SAVOLA GROUP COMPANY
(Saudi Joint Stock Company)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three-Month and Year
Ended December 31, 2008

ABCD

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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 at December 31, 2008, the related interim consolidated statements of income for the three-month and year ended December 31, 2008, interim consolidated statement of cash flows for the year then ended and the attached condensed notes 1 to 14 which form an integral part of these interim condensed consolidated financial statements. These interim condensed consolidated financial statements are the responsibility of the Company's management and have been prepared by them and submitted to us together with all the information and explanations which we required.

We conducted our review in accordance with review standard on interim financial reporting issued by the Saudi Organization for Certified Public Accountants. A review is limited primarily to analytical procedures applied to financial data and making inquiries to the Company's personnel responsible for 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 on 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 for them to be in conformity with accounting standards generally accepted in the Kingdom of Saudi Arabia.

For KPMG Al Fozan & Al Sadhan:

Tareq Abdulrahman Al Sadhan
License No. 352

January 18, 2009G
Corresponding to Muharram 21, 1430H

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED BALANCE SHEET
As at December 31, 2008

	Note	**2008 (SR 000) (Unaudited)**	2007 (SR 000) (Audited)
ASSETS			
Current assets:			
Cash and cash equivalents		543,763	334,533
Investments	3	147,853	947,389
Trade receivables		872,959	663,612
Inventories		2,151,732	1,231,811
Prepayments and other current assets		814,930	533,994
Total current assets		4,531,237	3,711,339
Non-current assets:			
Investments	3	4,756,918	4,048,016
Intangible assets		935,046	316,848
Property, plant and equipment		4,303,635	3,513,801
Total non-current assets		9,995,599	7,878,665
Total assets		14,526,836	11,590,004
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term bank debts	4	3,447,381	1,313,670
Current portion of long-term debts	5	155,163	133,185
Trade payables		1,168,523	781,969
Accrued expenses and other current liabilities		1,076,971	909,742
Total current liabilities		5,848,038	3,138,566
Non-current liabilities:			
Long-term payables		62,525	68,803
Long-term debts	5	1,106,090	456,540
Employees' termination benefits		210,803	153,418
Total non-current liabilities		1,379,418	678,761
Total liabilities		7,227,456	3,817,327
EQUITY			
Equity attributable to the Company's shareholders:			
Share capital	6	5,000,000	3,750,000
Statutory reserve		772,947	902,710
General reserve		4,000	4,000
Unrealized (loss) / gains on investments		(103,969)	450,929
Foreign currency translation adjustments		(117,685)	(92,082)
Retained earnings		994,784	2,141,344
Total shareholders' equity		6,550,077	7,156,901
Minority interests		749,303	615,776
Total equity		7,299,380	7,772,677
Total liabilities and equity		14,526,836	11,590,004

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
For the three-month and year ended December 31, 2008

	Note	Three-month period ended		Year ended	
		December 31, 2008 (SR 000) (Unaudited)	December 31, 2007 (SR 000) (Unaudited)	**December 31, 2008 (SR 000) (Unaudited)**	December 31, 2007 (SR 000) (Audited)
Revenues – net		3,567,015	2,630,033	13,795,389	10,409,530
Cost of revenues		(3,320,898)	(2,178,106)	(12,006,965)	(8,705,859)
Gross profit		246,117	451,927	1,788,424	1,703,671
Share of profits (loss) of associates and jointly controlled entity and dividend income – net		45,299	46,757	335,174	243,753
Other income – net		78,006	29,084	136,471	82,057
		369,422	527,768	2,260,069	2,029,481
EXPENSES					
Selling and marketing		(293,807)	(227,319)	(1,134,386)	(839,516)
General and administrative		(121,280)	(103,822)	(452,709)	(456,794)
Total expenses		(415,087)	(331,141)	(1,587,095)	(1,296,310)
(Loss) / income from operations		(45,665)	196,627	672,974	733,171
(Loss) / gains on disposal of investments		(35,336)	18,351	147,980	863,982
Impairment of assets and project costs written off	7	(437,166)	(7,151)	(437,166)	(110,482)
Financial charges – net		(53,464)	(7,168)	(161,046)	(33,326)
(Loss) / income before Zakat and income tax and minority interests		(571,631)	200,659	222,742	1,453,345
Zakat and income tax	8	14,249	(7,866)	(51,935)	(115,463)
Net (loss) / income before minority interests		(557,382)	192,793	170,807	1,337,882
Share of minority interests in the net loss (income) of consolidated subsidiaries		93,535	(15,386)	31,551	(107,858)
Net (loss) / income		(463,847)	177,407	202,358	1,230,024
Loss / earnings per share (SR)	9				
- (Loss) / income from operations		(0.09)	0.39	1.35	1.47
- Net (loss) / income		(0.93)	0.35	0.40	2.46

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
For the year ended December 31, 2008

	2008 (SR 000) (Unaudited)	2007 (SR 000) (Audited)
Cash flows from operating activities:		
Net income	202,358	1,230,024
Adjustments to reconcile net income to net cash provided by Operating activities:		
Depreciation, amortization and impairment	788,457	403,373
Share of minority interests in net (loss) income of consolidated subsidiaries	(31,551)	107,858
Gain on sale of property, plant & equipment	(2,810)	(1,439)
Financial charges	161,046	33,326
(Gains) on disposal of investments	(147,980)	(1,107,735)
Changes in operating assets and liabilities:		
Trade receivables	(131,900)	(43,516)
Inventories	(770,150)	(731,153)
Prepayments and other current assets	(171,615)	(173,845)
Trade payables	214,381	829,385
Accrued expenses and other current liabilities	123,781	308,517
Employees' termination benefits	33,342	36,702
Total adjustments	65,001	(338,527)
Net cash provided by operating activities	267,359	891,497
Cash flows from investing activities:		
Effect on cash flows due to deconsolidation of a subsidiary	--	(140,750)
Net change in investments	(750,295)	(1,039,201)
Net change in intangible assets	(577,206)	(130,189)
Additions to property, plant and equipment	(1,021,171)	(1,242,634)
Net cash (used in) investing activities	(2,348,672)	(2,552,774)
Cash flows from financing activities:		
Net change in short-term bank debts	2,133,324	(143,050)
Net change in long-term debts	661,403	(62,593)
Net changes in minority interests	163,140	(100,399)
Financial charges	(161,046)	(33,326)
Net changes in restricted deposits against financing	4,307	69,490
Dividends paid	(506,278)	(558,802)
Net cash provided by (used in) financing activities	2,294,850	(828,680)
Net change in cash and cash equivalents	213,537	(2,489,957)
Cash and cash equivalents at beginning of year	330,129	2,820,086
Cash and cash equivalents at end of year	543,666	330,129
Non cash items:		
Foreign currency translation adjustments	(25,603)	(11,221)
Unrealized (loss) / gains on available-for-sale investments	(554,898)	396,907
Directors' remunerations	2,200	2,300

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

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 (September 16, 1979). The purpose of the Company includes the manufacturing and marketing of vegetable oils and to set up and invest in related industries, retail outlets, dairy products, fast foods, packing materials, exports and imports, commercial contracting, trade agencies and development of agricultural products.

At December 31, the Company has investments in the following subsidiaries (collectively described as “the Group”), which are principally engaged in the manufacturing and marketing of vegetable oils, food products, retailing, packaging materials and fast food operations. In addition, the Group is also involved in real estate related investment activities.

Directly owned subsidiaries		**Effective ownership interest (%)**	
	Country of	**at December 31**	
Name	incorporation	**2008**	2007
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.	Saudi Arabia	100	100
Al-Azizia Panda United Company (“APU”)	Saudi Arabia	80	100
Savola Foods Company (“SFC”)	Saudi Arabia	85	--
Afia International Company ("AIC")	Saudi Arabia	--	90.6
Herfy Food Services Company Ltd. ("Herfy")	Saudi Arabia	70	70
Savola Industrial Investments Co. ("SIIC")	Saudi Arabia	4	63.5
United Properties Development Company ("UPDC")	Saudi Arabia	100	70
Adeem Arabia Company Ltd. ("AAC")	Saudi Arabia	100	100
Kamin Al Sharq for Industrial Investments (“Kamin”)	Saudi Arabia	100	100
Arabian Sadouk for Telecommunications Co. (“Sadouk”)	Saudi Arabia	100	100
Al Maoun International Holding Company	Saudi Arabia	100	--
Al Matoun International for Real Estate Investment Holding Company	Saudi Arabia	100	--
Afia Foods Arabia	Saudi Arabia	100	--
Giant Stores Trading Company	Saudi Arabia	8	--

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

Entities controlled through Subsidiaries	Country of incorporation	Subsidiary ownership interest (%) at December 31, 2008	2007
Savola foods Company ("SFC")			
Afia International Company ("AIC")	Saudi Arabia	95	--
Savola Industrial Investment Company ("SIIC")	Saudi Arabia	95	
(last year the above companies' ownership directly by Savola Group Company)			
Savola Foods Emerging Markets Company Limited ("SFEM")	British Virgin Islands	95	--
AIC			
Malintra Holdings	Luxembourg	100	100
Savola Foods Limited ("SFL")	British Virgin Islands	100	100
Afia International Company – Jordan	Jordan	75	75
Inveskz Inc.	British Virgin Islands	90	90
Afia International Company – Algeria	Algeria	--	100
Afia Trading International	British Virgin Islands	100	100
Savola Food International	British Virgin Islands	100	--
Savola Morocco Company	Morocco	--	75
Savola Edible Oils (Sudan) Ltd.	Sudan	--	100
KUGU Gida Yatum Ve Ticaret A.S (KUGU)	Turkey	100	--
SFL			
Afia International Company, Egypt	Egypt	94.5	94.5
Inveskz Inc.			
Turkuaz Edible Oils	Kazakhstan	100	100
KUGU			
Yudum Gida Sanayi ve Ticaret A.S ("Yudum")	Turkey	100	--
SIIC			
United Sugar Company ("USC")	Saudi Arabia	64.8	64.8
USC			
United Sugar Company Egypt ("USCE")	Egypt	53.2	51
SPS			
New Marina for Plastic Industries ("NMP")	Egypt	95	70
Al Sharq Company for Plastic Industries. Ltd. ("Al Sharq")	Saudi Arabia	99	99
SFEM			
Savola Morocco Company	Morocco	100	--
Savola Edible Oils (Sudan) Ltd.	Sudan	100	--
Afia International Company – Algeria	Algeria	100	--
(last year the above companies' ownership through AIC)			
APU			
Giant Stores Trading Company	Saudi Arabia	90	--

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

During the year ended December 31, 2008, the Group acquired controlling interest in Yudum Gida Sanayi ve Ticaret A.S, Turkey (an edible oil refinery) and Giant stores Trading Company Saudi Arabia. Moreover, there were some changes in the ownership interest in some consolidated subsidiaries. Also, as a part of re-organising Group structure, the Group has set-up various companies in the Kingdom and there have been transfers of ownership of some entities within the subsidiaries with no impact on Group's controlling interest.

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, 2007.

(a) Basis of preparation

The interim condensed consolidated financial statements 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 are presented in Saudi Arabian Riyals (SR) which is the functional currency. All financial information presented in SR has been rounded to the nearest thousand. 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, 2007.

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. Actual results may differ from these estimates. (Refer Note 2 (h)).

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate are revised and in any future period affected.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of consolidation

These interim condensed consolidated financial statements include the interim consolidated financial statements of the Company and its subsidiaries set forth in Note 1 above. Associates and jointly controlled entity are accounted for using the equity method.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the interim condensed consolidated financial statements from the date that control commences until the date control ceases (Refer Note 3).

All intra-group balances and financial transactions resulting from 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) Trade receivables

Trade receivables 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 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 associates and jointly-controlled companies

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Jointly controlled companies are those where the Group shares effective controls with other shareholders of the

2. <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)</u>

company. The interim condensed consolidated financial statements include the Group's share of the total recognized gains and losses of associates and jointly-controlled companies on an equity basis of accounting, from the date that significant influence or joint-control commence until the date that such influence or joint-control cease (Note 3). The Group's investments also include goodwill identified on acquisition, net of any accumulated impairment losses.

When the Group's share of losses exceeds its interest in an associate or jointly-controlled companies, 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 condensed consolidated statements of income currently.

(ii) <u>Available-for-sale and other equity investments</u>

The Company has less than 20% equity investments in locally listed companies and various other companies which are not for trading purposes and where the Group does not have any significant influence or control and, accordingly, these are classified as investments available for sale. Those investments which management intends to dispose of within a period of one year are classified as current assets. Other investments are classified in these interim condensed financial statements 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 and reliable estimate of the fair value cannot be established by other means the cost is considered to be the fair value for those investments. Any gain or loss arising from a change in their fair value is reported as a separate item under shareholders' equity until the investments are derecognized or impaired. On de-recognition, cumulative gains or losses previously recognized in shareholders' equity are included in the consolidated statement of income for the period. Dividend income from such investments is recorded when declared.

(iii) <u>Real estate and other investments</u>

Real estate and other investments are recorded at cost.

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 mainly 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.

(g) Property, plant and equipment

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

	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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(h) Impairment of assets

The Group exercises judgment to consider impairment on the available for sale equity investments. This includes assessment of an objective evidence causing a decline in value of investments other than temporary. Any significant and prolonged decline in the fair value of investment below its cost is considered as an objective evidence for the impairment.

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

Impairment loss is charged to the interim consolidated statements of income currently.

(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.

(j) Revenue recognition

Revenues are recognized upon delivery or shipment of products or providing 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 as earned.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 as required 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. Zakat & income taxes are charged to the interim consolidated statements of income currently.

(n) Foreign currency translation

Transactions denominated in foreign currencies are translated to the functional currencies of the Group at the 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 currencies of the Group at the foreign exchange rate ruling at that date. Exchange differences arising on translation are recognized in the interim consolidated statement of income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company's books and accounts are maintained in Saudi Arabian Riyals. Assets and liabilities of foreign subsidiaries are translated into Saudi Arabian Riyals at the exchange rates in effect at the date of the interim condensed consolidated 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 statement are translated using the weighted-average exchange rate for the period. Adjustments resulting from the translation of foreign subsidiaries' financial statements into Saudi Arabian Riyals are reported as a separate component of equity attributable to shareholders of the Company 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.

3. INVESTMENTS

Investments at December 31, comprise the following:

	2008 (SR 000) (Unaudited)	2007 (SR 000) (Audited)
Investments in associates and jointly controlled companies - net	3,187,349	2,119,310
Available for sale (AFS) investments	764,077	2,006,449
Investment in unconsolidated subsidiary	8,804	8,804
Other investments - at cost	944,541	860,842
Total	4,904,771	4,995,405
Less: AFS investment held for short-term period classified under current assets	(147,853)	(947,389)
	4,756,918	4,048,016

3. INVESTMENTS (continued)

Investments in associated and jointly controlled companies at December 31, 2008 mainly represent Company's ownership interests in Savola Behshahr Company, (80% through AIC) (2007: 49%), Al-Marai Company Limited ("Al-Marai") 28% (2007: 24.9%), Kinan International for Real Estate Development Company 30% (2007: 30%) and Intaj Capital Limited 49% (2007: 49%). The quoted market value of company's investment in Al-Marai as at December 31, 2008 is SR 4,272 million (2007: SR 3,253 million) compared to the book value of SR 1,471 million (2007: SR 856 million).

The Group has investment in Savola Behshahr Company (SBC) which is a jointly controlled entity with Behshahr Industrial Development Company ("BIDC"). During the year 2008, the Group has acquired an additional 31% stake in SBC from BIDC through a Share Purchase Agreement (the "SPA") dated June 22, 2008 and amended on June 23, 2008 and October 27, 2008 for a total consideration of SR 265 million. After this acquisition, Savola's ownership interest in SBC has increased from 49% to 80%. Savola and BIDC have agreed, until all conditions of the SPA are met including payment in full of declared unpaid dividends by SBC to BIDC, SBC will continue to be a jointly controlled entity managed with BIDC in line with the terms of the existing Joint Venture agreement dated March 05, 2004. Accordingly, SBC has not been consolidated in these financial statements and accounted for on an equity basis.

AFS investments at December 31, 2008 principally comprise of the Company's 2.3% ownership interest amounting to SR 179 million (2007: SR 563 million) in Emaar the Economic City (a joint stock company) formed for the development of King Abdullah Economic City (through AAC). Also, it includes the ownership interest of 14% in Swicorp Joussour Company amounting to SR 209 million (2007: SR 193 million), 15% in Swicorp Company, Saudi Arabia amounting to SR 116 million (2007: SR 116 million) and 5% in Taameer Jordanian Holding Company amounting to SR 41.5 million (2007: SR 124 million). The balance mainly represents investments in marketable securities of locally listed companies amounting to SR 147.8 million (2007: SR 947 million).

During the fourth quarter period ended December 31, 2008, the Group has recognised an impairment loss adjustment against certain investments available for sale (Note 7).

Other investments at December 31, 2008 mainly represent investments in real estate projects in Saudi Arabia amounting to SR 945 million (2007: SR 861 million).

4. SHORT-TERM BANK DEBTS

Short-term bank debts consist of bank overdrafts, short-term loans and Murabaha financing arrangements 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), commercial banks and other financial institutions for Savola Group Company and its consolidated subsidiaries. Some of these loans are secured by the charge on the property, plant and equipment of certain subsidiaries. The loan agreements include covenants which, among other things, require certain financial ratios to be maintained.

6. SHARE CAPITAL AND DIVIDENDS DECLARATION

At December 31, 2008 the Company's share capital of SR 5 billion consists of 500 million fully paid shares of SR 10 each (December 31, 2007: SR 3.75 billion consisting of 375 million fully paid shares of SR 10 each).

The shareholders of the Company in their Annual General Meeting held on March 25, 2008, approved a transfer of SR 150 million from share premium amount and SR 1,100 million from retained earnings in order to increase the share capital from SR 3.75 billion to SR 5.0 billion by the issuance of 125 million bonus shares. In the same meeting, the shareholders also approved final dividend of SR 0.25 per share for the shares outstanding as of the date of the extra-ordinary general meeting.

The details of interim dividends approved and final dividend proposed by the Board of Directors are as follows:

Date	Dividend rate	Interim / Final	Amount SR (Million)
April 19, 2008	SR 0.25 per share	Interim	125
July 16, 2008	SR 0.25 per share	Interim	125
October 25, 2008	SR 0.25 per share	Interim	125
January 17, 2009	SR 0.25 per share	Final	125

7. IMPAIRMENT OF ASSETS AND PROJECT COSTS WRITTEN OFF

During the fourth quarter period ended December 31, 2008, the Group has re-assessed the fair valuation of investments available for sale and made an impairment loss adjustment of SR 434 million representing the difference in full between cost and market value at December 31, 2008 and provided SR 3 million against project expense which were charged to interim consolidated statement of income for the year ended December 31, 2008.

During 2007, management decided to close the manufacturing facility in Jordan and evaluated certain local and foreign operations in trading, manufacturing and real estate activities from impairment of assets point of view. Based on the impairment test carried out by management, impairment loss adjustments of SR 110 million were charged to statement of income for the year ended December 31, 2007.

8. ZAKAT AND INCOME TAX

During 2007, pursuant to 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 for the year ended December 31, 2007. This provision is subject to revision once the detailed assessment is completed.

9. (LOSS) / EARNINGS PER SHARE

Earnings per share for the three-month and year ended December 31, 2008 have been computed separately by dividing the income from operations and net income for such period by the weighted-average number of ordinary shares outstanding during the three-month and year December 31, 2008 of 500 million shares. Earnings per share for the three-month and year ended December 31, 2007 have been recomputed after taking the effect of the bonus shares issuance on March 25, 2008.

10. SEASONAL CHANGES

Some of the Group's activities are affected by seasonal movements related to the Holy months of Ramadan, Shawwal and Hajj season, which cause sales to increase significantly during those periods. The effect of such period for 2008 and 2007 principally fall in third and fourth quarters of the financial year. Accordingly, the results of operation presented in the interim condensed consolidated financial statements for the quarter period may not be a fair indicator of the results of the operation for full year.

11. SEGMENTAL INFORMATION

During the three-month and year ended December 31, 2008 and 2007, the principal activities of the Group related to the manufacturing, wholesale and retail trading in various types of food and related products. Selected financial information as of December 31, 2008 and 2007, and for the years ended on those dates, summarized by segment, is as follows:

	Manufacturing/ wholesale	Retail	Investments and other activities	Total
	(SR 000)	(SR 000)	(SR 000)	(SR 000)
2008 (unaudited)				
Property, plant and equipment – net	2,244,188	2,053,486	5,961	4,303,635
Other non-current assets - net	1,299,256	224,292	4,168,416	5,691,964
Revenues – net	7,675,748	6,119,641	--	13,795,389
Net income (loss)	46,773	177,374	(21,789)	202,358

	Manufacturing/ wholesale	Retail	Investments and other activities	Total
	(SR 000)	(SR 000)	(SR 000)	(SR 000)
2007 (Audited)				
Property, plant and equipment – net	1,978,901	1,519,497	15,403	3,513,801
Other non-current assets - net	517,018	91,423	3,756,423	4,364,864
Revenues – net	6,179,934	4,224,769	4,827	10,409,530
Net income	196,760	51,583	981,681	1,230,024

The Group's operations are conducted in Saudi Arabia, Egypt, Iran and certain other geographical areas. Selected financial information as of December 31, 2008 and 2007, and for the years ended on those dates, summarized by geographic area, is as follows:

2008 (unaudited)	Saudi Arabia (SR 000)	Egypt (SR 000)	Iran (SR 000)	Other countries (SR 000)	Total (SR 000)
Property, plant and equipment – net	3,138,794	788,415	--	376,426	4,303,635
Other non-current assets-net	4,788,440	60,467	594,018	249,039	5,691,964
Revenue – net	10,511,585	1,743,635	--	1,540,169	13,795,389
Net income (loss)	376,267	(54,317)	67,318	(186,910)	202,358

11. SEGMENTAL INFORMATION (continued)

2007 (Audited)	Saudi Arabia (SR 000)	Egypt (SR 000)	Iran (SR 000)	Other countries (SR 000)	Total (SR 000)
Property, plant and equipment – net	2,577,701	653,611	--	282,489	3,513,801
Other non-current assets-net	4,020,874	23,647	285,666	34,677	4,364,864
Revenue – net	7,617,218	1,024,918	1,208,947	558,447	10,409,530
Net income (loss)	442,747	784,821	57,437	(54,981)	1,230,024

12. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

At December 31, 2008, the Group had outstanding commitments of SR 419 million (2007: SR 230 million) for investments.

Contingent liabilities

At December 31, 2008, the Department of Zakat and Income Tax (DZIT) has assessed additional Zakat liability of SR 45.1 million (2007: SR 28.1 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 January 17, 2009.

14. COMPARATIVE FIGURES

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