SAVOLA GROUP COMPANY
(Saudi Joint Stock Company)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three-Month and Six-Month Periods
Ended June 30, 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 June 30, 2009 and the related interim consolidated statements of income and cash flows for the three-month and six-month periods 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 regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed consolidated financial statements 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

July 18, 2009G
Corresponding to Rajab 25, 1430H

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)
As at June 30, 2009

	Note	2009 (SR 000)	2008 (SR 000)
ASSETS			
Current assets:			
Cash and cash equivalents		660,757	481,718
Investments	4	--	445,852
Trade receivables		1,596,329	919,649
Inventories		2,370,294	1,637,322
Prepayments and other current assets		983,869	683,639
Total current assets		5,611,249	4,168,180
Non-current assets:			
Investments	4	4,598,157	4,422,165
Intangible assets		1,257,616	567,601
Property, plant and equipment		4,609,646	3,959,370
Total non-current assets		10,465,419	8,949,136
Total assets		16,076,668	13,117,316
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term bank debts	5	1,872,358	1,628,206
Current portion of long-term debts	6	317,268	157,355
Trade payables		1,824,055	1,021,626
Accrued expenses and other current liabilities		1,463,792	1,118,215
Total current liabilities		5,477,473	3,925,402
Non-current liabilities:			
Long-term payables		74,233	68,345
Long-term debts	6	2,720,763	1,017,204
Employees' termination benefits		244,044	177,942
Total non-current liabilities		3,039,040	1,263,491
Total liabilities		8,516,513	5,188,893
EQUITY			
Equity attributable to the Company's shareholders:			
Share capital	7	5,000,000	5,000,000
Statutory reserve		772,945	752,710
General reserve		4,000	4,000
Unrealized (loss) /gain on investments		(717)	339,337
Foreign currency translation adjustments		(191,956)	(97,779)
Retained earnings		978,807	1,298,315
Total shareholders' equity		6,563,079	7,296,583
Minority interests		997,076	631,840
Total equity		7,560,155	7,928,423
Total liabilities and equity		16,076,668	13,117,316

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 and six-month periods ended June 30, 2009

	Note	Three-month period ended		Six-month period ended	
		June 30, 2009 (SR 000)	June 30, 2008 (SR 000)	**June 30, 2009 (SR 000)**	June 30, 2008 (SR 000)
Revenues – net		4,356,799	3,312,536	7,991,842	6,308,961
Cost of revenues		(3,580,469)	(2,763,100)	(6,599,190)	(5,277,783)
Gross profit		776,330	549,436	1,392,652	1,031,178
Share of profits of associates and jointly controlled entity and dividend income – net		100,413	92,604	207,288	188,914
Other income – net		62,817	22,326	84,757	32,718
Total Income		939,560	664,366	1,684,697	1,252,810
EXPENSES					
Selling and marketing		(424,101)	(293,033)	(766,592)	(555,451)
General and administrative		(140,527)	(99,050)	(264,585)	(222,793)
Total Expenses		(564,628)	(392,083)	(1,031,177)	(778,244)
Income from operations		374,932	272,283	653,520	474,566
Gains on disposal of investments	4.1	85,481	57,486	100,968	171,426
Impairment loss on AFS investments	4.2	(74,241)	--	(74,241)	--
Financial charges – net		(67,862)	(29,456)	(119,757)	(55,483)
Income before Zakat & income tax and minority interests		318,310	300,313	560,490	590,509
Zakat and income tax		(21,214)	(19,540)	(35,318)	(49, 235)
Net income before minority interests		297,096	280,773	525,172	541,274
Share of minority interests in the net income of consolidated subsidiaries		(84,594)	(23,084)	(120,119)	(33,103)
Net income		212,502	257,689	405,053	508,171
Earnings per share (SR)	8				
- Income from operations		0.75	0.54	1.31	0.95
- Net income		0.43	0.52	0.81	1.02

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 six-month period ended June 30, 2009

	2009 (SR 000)	2008 (SR 000)
Cash flows from operating activities:		
Net income	405,053	508,171
Adjustments to reconcile net income to net cash provided by operating activities:		
Gains on disposal of investments	(100,968)	(171,426)
Depreciation, amortization and impairment	300,272	165,403
Share of minority interests in net income of consolidated Subsidiaries	120,119	33,103
Gain on sale of property, plant and equipment	(3,304)	(2,249)
Changes in operating assets and liabilities:		
Trade receivables	(96,992)	(256,037)
Inventories	158,522	(405,511)
Prepayments and other current assets	(115,126)	(149,645)
Trade payables	203,137	239,657
Accrued expenses and other current liabilities	(56,424)	207,273
Employees' termination benefits	5,172	24,524
Financial charges	119,757	55,483
Total adjustments	534,165	(259,425)
Net cash provided by operating activities	939,218	248,746
Cash flows from investing activities:		
Net change in investments	4,545	187,222
Net change in intangible assets	(99,329)	(274,540)
Additions to property, plant and equipment	(305,495)	(590,633)
Net cash (used in) investing activities	(400,279)	(677,951)
Cash flows from financing activities:		
Net change in short-term bank debts	(1,926,591)	314,536
Net change in long-term debts	1,763,516	584,834
Net changes in minority interests	49,566	(17,039)
Financial Charges	(119,757)	(55,483)
Net changes in restricted deposits against financing	--	(319)
Dividends paid	(249,800)	(250,458)
Net cash (used in)/ provided by financing activities	(483,066)	576,071
Net change in cash and cash equivalents	55,873	146,866
Cash and cash equivalents at beginning of period	604,884	330,129
Cash and cash equivalents at end of period	660,757	476,995
Non cash items:		
Foreign currency translation adjustments	(31,029)	5,697
Unrealized gain / (loss) on available-for-sale investments	127,970	(111,592)
Directors' remunerations	1,200	1,200

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 and six-month periods ended June 30, 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 June 30, 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.

Directly and indirect subsidiaries	Country of incorporation	Ownership interest (%) at June 30 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 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	--	93
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	100
United Sugar Company, Egypt	Egypt	18.9	18.6
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 June 30, 2009	2008
SFC			
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)			
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 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
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	--
(last year the above company ownership through AIC)			
SPS			
New Marina for Plastic Industries	Egypt	95	95
Al Sharq Company for Plastic Industries. Ltd.	Saudi Arabia	99	99
APU			
Giant Stores Trading Company	Saudi Arabia	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") dated June 22, 2008 ,amended on June 23, 2008 and October 27, 2008; for a total consideration of SR 265 million. After this acquisition, Afia's ownership interest in SBeC has increased from 49% to 80% effective July 1, 2008. However, Afia and BIDC had mutually agreed, until meeting all the conditions of the SPA, including payment in full of declared unpaid dividends by SBeC to BIDC; SBeC will continue to be treated as a jointly controlled entity managed with BIDC in line with the terms of the existing Joint Venture agreement dated March 05, 2004. Effective April 1, 2009; all these conditions have been met and therefore; the Group has now consolidated SBeC in these interim condensed consolidated financials statements.

The group formed Akwan, (a 62% effectively owned Special Purpose Vehicle) and 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)

During last quarter of 2008, the Group acquired controlling interest in 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 July 18 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.

2. BASIS OF PREPARATION (continued)

(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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 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. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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:

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 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 June 30, comprise the following:

	2009 (SR 000) (Unaudited)	2008 (SR 000) (Unaudited)
Investments in associates and jointly controlled companies - net	2,934,220	2,409,261
Available for sale (AFS) investments	854,575	1,508,764
Investment in unconsolidated subsidiary	8,804	8,804
Other investments - at cost	800,558	941,188
Total	4,598,157	4,868,017
Less: AFS investment held for short-term period classified under current assets	--	(445,852)
	4,598,157	4,422,165

Investments in associated and jointly controlled companies at June 30, 2009 mainly represent Company's ownership interests in Al-Marai Company Limited ("Al-Marai") SR 1,510 million, 28% (2008: SR 1,079 million, 25.4%), Kinan International for Real Estate Development Company SR 550 million, 30% (2008: 531 million, 30%), Intaj Capital Limited SR 419 million, 50% (2008: 426 million, 50%) and Seera City Real Estate Development Company Limited SR 154.8 million, 40% (2008: SR 36 million, 40%). At June 30, 2008, it also includes Group's 49% investment in Savola Behshahr Company ("SBeC"), amounting to SR 309 million; which is consolidated in current period consolidated financial statements (refer Note 1)

Following is a summary of the financial information of SBeC at the date of acquisition March 31, 2009 and as at the balance sheet date June 30, 2009:

	March 31, 2009 (SR 000) (Unaudited)	June 30, 2009 (SR 000) (Unaudited)
Total current assets	1,341,235	1,216,643
Total non-current assets	283,079	289,999
Total assets	**1,624,314**	**1,506,642**
Total current liabilities	1,205,659	1,089,859
Total non-current liabilities	33,938	34,426
Total liabilities	**1,239,597**	**1,124,285**
SBeC minority interest	**79,876**	**102,461**
Total SBeC shareholders' equity	**304,841**	**279,896**
Total Liabilities and shareholders equity	**1,624,314**	**1,506,642**

4. INVESTMENTS (continued)

The above assets and liabilities are consolidated in these financials statements at their carrying value at the date of acquisition. In line with the requirements of generally accepted accounting principles and group policies (See Note 3f); the study for the fair valuation of business and purchase price allocation is currently underway. Any change in the carrying value of consolidated balances will be reflected in the group's annual financials statements for the year ending December 31, 2009.

AFS investments at June 30, 2009 comprise of the Company's 2.4% ownership interest amounting to SR 208 million (2008: SR 562.5 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 Joussour 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), 6.4% in Knowledge Economic City amounting to SR 217 million (2008: Nil) and 5% in Taameer Jordanian Holding Company amounting to SR 34 million (2008: 124).

Other investments at June 30, 2009 mainly represent investments in real estate projects in Saudi Arabia.

4.1 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 (Bawareq) 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 Bawareq as consideration for disposal of this property (to Bawareq) 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 associate in these consolidated financial statements.

4.2 During the quarter, the Group has re-assessed the fair valuation of investments available for sale in Emaar and made an impairment loss adjustment of SR 74 million which was charged to consolidated statement of income

5. SHORT-TERM BANK DEBTS

Short-term bank debts consist of bank overdrafts, short-term loans and a Murabaha financing arrangement from various commercial banks and financial institutions. Such debts bear financing charges at the prevailing market rates. Some of the short-term debts are secured by corporate guarantees of the Group.
The total bank borrowing of SBeC SR 367 million is without recourse to 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 June 30, 2009, the Company's share capital of SR 5 billion consists of 500 million fully paid shares of SR 10 each (June 30, 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).

The Board of Directors in its meeting held on April 19, 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 and six-month periods ended June 30, 2009 have been computed by dividing the income from operations (before minority share) and net income for such periods by the weighted-average number of ordinary shares outstanding during the three and six-months period ended June 30, 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 and six-month periods ended June 30, 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 June 30, 2009 and 2008, and for the six-month period ended, summarized by segment, is as follows:

	Manufacturing/ wholesale (SR 000)	Retail (SR 000)	Investments and other activities (SR 000)	Total (SR 000)
2009 (unaudited)				
Property, plant and equipment – net	2,490,746	2,113,077	5,822	4,609,645
Other non-current assets - net	1,095,484	204,693	4,555,596	5,855,773
Revenues – net	4,260,551	3,731,291	--	7,991,842
Net income	252,846	113,255	38,952	405,053
2008 (unaudited)				
Property, plant and equipment – net	2,210,543	967,102	781,725	3,959,370
Other non-current assets - net	813,915	101,953	4,073,898	4,989,766
Revenues – net	3,756,595	2,532,198	20,168	6,308,961
Net income	160,682	56,919	290,570	508,171

The Group's operations are conducted in Saudi Arabia, Egypt, Iran and certain other geographical areas. Selected financial information as of June 30, 2009 and 2008, and for the six-month period ended, summarized by geographic area, is as follows:

2009 (unaudited)	Saudi Arabia (SR 000)	Egypt (SR 000)	Iran (SR 000)	Other countries (SR 000)	Total (SR 000)
Property, plant and equipment – net	3,184,922	782,922	290,849	350,954	4,609,647
Other non-current assets-net	5,140,063	115,326	390,150	210,234	5,855,773
Revenue – net	5,842,678	891,586	558,270	699,308	7,991,842
Net income (loss)	320,804	21,934	63,957	(1,641)	405,054
2008 (unaudited)					
Property, plant and equipment – net	2,809,088	769,752	--	380,530	3,959,370
Other non-current assets-net	4,360,893	54,473	338,797	235,603	4,989,766
Revenue – net	4,688,296	789,908	--	830,757	6,308,961
Net income (loss)	425,840	(745)	52,820	30,256	508,171

11. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

At June 30, 2009, the Group had outstanding commitments of SR 185.4 million (2008: SR 273 million) for investments.

Contingent liabilities

At June 30, 2009, the Department of Zakat and Income Tax (DZIT) has assessed additional Zakat liability of SR 45 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.