member - independent)	Member	√	1
7	Mr. Mahmoud M. Abdul Ghaffar	Committee Secretary	√	1

Main roles & responsibilities

To improve continuously risk management policies and monitor their implementation; supervise all plans and strategies concerning any risks that The Group and subsidiaries might face and the effects thereof; prepare terms of reference for the purchase of raw materials, commodities and future contracts and monitor its implementation at all levels within The Group; monitor geographical expansion risk; provide advice to the Board on the risks faced by The Group›s business and how to manage and mitigate these risks.

The Committee remuneration: Members received the amount of SR 48,750/- of which SR 18,750/- paid to the external member and SR 30,000/- represents meeting attendance fees for committee members (the members of the Committee who are Board members of The Group do not receive annual remunerations for their membership in the Committee, and they only receive meeting attendance fees).

Major risks facing The Group Business:

Every economic sector has potential risks. As an economic entity, Savola is exposed to certain risks due to the nature of commercial activities it practices in the areas of basic commodities such as sugar and edible oils, in addition to the raw materials for plastics industry. Key risks can be represented in the probability of Group operations being exposed to fluctuations in raw material prices and currencies, dumping, and acute and unfair competition in the prices of its products in local and regional markets. There are also economic and political risks in the countries where it operates and risk related to penetrating new market in the region in line with the Goup's geographical expansion strategy. In addition, there are risks that could face The Group due to its various investments shareholding in different companies and funds locally and internationally. The Group manages these risks through its Board of Directors, Risk Management Committee, various departments and task forces within The Group.

f.4) Investment Committee

The Investment Committee was formed with five members to develop criteria, standards and plans for The Group's investment activities. The Investment Committee helps The Group develop sound investment plans and to explore and then seize the most attractive opportunities. This committee reviews opportunities before they are presented to the Board, makes recommendations to the Board accordingly, and then monitors progress on these recommendations. The Committee held four meetings during 2011, the list of members, attendance records and the role of the Committee are summarized below:

Name of the Member	Position	Meeting Date during 2011 (1) 21 Feb.	(2) 28 Mar.	(3) 3rd Oct.	(4) 04 Dec.	Total
1. H.E. Eng. Abdullah M. N. Rehaimi - Vice Chairman - Savola BoD Member	Chairman	Not applicable – New member		√	√	(2 of 2)
2. Mr. Ammar A. Al Khudairy, Savola BoD Member	Member	√	√	√	√	(4)
3. Dr. Abdulraouf M. Mannaa Group MD - Savola BOD Member	Member	√	√	√	√	(4)
4. Mr. Abdulaziz K. Al Ghufaily Savola BoD Member	Member	√	√	√	√	(4)
5. Mr. Badr A. Al Issa* Savola Group BoD Member	Member	Not applicable – New member		√	√	(2 of 2)
6. Mr. Mahmoud M. Abdul Ghaffar	Committee Secretary	√	√	√	√	(4)

Note: H.E. Eng. Abdullah M. N. Rehaimi - appointed as member of committee during the month of September 2011 and Mr. Badr A. Al Issa- Appointed as a member in September 2011.

Roles & responsibilities

Defines, studies, and evaluates investment opportunities within The Group and core sectors in Saudi Arabia and overseas with The Group defined strategy and recommend findings to The Group Board of Directors.

The Committee remuneration: Members received the amount of SR 115,000/- which represents attendance fees and travel expenses for committee members (the members of the Committee who are the Board members of The Group do not receive annual remunerations for their membership in the Committee, and they only receive meeting attendance fees).

f.5) Corporate Social Responsibility Committee (CSR):

The CSR Committee consists of five members, each with relevant experience fulfilling its roles and responsibilities. The Committee held four meetings in 2011 and the list of members, attendance records, and the role of the Committee is summarized below:

CSR Committee Members and their attendance records during 2011:

Name		Meeting Date during 2011 (1) 12 Feb	(2) 30 Apr.	(3) 19 June	(4) 20 Aug.	Total
1) Dr. Ghassan A. Al Sulaiman	Chairman	√	√	√	√	4
2) Dr. Abdulraouf M. Mannaa	Member	√	√	√	√	4
3) Dr. Al-Sharif Zeid Al Ghalib (External member - independent)	Member	√	√	×	√	3
4) Dr. Mervat Ahmed Tashkandi (External member - independent)	Member	√	√	√	√	4
5) Mr. Mahmoud M. Abdul Ghaffar	Member &Committee Secretary	√	√	√	√	4

Main roles & responsibilities

Activate The Group role in CSR through adoption of CSR initiatives and programs, set criteria and develop plans to serve the community.

The Committee remuneration: Members received the amount of SR 195,000/- of which SR 100,000/- represent annual remuneration and SR 95,000/- represents meeting attendance fees for committee members (the members of the Committee who are the Board members of The Group do not receive annual remunerations for their membership in the Committee, and they only receive meeting attendance fees).

g) Board Members interest and changes during the year 2011:

#.	Name (all Saudi nationals)	# of Shares at the beginning of 2011	# of Shares at the end of 2011	Variance	Cash dividends paid in 2011(SR)	Relative ownership changes during the year
1	Mr. Sulaiman A. Al Muhaidib	1,000	1,000	-	1,300	None
2	H.E. Eng. Abdullah M. N. Rehaimi*	1,762	1,762	-	2,290	None
3	Dr. Abdulraouf M. Mannaa	1,000	1,000	-	1,300	None
4	Mr. Ibrahim M. Al Issa	1,997,000	2,000,000	3,000	2,599,250	None
5	Dr. Sami M. Baroum	3,482	3,482	0	3,711	Included
6	Mr. Abdulaziz K. Al Ghufaily	1,000	1,000	-	1,300	None
7	Mr. Ammar A. Al Khudairy	100,000	60,000	40,000-	78,000	None
8	Dr. Ghassan A. Al Sulaiman	34,594	34,594	0	44,972	None
9	Mr. Mohammad A. Al Fadl	6,448	6,448	0	8,382	Included
10	Mr. Mousa O. Al Omran	6,304	6,304	0	8,195	None
11	Mr. Badr Abdullah Al-Issa*	25	1,025	1,000	832	None

Note: The cash dividends for Board members mentioned above include the first three quarters' dividends, which have already been paid by the company and fourth quarter dividends to be paid after AGM approval.

h) Senior Executives Interest and changes during the year 2011:

#.	Name	# of Shares in the beginning of 2011	# of Shares in the end of 2011	Variance during the year	Cash dividends paid in 2011 (SR)	# of Shares of immediate relatives
1	Dr. Abdulraouf M. Mannaa	As mentioned in previous table related to the Board members interest				
2	Mr. Abderrahim Maaraf	0	0	0	0	None
3	Eng. Azhar M. Kenji	7,433	24,433	17,000	19,012	None
4	Mr. Muwaffaq M. Jamal	1,000	1,000	-	1,300	None
5	Eng. Mohammed H. Al-Klaiby	1	1,001	1,000	1,301	None
6	Mr. Nouman Farrukh	0	0	0	0	None
7	Mr. Mahmoud M. Abdul Ghaffar	17,554	17,554	0	22,820	Included

Note: The cash dividends for executives mentioned above include the first three quarters dividends, which have been already paid by the company and fourth quarter dividends to be paid after AGM approval.

i) Related-Parties Transactions

During the year 2011, the company dealt with related parties in its usual course of business operations. In such transactions The Group follows the same conditions and principles in dealing with third parties. The Group's related parties include; The Group Board members, major shareholders, senior executives and any of their first degree relatives pursuant to the CMA and the Ministry of Commerce and Industry regulations. In this regard, and since these regulations require the disclosure of such transactions, below are the details of said transactions:

#.	The Related Party	Relation	Type of the Transaction
1)	Kinan International Real Estate Development is a closed joint stock company (30% owned by The Savola Group) and Savola is one of its major founders and has representatives in its Board membership who are also members in The Group Board	Major Shareholder & Board Representation	Selling of The Savola Group's shares in the land located in Jeddah equal to (40%) of the total land area 1,184,255.31 Square Meter, to Kinan International Company for Real Estate Development at a total price of SR 213.8 million. Pursuant to the contract, the Buyer will pay the price in three installments: 1st payment equal to SR 103 million has been paid upon contract signature, 2nd payment after two years from the date of signing the contract, and the 3rd installment to be paid after three years from the date of signing the contract, as disclosed in Tadawul. Selling of The Savola Group's shares in the land located in Riyadh equal to (75%) of the total land area (906.438.6 Square Meter) to Kinan International Company for Real Estate Development at a total price of SR 394.1 Million. Pursuant to the contract, the Buyer will pay the consideration in four installments: 1st payment equal to SR 37.4 Million to be paid upon signing the contract, 2nd payment after one year from the date of signing the contract, and the 3rd & 4th installments are to be paid each after one year from the preceding installment, as disclosed in Tadawul.
2)	Knowledge Economic City Company (KEC), which Dr. Sami Baroum was the Chairman of its Board of Directors as well he is a Board member in The Savola Group. KEC is also 11% owned by The Savola Group (direct and indirect), as Savola is one of the founders of KEC.	Major Shareholder & Board Representation	The Savola Group signed a sale contract with KEC to sell its 80% direct and indirect stake in Al-Mujamaat United Company for Real Estate (a Closed Joint Stock Company) to which The Savola Group will transfer its stake of 80% in the two lands located in Al-Madina Al-Munawwarrah City and adjacent to KECs project with a total area of 2,026,245 Square Meters. The total value of the transaction reached SR 631.3 Million.

#.	The Related Party	Relation	Type of the Transaction
3)	Abdulqadir Al-Muhaidib & Sons, which owns 8.5% shares of The Savola Group and chaired by Mr. Sulaiman A. Al-Muhaidib, who is also the Chairman of Savola Group's Board of Directors.	Major Shareholder & Board Membership	3-1 During the fiscal year of 2011, one of Abdulqadir Al-Muhaidib & Sons subsidiary companies (Food Sector) purchased sugar commodity from the United Sugar Company (USC) a subsidiary of The Savola Group under supply contracts, with a total value of SR 27 million, it is to be noted that such deals were in place between the two companies before the appointment of Mr. Sulaiman Al-Muhaidib as a Board member in The Savola Group Board of Directors. In this connection, it is worthy to mention that USC sells to Al-Muhaidib Co. With the same prices and conditions for other companies. Therefore, the Board recommends approving and renewing the supply contract for 2012. 3-2 One of Abdulqadir Al-Muhaidib & Sons' subsidiary companies (in food sector) sold during 2011 some of its foods products to Al-Azizia Panda United Co. (a Subsidiary of The Savola Group) under supply contracts, with a total value of SR 97 million, such deals were also in place between the two companies before the appointment of Mr. Sulaiman Al-Muhaidib as a Board member in The Savola Group Board of Directors. USC also sells to Al-Muhaidib Co. with the same prices and conditions for other companies.
4)	Herfy Food Services Co., a public listed company, in which The Savola Group owns 49% (direct and indirect) ; Savola has four members in Herfy Board of Directors who are also Board members in Savola Group Board.	Subsidiary Company and Board membership	Some of Savola Group's Subsidiaries (in the Food, Retail and plastic Sectors) executed some transactions and commercial contracts with Herfy Co. With a total value of SR 32.7 million, the Board recommends ratifying the below transactions and authorize their renewal for the next year. Details of the transactions and contracts are listed below: A contract with a total of SR 30 million, which represents rental of shops and retail sales of food products) between Herfy Foods Services Co. and Al-Azizia Panda United Company (a subsidiary of The Savola Group) A contract with a total of SR 2.4 million, which represents edible oils products, sold by Afia International Co. (a subsidiary of The Savola Group) to Herfy. A contract with a total of SR 308.000, which represents Plastic Products sold by Al-Sharq Plastics Co. (a subsidiary of The Savola Group and 100% owned by The Savola Group) to Herfy.
5)	Al-Marai Co., a public listed company, in which The Savola Group owned 29.9%; Savola Group has two representatives in Al-Marai Board of Directors who are also members in Savola Group's Board of Directors.	Major Shareholder & Board Representation	Al-Azizia Panda United Co (a subsidiary of The Savola Group), executed during the year 2011 with Al-Marai Co., some normal commercial transactions and supply contracts of foods products for Panda Stores, with a total value of SR 286 Million, the Board recommends to ratify these transactions and authorizes the renewal of these dealings for the next year.

j) Board Declarations, as per CMA Corporate Governance Code for 2011

This report of The Savola Group conform to the “comply or explain approach” on disclosure requirements of the Corporate Governance Code issued by the CMA. The following subjects were not applied by the company or were not applicable to it for 2011. The Board will begin to disclose these as and when they become applicable.

j-1) Board Declaration as follows:

1. Accounting reports have been appropriately prepared.
2. The Savola Group internal control systems and procedures are properly developed and effectively executed.
3. There are no doubts about The Group’s capability to continue its business activities.
4. The Board of Directors confirms that The Group’s books and records comply with the accounting standards issued by SOCPA. The Board is committed to provide the CMA with any additional information as may be required in case of auditors expressing any reservations on the annual financial statements.
5. None of The Group Board Member’s Executives own any shares in any of The Savola Group subsidiaries, no contracts were performed with any one of them during the year except the transaction disclosed above in related party translations section.
6. The Group has not granted any cash loans whatsoever to any of its Board members or rendered guarantees with respect to any loan entered into by a Board member with third parties. The Savola Group does not presently provide any employee stock option plans. However, The Group is considering the adoption of such a plan in the future, and will make the relevant disclosure as required.
7. The Group does not have debt instruments that are convertible into shares or treasury stocks or stock options or any other similar equity instruments issued or offered by The Group during the year.
8. No contract or agreement or any arrangement has been made under which a shareholder, Director, senior executive or an employee of The Group can waive his or her dividends or any emolument or compensation.
9. There are no punishments, penalties or preventive restrictions imposed on the company by the CMA or any other supervisory, regulatory or judiciary body.
10. Savola does not have preferred shares or shares with special priority in voting, whether to shareholders, Directors or employees. All shares of The Savola Group are ordinary shares of equal nominal value and rank equally in voting and other rights as per regulations.
11. The Group is subject to Zakat according to the regulations of the Department of Zakat & Income Tax (DZIT). The Group records its Zakat provision and charges it to the Income Statement. Any amendments resulting from the final assessment are recorded at the time when the assessments are finalized and agreed with the DZIT.
12. The External Auditor of The Group did not perform any consulting services during 2011 and did not receive any fees in this regard

J-2) Comply or Explain Requirements on Corporate Governance Issued by CMA for 2011:

The Savola Group Board of Directors confirmed that the Group fulfilled all the requirements of the Corporate Governance Code issued by the CMA “comply or explain approach” except the accumulative voting system, the following table # (J-3) stated the provision have been implemented as well as the provisions which have not been implemented, and partially implemented for 2011, and the justifications for not implementing them, illustrated by the following table:

J-3) The Results of the yearly comparison on the degree of compliance with Corporate Governance regulations issued by the CMA for the year 2011

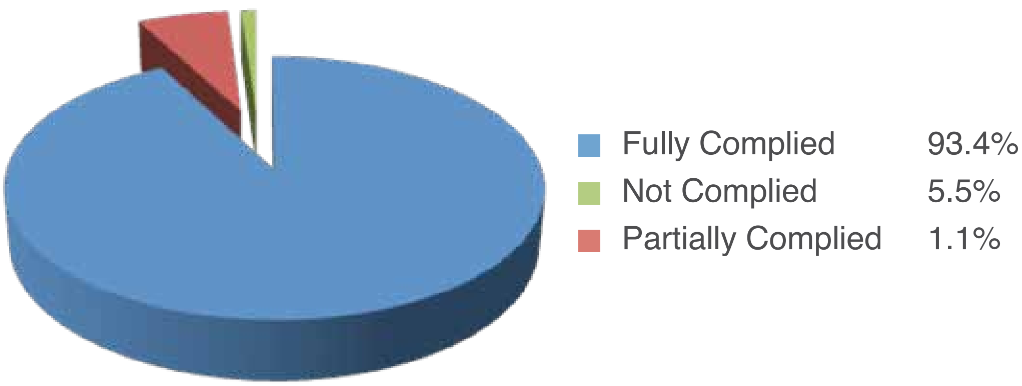
The Savola Group has appointed Ernst & Young (EY) to carry out a comparison of the current corporate governance practice applied by The Group during 2011 with the code of Corporate Governance issued by the Saudi Arabian Capital Market Authority (CMA) pursuant to Resolution no. 1-212-2006 dated 21 Shawwal 1427H corresponding to 12th November 2006 based on Capital Market Law Promulgated by Royal Decree No. M/30 dated 2/6/1424H, as amended by the Resolution of the Board of CMA numbered 1-10-2010 dated 30/3/1431H corresponding to 16/3/2010G. This exercise compares The Group’s commitment during the year 2011 to the Corporate Governance (CG) code issued by the CMA, which contains 91 articles and The Group’s compliance with these was 92%. The table and chart below summarize the results of this comparison:

#	Article number in accordance with Corporate Governance regulations	Number of clauses	Complied	Partially complied	Not complied	N/A	Comments
1	Article 1 & 2 are Preamble and definitions.						
2	Article 3. General Rights of Shareholders.	1	1				
3	Article 4. Facilitation of Shareholders’ Exercise of Rights and Access to Information.	2	2				
4	Article 5. Shareholders Rights Related to the General Assembly.	10	10				
5	Article 6. Voting Rights.	4	2		1 (6/b)	1 (6/d)	Article 6 (b): The company’s Articles of Association do not show that the cumulative voting technique is applied in voting in the General Assembly for the nomination of the board members. This has been presented twice to the General Assembly and has been voted against.
6	Article 7. Dividends Rights of Shareholders	2	2				
7	Article 8. Policies and Procedures Related to Disclosure.	1	1				

#	Article number in accordance with Corporate Governance regulations	Number of clauses	Complied	Partially complied	Not complied	N/A	Comments
8	Article 9. Disclosures in the Board of Directors Report	7	6	1 (9/g)			Article 9 (g): An assessment of internal controls was made by The Group, but due to the company organizational structure and the wide range of its geographical presence, the exercise is still ongoing. The internal control systems assessment executed for the main sectors however, ensured that there were no material deficiencies or risks in such systems that require to be disclosed. Some areas need to be improved for more effectiveness and efficiency. All necessary measures were however, taken by the Audit Committee to accomplish this task.
9	Article 10. Main Functions of the Board	17	15	2 (10/a/1) (10/b/3)			Article 10 (10/a/1) & (10/b/3) related to Risk Management. Although the company defined the major risks facing the business and disclosed them to the public domain, the Board formed a special committee for risk management as indicated earlier in this report. Still more efforts need to be exerted by establishing risk function at Group level. A comprehensive written strategy and policy need to be developed within The Group and among its subsidiaries. The Risk Committee was re-structured during the 2nd half of 2011 and it is currently working to define strategy and develop a mechanism to manage risk effectively.
10	Article 11. Responsibilities of the Board	8	8				
11	Article 12. Formation of the Board	9	8			1 (12/f)	Article 12 (f), not applicable as The Group's AOA, does not give corporate entities the right to appoint representatives in the company Board membership.

#	Article number in accordance with Corporate Governance regulations	Number of clauses	Complied	Partially complied	Not complied	N/A	Comments
12	Article 13. Committees of the Board	3	3				
13	Article 14. Audit Committee	11	11				
14	Article 15. Nomination and Remuneration Committee	8	6	2 (15/C/2,4)			During January 2012, the Compensation, Nominations & Corporate Governance Committee engaged an independent and specialized consulting firm to assess the skills and capabilities of the Board (elected in July 2010) to determine its strengths and weaknesses and to identify areas of improvement, if any.
15	Article 16. Meetings of the Board	4	4				
16	Article 17. Remuneration and Indemnification of Board Members	1	1				
17	Article 18. Conflict of Interest within the Board	3	3				
Total		91	83	5	1	2	
Percentage		100%	93.4%	5.5%	1.1%	-	

Below is a chart summarizes the results of the independent assessment of Savola compliance with corporate governance regulations:



k) Board of Directors' Recommendations to the 35th AGM scheduled on 17th April 2011

	Approval of the Final (Audited) Accounts and Auditors' Report for the year ended 31st December 2011.
	Approval of the Board of Directors' Annual Report for the year ended 31st December 2011.
	Approval of the Board of Directors' recommendation to distribute SR 275 Million (SR 0.55 per share) as dividends for the fourth quarter of the year 2011, in addition to the ratification of the total dividends distributed to the shareholders for the first three quarters for the year 2011 amounted to SR 375 Million (SR 0.75 per share). Thus, the total dividend for the year 2011 amounts to (SR 1.30 per share), raising the total dividends already paid and to be paid to SR 650 Million, which is equal to 13% of the company capital. The maturity date for the fourth-quarter dividends will be for shareholders registered in the company books at the close of trading on the date of the General Assembly Meeting on 17th April 2012.
	Absolve the Board of Directors from any liability pertaining to the management of the company for the year ended 31st December 2011.
	Approve the recommendation of the Audit Committee to appoint The Group's external auditor, and specifying its fees, for auditing The Group's quarterly and final accounts for the year ended 31st December 2012.
	Ratification of the of the Board of Directors resolution, of appointing Mr. Badr Bin Abdullah Al-Issa as a Board Member of The Group as of Wednesday 10/8/2011 till the end of the Board current office term, which expires on 30/6/2013, in the place which becomes vacant after the resignation of Mr. Yousuf M. Alireza from the membership of The Group's Board.
	Ratification of the transactions and contracts that are made with related parties during the year 2011, which are outlined in the Board of Directors' Annual Report for the year 2011.

Thanks and Appreciation

The Board of Directors takes this opportunity to extend thanks and appreciation to the Custodian of the Two Holy Mosques and to His Royal Highness The Crown Prince – God bless them- for their special endeavors in furthering the welfare and the stability of the country. The Board also extends its appreciation and thanks to the Government of the Custodian of the Two Holy Mosques for its continuous support and encouragement provided to the industrial and private sector in the Kingdom. The Board would also like to thank all Saudi citizens for the trust and loyalty they have placed in Savola and its products. The Board further thanks Savola's shareholders, The Group's management, subsidiaries and employees for their efforts, support, and commitment during 2011. The Board looks forward to further achievements in 2012.

We pray to Almighty God for continuous success.

The Savola Group Board of Directors

Consolidated Financial Statements
With Independent Auditors' Report

3

PRICEWATERHOUSECOOPERS

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INDEPENDENT AUDITORS' REPORT **February 21, 2012**

To the Shareholders of Savola Group Company:
(A Saudi Joint Stock Company)

Scope of audit

We have audited the accompanying consolidated balance sheet of Savola Group Company (the "Company") and Subsidiaries (collectively the "Group") as of December 31, 2011 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended, and the notes which form an integral part of the consolidated financial statements. These consolidated financial statements, which were prepared by the Company in accordance with Article 123 of the Regulations for Companies and presented to us with all information and explanations which we required, are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified opinion

In our opinion, such consolidated financial statements taken as a whole:

- Present fairly, in all material respects, the financial position of the Group as of December 31, 2011 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in Saudi Arabia appropriate to the circumstances of the Group; and
- Comply, in all material respects, with the requirements of the Regulations for Companies and the Company's Bylaws with respect to the preparation and presentation of consolidated financial statements.

PricewaterhouseCoopers

برايس وترهاوس كوبرز
محاسبون قانونيون
ترخيص رقم ٢٥
PRICE WATER HOUSE COOPERS
CERTIFIED PUBLIC ACCOUNTANTS
LICENSE NO. 25

Ibrahim R. Habib
License Number 383
February 21, 2012

Consolidated balance sheet

(All amounts in Saudi Riyals thousands unless otherwise stated)

Year ended December 31

	Note	2011	2010
Assets			
Current assets			
Cash and cash equivalents	5	1,214,084	577,414
Accounts receivable	6	1,815,640	1,677,750
Inventories	7	3,152,449	2,527,070
Prepayments and others	8	1,424,242	936,578
Assets classified as held for sale	9	167,398	191,831
		7,773,813	**5,910,643**
Non-current assets			
Long term receivables from a related party	10.3	308,678	-
Investments	10	5,332,161	6,107,255
Property, plant and equipment	11	5,384,430	4,739,217
Intangible assets	12	1,302,294	1,024,821
		12,327,563	11,871,293
Total assets		**20,101,376**	**17,781,936**
Liabilities			
Current liabilities			
Short-term borrowings	13	2,755,429	2,069,534
Current maturity of long-term borrowings	14	656,103	709,257
Accounts payable	15	2,718,927	2,128,835
Accrued and other liabilities	16	1,428,521	1,616,152
Liabilities classified as held for sale	9	181,299	200,350
		7,740,279	**6,724,128**
Non-current liabilities			
Long-term borrowings	14	2,821,494	2,394,807
Deferred gain	17	103,181	111,630
Long-term payables	18	58,342	60,397
Employee termination benefits	19	307,263	276,106
		3,290,280	**2,842,940**
Total liabilities		**11,030,559**	**9,567,068**
Equity			
Equity attributable to shareholders of the Company:			
Share capital	21	5,000,000	5,000,000
Statutory reserve	22	1,077,010	956,772
General reserve		4,000	4,000
Retained earnings		2,005,378	1,425,440

Year ended December 31

	Note	2011	2010
Fair value reserve	10	(808)	(90,112)
Effect of transactions with minority shareholders	1	(59,443)	(45,637)
Currency translation differences		(303,670)	(230,426)
Total shareholders' equity		7,722,467	7,020,037
Minority interest		1,348,350	1,194,831
Total equity		9,070,817	8,214,868
Total liabilities and equity		20,101,376	17,781,936
Contingencies and commitments	30		

The notes on pages 98 to 129 form an integral part of these consolidated financial statements.

Consolidated income statement

(All amounts in Saudi Riyals thousands unless otherwise stated)

Year ended December 31

	Note	2011	2010
Revenues	20	25,195,702	21,029,472
Cost of sales	20	(21,224,980)	(17,614,233)
Gross profit		3,970,722	3,415,239
Share in net income of associates and dividend income of available-for-sale investment net	10.1,10.2	440,613	459,522
Other income - net	25	96,767	97,340
Total Income		**4,508,102**	**3,972,101**
Operating expenses			
Selling and marketing	20, 23	(2,144,813)	(1,870,153)
General and administrative	20, 24	(562,472)	(603,138)
Total expenses		(2,707,285)	(2,473,291)
Income from operations		**1,800,817**	**1,498,810**
Other income (expenses)			
Gain on disposal of investments	10	152,781	195,055
Impairment loss on:			
- Assets and liabilities classified as held for sale	9	-	(115,000)
- Intangible assets	12	(35,366)	(102,290)
- Available for sale investments	10.2	-	(66,426)
Financial charges - net	26	(317,472)	(244,260)
Income before zakat and foreign income tax and minority interests		1,600,760	1,165,889
Zakat and foreign income tax	16	(132,024)	(140,146)
Net income before minority interests		1,468,736	1,025,743
Share of minority interests in the net income of consolidated subsidiaries		(266,360)	(139,041)
Net income for the year		**1,202,376**	**886,702**
Earnings per share (in Saudi Riyals):	**28**		
Operating income		3.60	3.00
Net income for the year		2.40	1.77

- The notes on pages 98 to 129 form an integral part of these consolidated financial statements.

Consolidated cash flow statement

(All amounts in Saudi Riyals thousands unless otherwise stated)

Year ended December 31

	Note	2011	2010
Cash flow from operating activities			
Net income for the year		1,202,376	886,702
Adjustments for non-cash items			
Provision for doubtful debts	6	8,301	(12,555)
Provision for inventory obsolescence	7	7,649	43,594
Depreciation, amortization, impairment and amortization of deferred gain	11,12,17	558,234	812,791
Income applicable to minority interest		266,360	139,041
Share in net income of associates	10	(436,863)	(459,522)
Financial charges - net		317,472	244,260
Gain from disposal of investments	10	(152,781)	(195,055)
Gain on sale of property, plant and equipment		(10,087)	(3,075)
Changes in working capital			
Accounts receivable		(79,620)	(158,952)
Inventories		(604,557)	(404,600)
Prepayments and other receivables		174,191	(65,431)
Accounts payable		486,910	154,391
Accrued and other liabilities		(195,281)	389,437
Employee termination benefits		31,157	33,820
Net cash generated from operating activities		**1,573,461**	**1,404,846**
Cash flow from investing activities			
Cash effect of consolidation (deconsolidation) of an associate		141,313	(20,062)
Purchase of property, plant and equipment	11	(674,044)	(478,285)
Acquisition of subsidiaries, net of cash	1, 12.1	(445,642)	-
Proceeds from sale of property, plant and equipment		94,807	142,546
Additions to investments	10	(219,892)	(745,279)
Proceeds from sale of investments		142,069	280,000
Dividends received	10	222,303	167,544
Net change in other investments		7,864	28,652
Addition to deferred charges		(37,054)	(54,708)
Net cash utilized in investing activities		**(768,276)**	**(679,592)**
Cash flow from financing activities			
Net change in short-term borrowings		644,686	(157,647)
Additions to long-term borrowings		1,045,010	1,126,001
Repayments of long-term borrowings		(909,257)	(795,089)

Year ended December 31

	Note	2011	2010
Net change in restricted deposits financing		(20,963)	(35,918)
Changes in minority interest		(112,841)	(416,478)
Financial charges - net		(317,472)	(244,260)
Dividends paid		(497,678)	(625,634)
Net cash utilized in financing activities		**(168,515)**	**(1,149,025)**
Net change in cash and cash equivalents		**636,670**	**(423,771)**
Cash and cash equivalents at beginning of year		**577,414**	**1,001,185**
Cash and cash equivalents at end of year		**1,214,084**	**577,414**
Supplemental schedule of non-cash information			
Properties classified as held for sale	8	467,359	175,324
Fair value reserve	10	89,304	(68,511)
Currency translation differences	10	(73,244)	(36,575)
Directors' remuneration		2,200	2,200
Assets classified as held for sale		-	191,831
Liabilities classified as held for sale		-	200,350

The notes on pages 98 to 129 form an integral part of these consolidated financial statements.

Consolidated statement of changes in shareholders' equity

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Share capital	Statutory reserve	General Reserve	Fair value reserve	Effect of transactions with minority shareholders	Currency translation differences	Retained earnings	Total shareholders equity
January 1, 2011		**5,000,000**	**956,772**	**4,000**	**(90,112)**	**(45,637)**	**(230,426)**	**1,425,440**	**7,020,037**
Net income for the year		-	-	-	-	-	-	1,202,376	1,202,376
Transfer to statutory reserve	22	-	120,238	-	-		-	(120,238)	-
Dividends	29	-	-	-	-	-	-	(500,000)	(500,000)
Fair value reserve adjustment	10	-	-	-	89,304	-	-	-	89,304
Currency translation differences		-	-	-	-	-	(73,244)	-	(73,244)
Directors remuneration	20	-	-	-	-	-	-	(2,200)	(2,200)
Acquisition of minority shareholders' interest without change in control		-	-	-	-	(13,806)	-	-	(13,806)
December 31, 2011		**5,000,000**	**1,077,010**	**4,000**	**(808)**	**(59,443)**	**(303,670)**	**2,005,378**	**7,722,467**
January 1, 2010		**5,000,000**	**868,102**	**4,000**	**(21,601)**	**49,370**	**(193,851)**	**1,254,608**	**6,960,628**
Net income for the year		-	-	-	-	-	-	886,702	886,702
Transfer to statutory Reserve	22	-	88,670	-	-	-	-	(88,670)	
Dividends	29	-	-	-	-	-	-	(625,000)	(625,000)
Fair value reserve adjustment	10	-	-	-	(68,511)	-	-	-	(68,511)
Currency translation differences		-	-	-	-	-	(36,575)	-	(36,575)
Directors remuneration	20	-	-	-	-	-	-	(2,200)	(2,200)
Acquisition of minority shareholders' interest without change in control		-	-	-	-	(95,007)	-	-	(95,007)
December 31, 2010		**5,000,000**	**956,772**	**4,000**	**(90,112)**	**(45,637)**	**(230,426)**	**1,425,440**	**7,020,037**

The notes on pages 98 to 129 form an integral part of these consolidated financial statements.

1. General information

Savola Group Company (the "Company") and its subsidiaries (collectively the "Group") consist of the Company and its various Saudi Arabian and foreign subsidiaries. The objectives of the Company along with its subsidiaries includes the manufacturing and sale of vegetable oils and to set up related industries, retail outlets, dairy products, fast foods, packing materials, exports and imports, commercial contracting, trade agencies, development of agricultural products and real estate related investment activities.

The Company is a Saudi Joint Stock company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030019708 issued in Jeddah on Rajab 21, 1399H (corresponding to June 16, 1979). The Company was formed under the Regulations for Companies in the Kingdom of Saudi Arabia per Royal Decree number M/21 dated Rabi-ul-Awal 29, 1398H (March 9, 1978). The registered address of the Company is Saudi Business Centre, Madinah Road, Jeddah, Kingdom of Saudi Arabia, Kingdom of Saudi Arabia.

At December 31, the Group has investments in the following subsidiaries (collectively referred as "the Group"):

(a) Direct subsidiaries of the Company

(i) Operating subsidiaries

Subsidiary name	Country of incorporation	Principal business Activity	Ownership interest (%) at December 31	
			2011	2010
Savola Foods Company ("SFC")	Saudi Arabia	Foods	90	90
Al-Azizia Panda United Company ("APU")	Saudi Arabia	Retail	74.4	74.4
Savola Packaging Systems Limited ("SPS")	Saudi Arabia	Manufacturing of Plastic packaging products	100	100
Al Matoun International for Real Estate Investment Holding Company ("Al Matoun")	Saudi Arabia	Real Estate	80	80
Al Batool International Trading Company Limited ("Batool")	Saudi Arabia	Franchise	-	100
United Sugar Company, Egypt ("USCE")	Egypt	Manufacturing of Sugar	19.1	19.1
Giant Stores Trading Company ("Giant")	Saudi Arabia	Retail	8	8
United Company for Central Markets ("UCCM")	Lebanon	Retail	8	8

(ii) Dormant and Holding company subsidiaries

Subsidiary name	Country of incorporation	Principal business Activity	Ownership interest (%) at December 31	
			2011	2010
Kafazat Al Kawniah for Real Estate Limited	Saudi Arabia	Holding Company	100	100
Alwaqat Al Kawniah Limited	Saudi Arabia	Holding Company	100	100
Aalinah Al Kawniah Limited	Saudi Arabia	Holding Company	100	100
Abtkar Al Kawniah Limited	Saudi Arabia	Holding Company	100	100
Adeem Arabia Company Ltd. ("AAC")	Saudi Arabia	Holding Company	80	80
Savola Industrial Investments Co. ("SIIC")	Saudi Arabia	Holding Company	4.5	4.5
Madarek Investment Company	Jordan	Holding Company	100	100
Utur Packaging Materials Company Limited ("Utur")	Saudi Arabia	Holding Company	100	100
Marasina International Real Estate Investment Ltd.	Saudi Arabia	Holding Company	100	-
Asda'a International Real Estate Investment Ltd.	Saudi Arabia	Holding Company	100	-
Masa'ay International Real Estate Investment Ltd.	Saudi Arabia	Holding Company	100	-
Saraya International Real Estate Investment Ltd.	Saudi Arabia	Holding Company	100	-
Savola Trading International Limited	British Virgin Island	Dormant Company	100	100
United Properties Development Company ("UPDC")	Saudi Arabia	Dormant Company	100	100
Kamin Al Sharq for Industrial Investments ("Kamin")	Saudi Arabia	Dormant Company	100	100
Arabian Sadouk for telecommunications Co. ("Sadouk")	Saudi Arabia	Dormant Company	100	100
Al Maoun International Holding Company	Saudi Arabia	Dormant Company	100	100
Afia Foods Arabia	Saudi Arabia	Dormant Company	100	100

(b) Subsidiaries controlled through SFC

Direct Subsidiaries

Subsidiary name	Country of incorporation	Principal business Activity	Subsidiary Ownership interest (%) at December 31	
			2011	2010
Afia International Company ("AIC")	Saudi Arabia	Manufacturing of Edible oil	95.19	95.19
SIIC	Saudi Arabia	Holding Company	95	95
Savola Foods Emerging Markets Company Limited ("SFEM")	British Virgin Islands	Holding Company	95.4	95.4
Savola Foods for Sugar Company ("SFSC")	Cayman Islands	Holding Company	95	95
El Maleka for Food Industries Company ("El Maleka")	Egypt	Manufacturing of Pasta	100	-
El Farasha for Food Industries Company ("El Farasha")	Egypt	Manufacturing of Pasta	100	-
Alexandria Sugar Company Egypt ("ASCE"), previously jointly controlled entity	Egypt	Manufacturing of Sugar	19	19
Entities controlled through subsidiaries of SFC				
SIIC				
United Sugar Company ("USC")	Saudi Arabia	Manufacturing of Sugar	74.48	74.48
USC				
USCE	Egypt	Manufacturing of Sugar	56.75	56.75
ASCE	Egypt	Manufacturing of Sugar	62.13	-
Beet Sugar Investments ("BSI")	Cayman Islands	Manufacturing of Sugar	100	-
USCE				
ASCE	Egypt	Manufacturing of Sugar	18.87	30
SFEM				
Savola Morocco Company	Morocco	Manufacturing of Edible oil	100	100
Savola Edible Oils (Sudan) Ltd.	Sudan	Manufacturing of Edible oil	100	100
Afia International Company - Algeria	Algeria	Manufacturing of Edible oil	100	100

Effective November 1, 2011, SFC has acquired 100% ownership interests in El Maleka and El Farasha in Egypt. The main activities of these subsidiaries are constructing and operating a factory to produce all types of macaroni (pasta) and a mill to produce flour.

During the year, the Group has made an additional investment in its earlier jointly controlled company, ASCE and acquired the controlling interest. The effective holding of the Group is 70.54%. ASCE is under pre-operating phase and will be involved in the production of refined sugar from beet.

Subsidiary name	Country of incorporation	Principal business Activity	Subsidiary Ownership interest (%) at December 31	
			2011	2010
AIC				
Savola Behshahr Company (SBeC)	Iran	Holding Company	80	80
Savola Foods Limited ("SFL")	British Virgin Islands	Holding Company	100	100
Afia International Company - Jordan	Jordan	Manufacturing of Edible oil	97.4	97.4
Inveskz Inc.	British Virgin Islands	Holding Company	90	90
Afia Trading International	British Virgin Islands	Trading Company	100	100
Savola Foods International	British Virgin Islands	Dormant Com-pany	100	100
KUGU Gida Yatum Ve Ticaret A.S ("KUGU")	Turkey	Holding Company	100	100
Malintra Holdings	Luxembourg	Holding Company	100	100
SBeC				
Behshahr Industrial Company	Iran	Manufacturing of Edible oil	79.9	79.9
Margarine Manufacturing Company	Iran	Manufacturing of Edible oil	79.9	79.9
SFL				
Afia International Company, Egypt ("AICE")	Egypt	Manufacturing of Edible oil	99.92	99.92
Elington International Limited	British Virgin Island	Dormant com-pany	100	100
Latimar International Limited	British Virgin Island	Dormant com-pany	100	100
Inveskz Inc.				
Savola Foods CIS	Kazakhstan	Manufacturing of Edible oil	100	100
KUGU				
Yudum Gida Sanayi ve Ticaret A.S ("Yudum")	Turkey	Manufacturing of Edible oil	100	100

(c) Subsidiaries controlled through APU

Subsidiary name	Country of incorporation	Principal business Activity	Subsidiary Ownership interest (%) at December 31	
			2011	2010
APU				
Giant	Saudi Arabia	Retail	90	90
UCCM	Lebanon	Retail	90	90
Giant				
Lebanese Sweets and Bakeries ("LSB")	Saudi Arabia	Dormant Company	95	95

(d) Subsidiaries controlled through SPS

Subsidiary name	Country of incorporation	Principal business Activity	Subsidiary Ownership interest (%) at December 31	
			2011	2010
SPS				
New Marina for Plastic Industries ("NMP")	Egypt	Manufacturing of plastic packaging products	100	100
Al Sharq Company for Plastic Industries Ltd. ("Al-Sharq")	Saudi Arabia	Manufacturing of plastic packaging products	100	93

During the first quarter of 2010, the Group's subsidiary, Herfy Foods Services Company ("Herfy") was offered to public subscription through Initial Public offering of its 30% existing shares. This resulted in dilution of Group's interest in Herfy from 70% to 49% and loss of control. The Group received gross proceeds of Saudi Riyals 280 million in consideration of its 5.67 million shares at a price of Saudi Riyals 51 per share and realized a net gain on disposal of Saudi Riyals 195 million in statement of income. Herfy was deconsolidated and has been accounted for as an associate in these consolidated financial statements from the effective date of deconsolidation.

During the third quarter of 2010, the Group reached preliminary agreements with certain minority shareholders in APU and SFC to acquire their respective shareholding interests against issuance of 46.34 million new shares of the Company along with a net cash settlement of Saudi Riyals 20 million, payable on the closing of the said transaction. During the fourth quarter of 2011, such preliminary agreement with one of the minority shareholder of APUC namely Al Hokair Group ("Al Hokair") was cancelled. However, the Group is continuing its deliberations with the other minority shareholder.

On January 3, 2011, the Group signed an agreement with the minority shareholder of Al-Sharq to acquire the remaining 7% shareholding for Saudi Riyals 21 million. Accordingly, the Group increased its effective ownership interest in Al-Sharq to 100%. The transfer was completed during 2011.

During 2009, the Group reached an agreement with Tate & Lyle, the minority shareholders in United Sugar Company, Saudi Arabia and United Sugar Company Egypt to acquire their 9.68% and 2.58% shares in the two companies, respectively against a total consideration of Saudi Riyals 181.25 million. The transaction has been consumated on January 6, 2011 when final part of total transaction consideration amounting to Saudi Riyals 135.96 million was deposited in Escrow account and legal formalities were completed during 2011.

Effective September 16, 2009, the Group's subsidiary, APU acquired the net assets of Saudi Geant Company Limited ("Geant") for a total consideration of Saudi Riyals 469.3 million, including cash consideration of Saudi Riyals 232 million and a deferred equity consideration of Saudi Riyals 237.3 million. The Company had paid the cash consideration on October 12, 2009 whereas the deferred equity component was settled during 2010, through issuance of 45.7 million new shares of APU at a price of Saudi Riyals 51.92 per share. Also as per the agreement, from the year 2010, Al Hokair is entitled to acquire 1% share of APU from the Company each year at the fair value for a period of up to 3 years from the year 2009. During the fourth quarter of 2011, Al Hokair has decided to exercise this option of buying 3% of APU shares. The legal formalities for such acquisition of shares are still pending at year end.

These consolidated financial statements were authorized for issue by the Company's Board of Directors on February 20, 2012.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

The accompanying consolidated financial statements have been prepared under the historical cost convention on the accrual basis of accounting, as modified by revaluation of available-for-sale investments and derivative financial instruments to fair value, and in compliance with accounting standards promulgated by Saudi Organization for Certified Public Accountants.

2.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.3. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) Impairment of available for sale investments

The Group exercises judgment to calculate the impairment loss of available for sale investments as well as their underlying assets. This includes the assessment of objective evidence which causes an other than temporary decline in the value of investments. Any significant and prolonged decline in the fair value of equity investment below its cost is considered as objective evidence for the impairment. The determination of what is 'significant' and 'prolonged' requires judgment. The Group also considers impairment to be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

(c) Provision for doubtful debts

A provision for impairment of account receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. For significant individual amounts, assessment is made at individual basis. Amounts which are not individually significant, but are over due, are assessed collectively and a provision is recognized considering the length of time considering the past recovery rates.

(d) Provision for inventory obsolescence

The Group determines its provision for inventory obsolescence based upon historical experience, expected inventory turnover, inventory aging and current condition, and current and future expectations with respect to sales. Assumptions underlying the provision for inventory obsolescence include future sales trends, and the expected inventory requirements and inventory composition necessary to support these future sales and offerings. The estimate of the Group's provision for inventory obsolescence could materially change from period to period due to changes in product offerings of those products.

2.3 Investments

(a) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given or liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill arising from acquisition of subsidiaries is reported under "intangible assets" in the accompanying balance sheet. Goodwill is tested annually for impairment and carried at cost, net of any accumulated amortization and impairment losses, if any. The subsidiaries on which the Group control is temporary are not consolidated and are accounted for as an associates.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Changes in a group's ownership interest in a subsidiary after acquiring control, is accounted as equity transactions and the carrying amounts of the minority interests is adjusted against the fair value of the consideration paid and any difference is recognized directly in equity under "Effect of transactions with minority shareholders".

(b) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated amortization and impairment losses, if any.

The Group's share of its associates' post-acquisition income or losses is recognized in the income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate companies equals or exceeds its interest in the associate and jointly-controlled company, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Dilution gains and losses arising in investments in associates are recognized in the income statement.

(c) Investment in available-for sale investments

Available-for-sale investments principally consist of less than 20% equity investments in certain quoted/unquoted investments. These investments are included in non-current assets unless management intends to sell such investments within twelve months from the balance sheet date. These investments are initially recognized at cost and are subsequently re-measured at fair value at each reporting date as follows:

(i) Fair values of quoted securities are based on available market prices at the reporting date adjusted for any restriction on the transfer or sale of such investments; and

(ii) Fair values of unquoted securities are based on a reasonable estimate determined by reference to the current market value of other similar quoted investment securities or is based on the expected discounted cash flows.

Cumulative adjustments arising from revaluation of these investments are reported as separate component of equity as fair value reserve until the investment is disposed.

2.4 Segment reporting

(a) Business segment

A business segment is group of assets, operations or entities:

(i) engaged in revenue producing activities;

(ii) results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and

(iii) financial information is separately available.

(b) Geographical segment

A geographical segment is group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

2.5 Foreign currency translations

(a) Reporting currency

These consolidated financial statements are presented in Saudi Riyals which is the reporting currency of the Group.

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

(c) Group companies

The results and financial position of foreign subsidiaries and associates having reporting currencies other than Saudi Riyals are translated into Saudi Riyals as follows:

1. assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
2. income and expenses for each the income statement are translated at average exchange rates; and components of the equity accounts are translated at the exchange rates in effect at the dates of the related items originated.
3. Cumulative adjustments resulting from the translations of the financial statements of foreign subsidiaries and associates into Saudi Riyals are reported as a separate component of equity.

Any goodwill arising on acquisition of foreign subsidiaries and any subsequent fair value adjustments to the carrying values of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign subsidiaries and translated at the closing rate and recognized in the equity.

Dividends received from associates are translated at the exchange rate in effect at the transaction date and related currency translation differences are realized in the income statement.

When investments in foreign subsidiaries and associates are partially disposed off or sold, currency translation differences that were recorded in equity are recognized in income as part of gain or loss on disposal or sale.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand and with banks and other short-term highly liquid investments with maturities of three months or less from the purchase date.

2.7 Accounts receivable

Accounts receivable are carried at original invoice amount less provision for doubtful debts. A provision against doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Such provisions are charged to the income statement and reported under "General and administrative expenses". When account receivable is uncollectible, it is written-off against the provision for doubtful debts. Any subsequent recoveries of amounts previously written-off are credited against "General and administrative expenses" in the income statement.

2.8 Inventories

Inventories are carried at the lower of cost or net realizable value. Cost is determined using weighted average method. The cost of finished products include the cost of raw materials, labor and production overheads. Inventories in transit are valued at cost. Stores and spares are valued at cost, less any provision for slow moving items.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.9 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation except construction in progress which is carried at cost. Land is not depreciated. Depreciation is charged to the income statement, using the straight-line method, to allocate the costs of the related assets to their residual values over the following estimated useful lives:

	Years
Buildings	12.5 - 33
Leasehold improvements	3 - 33
Plant and equipment	3 - 30
Furniture and office equipment	3 - 16
Vehicles	4 - 10

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the income statement as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

2.10 Investment property

Property held for long-term rental yields or for capital appreciation or both, which is not occupied by the Group is classified as investment property and is reported under "Other investments". Investment property comprises land, buildings and lease hold improvements. Investment property is recorded at historical cost, net of accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. Land is not depreciated.

2.11 Deferred charges

Costs that are not of benefit beyond the current period are charged to the income statement, while costs that will benefit future periods are capitalized. Deferred charges, reported under "Intangible assets" in the accompanying balance sheet, include certain indirect construction costs incurred by the Group in relation to setting up its retail outlets. Such costs are amortized over periods which do not exceed five years.

2.12 Impairment of non-current assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-current assets other than intangible assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the income statement. Impairment losses recognized on intangible assets are not reversible.

2.13 Assets and liabilities classified as held for sale

Assets held for sale comprises of assets and liabilities or disposal group that are expected to be recovered primarily through sale rather than through continuing use. Immediately before classification as held for sale, non-current assets under disposal group are measured at the lower of their carrying amount and fair value less cost to sell. Subsequent to initial recognition, any impairment loss on a disposal group is first allocated to goodwill, (if there is any) and then to remaining assets and liabilities on pro rata basis. However, no loss is allocated to financial assets, which are continue to be measured in accordance with their initial accounting policies. Gains or losses on disposal of such assets or disposal group are recognized in interim consolidated income statement currently.

2.14 Borrowings

Borrowings are recognized at the proceeds received, net of transaction costs incurred, if any. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of those assets. Other borrowing costs are charged to the income statement.

2.15 Accounts payable and accruals

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Group.

2.16 Provisions

Provisions are recognized when; the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

2.17 Zakat and taxes

The Company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax ("DZIT"). Foreign shareholders in the consolidated Saudi Arabian subsidiaries are subject to income taxes. Income tax provisions related to the foreign shareholders in such subsidiaries are charged to the minority interest in the accompanying consolidated financial statements. Provision for zakat for the Company and zakat related to the Company's ownership in the Saudi Arabian subsidiaries is charged to the income statement. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

The Company and its Saudi Arabian subsidiaries withhold taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

Foreign subsidiaries are subject to income taxes in their respective countries of domicile. Such income taxes are charged to consolidated income statement.

Deferred income tax assets are recognized on carry-forward tax losses and on all major temporary differences between financial income and taxable income to the extent that it is probable that future taxable profit will be available against which such carry-forward tax losses and the temporary differences can be utilized. Deferred income tax liabilities are recognized on significant temporary differences expected to result in an income tax liability in future periods. Deferred income taxes are determined using tax rates which have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

2.18 Employee termination benefits

Employee termination benefits required by Saudi Labor and Workman Law are accrued by the Company and its Saudi Arabian subsidiaries and charged to the income statement. The liability is calculated; as the current value of the vested benefits to which the employee is entitled, should the employee leave at the balance sheet date. Termination payments are based on employees’ final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia.

The foreign subsidiaries provide currently for employee termination and other benefits as required under the laws of their respective countries of domicile. There are no funded or unfunded benefit plans established by the foreign subsidiaries.

2.19 Revenues

Revenues are recognized upon delivery of products and customer acceptance, if any, or on the performance of services. Revenues are shown net of discounts and transportation expenses, and after eliminating sales within the Group.

Rental income from operating leases is recognized in the income statement on a straight-line basis over the lease term. Promotional and display income is comprised of income earned from promotion and display of various products by vendors within the Group’s retail stores, and is recognized in the period in which the product is listed.

Dividend income is recognized when the right to receive payment is established.

2.20 Selling, marketing and general and administrative expenses

Selling, marketing and general and administrative expenses include direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles. Allocations between selling, marketing and general and administrative expenses and production costs, when required, are made on a consistent basis.

2.21 Dividends

Dividends are recorded in the financial statements in the period in which they are approved by shareholders of Group.

2.22 Derivative financial instruments

The Group uses derivative financial instruments (commodity future contracts) to hedge its price risk of raw material in the Sugar business. Derivatives are measured at fair value, and changes in the fair value of a derivative hedging instrument are recognized in statement of income under cost of sales as an adjustment to the carrying amount of hedged item, the inventory.

2.23 Operating leases

Rental expenses under operating leases are charged to the income statement over the period of the respective lease.

2.24 Reclassifications

For better presentation, certain amounts relating to 2010 comparative consolidated financial statements have been reclassified to conform to the 2011 presentation.

3. Financial instruments and risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by senior management under policies approved by the board of directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The most important types of risk are credit risk, currency risk and fair value and cash flow interest rate risks.

Financial instruments carried on the balance sheet include cash and cash equivalents, accounts receivable, investments, long term receivables, short-term and long-term borrowings, accounts payable and accrued and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and liability is offset and net amounts reported in the financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

3.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals, US Dollars, Iranian Riyals, Egyptian Pounds, and Turkish Lira.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Group also has investments in foreign subsidiaries and associates, whose net assets are exposed to currency translation risk. Currently, such exposures are mainly related to exchange rate movements between Saudi Riyals against Turkish Lira, Egyptian Pounds and Iranian Riyals. Such exposures are recorded as a separate component of shareholders' equity in the accompanying financial statements. The Group's management monitors such exposures and considers the use of forward exchange contracts and borrowings denominated in the relevant foreign currency to hedge the foreign currency exposures.

3.2 Fair value and cash flow interest rate risks

Fair value and cash flow interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial positions and cash flows. The Group's interest rate risks arise mainly from its short-term deposits and bank borrowings, which are at floating rate of interest and are subject to re-pricing on a regular basis. Management monitors the changes in interest rates and believes that the fair value and cash flow interest rate risks to the Group are not significant.

3.3 Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity securities price risk because Group holds investment in certain listed equities which are classified on the balance sheet as available-for-sale investments. The Group diversifies its portfolio to manage its price risk arising from investments in equity securities,.

3.4 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group has no significant concentration of credit risk. Cash and cash equivalents are placed with banks with sound credit ratings. Accounts receivable are carried net of provision for doubtful debts.

3.5 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

As at December 31, 2011, the Group has unused bank financing facilities amounting to Saudi Riyals 3.4 billion (2010: Saudi Riyals 3 billion)

3.6 Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Group's financial instruments are compiled under the historical cost convention, except for available-for-sale investments which are carried at fair values, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

4. Segment information

- The Group operates principally in the following major business segments:
- Foods - includes manufacturing and sale of Edible oils, Sugar and Pasta products.
- Retail - includes Group's hyper and super markets operations.
- Plastic - includes manufacturing and sale of Plastic products for industrial and commercial use.
- Investment and other activities segment - includes Group subsidiaries which are engaged in real estate activities, investments in associates, available-for-sale investments and other investments.

(a) Selected financial information as of December 31, 2011 and 2010, and for the year ended on those dates, summarized by segment, is as follows:

	Food	Retail	Plastic	Investments and other activities	Eliminations	Total
2011						
Property, plant and equipment	2,786,530	1,570,876	419,329	607,695	-	5,384,430
Other non-current assets	851,007	322,406	137,493	5,632,227	-	6,943,133
Revenues	15,223,918	9,181,551	1,001,533	75,818	(287,118)	25,195,702
Net income	489,075	200,151	91,242	515,708	(93,800)	1,202,376
2010						
Property, plant and equipment - net	2,211,991	1,564,379	388,802	574,045	-	4,739,217
Other non-current assets	738,041	345,643	139,617	5,908,775	-	7,132,076
Revenues - net	12,026,532	8,182,671	883,976	154,588	(218,295)	21,029,472
Net income	234,240	66,465	100,011	535,001	(49,015)	886,702

(b) The Group's operations are conducted in Saudi Arabia, Egypt, Iran and other countries. Selected financial information as of December 31 and for the years then ended summarized by geographic area, was as follows:

	Saudi Arabia	Egypt	Iran	Other countries	Eliminations	Total
2011						
Property, plant and equipment	3,234,928	1,409,785	510,637	229,080	-	5,384,430
Other non-current assets	5,906,006	449,477	116,121	471,529	-	6,943,133
Revenues	15,837,058	3,011,444	3,361,119	2,986,081	-	25,195,702
Net income	1,009,872	62,266	98,967	31,271	-	1,202,376

	Saudi Arabia	Egypt	Iran	Other countries	Eliminations	Total
2010						
Property, plant and equipment	3,153,017	785,074	538,598	262,528	-	4,739,217
Other non-current assets	6,176,074	298,947	135,112	521,945	-	7,132,078
Revenues - net	13,621,179	2,451,330	2,609,836	2,347,127	-	21,029,472
Net income	914,465	(2,806)	85,370	(110,327)	-	886,702

5. Cash and cash equivalents

	2011	2010
Cash in hand	21,622	35,616
Cash at bank	881,508	497,282
Short term bank deposits	310,954	44,516
	1,214,084	577,414

Certain of the Group subsidiaries have short term deposits which are restricted as security against bank facilities granted by a commercial bank and accordingly are included within 'prepayments and others' (Note 8). Such restricted deposits amounted to Saudi Riyals 21.2 million (2010: Saudi Riyals 53.9 million).

Short term deposits are held by commercial banks and yield financial income at prevailing market rates.

6. Accounts receivable

	Note	2011	2010
Trade		1,687,955	1,426,346
Less: provision for doubtful debts		(74,513)	(68,510)
		1,613,442	1,357,836
Related parties	20.2	202,198	319,914
		1,815,640	1,677,750

Movement in provision for doubtful debts is as follows:

	Note	2011	2010
January 1		68,510	82,898
Additions (utilization) - net		5,735	(12,555)
Deconsolidation of Herfy (subsidiary)	1	-	(1,833)
Beginning balances of subsidiaries acquired	1	268	-
December 31		74,513	68,510

7. Inventories

	2011	2010
Finished products	1,516,400	1,237,883
Raw and packing materials	1,214,047	886,004
Work in process	120,980	135,389
Spare parts and supplies, not held for sale	213,054	195,958
Goods in transit	175,532	169,920
	3,240,013	2,625,154
Less: provision for inventory obsolescence / slow moving	(87,564)	(98,084)
	3,152,449	2,527,070

Inventories at December 31, 2011 having book value of approximately Saudi Riyals 200 million (2010: Saudi Riyals 106 million) are pledged with foreign banks as collateral against bank borrowing facilities of certain consolidated subsidiaries.

Movement in provision for inventory obsolescence / slow moving is as follows:

	Note	2011	2010
January 1		98,084	110,962
Additions		7,649	43,594
Beginning balances of subsidiaries acquired	1	652	-
Deconsolidation of Herfy (subsidiary)	1	-	(1,028)
Utilisation		(18,821)	(55,444)
December 31		87,564	98,084

8. Prepayments and others

	Note	2011	2010
Properties classified as held for sale	8.2, 10.3	467,359	175,324
Supplier advances		224,029	131,632
Prepayments		207,741	160,811
Receivable from government authorities	8.1	137,056	96,620
Current portion of long term receivable	10.3.1	132,550	-
Employee housing and other advances		68,339	44,485
Balance relating to commodity future and forward contracts		34,435	153,958
Restricted deposits	5	32,978	53,941
Unclaimed dividend amount at bank		29,031	36,819
Non-trade receivables		32,628	28,904
Other		58,096	54,084
		1,424,242	936,578

8.1 Receivable from government authorities

Receivable from government authorities represent claims of certain foreign consolidated subsidiaries from respective local governments on account of value added tax, custom duties, subsidies and advance taxes.

8.2 Properties classified as held for sale

Properties classified as held for sale at December 31, 2011 represents land parcels owned by the Company held for sale. Also see note 10.3. Properties classified as held for sale at December 31, 2010 represents properties held for sale by a subsidiary, the sale of which was completed in 2011.

9. Assets and liabilities classified as held for sale

During the fourth quarter of 2010, as an outcome of review of its foods business pruning strategy, the Group has decided to entrench its position in core markets and assess exiting from certain overseas operations. Accordingly, parts of manufacturing facilities within the Edible oil segment are presented as disposal group 'held for sale'. Efforts to sell the disposal group have commenced and a sale is expected during the financial year ending December 31, 2012. The net loss relating to these business disposal groups amounted to Saudi Riyals 5.1 million during 2011 (2010: Saudi Riyals 22.2 million). At December 31, 2011, the disposal group comprised assets of Saudi Riyals 167.4 million (2010: Saudi Riyals 191.8 million) and liabilities of Saudi Riyals 181.3 million (2010: Saudi Riyals 200.4 million) after recognition of impairment loss of Saudi Riyals 115 million during fourth quarter of 2010 as follows:

	2011	2010
Assets classified as held for sale at their recoverable amount		
Property, plant and equipment	32,225	47,463
Inventories	61,250	67,474
Trade receivables and other receivables	73,923	76,894
	167,398	191,831
Liabilities classified as held for sale		
Borrowings	128,567	120,704
Trade and other payables	52,732	79,646
	181,299	200,350

10. Investments

	Note	2011	2010
Investment in associates	10.1	4,528,075	4,567,301
Available for sale investments	10.2	795,472	725,572
Other investments	10.3	8,614	814,382
		5,332,161	6,107,255

10.1 Investment in associates

	Note	2011	2010
January 1		4,567,301	3,373,922
Additions		219,892	745,279
Share in net income		436,863	459,522
Fair value adjustment		17,894	(25,071)
Effect of consolidation of ASCE	1	(436,358)	-
Dividends		(222,303)	(167,544)
Deconsolidation of Herfy (Subsidiary)	1	-	179,492
Other adjustments		(55,214)	1,701
December 31		4,528,075	4,567,301

	Note	Effective ownership interest (%)			
		2011	2010	2011	2010
Al Marai Company Ltd. ("Al Marai")		29.95	29.95	2,961,937	2,759,184
Kinan International for Real Estate Development Company ("Kinan International")		30	30	507,160	582,747
Intaj Capital Limited ("Intaj")		49	49	374,324	383,824
Diyar Al Mashreq ("Diyar")	(b)	30	30	259,353	239,065
Al-Seera City Company for Real Estate Development ("Al-Seara")		40	40	164,578	154,800
Herfy Foods Services Company ("Herfy")		49	49	241,166	210,287
Knowledge Economic City Development Company ("KECD")		17	17	17,200	17,200
Al Mojammat Al Mowahadah Real Estate Company ("Mojammat")	(a)	100	20	2,000	400
Emerge Investment Limited ("Emerge")		-	20	-	16,539
ASCE	1	-	45.5	-	186,025
Other		Various	Various	357	17,230
				4,528,075	4,567,301

During December 2011, the Company bought the remaining 80% ownership interest in Mojammat at the book value from minority shareholders. As of December 26, 2011, the Company entered into an agreement to sell its 80% equity ownership interest in Mojammat to Knowledge Economic City (KEC) (a Saudi joint stock company) and a related party to the Group. Under the agreement, the Company will transfer its ownership in two land parcels located in the Madina Al Munawarah to Mojammat at a sale value of Saudi Riyals 631.3 million and subsequently sell its 80% equity ownership in Mojammat to KEC. Pursuant to the agreement, KEC paid an advance amount of Saudi Riyals 16.3 million to the Company upon signing of the

agreement and remaining amount will be paid upon completion of transferring of land ownership deeds to Mojammat and the completion of formalities for transfer of 80% equity ownership of Mojammat to KEC. Accordingly, since the Company's control is temporary, Mojammat was not consolidated in the accompanying consolidated financial statements as at December 31, 2011. Also see note 10.3.

Group's investment in Diyar represents indirect investment in a real estate project, which is currently under development and managed by Kinan International.

10.2 Available-for-sale investments

	2011	2010
Cost:		
Quoted securities	417,134	483,560
Unquoted investments	349,246	351,878
Total Cost	766,380	835,438
Impairment loss on:		
Quoted securities	-	(66,426)
Total impairment loss	-	(66,426)
Revised cost	766,380	769,012
Fair value reserve adjustment on quoted securities	29,092	(43,440)
Carrying value	795,472	725,572

Movement in the available-for-sale investments was as follows:

	2011	2010
January 1	725,572	835,438
Disposals	(1,510)	-
Impairment loss recognized	-	(66,426)
Fair value adjustments	71,410	(43,440)
December 31	795,472	725,572

During 2010, the Group has recognized an impairment loss on certain available-for-sale investments amounting to Saudi Riyals 66.4 million (2011: Nil) representing a prolonged and significant decline in the carrying value of these investments at December 31, 2010.

Available-for-sale investments are denominated in the following currencies:

	2011	2010
Saudi Riyals	771,916	703,139
Jordanian Dinar	23,556	22,433
	795,472	725,572

10.3 Other investments

		2011	2010
Long term bank deposits of SBeC		8,614	10,384
Investment properties	10.3.1	-	803,998
		8,614	814,382

10.3.1 Movement in investment properties

	Note	2011	2010
January 1,		803,998	803,998
Additions		3,239	-
Assets held for sale	8	(467,359)	-
Disposals		(339,878)	-
December 31,		-	803,998

Investment properties represent land parcels owned by the Company in Saudi Arabia. During the fourth quarter of 2011, the Company's land parcel located in Riyadh having a carrying value of Saudi Riyals 252 million was sold to Kinan International (an Associate company) at a total price of Saudi Riyals 394 million. The Company made a gain of Saudi Riyals 77 million on this sale. As per the terms of the agreement, Kinan International will pay the price in four installments. The first payment of Saudi Riyals 37.4 Million was paid upon signing of the contract.

Also during the fourth quarter of 2011, the Company's land parcel located in Jeddah having a carrying value of Saudi Riyals 88 million was sold to Kinan International at a total price of Saudi Riyals 214 million. The Company made a gain of Saudi Riyals 75.8 million on this sale. As per the terms of the agreement, Kinan International will pay the price in three installments. The first payment of Saudi Riyals 103.03 million was paid upon signing of the contract.

The abovementioned receivable amounts from Kinan International are discounted at their respective present values and are disclosed as Long term receivables on the balance sheet. The schedules for the receipt of remaining three installments for the above transactions are due as follows:

Years ending December 31:

2012	132,550
2013	163,686
2014	144,992
	441,228

Accordingly, the installments due in 2013 and beyond amounting to Saudi Riyals 308.7 million are classified as long term receivables in the accompanying consolidated financial statements.

Also, during 2011 the Company entered into an agreement to sell the remaining land parcels amounting to Saudi Riyals 467 million to KEC and accordingly has been classified as held for sale (Note 8) in the accompanying consolidated financial statements. Also see Note 10.1 for further details.

11. Property, plant and equipment

	Land	Buildings	Leasehold improvements	Plant and equipment	Furniture and office equipment	Vehicles	Construction in progress	Total
Cost								
January 1, 2011	502,053	1,692,380	579,636	3,335,285	1,129,132	226,514	445,148	7,910,148
Additions	127,520	41,143	62,569	212,857	112,590	44,431	72,934	674,044
Beginning balances of subsidiaries acquired	37,388	28,505	4	170,749	5,445	20,970	431,740	694,801
Currency translation adjustment	(1,642)	(10,040)	(1,000)	(49,654)	(301)	(1,308)	(972)	(64,917)
Disposals	(3,031)	(587)	(98,915)	(17,882)	(16,189)	(8,614)	(49,234)	(194,452)
December 31, 2011	662,288	1,751,401	542,294	3,651,355	1,230,677	281,993	899,616	9,019,624
Accumulated depreciation								
January 1, 2011	-	(538,040)	(178,107)	(1,746,630)	(579,827)	(128,327)	-	(3,170,931)
Additions	-	(52,442)	(54,254)	(199,181)	(149,024)	(35,467)	-	(490,368)
Beginning balances of subsidiaries acquired	-	(4,531)	(4)	(59,206)	(3,459)	(6,003)	-	(73,203)
Currency translation adjustment	-	(4,644)	200	28,501	(3,624)	1,368	-	21,801
Disposals	-	210	70,826	15,993	16,189	6,514	-	109,732
	-	(599,447)	(161,339)	(1,960,523)	(719,745)	(161,915)	-	(3,602,969)
	662,288	1,151,954	380,955	1,690,832	510,932	120,078	899,616	5,416,655
NBV for Assets held for sale	(3,975)	(6,244)	-	(22,006)	-	-	-	(32,225)
December 31, 2011	**658,313**	**1,145,710**	**380,955**	**1,668,826**	**510,932**	**120,078**	**899,616**	**5,384,430**
December 31, 2010	**502,053**	**1,154,340**	**401,529**	**1,588,655**	**549,305**	**98,187**	**445,148**	**4,739,217**

1. Additions include Saudi Riyals 0.4 million in respect of finance costs capitalized during 2011 (2010: Saudi Riyals 8 million). The average rate used to determine the amount of finance costs capitalized during 2011 was 2.4% (2010: 4%).
2. Construction work in progress relates to the construction of super markets and hyper markets for APU and upgrading and enhancing the production facilities of SFC, SPS and some of their subsidiaries.
3. Under the terms of land lease agreements with Jeddah Industrial City, Jeddah Islamic Port and Riyadh Industrial City, certain subsidiaries have renewable operating leases for lands on which

their production facilities are located. Annual lease and service charge payments to the lessor are nominal.

4. Certain property, plant and equipment of the Group are pledged as collateral with Saudi Industrial Development Fund and commercial banks. Also see Note 14.

12. Intangible assets

	Goodwill	Deferred charges	Total
Cost			
January 1, 2011	836,516	601,986	1,438,502
Additions	338,949	37,054	376,003
Currency translation effect	(22,215)	-	(22,215)
Write-offs	-	(35,366)	(35,366)
December 31, 2011	1,153,250	603,674	1,756,924
Amortization			
January 1, 2011	-	(413,681)	(413,681)
Additions	-	(40,949)	(40,949)
December 31, 2011	-	(454,630)	(454,630)
Net balance	1,153,250	149,044	1,302,294
Cost			
January 1, 2010	917,611	421,278	1,338,889
Additions	-	54,708	54,708
Deconsolidation of a subsidiary	(35,871)	-	(35,871)
Currency translation effect	(6,293)	-	(6,293)
Impairment	(38,931)	-	(38,931)
Transfers from property and equipment	-	126,000	126,000
December 31, 2010	836,516	601,986	1,438,502
Amortization			
January 1, 2010	-	(309,020)	(309,020)
Additions	-	(67,421)	(67,421)
Amortization	-	(37,240)	(37,240)
December 31, 2010	-	(413,681)	(413,681)
Net balance as at December 31, 2010	**836,516**	**188,305**	**1,024,821**

Effect of foreign exchange of Saudi Riyals 22.2 million (2010: Saudi Riyals 6.3 million) during 2011, principally relates to the revaluation effect of the currency translation difference on the goodwill arising from Egypt and Turkey.

12.1 Goodwill

	Note	2011	2010
El Maleka	1	288,634	-
Acquisition of Geant net assets	1	222,024	222,024
SIIC		129,272	129,272
KUGU		76,043	95,864
Al Sharq		89,509	89,509
AIC		84,016	84,016
Giant		75,703	75,703
AICE		72,747	75,141
NMP		37,781	37,781
El Farasha	1	32,407	-
SFC		25,981	25,981
ASCE	1	17,908	-
UCCM		1,225	1,225
		1,153,250	836,516

As disclosed in Note 1 of the accompanying consolidated financial statements, during 2011, the Group acquired 100% ownership interest in El Maleka and El Farasha. The details are as follows:

Purchase Consideration paid	453,434
Net assets acquired	(66,599)
Fair value adjustment	(65,794)
Total net assets acquired	(132,393)
Goodwill	321,041

Subsequent to Group's acquisition of 100% ownership interest El Maleka and El Farasha in Egypt, for a total consideration of Saudi Riyals 453 million, and payment of total goodwill of Saudi Riyals 321 million; the Group has carried out an initial fair valuation of assets acquired on the basis of which an amount of Saudi Riyals 65.8 million has already been allocated to property, plant and equipment. However, a formal study of Purchase Price Allocation is currently underway and upon its finalization, part of goodwill, may be allocated to certain separately identifiable assets.

Impairment tests for goodwill

The recoverable amount of goodwill is determined based on fair value calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five year period.

The key assumptions used for fair value calculations are as follows:

1. Budgeted gross margin.
2. Weighted average growth rate
3. Discount rate applied to the cash flow projections.

Management determined budgeted gross margin and weighted average growth rates based on past performance and its expectations of market development. The discount rates used are pre-zakat and pre-income tax reflect specific risks relating to the industry. The results of impairment test at December 31, 2011 indicated no impairment charge.

13. Short-term borrowings

These represent borrowing facilities obtained from various commercial banks and bear financial charges at prevailing market rates which are based on inter-bank offer rates. Certain short-term bank loans at December 31, 2011 were guaranteed by corporate guarantees of the Group.

14. Long-term borrowings

	Note	2011	2010
Commercial bank loans	14.1	3,453,768	3,077,035
SIDF loans	14.2	23,829	27,029
		3,477,597	3,104,064
Current maturity shown under current liabilities		(656,103)	(709,257)
		2,821,494	2,394,807

14.1 Commercial bank loans

The Group has obtained loans and Murabaha financing from various commercial banks and financial institutions in order to finance capital projects, investments and for working capital requirements. Finance charges on these debts are based on prevailing market rates.

Property, plant and equipment at December 31, 2011 includes assets of certain consolidated subsidiaries having net book value of approximately Saudi Riyals 957 million (2010: Saudi Riyals 506 million) which are pledged with foreign banks as collateral against bank borrowing facilities. The financing agreements include certain covenants, which, among other things, require certain financial ratios to be maintained.

14.2 SIDF loans

SIDF has provided loans to SPS to finance the manufacturing facilities and expansion projects. The loans are secured by a charge on property, plant and equipment of SPS and corporate guarantees of the shareholders. At December 31, 2011, property, plant and equipment having a net book value of Saudi Riyals 233 million (2010: Saudi Riyals 200 million) were collateralized as security against SIDF loans. The SIDF loan agreements include certain covenants, which among other things require that certain financial ratios be maintained.

14.3 Maturity profile of long-term borrowings

Years ending December 31:	
2012	656,103
2013	1,315,217
2014	819,949
2015	464,606
2016 and thereafter	221,722
	3,477,597

15. Accounts payable

	Note	2011	2010
Trade		2,620,594	2,075,574
Related parties	20.2	98,333	53,261
		2,718,927	2,128,835

16. Accrued and other liabilities

	Note	2011	2010
Accrued expenses		459,534	344,901
Accrued zakat and income tax	16.1	214,218	166,634
Unclaimed dividend by the Company shareholders		177,864	173,487
Employee related accrual		146,018	120,991
Marketing related accruals		131,782	95,444
Advance received against sale of investment property	10.3	119,378	103,000
Balances related to forward contracts		25,681	214,566
Dividend payable to minority shareholder of subsidiary		23,196	18,878
Payable to government authorities		12,476	24,235
Deferred tax liability of foreign subsidiaries		10,614	10,202
Advances from customers		4,506	34,459
Directors› remuneration	20.1	2,110	3,486
Payable on account of acquisition of minority interest	1	-	135,965
Other		101,144	169,904
		1,428,521	1,616,152

16.1 Zakat and tax matters

Zakat and income taxes included in the consolidated balance sheet are comprised of the following:

	2011	2010
Income tax - net	88,948	95,907
Zakat	43,076	44,239
	132,024	140,146

The movement in the provision for zakat and income taxes are as follows:

	2011	2010
January 1,	166,634	203,948
Charge	132,024	140,146
Payments	(84,440)	(177,460)
December 31,	214,218	166,634

16.1.1 Components of zakat base

The Group's Saudi Arabia subsidiaries file separate zakat and income tax declarations on unconsolidated basis. The significant components of the zakat base of each company under zakat and income tax regulation are principally comprised of shareholders' equity, provisions at the beginning of year, long-term borrowings and estimated taxable income, less deductions for the net book value of property, plant and equipment, investments and certain other items.

16.1.2 Status of final assessments

(a) Zakat status

The Company has finalized its zakat status up to the year 2002.

The DZIT issued the assessment for the years 2003 and 2004 and claimed zakat differences of Saudi Riyals 3.5 million. The Company filed a bank guarantee for the zakat differences and pursued the objection at the preliminary and Appeal Committees. The case was transferred to the Bureau of Grievances.

The Company filed the zakat returns for the years 2005 to 2009 and obtained the required zakat certificates/no objection letter. The DZIT issued the preliminary assessment for the year 2009 and claimed additional Zakat of Saudi Riyals 1.3 million. The Company settled such differences.

The Company's Saudi subsidiaries received final zakat certificates for certain years and provisional zakat certificates for other years. They have also received queries from the DZIT for the open years, for which replies have been / will be filed by the respective companies.

Some Saudi consolidated subsidiaries received assessments from the DZIT concerning their zakat declarations for the open years, in which the DZIT assessed additional zakat liabilities of approximately Saudi Riyals 62.3 million (2010: Saudi Riyals 61.8 million). This amount mainly resulted from application of Ministerial Resolution No. 1005 against consolidated financials of one of the subsidiaries for the year 2005 to 2007.

The companies objected to such assessments and filed their cases and the matter is pending with the DZIT and Appeal Committees. Management of the Company and the subsidiaries believe that such additional assessments will not result in the additional liability and no provisions has been made for such assessments.

(b) Income tax status

The Group's foreign subsidiaries are obliged to pay income tax as per applicable tax laws of their countries of incorporation. Some of the subsidiaries are currently tax exempt. Tax paying subsidiaries determine their liabilities based on applicable corporate rates to the adjusted taxable income for the year. Certain foreign subsidiaries are also obliged to pay quarterly advances tax determined on prior year tax liability bases.

Certain subsidiaries have received final tax assessments for certain years and provisional tax assessments for other years. They have also received queries from departments of income tax after their assessment or inspections for open years, for which replies have been filed.

The Group management believes that there are no significant amounts under protest with departments of income tax in any foreign operation.

17. Deferred gain

	2011	2010
January 1	111,630	93,250
Addition	-	25,860
Amortization	(8,449)	(7,480)
December 31	103,181	111,630

Deferred gain principally relates to deferral of gain on land and building sold by the subsidiary, Al Matoun to a third party and concurrently the third party entered into an operating lease agreement with APU for the lease of the same assets. Accordingly, the Group deferred the capital gains resulting from such sale and leaseback transaction over the lease period.

18. Long-term payables

Long-term payables represent dividends declared in prior years and share fractions, which resulted from split of shares in prior years. Such amounts have not yet been claimed by the respective shareholders for several years. In the opinion of management, such amounts are unlikely to be paid during 2012 and, accordingly, they have been classified under non-current liabilities.

19. Employee termination benefits

	Note	2011	2010
January 1		276,106	242,287
Provisions		68,767	71,673
Deconsolidation of a subsidiary (Herfy)	1	-	(22,413)
Payments		(37,610)	(15,441)
December 31		307,263	276,106

20. Related party matters

Related party transactions mainly represent sale of products in the ordinary course of business to entities related to certain consolidated subsidiaries. The terms of such transactions are mutually agreed between the parties. The Company arranges for credit facilities to its affiliated entities through local commercial banks. The Group has some investment related transactions and current account balances with some affiliate companies. All related party transactions are approved by the management.

20.1 Related party transactions

Significant transactions with related parties in the ordinary course of business included in the financial statements are summarized below:

	2011	2010
Sales	788,125	803,940
Purchases	477,600	403,849

	2011	2010
Investment property sold to a related party	336,567	-
Rent expense charged by related parties	88,470	70,552
Key management personnel remuneration	27,244	32,109

20.2 Related party balances

Significant year end balances arising from transactions with related parties are as follows:

(i) Receivable from related parties

Company name	Relationship	2011	2010
Certain shareholders of USC	Shareholders of a subsidiary	47,933	130,285
Intaj	Associate	70,560	70,560
Al Muhaidib Holding Company	Shareholder of the subsidiary	63,234	19,922
Afia Wings International Company	Associate	2,757	2,757
BSI	Associate	-	68,571
Other		17,714	27,819
		202,198	319,914

(ii) Payable to related parties

Company name	Relationship	2011	2010
Abdul Kadir Al Muhaidib Company	Shareholder of the Company	41,597	23,248
Diyar	Associate	13,699	-
Kinan International	Associate	11,521	3,492
Herfy	Associate	9,498	8,357
Other		22,018	18,164
		98,333	53,261

20.3 Board of directors remuneration

Board of Directors' remuneration for the year ended December 31, 2011 amounting to Saudi Riyals 2.2 million (2010: Saudi Riyals 2.2 million) has been calculated in accordance with the Company's By laws and is considered as appropriation shown in the statement of changes in equity. Attendance allowances to the directors and members of various board committees for the year ended December 31, 2011 amounting to Saudi Riyals 634 thousand (2010: Saudi Riyals 750 thousand) are charged to expenses and included under general and administrative expenses.

21. Share capital

The share capital of the Company as of December 31, 2011 and 2010 was comprised of 500 million shares stated at Saudi Riyals 10 per share.

22. Statutory reserve

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Company transfers 10% of the net income for the year to a statutory reserve until such reserve equals 50% of its share capital. The statutory reserve in the accompanying consolidated financial statements is the statutory reserve of the Company. This reserve currently is not available for distribution to the shareholders of the Company.

23. Selling and marketing expenses

	2011	2010
Salaries, wages and benefits	713,265	682,769
Rent	339,086	291,544
Advertising and sales promotion	444,937	285,798
Depreciation	272,085	243,667
Utilities	151,108	137,291
Repairs, maintenance and consumables	91,735	83,427
Other	132,597	145,657
	2,144,813	1,870,153

24. General and administrative expenses

	2011	2010
Salaries, wages and benefits	351,066	332,046
Amortization of intangible assets	40,949	56,474
Depreciation	16,636	26,556
Rent	31,577	19,912
Technical and professional fees	25,996	39,908
Insurance	14,207	7,125
Utilities, telephone and communication cost	10,511	10,674
Traveling	10,632	12,058
Training	9,350	9,311
Repairs and maintenance	7,968	11,962
Information technology	6,201	3,291
Other	37,379	73,821
	562,472	603,138

25. Other income (expenses)

	Note	2011	2010
Product listing and opening fees		29,344	43,976
Scrap sales		26,751	27,282
Gain on disposal of property, plant and equipment		10,087	3,075
Amortization of deferred gain	17	8,449	7,480
Insurance recoveries		3,824	-
Other		18,312	15,527
		96,767	97,340

Product listing fee represents the fee received from suppliers to list their products in new retail store openings and is recognized in the period it is earned.

26. Financial charges

	Note	2011	2010
Bank commission on loans and other borrowings	13,14,20	328,244	263,229
Income earned on short-term bank deposits	5	(10,772)	(18,969)
		317,472	244,260

27. Operating leases

The Group has various operating leases for its offices, warehouses and production facilities. Rental expenses for the year ended December 31, 2011 amounted to Saudi Riyals 371 million (2010: Saudi Riyals 311 million). Future rental commitments at December 31, 2011 under these operating leases are as follows:

	2011	2010
Within one year	397,886	393,729
Between two and five years	1,673,237	1,547,722
More than five years	4,095,107	4,544,906
	6,166,230	6,486,357

28. Earnings per share

Earnings per share the years ended December 31, 2011 and 2010 has been computed by dividing the operating income and net income for each years by weighted average number of shares outstanding during such years.

29. Dividends

The Company's shareholders have approved and paid dividends amounting to Saudi Riyals 500 million in 2011. The details of interim dividends approved and final dividend proposed by the Board of Directors are as follows:

Date	Dividend rate	Interim / final	Amount
			Saudi Riyals in million
January 17, 2011	SR 0.25 per share	Final 2010	125
April 18, 2011	SR 0.25 per share	Interim	125
July 18, 2011	SR 0.25 per share	Interim	125
October 17, 2011	SR 0.25 per share	Interim	125
January 17, 2012	SR 0.55 per share	Final 2011	275

30. Contingencies and commitments

1. The Group has outstanding bank guarantees and letters of credit amounting to Saudi Riyals 250.4 million at December 31, 2011 (2010: Saudi Riyals 212.7 million), which were issued in the normal course of business;
2. Also see Note 14 with respect to guarantees given for certain loans, Note 16 with respect to zakat contingencies and Note 27 with respect to leases;
3. The Company has also given a corporate guarantees against loans to investee companies amounting to Saudi Riyals 123.4 million (2010: Saudi Riyals 123.4 million) ;
4. At December 31, 2011, one of the subsidiaries had commitments to sell in 2012 refined sugar of approximately 737,003 MT (2010: 252,616 MT to sell in 2011) at prices, which would approximate the prevailing market prices at the contract date. The raw sugar price of committed sale contracts is hedged through forward contracts.
5. At December 31, 2011, the Group had outstanding commitments of Saudi Riyals 138 million (2010: Saudi Riyals 214 million) for investments.
6. At December 31, 2011, the Group had outstanding capital commitments of Saudi Riyals 219.3 million (2010: Saudi Riyals 78 million).

THE SAVOLA GROUP AND SUBSIDIARIES CONTACTS AND ADDRESSES

The Savola Group welcomes your constructive comments and suggestions that might enhance the quality of services provided to our valued shareholders and customers.
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