SAVOLA GROUP COMPANY
(Saudi Joint Stock Company)

UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
For the Three-Month and Six-Month Periods
Ended June 30, 2007

KPMG Al Fozan & Al Sadhan
Jeddah Int'l Business Centre
King Abdullah Road
P O Box 6659
Jeddah 21452
Kingdom of Saudi Arabia

Telephone +966 2 650 4601
Fax +966 2 651 9242
Internet www.kpmg.com.sa

REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The shareholders
Savola Group Company
Jeddah, Saudi Arabia.

We have reviewed the accompanying interim consolidated balance sheet of Savola Group Company (the Company) and its subsidiaries as of June 30, 2007 and the related interim consolidated statement of income for the three-month and six-month periods ended June 30, 2007 and interim consolidated statement of cash flows for the six-month period then ended and the attached condensed notes 1 to 14 which form an integral part of these interim condensed consolidated financial statements.

These financial statements have been prepared by the Company and submitted to us together with all the information and explanations which we required. Our review was conducted in accordance with Saudi Organization for Certified Public Accountants (SOCPA) standard on interim financial information. A review is limited primarily to analytical procedures applied to financial data and inquiries of Company personnel on financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, 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 review, we are not aware of any material modifications that should be made to the accompanying interim condensed consolidated financial statements as of June 30, 2007 and for the three and six-month periods then ended for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia appropriate to the circumstances of the Company and its subsidiaries.

For KPMG Al Fozan & Al Sadhan:

____

Tareq Abdulrahman Al Sadhan
Licence No. 358

July 17, 2007G
Corresponding to Rajab 3, 1428H

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED BALANCE SHEET
(UNAUDITED)

As at June 30, 2007

	Note	2007 (SR 000)	2006 (SR 000)
ASSETS			
Current assets:			
Cash and cash equivalents		2,882,604	559,001
Investments	3	125,527	--
Accounts receivable		1,395,124	1,206,755
Inventories		1,658,714	1,498,883
Prepayments and other current assets		363,826	368,363
Total current assets		6,425,795	3,633,002
Non-current assets:			
Investments	3	1,958,301	1,547,754
Intangible assets		272,098	184,701
Property, plant and equipment		3,433,804	4,378,932
Total non-current assets		5,664,203	6,111,387
Total assets		12,089,998	9,744,389
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term bank debts	4	860,353	578,149
Current portion of long-term debts	5	144,415	167,129
Accounts payable		1,987,043	1,435,762
Accrued expenses and other current liabilities		869,472	568,931
Total current liabilities		3,861,283	2,749,971
Non-current liabilities:			
Long-term payables		63,958	74,817
Long-term debts	5	622,879	632,299
Employees' termination benefits		168,066	138,921
Total non-current liabilities		854,903	846,037
Total liabilities		4,716,186	3,596,008
EQUITY			
Equity attributable to the Company's shareholders:			
Share capital	6	3,750,000	3,000,000
Share premium reserve		150,000	900,000
Statutory reserve		629,708	514,849
General reserve		4,000	4,000
Unrealized gains on investments		14,287	--
Foreign currency translation adjustments		(103,221)	(106,452)
Retained earnings		2,124,151	1,135,866
Total shareholders' equity		6,568,925	5,448,263
Minority interests		804,887	700,118
Total equity		7,373,812	6,148,381
Total liabilities and equity		12,089,998	9,744,389

The accompanying notes 1 to 14 form an integral part
of these interim condensed consolidated financial statements.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

For the three-month and six-month periods ended June 30, 2007

	Note	Three-month period ended		Six-month period ended	
		June 30, 2007 (SR 000)	June 30, 2006 (SR 000)	June 30, 2007 (SR 000)	June 30, 2006 (SR 000)
Revenues – net		2,752,384	2,147,769	5,000,000	4,070,479
Cost of revenues		(2,342,196)	(1,770,611)	(4,211,695)	(3,374,392)
Gross profit		410,188	377,158	788,305	696,087
EXPENSES:					
Selling and marketing		(210,511)	(194,698)	(391,777)	(346,830)
General and administrative		(117,085)	(102,481)	(209,992)	(182,806)
Total expenses		(327,596)	(297,179)	(601,769)	(529,636)
Operating income		82,592	79,979	186,536	166,451
OTHER (EXPENSES) INCOME:					
Investments income – net	3	887,527	201,431	980,107	286,553
Impairment of assets	7	(103,331)	--	(103,331)	--
Financing (expenses)/income and other – net		(6,401)	17,002	(21,379)	25,493
Income before Zakat and income tax and minority interests		860,387	298,412	1,041,933	478,497
Zakat and income tax	8	(69,509)	(7,638)	(92,791)	(16,954)
Net income before minority interests		790,878	290,774	949,142	461,543
Share of minority interests in the net income of consolidated subsidiaries		(27,109)	(44,801)	(47,913)	(79,770)
Net income		763,769	245,973	901,229	381,773
Earnings per share	9	2.04	0.66	2.40	1.02

The accompanying notes 1 to 14 form an integral part
of these interim condensed consolidated financial statements.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the six-month period ended June 30, 2007

	2007 (SR 000)	2006 (SR 000)
Cash flows from operating activities:		
Net income	901,229	381,773
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Investments income – net	(980,107)	(286,553)
Depreciation, amortization and impairment	259,061	122,337
Share of minority interests in net income of consolidated Subsidiaries	47,913	79,770
Changes in operating assets and liabilities:		
Accounts receivable	(82,888)	(263,880)
Inventories	(324,421)	(376,682)
Prepayments and other current assets	(111,804)	(83,624)
Accounts payable	647,075	227,878
Accrued expenses and other current liabilities	225,663	117,282
Employees' termination benefits	22,896	16,605
Total adjustments	(296,612)	(446,867)
Net cash provided by (used in) operating activities	604,617	(65,094)
Cash flows from investing activities:		
Net change in investments	1,034,738	39,950
Net change in intangible assets	(36,859)	(43,674)
Additions to property, plant and equipment	(623,744)	(566,562)
Net cash provided by (used in) investing activities	374,135	(570,286)
Cash flows from financing activities:		
Net change in short-term bank debts	(842,758)	(847,461)
Net change in long-term debts	75,836	(337,296)
Net changes in minority interests	(34,559)	(40,615)
Net changes in restricted deposits	(20,348)	(5,841)
Net proceeds from new shares issued	--	2,391,000
Dividends paid	(188,647)	(236,395)
Net cash (used in) provided by financing activities	(1,010,476)	923,392
Net change in cash and cash equivalents	(31,724)	288,012
Cash and cash equivalents at beginning of period	2,820,086	202,448
Cash and cash equivalents at end of period	2,788,362	490,460
Non cash items:		
Foreign currency translation adjustments	82	6,254
Unrealized gains on available-for-sale investments	(39,735)	--
Directors' remunerations	1,200	1,200

The accompanying notes 1 to 14 form an integral part of these interim condensed consolidated financial statements.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three-month and six-month periods ended June 30, 2007

1. THE COMPANY, ITS SUBSIDIARIES 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.

At June 30, the Company has investments in the following consolidated subsidiaries (collectively described as "the Group"), which operate under separate commercial registrations and are principally engaged in the manufacturing and marketing of vegetable oils, food products, retailing, packaging materials and fast food operations. Also, the Group is involved in real estate related activities:

Directly owned subsidiaries

Name	Country of incorporation	Effective ownership interest (%) 2007	2006
Savola Packaging Systems Limited ("SPS")	Saudi Arabia	100	100
Utur Packaging Materials Company Limited	Saudi Arabia	100	100
Savola Trading International Limited	British Virgin Islands	100	100
Tayseer FZCO	UAE	100	100
Batool International Trading Company Ltd. (formerly Azizia Panda Trading Company)	Saudi Arabia	100	100
Al-Azizia Panda United Company ("APUC")	Saudi Arabia	100	100
Afia International Company ("AIC"),	Saudi Arabia	90.6	90.6
Herfy Food Services Company Ltd. ("Herfy")	Saudi Arabia	70	70
Savola Industrial Investments Co. ("SIIC")	Saudi Arabia	63.5	63.5
United Properties Development Company ("UPDC")	Saudi Arabia	70	70
Adeem Arabia Company Ltd. ("AAC")	Saudi Arabia	100	100
Savola Behshahr Sugar Company ("SBSC")	Iran	49	--
Kamin Al Sharq for Industrial Investments ("Kamin")	Saudi Arabia	100	--
Arabian Sadouk for Telecommunications Co. (Sadouk")	Saudi Arabia	100	--

1. THE COMPANY, ITS SUBSIDIARIES AND NATURE OF BUSINESS (continued)

Entities majority owned/controlled through subsidiaries

	Country of Incorporation	Subsidiary's ownership Interest (%) 2007	2006
AIC			
Malintra Holdings	Luxembourg	100	100
Afia International Company Jordan	Jordan	75	75
Savola Morocco Company	Morocco	75	60
Savola Foods Limited ("SFL") (formerly known as Savola Sime Foods Limited)	British Virgin Islands	100	100
Savola Edible Oils (Sudan) Ltd.	Sudan	100	89
Inveskz Inc.	British Virgin Islands	90	90
Savola Behshahr Company ("SBeC")	Iran	49	49
Afia International – Algeria (under development)	Algeria	100	--
Afia Trading International	British Virgin Islands	100	--
SFL			
Afia International Company (formerly Savola Sime - Egypt)	Egypt	94.5	92
SBeC			
Behshahr Industrial Company	Iran	81.2	81.2
Margarine Management Company	Iran	66.5	53.2
SIIC			
United Sugar Company ("USC")	Saudi Arabia	64.8	64.8
USC			
United Sugar Company Egypt ("USCE") (under development)	Egypt	51	51
SPS			
New Marina for Plastic Industries ("NMP")	Egypt	70	70
Al Sharq Company for Plastic Industries. Ltd. ("Al Sharq")	Saudi Arabia	99	99

During the first quarter of 2007, the Company acquired 49% ownership interest in SBSC, which has been set up for the sugar packaging business. The facility is still under development phase and is expected to commence its commercial activities by the end of year 2007.

During the second quarter of 2007, the Company setup Kamin and Sadouk for the purpose of investing in petrochemical and telecommunication industries, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying interim condensed consolidated financial statements have been prepared in accordance with the Standard for Interim Financial Information issued by the Saudi Organization for Certified Public Accountants (SOCPA). The accounting policies adopted by the Company for the preparation of these interim condensed consolidated financial statements are consistent with those used for the preparation of the annual consolidated financial statements for the year ended December 31, 2006. Significant accounting policies adopted by the Company are summarized as follow:

(a) Basis of preparation

The interim condensed consolidated financial statements, expressed in thousand of Saudi Arabian Riyals (SR), are prepared under the historical cost basis (except for available-for-sale investments which are stated at their fair values), using the accrual basis of accounting and the going concern concept.

The accompanying interim condensed consolidated financial statements include all adjustments comprising mainly of normal recurring accruals considered necessary by the Group's management to present a fair consolidated statement of financial position, results of operations and cash flows. These interim condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2006.

The preparation of financial statements requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Please see note 7 and 8.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation

These interim condensed consolidated financial statements include the interim financial statements of the Company and its subsidiaries set forth in Note 1 above. All intra-group balances, transactions between the Company and the subsidiaries and those arising between the subsidiaries are eliminated in preparing these interim condensed consolidated financial statements. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

(c) 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 the agreement.

(d) Inventories

Inventories are valued at the lower of cost (determined principally by using the weighted average method) and net realizable value. Cost of finished goods and work-in-process includes the cost of raw materials, direct labour and appropriate production overheads. Inventories in transit are valued at cost.

(e) Investments

(i) Investments in associated companies

Associates are those entities in which the Group has significant influence and not control the over the financial and operating policies. The interim condensed consolidated financial statements include the Group's share of the total recognized gains and losses of associates on an equity basis of accounting, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate. The Group's share of profits or losses of the investee companies is credited or charged to the interim consolidated statement of income currently.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) *Available-for-sale and other equity investments*

Where the Company has less than 20% ownership interest in locally listed and other companies and these investments are not for trading purposes, and the Group does not have any significant influence or control through an agreement; these are classified as investments available for sale.

Out of the total portfolio of available for sale investments, a portion of investments which management intends to dispose of within a period of one year, are classified as current assets in these financial statements. Other investments are classified under non-current assets.

All investments are initially recorded at cost and then re-measured and stated in the balance sheet at their fair values. Fair value is determined by reference to the market value in the open market if exists. In the absence of an open market, the cost is considered as the fair value for these investments. Unrealized gains and losses arising from the fair value adjustment are reported as a separate item under shareholders' equity attributable to equity holders of the Company. Realized gains and losses on sale of investments are taken to the interim consolidated statement of income currently. Dividend income from such investments is recorded when declared.

(iii) *Investments in unconsolidated subsidiaries*

Investments in 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 consolidated financial statements but are accounted for using the equity method.

Permanent diminution in the value of investments, if any, is charged to the interim consolidated statements of income currently.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Intangible assets

i) Goodwill

Goodwill represents the excess cost of investments over the fair value of the net assets acquired in a business combination. Goodwill is tested annually for impairment and is carried at cost net of accumulated impairment losses. Impairment losses on goodwill are not reversed once recorded. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

If the cost of the acquired investment is less than its fair value as of the acquisition date, such difference is adjusted by reducing the fair values of the non-current assets of the acquired investee in proportion with their book values.

ii) Deferred charges

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

Deferred charges also include Saudi Industrial Development Fund (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.

iii) Premium on leased land

Premium on leased land represents amount paid by the Group to a third party to acquire the rights to lease the land from a government agency. Such amount is amortized using the straight-line method over the life of leased land or 20 years, whichever is lower.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of individual item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follow:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	Years
Buildings	12.5 – 33
Leasehold improvements	3 – 25
Plant and equipment	3 – 30
Furniture and office equipment	4 – 11
Motor vehicles	4 – 10

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

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

(h) Impairment of assets

Property, plant and equipment and other non-current assets 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 an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(i) Employees' termination benefits

Employees' termination benefits, calculated in accordance with labour regulations of the countries of incorporation of the Group member companies, are accrued and charged to interim consolidated statements of income currently.

(j) Revenue recognition

Revenues are recognized upon delivery of products or rendering of services to the customers, and are recorded net of discounts. Revenues also include: (a) rental income which is recognized over the lease terms, and (b) promotional and display income which is recognized when earned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(k) Operating leases

Payments under operating leases are recognized in the interim consolidated statements of income on a straight-line basis over the lease terms.

(l) Expenses

Selling, marketing, general and administrative expenses include direct and indirect costs not specifically allocable to cost of revenues under generally accepted accounting principles. Selling and marketing expenses are those arising from the Group's efforts underlying the marketing, selling and distribution functions. All other expenses are classified as general and administrative expenses. Allocations of common expenses between cost of revenues and selling, marketing, general and administrative expenses, when required, are made on a consistent basis.

(m) Zakat and income tax

The Company and its Saudi Arabian subsidiaries are subject to Zakat and income tax 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. Income taxes related to foreign subsidiaries are charged to the interim consolidated statements of income currently.

(n) Foreign currency translation

The Company's books and accounts are maintained in Saudi Arabian Riyals, which is the functional currency for these financial statements. Transactions denominated in foreign currencies are translated at the foreign exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the interim consolidated statements of income currently.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets and liabilities of foreign subsidiaries are translated into the functional currency at the exchange rates in effect at the date of the balance sheet. The components of foreign subsidiaries' equity accounts, except retained earnings, are translated at the exchange rates in effect at the dates of 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 are reported as a separate component of shareholders' equity in the interim condensed consolidated financial statements.

(o) Dividends

Interim dividends are recorded as liability in the period in which they are approved by the Board of Directors. Final dividends are recorded in the period in which they are approved by the shareholders.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash with banks and other short-term highly liquid investments, if any, with original maturities of three months or less, which are available to the Group without any restrictions. At June 30, 2007, the Group has restricted bank deposits amounting to SR 94.2 million (2006: SR 68.5 million).

3. INVESTMENTS

Investments at June 30 comprise the following:

	2007 (Unaudited) (SR 000)	2006 (Unaudited) (SR 000)
Investments in associated companies - net	1,305,722	942,763
Available for Sales(AFS) investments	758,903	372,800
Other investments	19,203	232,191
Total	2,083,828	1,547,754
Less: AFS investment classified under current assets	(125,527)	--
	1,958,301	1,547,754

3. INVESTMENTS (continued)

Investments in associated companies at June 30, 2007 mainly represent Company's ownership interests in Al-Marai Company Limited ("Al-Marai") 24% (2006: 27%) and Modern Marafiq for Real Estate Development 30% (2006: 100%).

During the 2nd quarter 2007, the Group disposed off its full ownership interest (30%) in Egyptian Fertilizer Company ("EFC") and, accordingly, recognised net gain of SR 698 million in the accompanying interim consolidated financial statements.

AFS investments at June 30, 2007 principally comprise of the Company's 2.9% ownership interest amounting to SR 369 million in Emaar the Economic City (a joint stock company) formed for the development of King Abdullah Economic City (through AAC). Also, it includes, acquisition during the year 2007, the ownership interest of 10% in Swicorp Joussour Company (under development) amounting to SR 93.8 million and 15% in Swicorp Company, KSA amounting to SR 107 million.

4. SHORT–TERM BANK DEBTS

Short-term bank debts consist of bank overdrafts, short-term loans and a Murabaha financing arrangement from various commercial banks and financial institutions. Such debts bear financing charges at the prevailing market rates. Some of the short-term debts are secured by corporate guarantees of the Group.

5. LONG –TERM DEBTS

Long-term debts represent financing from Saudi Industrial Development Fund (SIDF) and other commercial banks for Savola Group Company and its consolidated subsidiaries. Some of these loans are secured by the charge on the property, plant and equipment of relevant subsidiaries. The loan agreements include covenants which, among other things, require certain financial ratios to be maintained.

6. SHARE CAPITAL AND DIVIDENDS DECLARATION

The Company's share capital of SR 3,750 million at June 30, 2007 (2006: SR 3,000 million) consists of 375 million fully paid and issued shares of SR 10 each (2006: 300 million shares of SR 10 each).

On April 16, 2007, the Board of Directors approved interim dividend of SR 93.75 million (representing SR 0.25 per share).

The shareholders of the Company in their Annual General Meeting held on April 18, 2007, approved final dividend of SR 93.75 million (representing SR 0.25 per share) for the year ended December 31, 2006.

The Board of Directors in its meeting held on June 25, 2007 approved interim dividend of SR 187.5 million (representing SR 0.50 per share).

The Board of Directors in its meeting held on July 14, 2007 approved interim dividend of SR 93.75 million (representing SR 0.25 per share).

7. IMPAIRMENT OF ASSETS

The Group management is currently reviewing its operating strategy and restructuring its operations whereby the Group will focus more on investment opportunities and greater autonomy will be provided to its operating business units. All operations will be evaluated in line with their profitability and expected returns. Based on this restructuring, management has evaluated certain foreign operations and decided to close manufacturing facilities in Sudan while the facility in Jordan is already not in operation. Also, certain local operations in trading and real estate activities have been reviewed from impairment of assets point of view.

The Group management has identified certain assets which may no longer be recoverable at their carrying amounts. Based on an initial estimate an amount of SR 103.3 million has been recorded as impairment loss on property plant and equipment and goodwill; and provisions against valuation of inventories and receivables. However, a detailed exercise is underway to more accurately reflect the level of impairment provision required.

7. IMPAIRMENT OF ASSETS (continued)

Adjustments arising from the above matter are charged to statement of income are summarized as follows:

	SR in '000
Impairment of property, plant and equipment	53,156
Impairment of goodwill	13,129
Provision against doubtful receivables and other current assets	32,110
Valuation adjustment against inventories	4,936
	103,331

8 ZAKAT AND INCOME TAX

Pursuant to the recent developments in the Zakat regulations regarding the applicability of Zakat on foreign subsidiaries and investments, and based on an initial assessment of the impact thereof made by the Group's Zakat consultant, a provision of SR 50 million has been made in the accompanying interim condensed consolidated financial statements. This provision is subject to revision once the detailed assessment is completed.

9. EARNINGS PER SHARE

Earnings per share for the six-month period ended June 30, 2007 have been computed by dividing the net income for such period by the weighted-average number of ordinary shares outstanding during the six-month period ended June 30, 2007 of 375 million shares.

Earnings per share for the six-month period ended June 30, 2006 have been computed by dividing the net income for such period by weighted average number of ordinary shares outstanding during the six-month period ended June 30, 2006 of 373.1 million shares.

10. SEASONAL CHANGES

Some of the Group's activities are affected by seasonal movements related to the holy months of Ramadan and Shawwal and Hajj season, which cause sales to increase significantly during those periods. The effect of such period for 2007 and 2006 principally fall in the first and last quarters of the financial year. Accordingly, the results of operation presented in the interim condensed consolidated financial statements for the period may not be a fair indicator of the results of the operation for full year.

11. SEGMENT INFORMATION

(a) During the six-month period ended June 30, 2007 and 2006, the principal activities of the Group were related to the manufacturing of and wholesale and retail trading in various types of food and related products. Selected financial information as of June 30, 2007 and 2006, and for the six-month period then ended, summarized by segment, is as follows:

	Manufacturing/ wholesale (SR 000)	Retail (SR 000)	Investments and other activities (SR 000)	Total (SR 000)
2007 (unaudited)				
Property, plant and equipment – net	2,104,690	1,314,281	14,833	3,433,804
Other non-current assets - net	210,191	85,903	1,934,305	2,230,399
Revenues – net	3,219,168	1,780,832	--	5,000,000
Net income before impairment of assets	54,645	17,511	932,404	1,004,560
Impairment of assets	(85,084)	(18,247)	--	(103,331)
Net income (loss)	(30,439)	(736)	932,404	901,229

2006 (unaudited)	Manufacturing/ wholesale (SR 000)	Retail (SR 000)	Investments and other activities (SR 000)	Total (SR 000)
Property, plant and equipment - net	1,601,349	2,760,414	17,169	4,378,932
Other non-current assets - net	284,142	114,545	1,333,768	1,732,455
Revenues – net	2,600,125	1,470,354	--	4,070,479
Net income	68,999	39,765	273,009	381,773

(b) The Group's operations are conducted in Saudi Arabia, Egypt, Iran and certain other geographical areas. Selected financial information as of June 30, 2007 and 2006 and for the six-month period then ended, summarized by geographic area, is as follows

11. SEGMENT INFORMATION (continued)

2007 (unaudited)	Saudi Arabia (SR 000)	Egypt (SR 000)	Iran (SR 000)	Other countries (SR 000)	Total (SR 000)
Property, plant and equipment – net	2,357,054	472,143	429,794	174,813	3,433,804
Other non-current assets-net	2,187,298	26,712	8,640	7,749	2,230,399
Revenue – net	3,312,145	414,054	1,049,781	224,020	5,000,000
Net income before impairment of assets	224,068	778,253	35,921	(33,682)	1,004,560
Impairment of assets	(18,247)	--	--	(85,084)	(103,331)
Net income (loss)	205,821	778,253	35,921	(118,766)	901,229

2006 (unaudited)	Saudi Arabia (SR 000)	Egypt (SR 000)	Iran (SR 000)	Other countries (SR 000)	Total (SR 000)
Property, plant and equipment – net	3,641,508	153,101	425,642	158,681	4,378,932
Other non-current assets – net	1,246,604	470,928	14,734	189	1,732,455
Revenue-net	2,829,475	311,630	738,998	190,376	4,070,479
Net income (loss)	372,307	(31,486)	71,571	(30,619)	381,773

12. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Commitments

At June 30, 2007, the Company had outstanding commitments of SR 337 million (2006: SR 474 million) for investments principally relating to Swicorp Joussour Company (under development), whose main purpose will be to invest in energy and petrochemical related projects.

12. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

(b) Contingent liabilities

At June 30, 2007, the Department of Zakat and Income Tax (DZIT) has assessed additional Zakat liability of SR 31.7 million (2006: SR 30.8 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 the assessments. Accordingly, no provision for such amount has been made in the accompanying interim condensed consolidated financial statements.

13. BOARD OF DIRECTORS' APPROVAL

These interim condensed consolidated financial statements have been approved by the Company's Board of Directors on July 14, 2007.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.