SAVOLA GROUP COMPANY
(Saudi Joint Stock Company)

Unaudited Interim Condensed Consolidated Financial Statements for the Three Months Ended March 31, 2004 and 2003 and Independent Accountants' Review Report

INDEPENDENT ACCOUNTANTS' REVIEW REPORT April 13, 2004

To the Shareholders of Savola Group Company:

We have reviewed the accompanying interim condensed consolidated balance sheets of The Savola Group Company and Subsidiaries (the "Group") as of March 31, 2004 and 2003 and the related interim condensed consolidated statements of income and retained earnings and of cash flows for the three-month periods then ended, including the related notes. These interim condensed consolidated financial statements are the responsibility of the Group's management.

We conducted our reviews in accordance with the standards established by the Saudi Organization for Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Saudi Arabia, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the interim condensed consolidated financial statements of the Group as of March 31, 2004 and 2003 and for the three-month periods then ended for them to be in conformity with accounting principles generally accepted in Saudi Arabia.

AL JURAID & COMPANY

By: ______________________

Sami B. Al Sarraj
License Number 165

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED BALANCE SHEETS (UNAUDITED)
MARCH 31, 2004 AND 2003
(SR'000)

	2004	2003
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	SR 105,620	SR 88,256
Available-for-sale securities	92,323	146,282
Accounts receivable - net	433,564	440,952
Inventories - net	443,541	508,754
Prepayments and other assets	144,091	85,374
Total current assets	1,219,139	1,269,618
INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES - Net	72,145	-
INVESTMENTS IN ASSOCIATED COMPANIES - Net	496,521	477,147
OTHER EQUITY INVESTMENTS - Net	20,000	20,500
GOODWILL - Net	108,808	118,544
DEFERRED CHARGES - Net	35,419	17,102
FIXED ASSETS - Net	2,097,162	1,824,867
TOTAL	SR 4,049,194	SR 3,727,778
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term loans	SR 828,831	SR 590,616
Current portion of long-term debt	72,558	81,766
Accounts payable	440,270	410,583
Accrued expenses and other liabilities	197,504	147,617
Total current liabilities	1,539,163	1,230,582
LONG-TERM PAYABLES	100,125	84,538
LONG-TERM DEBT	141,054	213,611
EMPLOYEES' TERMINATION BENEFITS	76,034	65,934
Total liabilities	1,856,376	1,594,665
MINORITY INTERESTS	386,838	377,415
SHAREHOLDERS' EQUITY:		
Share capital	800,000	628,571
Share premium reserve	209,000	380,428
Statutory reserve	344,394	314,286
General reserve	254,000	254,000
Unrealized gain on investments	2,579	4,972
Foreign currency translation adjustments	(63,452)	(67,453)
Retained earnings	259,459	240,894
Total shareholders' equity	1,805,980	1,755,698
TOTAL	SR 4,049,194	SR 3,727,778

The accompanying notes 1 to 6 form an integral part of these interim condensed consolidated financial statements.

SAVOLA GROUP COMPANY
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INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003
(SR'000)

	2004	2003
SALES - Net	SR 1,118,142	SR 938,359
COST OF SALES	(917,680)	(767,657)
GROSS PROFIT	200,462	170,702
EXPENSES:		
Selling and marketing	(95,402)	(88,707)
General and administrative	(54,873)	(42,491)
INCOME FROM OPERATIONS	50,187	39,504
INVESTMENTS INCOME - Net	27,435	29,241
FINANCING INCOME (EXPENSES) AND OTHER - Net	4,012	(2,231)
INCOME BEFORE ZAKAT AND MINORITY INTERESTS	81,634	66,514
ZAKAT	(1,839)	(1,968)
INCOME BEFORE MINORITY INTERESTS	79,795	64,546
MINORITY INTERESTS	(13,636)	(13,321)
NET INCOME FOR THE PERIOD	66,159	51,225
RETAINED EARNINGS AT BEGINNING OF PERIOD	305,900	190,269
DIVIDENDS	(112,000)	-
DIRECTORS' REMUNERATIONS	(600)	(600)
RETAINED EARNINGS AT END OF PERIOD	SR 259,459	SR 240,894

The accompanying notes 1 to 6 form an integral part of these interim condensed consolidated financial statements.

SAVOLA GROUP COMPANY
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INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003
(SR'000)

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income for the period	SR 66,159	SR 51,225
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	38,658	37,097
Minority interests	13,636	13,321
Investments income - net	(27,435)	(29,241)
Net changes in operating assets and liabilities	52,508	(73,193)
Net cash provided (used) by operating activities	143,526	(791)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net changes in investments and goodwill	(103,769)	(144,266)
Net changes in fixed assets and deferred charges	(120,837)	694
Net cash used by investing activities	(224,606)	(143,572)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net changes in short-term borrowings	90,136	306,481
Net changes in long-term borrowings	-	(1,303)
Net changes in minority interests and other	2,707	(37,532)
Dividends paid	(72,515)	(141,702)
Net cash provided by financing activities	20,328	125,944
NET DECREASE IN CASH AND CASH EQUIVALENTS	(60,752)	(18,419)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	166,372	106,675
CASH AND CASH EQUIVALENTS AT END OF PERIOD	SR 105,620	SR 88,256

The accompanying notes 1 to 6 form an integral part of these interim condensed consolidated financial statements.

1. THE COMPANY AND NATURE OF BUSINESS

Savola Group Company (the "Company"), a Saudi joint stock 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 Company's commercial registration number 4030019708 was issued in Jeddah on Rajab 21, 1399H (June 16, 1979). The purpose of the Company includes the manufacturing and marketing of vegetable oils and to set up related industries, retail outlets, dairy products, snack foods, packing materials, exports and imports, commercial contracting, trade agencies and development of agricultural products.

The Company's head office is located at the following address:

Saudi Business Center
Madinah Road
P.O. Box 14455
Jeddah 21424
Kingdom of Saudi Arabia

The Company has investments in the following consolidated subsidiaries (collectively the "Group"), which operate under separate commercial registrations and are principally engaged in the manufacturing and marketing of food products, retailing, packaging materials and fast food operations:

		Effective ownership interest (%) at March 31,	
Name	Country of incorporation	2004	2003
Savola Packaging Systems Limited	Saudi Arabia	100	100
Utur Packaging Materials Company Limited	Saudi Arabia	100	100
Royah Company for the Development of Information Systems and Computer Services	Saudi Arabia	100	100
Savola Snack Foods Company Ltd. ("SSFC")	Saudi Arabia	100	100
Savola Trading International Limited	Virgin Islands	100	100
Tayseer FZCO	United Arab Emirates	100	100
Azizia Panda Trading Company ("APTC")	Saudi Arabia	100	-
Al Azizia - Panda Al Qassim Company	Saudi Arabia	100	100
Savola Edible Oils Company Ltd. ("SEO")	Saudi Arabia	90.43	90.43
Herfy Food Services Company Ltd.	Saudi Arabia	70	70
Savola Industrial Investments Co. ("SIIC")	Saudi Arabia	63.5	63.5

SEO also has the following subsidiaries:

Name	Consolidation Status	Country of incorporation	Ownership interest (%) at March 31, 2004	2003
Malintra Holdings	Consolidated	Luxembourg	100	100
Savola Sime Foods Limited ("SSFL")	Consolidated	Virgin Islands	50	50
Savola Jordan Company ("SJC")	Consolidated	Jordan	75	51
Savola Bahrain Company ("SBC")	Unconsolidated	Bahrain	90	90
Savola Morocco Company ("SMC")	Unconsolidated	Morocco	51	-
Savola Sudan Company ("("SSC")	Unconsolidated	Sudan	60	-

During 2002, the Group set up Tayseer FZCO as a limited liability company in the United Arab Emirates for the purpose of trading in food products. It has not started operations as of March 31, 2004.

SIIC has a 64.79% ownership interest in United Sugar Company Ltd. ("USC"), a limited liability company registered in Saudi Arabia, which was consolidated in SIIC's interim financial statements before the preparation of these interim condensed consolidated financial statements.

During 2003, the Company set up APTC as a limited liability company in Saudi Arabia. APTC has not commenced operations as of March 31, 2004.

During 2002, the Company resolved to liquidate SSFC. However, the legal liquidation process has not commenced as of March 31, 2004.

During 2003, SEO increased its ownership interest in SJC from 51% to 75% by acquiring additional shares from the Jordanian shareholder. Such change in ownership was approved by the regulatory authorities in Jordan.

The Group's effective ownership interest in SBC is 100% (90% through SEO and 10% through the Company). SBC did not have any operations during 2003. On September 17, 2003, the shareholders of SBC convened a meeting and resolved to liquidate SBC and appointed a liquidator. Currently, the subsidiary is under the liquidation process. Accordingly, the subsidiary's interim financial statements were not consolidated in the accompanying interim condensed consolidated financial statements.

SMC and SSC were set up as limited liability companies in Morocco and Sudan, respectively, for the purpose of manufacturing and trading in edible oil products. As of March 31, 2004, SMC and SSC were under development. Management expects that SMC and SSC will become operational in 2004.

The Group also has an effective ownership interest of 49.9% in Savola Sime Egypt ("SSE"), a limited liability company registered in the Arab Republic of Egypt, which was also consolidated in SSFL's interim financial statements (having 75% ownership interest in SSE) before the preparation of these interim condensed consolidated financial statements. The Group has significant control over SSE.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying interim condensed consolidated financial statements have been prepared in accordance with the Standard of Interim Financial Reports issued by the Saudi Organization for Certified Public Accountants (SOCPA). The accounting policies adopted by the Company in the preparation of its interim condensed consolidated financial statements are in conformity with those described in the Company's annual report for 2003, which are summarized as follows:

Basis of consolidation - The consolidated financial statements include the financial statements of the Company and its subsidiaries set forth in Note 1 above. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of estimates - The preparation of interim condensed consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Cash and cash equivalents - Time deposits purchased with original maturities of less than three months are included in cash and cash equivalents.

Accounts receivable - Accounts receivable are carried at original amounts less provision made for doubtful accounts. A provision for doubtful accounts is established when there is a significant doubt that the Group will not be able to collect all amounts due according to the original terms of accounts receivable.

Inventories - Inventories are valued at the lower of cost or market. Cost is determined on the moving-average method. Cost of finished goods and work-in-process includes the cost of raw materials, direct labor and production overheads.

Investments in unconsolidated subsidiaries - Investments in unconsolidated subsidiaries, which are either under formation or liquidation, or where the control does not rest with the Group, are not consolidated in these interim condensed financial statements but are accounted for using the equity method.

Investments in associated companies - Investments in associated companies, in which the Group has an effective ownership interest of less than 50%, are accounted for using the equity method. According to this method, investments are originally recorded at cost and then adjusted to reflect the Group's share in the profits or losses of the investee companies and their distribution of profits. The Group's share of profits or losses of the investee companies is credited or charged to the interim consolidated statement of income.

Available-for-sale-securities and other equity investments - Available-for-sale-securities represent investments held for trading and principally consist of less than 20% equity investments in various locally listed companies. Other equity investments represent investments not held for trading purposes and principally consist of less than 20% equity investments in various limited liability companies. These investments are recorded at cost when acquired. The carrying values of these investments are adjusted based on the fair values of these companies at the consolidated balance sheet date, unless it is determined that the fair values cannot be estimated, in which case such investments are reflected at cost. Unrealized gains or losses resulting from changes in fair values are reported as a separate component of shareholders' equity. Permanent diminution, if any, in the value of such investments is charged to the interim consolidated statement of income currently. Consequently, any related unrealized losses that had been previously recognized directly in shareholders' equity are charged to the interim consolidated statement of income.

Goodwill - Goodwill represents the excess cost of investments over the fair value of the net assets acquired, and is being amortized using the straight-line method over a period not exceeding 20 years.

Deferred charges - Deferred charges consist of expenses incurred by the Group on setting up new retail outlets and other projects, which are expected to have future benefits. Such expenses are being amortized using the straight-line method over the related estimated economic lives not exceeding five years.

Deferred charges also include SIDF loan approval fees and related costs, which are deferred and are being amortized using the straight-line method over the period of the respective loans.

Fixed assets - Fixed assets are stated at cost net of accumulated deprecation. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets as follows:

	Years
Land	-
Buildings	20 - 33
Machinery and equipment	3 - 20
Furniture and office equipment	4 - 10
Motor vehicles	3 - 4
Leasehold improvements	15 - 25

Interest costs on borrowings to finance the construction of fixed assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Expenditures for maintenance and repairs that do not materially extend the asset's life are included in expenses.

Impairment of long-lived assets - Fixed assets and other non-current assets, including goodwill, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss, if any, is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest possible level for which there are separately identifiable cash flows.

Borrowings - Borrowings are recognized at the proceeds received, net of transaction costs incurred.

Other provisions - Other provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Employees' termination benefits - Employees' termination benefits required by the Saudi labor and workman law are accrued by the Company and charged to the interim consolidated statement of income currently. The liability is calculated at the current value of the vested benefits to which the employee is entitled, should the employee leave at the interim consolidated balance sheet date. Termination payments are based on the employees' final salaries and allowances and their cumulative years of service, as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia.

Revenue recognition - Sales are recognized upon delivery of products or providing services to the customers, and are recorded net of discounts. Rental income is recognized over the lease terms.

Revenues are principally derived from manufacturing, wholesale and retail business in food and related products.

Operating leases - Rentals in respect of operating leases are charged to the interim consolidated statement of income over the terms of the leases.

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

Zakat and income tax - The Company and its Saudi Arabian subsidiaries are subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax ("DZIT"). The foreign subsidiaries are subject to tax regulations in their countries of incorporation. Zakat and income tax related to foreign subsidiaries are charged to the interim consolidated statement of income currently.

Foreign currency translation - The Company's books of account are maintained in Saudi riyals. Foreign currency transactions are translated into Saudi riyals at the exchange rates prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are adjusted to reflect their Saudi riyal equivalents as of the interim consolidated balance sheet date. Exchange adjustments, which were not significant for 2004 and 2003, are charged or credited to the interim consolidated statement of income currently.

Assets and liabilities of foreign subsidiaries are translated at the exchange rates in effect at the date of the interim condensed consolidated financial statements. The components of foreign subsidiaries’ equity accounts, except retained earnings, are translated at the exchange rates in effect at the dates the related items originated. The elements of foreign subsidiaries’ income statements are translated using the weighted-average exchange rate for the period. Adjustments resulting from the translation of foreign subsidiaries’ financial statements into Saudi riyals are reported as a separate component of shareholders' equity in the accompanying interim condensed consolidated financial statements.

Reclassifications - Certain amounts in the 2003 consolidated financial statements have been reclassified to conform with the 2004 presentation.

3. SEASONAL CHANGES

Some of the Group's activities are affected by seasonal movements related to the month of Ramadan and Eid Al Fitr, which cause sales to increase significantly in that period. The effect of such period for 2004 and 2003 will fall in the first and last quarters of the financial year.

4. EARNINGS PER SHARE

Earnings per share for the three months ended March 31, 2004 amounted to SR 4.13 (2003 - SR 3.20, as restated for the increase in share capital and shares).

5. CONTINGENT LIABILITIES

The Department of Zakat and Income Tax (the "DZIT") has assessed additional zakat liability of SR 11.2 million concerning prior periods against the Company and certain of its consolidated subsidiaries. Management has appealed such assessments and believes that the DZIT will eventually reverse its assessments. Accordingly, no additional provision for any loss that any eventually result has been made in the accompanying interim condensed consolidated financial statements.

6. BOARD OF DIRECTORS' APPROVAL

These interim condensed consolidated financial statements have been approved for issue by the Company's Board of Directors on April __, 2004.