

SAVOLA GROUP COMPANY
(Saudi Joint Stock Company)

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
For the Three-Month Period Ended March 31, 2009**



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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 March 31, 2009 and the related interim consolidated statements of income and cash flows for the three-month period then ended and the attached condensed notes 1 to 11 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 auditing 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

April 09, 2009G
Corresponding to Rabi Al Thani 13, 1430H

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at March 31, 2009

	<u>Note</u>	<u>2009</u> (SR 000)	<u>2008</u> (SR 000)
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents		773,872	573,780
Investments	4	--	533,522
Trade receivables		1,014,887	835,425
Inventories		1,803,803	1,491,116
Prepayments and other current assets		1,315,198	661,152
Total current assets		4,907,760	4,094,995
Non-current assets:			
Investments	4	4,976,343	4,113,136
Intangible assets		814,002	517,132
Property, plant and equipment		4,242,723	3,741,473
Total non-current assets		10,033,068	8,371,741
Total assets		14,940,828	12,466,736
<u>LIABILITIES AND EQUITY</u>			
Current liabilities:			
Short-term bank debts	5	1,830,434	1,798,993
Current portion of long-term debts	6	330,938	136,115
Trade payable		1,423,357	889,417
Accrued expenses and other current liabilities		1,137,641	1,169,936
Total current liabilities		4,722,370	3,994,461
Non-current liabilities:			
Long-term payables		66,289	69,214
Long-term debts	6	2,688,434	576,248
Employees' termination benefits		213,631	166,539
Total non-current liabilities		2,968,354	812,001
Total liabilities		7,690,724	4,806,462
<u>EQUITY:</u>			
Equity attributable to the Company's shareholders:			
Share capital	7	5,000,000	5,000,000
Statutory reserve		772,946	752,710
General reserve		4,000	4,000
Unrealized (loss) /gains on investments		(131,718)	203,644
Foreign currency translation account		(186,677)	(97,894)
Retained earnings		1,016,906	1,166,226
Total shareholders' equity		6,475,457	7,028,686
Minority interests		774,647	631,588
Total equity		7,250,104	7,660,274
Total liabilities and equity		14,940,828	12,466,736

The accompanying notes 1 to 11 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 period ended March 31, 2009

	<u>Note</u>	<u>2009</u> (SR 000)	<u>2008</u> (SR 000)
Revenues – net		3,635,043	2,996,425
Cost of revenues		(3,018,721)	(2,514,683)
Gross profit		616,322	481,742
Share of profits (loss) of associates and jointly controlled entity and dividend income – net	4	106,875	96,309
Other income – net		21,940	10,392
Total income		745,137	588,443
EXPENSES:			
Selling and marketing		(342,491)	(262,418)
General and administrative		(124,058)	(123,743)
Total expenses		(466,549)	(386,161)
Income from operations		278,588	202,282
Gain on disposals of investments		15,487	113,941
Financial charges – net		(51,895)	(26,027)
Income before Zakat and income tax and minority interests		242,180	290,196
Zakat and income tax		(14,104)	(29,695)
Net income before minority interests		228,076	260,501
Share of minority interests in the net (income) of consolidated subsidiaries		(35,524)	(10,019)
Net income		192,552	250,482
Earnings per share – Income from operations	8	0.56	0.40
– Net income		0.39	0.50

The accompanying notes 1 to 11 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 three-month period ended March 31, 2009

	<u>2009</u>	<u>2008</u>
	(SR 000)	(SR 000)
Cash flows from operating activities:		
Net income	192,552	250,482
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortisation	107,002	85,229
(Gain) on sale of property, plant and equipment	(1,826)	(380)
(Gain) on disposal of investments	(15,487)	(113,941)
Financial charges	51,895	26,027
Share of minority interests in net income of consolidated subsidiaries	35,524	10,019
Changes in operating assets and liabilities:		
Trade receivables	(95,096)	(171,813)
Inventories	235,555	(259,305)
Prepayments and other current assets	(181,136)	(23,141)
Trade payables	207,111	107,448
Accrued expenses and other current liabilities	(228,398)	259,594
Employees' termination benefits	2,935	13,121
Total adjustments	118,079	(67,142)
Net cash provided by operating activities	310,631	183,340
Cash flows from investing activities:		
Net change in investments	(238,341)	111,386
Net change in intangible assets	(31,841)	(217,871)
Net addition to property, plant and equipment	(110,482)	(300,746)
Net cash used in investing activities	(380,664)	(407,231)
Cash flows from financing activities:		
Net change in short-term debts	(1,463,131)	485,323
Net change in long-term debts	1,762,595	122,638
Net change in minority interests	(8,392)	5,794
Financial charges	(51,895)	(26,027)
Dividend paid	(156)	(124,589)
Net cash provided by financing activities	239,021	463,139
Net change in cash and cash equivalents	168,988	239,248
Cash and cash equivalents at beginning of the period	604,884	330,129
Cash and cash equivalents at end of the period	773,872	569,377
Non cash items:		
Foreign currency translation adjustments	(25,750)	5,808
Unrealized (loss) /gains on available-for-sale investments	(4,465)	247,285
Directors' remunerations	600	600
Dividend income	116,800	104,017

The accompanying notes 1 to 11 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 period ended March 31, 2009

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 March 31, the Company has investments in the following consolidated 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.

<u>Directly and indirect subsidiaries</u>	Country of <u>incorporation</u>	Ownership interest (%) <u>at March 31</u>	
<u>Name</u>		<u>2009</u>	<u>2008</u>
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	Saudi Arabia	80	100
Savola Foods Company ("SFC")	Saudi Arabia	90	--
Afia International Company ("AIC")	Saudi Arabia	--	90.7
Herfy Food Services Company Ltd. ("Herfy")	Saudi Arabia	70	70
Savola Industrial Investments Co. ("SIIC")	Saudi Arabia	4.5	63.5
United Properties Development Company ("UPDC")	Saudi Arabia	100	100
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	100
Savola Foods Emerging Markets Company Limited ("SFEM")	Saudi Arabia	--	100
Al Matoun International for Real Estate Investment Holding Company	Saudi Arabia	100	100
AFIA Foods Arabia	Saudi Arabia	100	--
United Sugar Company, Egypt	Egypt	18.8	18.6
Giant Stores Trading Company	Saudi Arabia	8	--

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

<u>Entities controlled through subsidiaries</u>	<u>Country of incorporation</u>	Subsidiary ownership interest (%)	
		<u>At March 31, 2009</u>	<u>2008</u>
<u>Savola foods Company (“SFC”)</u>			
Afia International Company ("AIC")	Saudi Arabia	95.19	--
Savola Industrial Investment Company ("SIIC")	Saudi Arabia	95	--
Savola Foods Emerging Markets Company Limited (“SFEM”)	British Virgin Islands	95	--
(last year the above companies’ ownership directly by Savola Group Company)			
<u>AIC</u>			
Malintra Holdings	Luxembourg	100	100
Savola Foods Limited ("SFL")	British Virgin Islands	100	100
Afia International Company – Jordan	Jordan	97.4	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	100
KUGU Gida Yatum Ve Ticaret A.S (KUGU)	Turkey	100	100
<u>SFL</u>			
Afia International Company, Egypt	Egypt	94.5	94.5
<u>Inveskz Inc.</u>			
Turkuaz Edible Oils	Kazakhstan	100	100
<u>KUGU</u>			
Yudum Gida Sanayi ve Ticaret A.S (“Yudum”)	Turkey	100	100
<u>SIIC</u>			
United Sugar Company (“USC”)	Saudi Arabia	64.8	64.8
<u>USC</u>			
United Sugar Company Egypt (“USCE”)	Egypt	53.2	52.3
<u>SFEM</u>			
Savola Morocco Company	Morocco	100	100
Savola Edible Oils (Sudan) Ltd.	Sudan	100	100
AFIA International Company – Algeria	Algeria	100	--
(last year the above company ownership through AIC)			
<u>SPS</u>			
New Marina for Plastic Industries	Egypt	95	95
Al Sharq Company for Plastic Industries. Ltd.	Saudi Arabia	99	99
<u>APU</u>			
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 (retail super stores) Saudi Arabia. Certain changes in Group operating structures have also been made to combine synergies of the Group's sugar and edible oil business.

In addition to this restructuring, the Group also entered into certain acquisition transactions with Al Mohadib Holding Company (Minority shareholder of SIIC) which has resulted in a net change in the effective ownership of the combined businesses.

2. BASIS OF PREPARATION

(a) Statement of compliance

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 interim condensed consolidated financial statements were authorized for issue by the Board of Directors on April 09, 2009.

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, 2008.

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

(b) Basis of measurement

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.

(c) Functional and presentation currency

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.

2. BASIS OF PREPARATION (continued)

(d) Critical accounting judgements and estimates

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Such estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Significant accounting policies adopted by the Company for the preparation of these interim condensed financials statements are as follows:

(a) 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.

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.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(b) **Foreign currency translation**

The interim condensed consolidated financial statements are reported into Saudi Riyals, which is the Group's functional and presentation currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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 consolidated statement of income currently.

Assets and liabilities of foreign consolidated subsidiaries are translated into Saudi Arabian Riyals at the exchange rates in effect at the date of the consolidated balance sheet. The components of foreign subsidiaries with the exception of retained earnings of subsidiaries, 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 (foreign currency translation account) attributable to shareholders of the Company in the interim condensed consolidated financial statements.

Any goodwill arising on the acquisition of foreign subsidiaries and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign subsidiaries and translated at the closing rate at the balance sheet date.

(c) **Trade receivables**

Trade receivables are carried at original invoice 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 investee company.

The Group's investments in its associate and jointly controlled companies are accounted for using the equity method of accounting from the date that significant influence or joint-control commence until the date that such influence or joint-control cease. Under the equity method, the investment in the associate and jointly controlled entity are carried in the balance sheet at cost (including goodwill paid on acquisition, net of any impairment losses), plus post-acquisition changes in the Group's share of net assets of the investee company. The Group's consolidated statement of income reflects the Group's share of the results of operations of the associate and jointly controlled entities. Where there has been a change recognised directly in the equity of the associate or jointly controlled company, the Group recognises its share of such changes in its consolidated statement of changes in shareholders' equity.

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.

(ii) Available-for-sale investments

Investments which are not held for trading purposes and where the Group does not have significant influence or control, are classified as investments available for sale. These primarily include Group's investment of less than 20% in certain locally listed and unlisted companies.

These investments are initially recorded at cost and then re-measured and stated in the consolidated 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

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

shareholders' equity are included in the consolidated statement of income. On impairment, the difference between cost and fair value is included in the consolidated statement of income as Impairment of assets. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the consolidated statement of income. Dividend income from such investments is recorded when declared.

A portion of these investments which management intends to dispose of within a period of one year are classified as current assets. Other investments are classified in these financial statements under non-current assets.

(iii) Other investments

These include Group's investment in Real estate projects which are under development and an investment in a company under liquidation. These are carried at cost.

(f) Business combinations

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instrument issued and liabilities incurred or assumed at the date of exchange, and includes costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition.

The excess of the cost of the business combination over the Group's share in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities is classified as Goodwill.

(g) 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. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to these units.

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 costs*

Deferred costs 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.

(h) **Property, plant and equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss (if any). 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:

	<u>Years</u>
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.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(i) **Provisions**

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

(j) **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.

(k) **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 and related products

(l) **Expenses**

Selling, marketing, general and administrative expenses include direct and indirect costs not specifically part of 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) **Operating leases**

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

(n) **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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(q) Offsetting

Financial assets and liabilities are offset and reported net in the consolidated balance sheet when there is a legally enforceable right to set off the recognized amounts and when the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(r) Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services, which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segmental reporting is based on business segments. The business segments are determined based on Group's management and internal reporting structure.

4. INVESTMENTS

Investments at March 31, comprise the following:

	<u>2009</u> (SR 000) (Unaudited)	<u>2008</u> (SR 000) (Unaudited)
Investments in associates and jointly controlled company - net	3,413,676	2,252,793
Available for Sale (AFS) investments	611,761	1,471,753
Investment in unconsolidated subsidiary	8,804	8,804
Other investments – carried at cost	<u>942,102</u>	<u>913,308</u>
Total	4,976,343	4,646,658
Less: AFS investment held for short-term period classified under current assets	<u>--</u>	<u>(533,522)</u>
	<u>4,976,343</u>	<u>4,113,136</u>

4. INVESTMENTS (continued)

Investments in associated and jointly controlled companies at March 31, 2009 mainly represent Company's ownership interests in Savola Behshahr Company ("SBeC"), (80% through AIC) SR 654 million (2008: 309 million, 49%), Al-Marai Company Limited ("Al-Marai") SR 1,382 million, 28% (2008: 0.97 million, 25.4%), Kinan International for Real Estate Development Company SR 534 million, 30% (2008: 530 million, 30%), Intaj Capital Limited SR 420 million, 50% (2008: 428 million, 50%) and Knowledge Economic City SR 365 million (2008: 16 million).

During the year 2008, the Group acquired additional 31% stake in SBeC, a jointly controlled entity, from BIDD through a Share Purchase Agreement (the "SPA") dated June 22, 2008, 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% effective July 1, 2008. Savola and BIDD have agreed that, until all conditions of the SPA are met, including payment in full of declared unpaid dividends by SBeC to BIDD, SBeC will continue to be treated as a jointly controlled entity managed with BIDD in line with the terms of the existing Joint Venture agreement dated March 05, 2004. Accordingly, SBC has not been consolidated in these condensed financial statements and is accounted for on an equity basis.

AFS investments at March 31, 2009 comprise of the Company's 2.4% ownership interest amounting to SR 165 million (2008: SR 450 million 2.9%) 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 Jousour Company (under development) amounting to SR 209 million (2008: SR 193 million), 15% in Swicorp Company, Saudi Arabia amounting to SR 116 million (2008: SR 116 million) and 5% in Taameer Jordanian Holding Company amounting to SR 51 million (2008: 125).

Other investments at March 31, 2009 mainly represent investments in real estate projects in Saudi Arabia.

5. SHORT-TERM 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.

6. 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.

7. SHARE CAPITAL AND DIVIDENDS DECLARATION

At March 31, 2009 the Company's share capital of SR 5 billion consists of 500 million fully paid shares of SR 10 each (March 31, 2008: SR 5 billion consisting of 500 million fully paid shares of SR 10 each).

The Board of Directors in its meeting held on April 09, 2009, approved interim dividends of SR 125 million (representing SR 0.25 per share).

8. EARNINGS PER SHARE

Earnings per share for the three-month period ended March 31, 2009 have been computed by dividing the income from operations (before minority share) and net income for such period by the weighted-average number of ordinary shares outstanding during the three-month March 31, 2009 of 500 million shares.

9. 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 2009 and 2008 principally fall in the third and last 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.

10. SEGMENTAL INFORMATION

During the three-month period ended March 31, 2009 and 2008, 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 March 31, 2009 and 2008, and for the three-month period then ended, summarized by segment, is as follows:

<u>2009 (Unaudited)</u>	<u>Manufacturing/ Wholesale</u> (SR 000)	<u>Retail</u> (SR 000)	<u>Investments and other activities</u> (SR 000)	<u>Total</u> (SR 000)
Property, plant and equipment - net	2,187,708	2,049,350	5,665	4,242,723
Other non-current assets – net	1,267,015	196,736	4,326,594	5,790,345
Revenue – net	1,799,461	1,835,582	--	3,635,043
Net income	99,599	51,668	41,285	192,552

10. SEGMENTAL INFORMATION (continued)

<u>2008 (Unaudited)</u>	<u>Manufacturing/ wholesale</u> (SR 000)	<u>Retail</u> (SR 000)	<u>Investments and other activities</u> (SR 000)	<u>Total</u> (SR 000)
Property, plant and equipment – net	2,120,233	1,615,690	5,550	3,741,473
Other non-current assets – net	720,592	96,062	3,813,614	4,630,268
Revenue – net	1,779,673	1,216,752	--	2,996,425
Net income	49,418	31,579	169,485	250,482

The Group's operations are conducted in Saudi Arabia, Egypt, Iran and certain other geographical areas. Selected financial information as of March 31, 2009 and 2008, and for the year ended, summarized by geographic area, is as follows:

<u>2009 (Unaudited)</u>	<u>Saudi Arabia</u> (SR 000)	<u>Egypt</u> (SR 000)	<u>Iran</u> (SR 000)	<u>Other Countries</u> (SR 000)	<u>Total</u> (SR 000)
Property, plant and equipment - net	3,117,090	774,148	--	351,485	4,242,723
Other non-current assets - net	4,851,335	91,487	653,890	193,633	5,790,345
Revenue - net	2,832,117	480,682	--	322,244	3,635,043
Net income (loss)	152,697	(12,484)	59,420	(7,081)	192,552
<u>2008 (Unaudited)</u>					
Property, plant and equipment – net	2,666,340	718,040	--	357,093	3,741,473
Other non-current assets – net	3,952,589	135,520	308,170	233,989	4,630,268
Revenue - net	2,192,639	406,371	--	397,415	2,996,425
Net income (loss)	198,404	23,177	22,358	6,543	250,482

11. COMMITMENTS AND CONTINGENCIES

Commitments

At March 31, 2009, the Group had outstanding commitments of SR 201.8 million (2008: SR 273 million) for investments.

Contingent liabilities

At March 31, 2009, the Department of Zakat and Income Tax (DZIT) has assessed additional Zakat liability of SR 45.1 million (2008: SR 26.6 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.