SAVOLA GROUP COMPANY
(Saudi Joint Stock Company)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three-Month and Year
Ended December 31, 2009

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REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Shareholders
Savola Group Company
Jeddah, Saudi Arabia

Scope of review:

We have reviewed the accompanying interim consolidated balance sheet of Savola Group Company (the Company) and its subsidiaries as at December 31, 2009, the related interim consolidated statement of income for the three-months period and year ended December 31, 2009, the interim consolidated statement of cash flows for the year then ended and the attached condensed notes 1 to 13 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 the 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.

Conclusion of review:

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, 2010G
Corresponding to Safar 3, 1431H

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Al Fozan & Al Sadhan

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED BALANCE SHEET
As at December 31, 2009

	Note	**2009 (SR 000) (Unaudited)**	2008 (SR 000) (Audited)
ASSETS			
Current assets:			
Cash and cash equivalents		1,131,286	604,884
Investments	4	--	147,853
Trade receivables		1,446,845	919,791
Inventories		2,354,360	2,039,358
Prepayments and other current assets		746,087	1,017,262
Total current assets		5,678,578	4,729,148
Non-current assets:			
Investments	4	5,027,929	4,771,371
Intangible assets		1,397,703	794,664
Property, plant and equipment		5,067,971	4,250,663
Total non-current assets		11,493,603	9,816,698
Total assets		17,172,181	14,545,846
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term bank debts	5	2,584,920	3,293,565
Current portion of long-term debts	6	442,042	139,641
Trade payables		1,790,199	1,216,246
Accrued expenses and other current liabilities		1,492,568	1,357,848
Total current liabilities		6,309,729	6,007,300
Non-current liabilities:			
Long-term payables		67,238	74,033
Long-term debts	6	2,012,016	1,117,136
Employees' termination benefits		265,138	210,697
Total non-current liabilities		2,344,392	1,401,866
Total liabilities		8,654,121	7,409,166
EQUITY			
Equity attributable to the Company's shareholders:			
Share capital	7	5,000,000	5,000,000
Statutory reserve		868,101	772,946
General reserve		4,000	4,000
Unrealized (loss) on investments		(6,198)	(127,253)
Foreign currency translation account		(225,149)	(160,927)
Retained earnings		1,301,031	900,399
Total shareholders' equity		6,941,785	6,389,165
Minority interests		1,576,275	747,515
Total equity		8,518,060	7,136,680
Total liabilities and equity		17,172,181	14,545,846

The accompanying notes 1 to 13 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, 2009

	Note	Three-month period ended		Year ended	
		December 31, 2009 (SR 000) (Unaudited)	December 31, 2008 (SR 000) (Unaudited)	**December 31, 2009 (SR 000) (Unaudited)**	December 31, 2008 (SR 000) (Audited)
Revenues – net		4,788,374	3,593,003	17,883,890	13,821,377
Cost of revenues		(4,041,148)	(3,320,987)	(14,796,510)	(12,007,054)
Gross profit		747,226	272,016	3,087,380	1,814,323
Share of profits (loss) of associates and jointly controlled entity and dividend income – net		44,270	45,299	349,068	335,174
Other income – net		1,057	52,061	62,876	110,526
		792,553	369,376	3,499,324	2,260,023
EXPENSES					
Selling and marketing		(375,912)	(282,454)	(1,585,310)	(1,123,033)
General and administrative		(164,840)	(134,063)	(560,108)	(465,491)
Total expenses		(540,752)	(416,517)	(2,145,418)	(1,588,524)
Income / (loss) from operations		251,801	(47,141)	1,353,906	671,499
Gain (loss) on disposal of investments	4.1	217,148	(35,337)	318,116	147,980
Impairment of assets	8	(143,441)	(442,406)	(217,682)	(442,406)
Financial charges – net		(35,526)	(46,075)	(204,536)	(153,658)
Income / (loss) before Zakat and income tax and minority interests		289,982	(570,959)	1,249,804	223,415
Zakat and income tax		22,130	12,797	(62,735)	(53,387)
Net income / (loss) before minority interests		312,112	(558,162)	1,187,069	170,028
Share of minority interests in the net (income) / loss of consolidated subsidiaries		(43,493)	94,314	(235,504)	32,330
Net income / (loss)		268,619	(463,848)	951,565	202,358
Earnings / (loss) per share (SR)	9				
- Income / (loss) from operations		0.50	(0.09)	2.71	1.34
- Net income / (loss)		0.54	(0.93)	1.90	0.40

The accompanying notes 1 to 13 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, 2009

	2009 (SR 000) (Unaudited)	2008 (SR 000) (Audited)
Cash flows from operating activities:		
Net income	951,565	202,358
Adjustments to reconcile net income to net cash provided by		
Operating activities:		
Depreciation, amortization and impairment	703,690	809,237
Share of minority interests in net income		
of consolidated subsidiaries	235,504	(32,330)
(Gains) on disposal of investments	(318,116)	(147,980)
(Gain) on sale of property, plant and equipment	(7,191)	(2,810)
Changes in operating assets and liabilities:		
Trade receivables	52,492	(178,732)
Inventories	174,456	(657,776)
Prepayments and other current assets	115,156	(373,947)
Trade payables	295,281	262,104
Accrued expenses and other current liabilities	(153,711)	404,658
Employees' termination benefits	26,266	33,236
Financial charges	204,536	153,658
Total adjustments	1,328,363	269,318
Net cash provided by operating activities	2,279,928	471,676
Cash flows from investing activities:		
Net change in investments	(62,406)	(907,371)
Net change in intangible assets	(362,339)	(506,924)
Net change in property, plant and equipment	(1,028,580)	(937,168)
Net cash used in investing activities	(1,453,325)	(2,351,463)
Cash flows from financing activities:		
Net change in short-term bank debts	(1,214,029)	1,979,508
Net change in long-term debts	1,179,543	656,927
Net changes in minority interests	445,616	162,131
Financial charges	(204,536)	(153,658)
Net changes in restricted deposits against financing	1,057	3,347
Dividends paid	(506,795)	(494,770)
Net cash (used in) provided by financing activities	(299,144)	2,153,485
Net change in cash and cash equivalents	527,459	273,698
Cash and cash equivalents at beginning of period	603,827	330,129
Cash and cash equivalents at end of period	1,131,286	603,827
Non cash items:		
Foreign currency translation adjustments	(64,222)	(68,845)
Unrealized gains / (loss) on investments	121,055	(578,182)
Directors' remunerations	4,800	2,200

The accompanying notes 1 to 13 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 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 and indirect subsidiaries	Country of incorporation	Ownership interest (%) at December 31 2009	2008
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 Limited	Saudi Arabia	100	100
Al-Azizia Panda United Company	Saudi Arabia	80	80
Savola Foods Company ("SFC")	Saudi Arabia	90	85
Herfy Food Services Company Ltd. ("Herfy")	Saudi Arabia	70	70
Savola Industrial Investments Co. ("SIIC")	Saudi Arabia	4.5	4
United Properties Development Company ("UPDC")	Saudi Arabia	100	100
Adeem Arabia Company Ltd. ("AAC")	Saudi Arabia	80	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
Al Matoun International for Real Estate Investment Holding Company	Saudi Arabia	80	100
AFIA Foods Arabia	Saudi Arabia	100	100
United Sugar Company, Egypt	Egypt	18.9	18.8
Giant Stores Trading Company	Saudi Arabia	8	8

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

Entities controlled through subsidiaries

	Country of incorporation	Subsidiary ownership interest (%) 2009	2008
SFC			
Afia International Company ("AIC")	Saudi Arabia	95.19	95.19
Savola Industrial Investment Company ("SIIC")	Saudi Arabia	95	95
Savola Foods Emerging Markets Company Limited ("SFEM")	British Virgin Islands	95.4	95
AIC			
Savola Behshahr Company (SBeC)	Iran	80	--
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 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
SFL			
Afia International Company, Egypt	Egypt	99.84	94.5
Inveskz Inc.			
Turkuaz Edible Oils	Kazakhstan	100	100
KUGU			
Yudum Gida Sanayi ve Ticaret A.S ("Yudum")	Turkey	100	100
SIIC			
United Sugar Company ("USC")	Saudi Arabia	64.8	64.8
USC			
United Sugar Company Egypt ("USCE")	Egypt	53.45	53.2
SFEM			
Savola Morocco Company	Morocco	100	100
Savola Edible Oils (Sudan) Ltd.	Sudan	100	100
AFIA International Company – Algeria	Algeria	100	100
(last year the above company ownership through AIC)			
SPS			
New Marina for Plastic Industries	Egypt	100	95
Al Sharq Company for Plastic Industries. Ltd.	Saudi Arabia	93	99
APU			
Giant Stores Trading Company	Saudi Arabia	90	90

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

The Group subsidiary, Afia International Company acquired additional 31% stake in SBeC, an existing jointly-controlled entity, from BIDC through a Share Purchase Agreement (the "SPA") during the second quarter of 2008 after which its ownership interest in SBeC has increased from 49% to 80%. Upon completion of all conditions precedents for this share transfer; effective April 1, 2009 the group started to consolidate SBeC in its consolidated financial statements.

During the second quarter of 2009, the group formed Akwan, (a 62% effectively owned Special Purpose Vehicle) and Diyar Al Mashreq (previously named Bawareq), (a 37.7% effectively owned jointly controlled entity) with other partners for the purpose of carrying out a real estate project (See also Note 4.1.3).

On June 03, 2009, the Group entered into an agreement with A. K. Al Muhadib & Sons Company ("Al Muhadib"), to acquire certain real estate properties through its wholly owned subsidiary, Al Matoun International for Real Estate Investment Holding Company for the agreed value of SR 336 million and in exchange paid SR 97 million in cash and issued 20% stake in the Al Matoun to Al Muhadib. The transaction was closed during the third quarter of 2009.

On September 16, 2009, the Group's subsidiary, Azizia Panda Unit ("APU") has entered into an agreement with Saudi Géant Company Limited to acquire certain assets and assume certain liabilities of the Géant chain of Hypermarkets in Saudi Arabia for a cash consideration of SR 260.5 million and issuance of 7% new shares of APU. At December 31, 2009, the share capital has not been increased, however, in line with the terms of the acquisition agreement, the results and balances of Geant have been consolidated in Group financial statements effective from October 01, 2009.

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).

These interim condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements of the Group for the year ended December 31, 2008.

(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.

2. BASIS OF PREPARATION (continued)

(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.

(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 Group'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 estimates are revised and in any future period affected.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Group 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 entities 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 in Saudi Arabian Riyals at the exchange rates in effect at the balance sheet date. 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 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 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 control 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. 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 company, 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 an open market 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. On impairment, the difference between cost and fair value is included in the consolidated statement of income as Impairment of assets. Reversals of impairment loss 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments which management intend to dispose off within a period of one year are classified as current assets.

(iii) *Other investments*

These include the Group's investment in real estate projects which are under development. These are carried at cost net of any impairment loss.

(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 are determined taking into account the carrying value of goodwill relating to the entity sold.

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 to their book values.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 losses (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 of 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.

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

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Revenue recognition

Revenues are recognized upon delivery or shipment of products or providing services to the customers, and are recorded net of trade 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 businesses 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.

(o) Dividends

Interim dividends are recorded as a 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 the Group’s management and internal reporting structure.

4. INVESTMENTS

Investments at December 31, comprise the following:

	2009 (SR 000) (Unaudited)	2008 (SR 000) (Audited)
Investments in associates and jointly controlled companies - net (4.1)	3,380,189	3,205,042
Available for sale (AFS) investments (4.2)	834,938	764,077
Investment in unconsolidated subsidiary	8,804	8,804
Other investments - at cost (4.3)	803,998	941,301
Total	5,027,929	4,919,224
Less: AFS investment held for short-term period classified under current assets	--	(147,853)
	5,027,929	4,771,371

4. INVESTMENTS (continued)

4.1 Investment in Associates and Jointly-controlled companies

	Effective Ownership interest (%) 2009	Effective Ownership interest (%) 2008	2009 SR (000) (Unaudited)	2008 SR (000) (Audited)
Al Marai Company Ltd. – Saudi Arabia (4.1.1)	26.5	28	1,857,492	1,447,336
Kinan International for Real Estate Development Company	30	30	546,499	536,599
Intaj Capital Limited – British Virgin Islands	49	49	393,324	422,379
Savola Behshahr Company Iran (“SBeC”) (4.1.2)	80	80	--	594,018
Real Estate Project (4.1.3)	--	--	234,684	--
Alexandria Sugar Company	45.5	45.5	175,371	30,976
Emerge Investment Ltd	20	20	23,233	18,755
Al-Seara City Company For Real Estate Development	40	40	134,800	134,800
Knowledge Economic City Development Company	40	40	13,200	13,200
Kinan Arabia for Real Estate	20	20	400	10,000
Others	Various	Various	1,186	6,075
Total			3,380,189	3,214,138
Provision for permanent diminution in value of investments			--	(9,096)
			3,380,189	3,205,042

4.1.1 During this quarter, the Group has recognised a net gain of SR 194.9 million on account of dilution of its ownership interest in an associate. This gain has resulted due to associates’ issuance of its shares to other parties as a consideration of acquiring a business. The amount of gain represents the difference between the carrying amounts immediately before and after the acquisition transaction of the associate.

4.1.2 As explained in Note 1, AIC acquired an additional 31% stake in SBeC and its results and balances are consolidated in these interim condensed consolidated financial statements effectively from April 1, 2009.

4. INVESTMENTS (continued)

Following is a summary of the financial information of SBeC at the date of acquisition April 01, 2009 and as at the balance sheet date December 31, 2009:

	April 01, 2009 (SR 000) (Unaudited)	December 31, 2009 (SR 000) (Unaudited)
Total current assets	1,341,235	1,284,982
Total non-current assets	283,079	286,675
Total assets	**1,624,314**	**1,571,657**
Total current liabilities	1,205,659	869,854
Total non-current liabilities	33,938	33,388
Total liabilities	**1,239,597**	**903,242**
Group's minority interest in SBeC	**79,876**	**122,792**
Total equity of SBeC	**304,841**	**545,623**
Total Liabilities and equity of SBeC	**1,624,314**	**1,571,657**

The Group has currently recognized assets and liabilities of SBeC at their carrying value at the date of acquisition and adjusted with the transactions for the year ended December 31, 2009. In line with the requirements of generally accepted accounting principles and group policies (See Note 3f); the purchase price allocation will be completed and any required change in the carrying value of consolidated balances will be reflected in the group's annual audited financial statements for the year ended December 31, 2009.

4.1.3 During second quarter, the Parent Company transferred its investments in a plot of land carried at cost (included as other investments in the comparative period) to a 62% owned SPV (Akwan). Akwan subsequently disposed this land to a 37.7% jointly controlled entity (Diyar Al Mashreq) at fair value. This has resulted in the Group realising a net capital gain of SR 85.8 million from disposal of land to the partners in the jointly controlled entity.

The Group expects to receive shares in Diyar Al Mashreq through Akwan as consideration for disposal of this property (to Diyar Al Mashreq) with a face value equivalent to the fair value of the land transferred amounting to SR 231.5 million. Therefore, this amount is reflected as part of investment in jointly controlled entity in these consolidated financial statements.

4. INVESTMENTS (continued)

4.2 Available for sale (AFS) investments

AFS investments at December 31, 2009 principally comprise of the Company's 2.4% ownership interest amounting to SR 240 million (2008: SR 179 million 2.3%) in Emaar the Economic City (a joint stock company) formed for the development of King Abdullah Economic City. It also includes the ownership interest of 14% in Swicorp Joussour Company amounting to SR 209 million (2008: SR 209 million), 15% in Swicorp, Saudi Arabia amounting to SR 116 million (2008: SR 116 million), 6.4% in Knowledge Economic City amounting to SR 217 million (2008: 217) and 5% in Taameer Jordanian Holding Company (Tameer) amounting to SR 26.4 million (2008: SR 41.5 million).

4.3 Other investments

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

5. 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.

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

The shareholders in their Annual General Meeting held on April 19, 2009, approved final dividends for 2008 of SR 125 million (representing SR 0.25 per share).

7. SHARE CAPITAL AND DIVIDENDS DECLARATION (continued)

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, 2009	SR 0.25 per share	Interim	125
July 18, 2009	SR 0.25 per share	Interim	125
October 17, 2009	SR 0.25 per share	Interim	125
January 17, 2010	SR 0.25 per share	Final	125

8. IMPAIRMENT OF ASSETS

During the year, the Group has re-assessed the fair valuation of investments available for sale and made an impairment loss adjustment of SR 161 million (2008: SR 432 million) representing the difference in full between carrying value and fair value at December 31, 2009.

In accordance with the requirement of SOCPA standard on "Intangibles Assets", the Group management has carried out an impairment test in respect of the Goodwill carried in Group's consolidated financial statements in respect of certain overseas operations. The recoverable amounts have been determined based on "value in use" and other financial performance indicators. Based on the study, an impairment loss of SR 44.96 million has been recognised in these consolidated financial statements.

9. EARNINGS PER SHARE

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

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 revenue to increase significantly during those periods. The effect of such period for 2009 and 2008 principally fall in third and fourth quarters of the financial year. Accordingly, the results of operations presented in the interim condensed consolidated financial statements for the quarter may not be a fair indicator of the results of operations for the full year.

11. SEGMENTAL INFORMATION

During the three-month and year ended December 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 December 31, 2009 and 2008, 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)
2009 (unaudited)				
Property, plant and equipment – net	2,500,400	2,562,149	5,422	5,067,971
Other non-current assets - net	1,164,024	417,860	4,843,748	6,425,632
Revenues – net	10,011,106	7,872,784	--	17,883,890
Net income	477,573	136,783	337,209	951,565

	Manufacturing/ wholesale	Retail	Investments and other activities	Total
	(SR 000)	(SR 000)	(SR 000)	(SR 000)
2008 (Audited)				
Property, plant and equipment – net	2,244,188	2,000,514	5,961	4,250,663
Other non-current assets - net	1,299,256	224,292	4,042,487	5,566,035
Revenues – net	7,701,736	6,119,641	--	13,821,377
Net income	46,773	177,374	(21,789)	202,358

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

2009 (unaudited)	Saudi Arabia	Egypt	Iran	Other countries	Total
	(SR 000)	(SR 000)	(SR 000)	(SR 000)	(SR 000)
Property, plant and equipment – net	3,586,247	793,471	277,328	410,925	5,067,971
Other non-current assets-net	5,111,511	294,589	417,999	601,533	6,425,632
Revenue – net	11,817,035	2,100,731	1,822,149	2,143,975	17,883,890
Net income	832,118	41,567	134,376	(56,496)	951,565

11. SEGMENTAL INFORMATION (continued)

2008 (Audited)	Saudi Arabia (SR 000)	Egypt (SR 000)	Iran (SR 000)	Other countries (SR 000)	Total (SR 000)
Property, plant and equipment – net	3,114,793	788,415	--	347,455	4,250,663
Other non-current assets-net	4,662,511	60,467	594,018	249,039	5,566,035
Revenue – net	10,485,597	1,743,635	--	1,592,145	13,821,377
Net income	376,267	(54,317)	67,318	(186,910)	202,358

12. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

At December 31, 2009, the Group had outstanding commitments of SR 204 million (2008: SR 419 million) for investments.

Contingent liabilities

At December 31, 2009, the Department of Zakat and Income Tax (DZIT) has assessed additional Zakat liability of SR 45.1 million (2008: SR 45.1 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, 2010.