

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

UNAUDITED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
FOR THE THREE-MONTH PERIOD AND YEAR ENDED
DECEMBER 31, 2015
AND INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD AND YEAR ENDED DECEMBER 31, 2015

	Page
Limited review report	2
Interim consolidated balance sheet	3
Interim consolidated income statement	4
Interim consolidated cash flow statement	5
Notes to the interim consolidated financial statements	6 - 22



LIMITED REVIEW REPORT

January 20, 2016

To the shareholders of Savola Group Company:
(A Saudi Joint Stock Company)

Scope of review

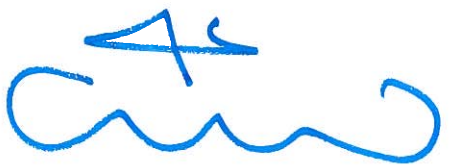
We have reviewed the accompanying interim consolidated balance sheet of Savola Group Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2015 and the interim consolidated income statement for the three-month period and year ended December 31, 2015, and the interim consolidated statement of cash flows for the year then ended and the related notes which form an integral part of these interim consolidated financial statements. These interim consolidated financial statements are the responsibility of the Group'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 limited review in accordance with the standard of Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. A limited review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. The scope of such limited review is substantially less than an audit conducted in accordance with auditing standards generally accepted in Saudi Arabia, 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.

Review conclusion

Based on our limited review, we are not aware of any material modifications that should be made to the accompanying interim consolidated financial statements for them to be in conformity with accounting principles generally accepted in Saudi Arabia.

PricewaterhouseCoopers

By: 

Ali A. Alotaibi
License Number 379



SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)
Interim consolidated balance sheet
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	December 31,	
		2015 (Unaudited)	2014 (Audited)
Assets			
Current assets			
Cash and cash equivalents		2,095,140	1,634,512
Accounts receivable		932,735	1,059,212
Inventories		4,880,770	4,413,108
Prepayments and other receivables		1,548,035	1,795,048
Assets classified as held-for-sale	3	45,035	1,335,837
		9,501,715	10,237,717
Non-current assets			
Long-term receivables		172,672	322,096
Investments	4	8,430,232	7,920,716
Property, plant and equipment		7,899,889	6,755,516
Intangible assets		1,123,924	1,165,581
		17,626,717	16,163,909
Total assets		27,128,432	26,401,626
Liabilities			
Current liabilities			
Short-term borrowings	5	4,417,813	3,964,079
Current maturity of long-term borrowings	6	491,299	646,204
Accounts payable		3,071,534	2,720,891
Accrued and other liabilities		2,212,777	2,072,656
Liabilities associated with assets classified as held-for-sale	3	94,233	757,660
		10,287,656	10,161,490
Non-current liabilities			
Long-term borrowings	6	4,616,581	4,602,713
Deferred tax liability		102,932	80,205
Deferred gain		175,314	192,410
Long-term payables		64,484	64,588
Employee termination benefits		412,231	372,168
		5,371,542	5,312,084
Total liabilities		15,659,198	15,473,574
Equity			
Share capital	7	5,339,807	5,339,807
Share premium		342,974	342,974
Statutory reserve		1,774,085	1,594,910
General reserve		4,000	4,000
Retained earnings		4,275,841	3,733,430
Fair value reserve		1,382	(17,465)
Effect of acquisition transaction with non-controlling interest without change in control	1,3	(171,375)	(229,962)
Currency translation differences		(1,112,413)	(801,528)
Equity attributable to shareholders' of the parent company		10,454,301	9,966,166
Non-controlling interest		1,014,933	961,886
Total equity		11,469,234	10,928,052
Total liabilities and equity		27,128,432	26,401,626

Contingencies and commitments

13

The notes on pages 6 to 22 form an integral part of these interim consolidated financial statements.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)
Interim consolidated income statement
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Three-month period ended December 31,		Year ended December 31,	
		2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Audited)
Revenues		6,615,540	6,860,380	26,461,053	26,587,842
Cost of revenues		(5,309,842)	(5,491,714)	(21,338,844)	(21,724,122)
Gross profit		1,305,698	1,368,666	5,122,209	4,863,720
Share in net income of associates and dividend income of available-for-sale investments - net	4	188,446	189,892	796,114	977,588
Insurance claim reimbursement - net	11	126,500	-	126,500	-
Total income		1,620,644	1,558,558	6,044,823	5,841,308
Operating expenses					
Selling and marketing		(919,072)	(702,877)	(3,448,704)	(2,723,492)
General and administrative		(170,412)	(251,122)	(613,676)	(663,128)
Total expenses		(1,089,484)	(953,999)	(4,062,380)	(3,386,620)
Income from operations		531,160	604,559	1,982,443	2,454,688
Other income (expenses)					
Gain on disposal of investments		-	-	265,152	209,700
Gain on disposal of land		38,820	-	38,820	-
Impairment loss on investments		-	(67,400)	-	(67,400)
Financial income / (charges) – net	5,6	45,220	8,541	(240,554)	(236,553)
Income before zakat and foreign taxes		615,200	545,700	2,045,861	2,360,435
Zakat and foreign income taxes		(24,003)	(85,517)	(137,777)	(180,426)
Income from continuing operations		591,197	460,183	1,908,084	2,180,009
Income from discontinued operations	3	-	13,275	-	50,285
Net income for the period / year		591,197	473,458	1,908,084	2,230,294
Net income for the period / year attributable to:					
• Shareholders' of the parent company		515,315	434,356	1,791,747	2,072,319
• Non - controlling interest's share of period's/year's net income in subsidiaries		75,882	39,102	116,337	157,975
Net income for the period / year		591,197	473,458	1,908,084	2,230,294
Earnings per share:					
Income from operations	10	0.99	1.13	3.71	4.60
Net income for the period / year attributable to the shareholders' of the parent company		0.97	0.81	3.36	3.88
Weighted average number of shares outstanding (in thousand)	7	533,981	533,981	533,981	533,981

The notes on pages 6 to 22 form an integral part of these interim consolidated financial statements.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)
Interim consolidated cash flow statement
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	Year ended December 31,	
		2015 (Unaudited)	2014 (Audited)
Cash flow from operating activities			
Net income for the period		1,908,084	2,230,294
<u>Adjustments for non-cash items</u>			
Depreciation, amortization, impairment and amortization of deferred gain		647,543	627,547
Share in net income of associates and dividend income		(794,946)	(930,153)
Insurance claim reimbursement - net		(126,500)	-
Financial charges – net		240,554	236,553
Gain from disposal of investments		(265,152)	(209,700)
Gain on sale of disposal of land / property and equipment		(38,820)	(7,193)
<u>Changes in working capital</u>			
Accounts receivable		103,258	(197,823)
Inventories		(574,584)	(302,996)
Prepayments and other receivables		95,291	74,658
Accounts payable		372,350	193,685
Accrued and other liabilities		231,356	346,038
Proceeds against insurance claim		216,000	-
Employee termination benefits		44,645	60,611
Net cash generated from operating activities		2,059,079	2,121,521
Cash flow from investing activities			
Dividends received		289,309	354,939
Proceeds from sale of investments		1,100,345	322,509
Change in long-term receivables		(4,456)	4,324
Proceeds from sale of land / property and equipment		50,000	147,691
Addition to intangible assets		(20,551)	(27,614)
Purchase of property, plant and equipment		(2,084,942)	(1,818,881)
Net cash generated from investing activities		(670,295)	(1,017,032)
Cash flow from financing activities			
Net change in short-term borrowings	5	569,136	842,770
Additions to long-term borrowings – net	6	(89,799)	437,588
Net change in restricted deposits financing		-	(20,443)
Changes in non-controlling interest		41,885	(524,889)
Financial charges – net		(240,554)	(236,553)
Dividends paid	7	(1,051,109)	(1,192,049)
Net cash utilized in financing activities		(770,441)	(693,576)
Net increase in cash and cash equivalents			
Effect of currency exchange rates on cash and cash equivalents		(157,715)	(41,732)
Cash and cash equivalents at beginning of year		1,634,512	1,363,724
Cash and cash equivalents at end of year		2,095,140	1,732,905
Less: cash and cash equivalents classified as held for sale		-	(45,600)
Less: cash related to subsidiary disposed		-	(52,793)
Cash and cash equivalents at end of year from continuing operations		2,095,140	1,634,512
Supplemental schedule of non-cash financial information			
Directors' remuneration		2,200	2,200
Fair value reserves		18,847	(149,457)
Currency translation differences		(310,885)	(146,149)
Effect of acquisition transaction with non-controlling interest without change in control		58,587	(257,867)

The notes on pages 6 to 22 form an integral part of these interim consolidated financial statements.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three months and year ended December 31, 2015 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

1 General information

Savola Group Company (the "Company") and its subsidiaries (collectively the "Group") consist of the Company and its various Saudi Arabian and foreign subsidiaries. The objectives of the Company along with its subsidiaries includes the manufacturing and sale of vegetable oils and to set up related industries, retail outlets, dairy products, fast foods, packing materials, exports and imports, commercial contracting, trade agencies, development of agricultural products and real estate related investment activities.

The Company is a Saudi Joint Stock company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030019708 issued in Jeddah on Rajab 21, 1399H (corresponding to September 16, 1979). The 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 registered address of the Company is Savola Tower, The Headquarter Business Park, Prince Faisal Bin Fahad Street, Jeddah 23511-7333, Kingdom of Saudi Arabia.

The accompanying interim consolidated financial statements include the accounts of the Company and its local and foreign subsidiaries.

These interim consolidated financial statements were authorized for issue by the Company's Board of Directors on January 20, 2016.

At December 31, the Company has investments in the following subsidiaries:

(a) Direct subsidiaries of the Company

(i) Operating subsidiaries

Subsidiary name	Country of incorporation	Principal business Activity	Direct ownership interest (%) at December 31	
			2015	2014
Savola Foods Company ("SFC")	Saudi Arabia	Foods	100	100
Panda Retail Company ("Panda") (formally known as Al-Azizia Panda United Company)	Saudi Arabia	Retail	91	92
Savola Packaging Systems Limited ("SPS") (note 3)	Saudi Arabia	Manufacturing of plastic packaging products	-	100
Al Matoun International for Real Estate Investment Holding Company	Saudi Arabia	Real estate	80	80
United Sugar Company, Egypt ("USCE")*	Egypt	Manufacturing of sugar	19.32	19.32
Giant Stores Trading Company ("Giant")*	Saudi Arabia	Retail	10	10
Savola Industrial Investment Company (SIIC) *	Saudi Arabia	Holding company	5	5

* Group holds controlling equity ownership interest in USCE, Giant and SIIC through indirect shareholding of other Group companies.

Effective September 16, 2009, the Group's subsidiary, Panda acquired the operations of Saudi Geant Company Limited ("Geant"). In accordance with the share purchase agreement (the "agreement"), Geant is entitled to acquire 1% shareholding in Panda, starting 2013 for a maximum period of 3 years. Geant had exercised its right during 2013 and acquired 1% shareholding of Panda, which resulted in reduction in the ownership interest of the Group in Panda from 93% to 92%. However, Geant did not exercise its right to acquire 1% shareholding in Panda during 2014. During August, 2015, Geant had exercised its right of acquiring the final 1% ownership interest in Panda for a consideration of Saudi Riyals 52.2 million. As a result of this transaction, the Group has realized a capital gain of Saudi Riyals 25.8 million during 2015, which is recorded in the equity within "Effect of acquisition transaction with non-controlling interest without change in control". Accordingly, the ownership interest of the Group in Panda has reduced from 92% to 91% as at December 31, 2015.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three months and year ended December 31, 2015 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

(ii) Dormant and Holding subsidiaries

Subsidiary name	Country of incorporation	Principal business Activity	Direct ownership interest (%)	
			at December 31 2015	2014
Kafazat Al Kawniah for Real Estate Limited	Saudi Arabia	Holding company	100	100
Alwaqat Al Kawniah Limited	Saudi Arabia	Holding company	100	100
Aalinah Al Kawniah Limited	Saudi Arabia	Holding company	100	100
Abtkar Al Kawniah Limited	Saudi Arabia	Holding company	100	100
Adeem Arabia Company Ltd.	Saudi Arabia	Holding company	80	80
Madarek Investment Company	Jordan	Holding company	100	100
Arabian Al Utur Holding Company for Commercial Investment	Saudi Arabia	Holding company	100	100
Al Mojammat Al Mowahadah Real Estate Company	Saudi Arabia	Holding company	100	100
Marasina International Real Estate Investment Limited	Saudi Arabia	Holding company	100	100
Asda'a International Real Estate Investment Limited	Saudi Arabia	Holding company	100	100
Masa'ay International Real Estate Investment Limited	Saudi Arabia	Holding company	100	100
Saraya International Real Estate Investment Limited	Saudi Arabia	Holding company	100	100
Savola Trading International Limited	British Virgin Islands	Holding company	100	100
United Properties Development Company	Saudi Arabia	Dormant company	100	100
Kamin Al Sharq for Industrial Investments	Saudi Arabia	Dormant company	100	100
Arabian Sadouk for telecommunications Company	Saudi Arabia	Dormant company	100	100
Al Maoun International Holding Company	Saudi Arabia	Dormant company	100	100
Afia Foods Arabia	Saudi Arabia	Dormant company	100	100

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three months and year ended December 31, 2015 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

(b) Subsidiaries controlled through SFC

Subsidiary name	Country of incorporation	Principal business Activity	Subsidiary direct ownership interest (%) at December 31	
			2015	2014
Afia International Company ("AIC")	Saudi Arabia	Manufacturing of edible oil	95.19	95.19
SIIC	Saudi Arabia	Holding company	95	95
Savola Foods Emerging Markets Company Limited ("SFEM")	British Virgin Islands	Holding company	95.43	95.43
Savola Foods for Sugar Company	Cayman Islands	Holding company	95	95
El Maleka for Food Industries Company	Egypt	Manufacturing of pasta	100	100
El Farashafor Food Industries Company	Egypt	Manufacturing of pasta	100	100
Savola Foods Company International ("SFCI") Limited	UAE	Holding company	100	100
International Foods Industries Company Limited (IFI)*	Saudi Arabia	Manufacturing of specialty fats	75	60
Alexandria Sugar Company Egypt ("ASCE")	Egypt	Manufacturing of sugar	19	19
SFCI				
Modern Behtaam Royan Kaveh Company ("MBRK")	Iran	Food and confectionary	100	100
SIIC				
United Sugar Company ("USC")	Saudi Arabia	Manufacturing of sugar	74.48	74.48
USC				
USCE	Egypt	Manufacturing of sugar	56.75	56.75
ASCE	Egypt	Manufacturing of sugar	62.13	62.13
Beet Sugar Industries	Cayman Islands	Dormant company	100	100
USCE				
ASCE	Egypt	Manufacturing of sugar	18.87	18.87
ASCE				
Alexandria United Company for Land reclamation	Egypt	Agro cultivation	100	100
SFEM				
Savola Morocco Company	Morocco	Manufacturing of edible oils	100	100
Savola Edible Oils (Sudan) Ltd.	Sudan	Manufacturing of edible oils	100	100
AFIA International Company – Algeria	Algeria	Manufacturing of edible oils	100	100

* During December 2015, SFC acquired additional 15% ownership interest in IFI.

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Notes to the interim consolidated financial statements
For the three months and year ended December 31, 2015 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

(c) Subsidiaries controlled through AIC

Subsidiary name	Country of incorporation	Principal business Activity	Subsidiary direct ownership interest (%) at December 31	
			2015	2014
Savola Behshahr Company (SBeC)	Iran	Holding company	90	90
Malintra Holdings	Luxembourg British Virgin Islands	Holding company	100	100
Savola Foods Limited ("SFL")	Islands	Holding company	100	100
Afia International Company - Jordan	Jordan British Virgin Islands	Dormant company	97.4	97.4
Inveskz Inc.	Islands British Virgin Islands	Holding company	90	90
Afia Trading International	Islands British Virgin Islands	Trading company	100	100
Savola Foods International	Islands	Dormant company	100	100
KUGU Gida Yatum Ve Ticaret A.S ("KUGU")	Turkey	Holding company	100	100
SBeC				
Behshahr Industrial Company	Iran	Manufacturing of edible oils	79.9	79.9
Savola Beshahr Sugar Company	Iran	Trading and distribution	100	100
Tolue Pakshe Aftab Company	Iran	Trading and distribution	100	100
Notrika Golden Wheat Company	Iran	Food and confectionary	90	-
SFL				
Afia International Company, Egypt	Egypt British Virgin Islands	Manufacturing of edible oils	99.92	99.92
Latimar International Limited	Islands British Virgin Islands	Dormant company	100	100
Elington International Limited	Islands	Dormant company	100	100
KUGU				
Yudum Gida Sanayi ve Ticaret A.S ("Yudum")	Turkey	Manufacturing of edible oils	100	100

During September 2015, SBeC acquired 90% ownership interest in Notrika that is engaged in manufacturing of confectionery products.

During May 2014, AIC acquired additional 10% equity ownership interest in SBeC from Behshahr Industrial Development Company ("BID"), in exchange of disposing its indirect shareholding of 79.9% equity ownership interest in Margarine Manufacturing Company to BID. Accordingly, the Group recorded an adjustment in 'effect of acquisition transaction with non-controlling interest without change in control' for this transaction.

(d) Subsidiaries controlled through Panda

Subsidiary name	Country of incorporation	Principal business activity	Subsidiary direct ownership interest (%) at December 31	
			2015	2014
Panda				
Giant Stores Trading Company Limited ("Giant")	Saudi Arabia	Retail	90	90
Panda for Operating Services, Maintenance and Contracting Company Limited	Saudi Arabia United Arab Emirates	Services and maintenance	100	100
Panda International Retail LLC	Emirates	Retail	100	100
Panda International for Retail Trading – Egypt	Egypt	Retail	100	100
Panda Bakery	Saudi Arabia	Bakery	100	-
Giant				
Lebanese Sweets and Bakeries Company ("LSBC")	Saudi Arabia	Dormant company	95	95

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three months and year ended December 31, 2015 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these interim consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 Basis of preparation

The accompanying interim consolidated financial statements have been prepared under the historical cost convention on the accrual basis of accounting, as modified by revaluation of available-for-sale investments and derivative financial instruments to fair value, and in compliance with accounting standards promulgated by Saudi Organization for Certified Public Accountants.

The interim consolidated financial statements for the three-month period and year ended December 31, 2015, have been prepared in accordance with SOCPA's Standard of Review of Interim Financial Reporting, on the basis of integrated periods, which views each interim period as an integral part of the financial year. Accordingly, revenues, gains, expenses and losses of the period are recognized during the period. The interim results of operations for the three months period may not represent proper indication for the annual results of the operations. The accompanying interim consolidated financial statements include all adjustments, comprising mainly of normal recurring accruals, considered necessary by the management to present fairly the statements of financial position, results of operations and cash flows. The interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's audited consolidated financial statements for the year ended December 31, 2014.

2.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.3. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) Impairment of available for sale investments

The Group exercises judgment to calculate the impairment loss of available for sale investments as well as their underlying assets. This includes the assessment of objective evidence which causes an other than temporary decline in the value of investments. Any significant and prolonged decline in the fair value of equity investment below its cost is considered as objective evidence for the impairment. The determination of what is 'significant' and 'prolonged' requires judgment. The Group also considers impairment to be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

(c) Provision for doubtful debts

A provision for impairment of account receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. For significant individual amounts, assessment is made at individual basis. Amounts which are not individually significant, but are over due, are assessed collectively and a provision is recognized considering the length of time considering the past recovery rates.

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(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three months and year ended December 31, 2015 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

(d) Provision for inventory obsolescence

The Group determines its provision for inventory obsolescence based upon historical experience, expected inventory turnover, inventory aging and current condition, and current and future expectations with respect to sales. Assumptions underlying the provision for inventory obsolescence include future sales trends, and the expected inventory requirements and inventory composition necessary to support these future sales and offerings. The estimate of the Group's provision for inventory obsolescence could materially change from period to period due to changes in product offerings of those products.

(e) Useful lives of property, plant and equipment

The management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

2.3 Investments

(a) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given or liabilities incurred or assumed at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill arising from acquisition of subsidiaries is reported under "intangible assets" in the accompanying balance sheet. Goodwill is tested annually for impairment and carried at cost, net of any accumulated amortization and impairment losses, if any. The subsidiaries on which the Group control is temporary are not consolidated and are accounted for as an associate.

Inter-company transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Changes in a group's ownership interest in a subsidiary after acquiring control, is accounted as equity transactions and the carrying amounts of the non-controlling interests is adjusted against the fair value of the consideration paid and any difference is recognized directly in equity under "Effect of acquisition transactions with non-controlling interest without change in control".

(b) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associates is accounted for using the equity method of accounting and is initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated amortization and impairment losses, if any.

The Group's share of its associates' post-acquisition income or losses is recognized in the consolidated income statement, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in associate companies equals or exceeds its interest in the associate and jointly-controlled company, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Dilution gains and losses arising in investment in associates are recognized in the consolidated income statement.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three months and year ended December 31, 2015 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(c) Investment in available-for sale investments

Available-for-sale investments principally consist of less than 20% equity investments in certain quoted/unquoted investments. These investments are included in non-current assets unless management intends to sell such investments within twelve months from the balance sheet date. These investments are initially recognized at cost and are subsequently re-measured at fair value at each reporting date as follows:

(i) Fair values of quoted securities are based on available market prices at the reporting date adjusted for any restriction on the transfer or sale of such investments; and

(ii) Fair values of unquoted securities are based on a reasonable estimate determined by reference to the current market value of other similar quoted investment securities or is based on the expected discounted cash flows. Where fair values cannot be reliably estimated, the Group records such investment at cost.

Cumulative adjustments arising from revaluation of these investments are reported as separate component of equity as other reserves until the investment is disposed.

2.4 Segment reporting

(a) Business segment

A business segment is group of assets, operations or entities:

- (i) engaged in revenue producing activities;
- (ii) results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- (iii) financial information is separately available.

(b) Geographical segment

A geographical segment is group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

2.5 Foreign currency translations

(a) Reporting currency

These interim consolidated financial statements are presented in Saudi Riyals which is the reporting currency of the Group.

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement.

(c) Group companies

The results and financial position of foreign subsidiaries and associates having reporting currencies other than Saudi Riyals are translated into Saudi Riyals as follows:

(i) assets and liabilities for each consolidated balance sheet presented are translated at the closing exchange rate at the date of that consolidated balance sheet;

(ii) income and expenses for each the consolidated income statement are translated at average exchange rates; and

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three months and year ended December 31, 2015 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

- (iii) components of the equity accounts are translated at the exchange rates in effect at the dates the related items originated.

Cumulative adjustments resulting from the translations of the financial statements of foreign subsidiaries and associates into Saudi Riyals are reported as a separate component of equity.

Any goodwill arising on acquisition of foreign subsidiaries and any subsequent fair value adjustments to the carrying values of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign subsidiaries and translated at the closing rate and recognized in the equity.

Dividends received from associates are translated at the exchange rate in effect at the transaction date and related currency translation differences are realized in the consolidated income statement.

When investments in foreign subsidiaries and associates are partially disposed off or sold, currency translation differences that were recorded in equity are recognized in income as part of gain or loss on disposal or sale.

- (d) Hyperinflationary economies

When the economy of a country in which the Group operates is deemed hyper inflationary and the functional currency of a Group entity is the currency of that hyper inflationary economy, the financial statements of such Group entities are adjusted so that they are stated in terms of the measuring unit current at the end of the reporting period. This involves restatement of income and expenses to reflect changes in the general price index from the start of the reporting period and, restatement of non-monetary items in the balance sheet, such as property, plant and equipment and inventories, to reflect current purchasing power as at the period end using a general price index from the date when they were first recognized. The gain or loss on the net monetary position for the year is included in finance costs or income. Comparative amounts are not adjusted.

When the economy of a country, in which the Group operates, is no more deemed a hyperinflationary economy, the Group ceases application of hyperinflationary economies accounting at the end of the reporting period that is immediately prior to the period in which hyperinflation ceases. The amounts in the Group's financial statements as at that date should be considered as the carrying amounts for the subsequent financial statements of the Group.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand and with banks and other short-term highly liquid investments with maturities of three months or less from the purchase date.

2.7 Accounts receivable

Accounts receivable are carried at original invoice amount less provision for doubtful debts. A provision against doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Such provisions are charged to the consolidated income statement and reported under "General and administrative expenses". When account receivable is uncollectible, it is written-off against the provision for doubtful debts. Any subsequent recoveries of amounts previously written-off are credited against "General and administrative expenses" in the consolidated income statement.

2.8 Inventories

Inventories are carried at the lower of cost or net realizable value. Cost is determined using weighted average method. The cost of finished products include the cost of raw materials, labor and production overheads. Inventories in transit are valued at cost. Stores and spares are valued at cost, less any provision for slow moving items.

Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three months and year ended December 31, 2015 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

2.9 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation except construction work in progress which is carried at cost. Land is not depreciated. Depreciation is charged to the consolidated income statement, using the straight-line method, to allocate the costs of the related assets to their residual values over the following estimated useful lives:

	Years
• Buildings	12.5 - 33
• Leasehold improvements	3 - 33
• Plant and equipment	3 - 30
• Furniture and office equipment	3 - 16
• Vehicles	4 - 10

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the consolidated income statement.

Maintenance and normal repairs which do not materially extend the estimated useful life of an asset are charged to the consolidated income statement as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

2.10 Deferred charges

Costs that are not of benefit beyond the current period are charged to the consolidated income statement, while costs that will benefit future periods are capitalized. Deferred charges, reported under "Intangible assets" in the balance sheet, include certain indirect construction costs incurred by the Group in relation to setting up its retail outlets. Such costs are amortized over periods which do not exceed five years.

2.11 Other intangible assets with infinite useful life

Other intangible assets comprise of trade name and certain other intangibles. Intangible assets with infinite useful life represent group acquisition of such asset in a business combination. These assets are carried at cost and are not amortized.

2.12 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. Prior impairment of non-financial assets, other than goodwill, are reviewed for possible reversal at each reporting date.

2.13 Non-current-assets and liabilities classified as held for sale and discontinued operations

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. A non-current asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups). Its sale must be planned and committed and an active programme initiated to locate a buyer and complete the plan within one year. The asset (or disposal group) must be actively marketed for a price that is reasonable in relation to its current fair value.

A non-current asset held for sale is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised through the consolidated income statement for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three months and year ended December 31, 2015 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

2.13 Non-current-assets and liabilities classified as held for sale and discontinued operations (continued)

Subsequent gains in fair value less costs to sell are recognised to the extent they do not exceed the cumulative impairment losses previously recorded. A non-current asset is not depreciated while classified as held for sale or while part of a disposal group held for sale.

The Group separately classifies the material non-current assets held for sale (or disposal group) in the consolidated balance sheet.

Non-current assets, which are to be abandoned, are not classified as held for sale and are reclassified as discontinued operations, to the extent they meet the requirements of discontinued operations in the paragraph which follows.

If a non-current asset (or disposal group) ceases to be classified as held for sale or as discontinued operations, the results of operations are reclassified and included in the consolidated income statement from continuing operations for all periods presented.

Discontinued Operations

A discontinued operation is a component (cash generating unit) of an entity that either has been disposed of or is classified as held for sale and a) represents a major business line or geographical area of operations; b) is part of a single coordinated plan to dispose of a separate major business line or geographical area of operations; or c) is a subsidiary acquired exclusively with a view to resell.

The Group presents after tax results from discontinued operations as a single separate component of the statement of income. Revenues, expenses, taxes, gains or losses on the measurement to fair value less costs to sell and cash flows are additionally disclosed. Prior periods are reclassified in order to present all operations that have been discontinued by the statement of financial position date of the latest period presented.

2.14 Borrowings

Borrowings are recognized at the proceeds received, net of transaction costs incurred, if any. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of those assets. Other borrowing costs are charged to the consolidated income statement.

2.15 Sukuk

The Group classifies its Sukuk as financial liability, in accordance with the substance of the contractual terms of the Sukuk.

2.16 Accounts payable and accruals

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Group.

2.17 Provision

Provisions are recognized when; the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

2.18 Zakat and taxes

The Company is subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax ("DZIT"). Foreign shareholders in the consolidated Saudi Arabian subsidiaries are subject to income taxes. Income tax provisions related to the foreign shareholders in such subsidiaries are charged to the non-controlling interest in the financial statements. Provision for zakat for the Company and zakat related to the Company's ownership in the Saudi Arabian subsidiaries is charged to the consolidated income statement. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three months and year ended December 31, 2015 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

2.18 Zakat and taxes (continued)

The Company and its Saudi Arabian subsidiaries withhold taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

Foreign subsidiaries are subject to income taxes in their respective countries of domicile. Such income taxes are charged to the consolidated income statement.

Deferred income tax assets are recognized on carry-forward tax losses and on all major temporary differences between financial income and taxable income to the extent that it is probable that future taxable profit will be available against which such carry-forward tax losses and the temporary differences can be utilized. Deferred income tax liabilities are recognized on significant temporary differences expected to result in an income tax liability in future periods. Deferred income taxes are determined using tax rates which have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

2.19 Employee termination benefits

Employee termination benefits required by Saudi Labor and Workman Law are accrued by the Company and its Saudi Arabian subsidiaries and charged to the consolidated income statement. The liability is calculated; at the current value of the vested benefits to which the employee is entitled, should the employee leave at the balance sheet date. Termination payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia.

The foreign subsidiaries provide currently for employee termination and other benefits as required under the laws of their respective countries of domicile. There are no funded or unfunded benefit plans established by the foreign subsidiaries.

2.20 Revenues

Revenues are recognized upon delivery of products and customer acceptance, if any, or on the performance of services. Revenues are shown net of discounts and after eliminating sales within the Group.

Rental income from operating leases is recognized in the consolidated income statement over the lease term. Promotional and display income is comprised of income earned from promotion and display of various products by vendors within the Group's retail stores, and is recognized in the period in which the product is listed.

Dividend income is recognized when the right to receive payment is established.

2.21 Selling, marketing and general and administrative expenses

Selling, marketing and general and administrative expenses include direct and indirect costs not specifically part of production costs as required under generally accepted accounting principles. Allocations between selling, marketing and general and administrative expenses and production costs, when required, are made on a consistent basis.

2.22 Dividends

Dividends are recorded in the financial statements in the period in which they are approved by shareholders of Group.

2.23 Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three months and year ended December 31, 2015 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

2.23 Derivative financial instruments (continued)

The Group designates certain derivatives as either:

- (a) hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge); or
- (b) hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging commodity (raw sugar) value risk. The gain or loss relating to the effective portion of the hedging transaction is recognized in the consolidated income statement within "cost of sales". The gain or loss relating to the ineffective portion is recognized in the consolidated income statement within 'Finance income / charges - net'.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the shareholders' equity. The gain or loss relating to the ineffective portion is recognized in the consolidated income statement within 'Finance income / charges - net'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of commodity value is recognized in the consolidated income statement within 'Cost of sales'.

However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognized in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the consolidated income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is transferred to the consolidated income statement within 'Finance income / charges - net'.

2.24 Operating leases

Rental expenses under operating leases are charged to the consolidated income statement over the period of the respective lease.

2.25 Insurance recoveries

Insurance recoveries are recognized as an asset when it is virtually certain that an inflow of economic benefits will arise to the Group with the corresponding impact to consolidated income statement of the period in which the recoveries become virtually certain.

2.26 Reclassification

For better presentation, certain amounts relating to 2014 comparative interim consolidated financial statements have been reclassified to conform to the 2014 audited consolidated financial statements and the 2015 presentation.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three months and year ended December 31, 2015 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

3 Assets classified as held for sale and liabilities associated with assets held for sale

During December 2014, the Group signed a sale purchase agreement with Takween Advanced Industries (a third party) for sale of its ownership interest in SPS, which represented the Groups' plastic segment. The Group's management had classified the assets and liabilities of SPS, as held-for-sale at December 31, 2014. During the quarter ended March 31, 2015, all legal formalities for the sale of SPS were completed. Also, during 2010, as an outcome of review of its foods business pruning strategy, the Group decided to entrench its position in core markets and assessed exiting from certain overseas operations. Accordingly, parts of manufacturing facilities within the edible oil segment of the Group are presented as 'held for sale'. Details of assets and liabilities held for sale at December 31, are as follows:

	2015	2014
Assets classified as held for sale, relating to		
- Plastics segment	-	1,298,916
- Foods segment	45,035	36,921
	45,035	1,335,837
Liabilities associated with assets held for sale, relating to		
- Plastics segment	-	674,561
- Foods segment	94,233	83,099
	94,233	757,660

Details of assets and liabilities held for sale at December 31, are as follows:

3.1 Balance sheet

	2015	2014
Assets		
Cash and cash equivalents	6	45,600
Accounts receivable and other receivables	20,064	350,437
Inventories	19,173	275,046
Property, plant and equipment	5,792	530,159
Other non-current assets	-	134,595
Disclosed as 'Assets classified as held for sale' in the interim consolidated balance sheet	45,035	1,335,837
Liabilities		
Borrowings	48,935	478,064
Accounts payable and other liabilities	45,298	245,159
Non-current liabilities	-	34,437
Disclosed as 'Liabilities associated with assets held for sale' in the interim consolidated balance sheet	94,233	757,660

The "Currency translation differences" and "Effect of acquisition transaction with non-controlling interest without change in control", related to the discontinued plastic segment operations, amounts to Saudi Riyals 21.1 million and Saudi Riyals 11.1 million, respectively as at December 31, 2014.

3.2 Income statement

Details of income from discontinued plastic segment operations for the year ended December 31, 2014 are as follows:

	2014
Sales	1,110,880
Cost of sales	(973,941)
Gross profit	136,939
Operating expenses	
Selling and marketing	(38,704)
General and administrative	(34,268)
Income from operations	63,967
Other income (expenses)	
Financial charges	(10,220)
Income before foreign income taxes and zakat	53,747
Zakat and foreign income taxes	(3,462)
Net income for the year disclosed as 'Income from discontinued operations' in the interim consolidated income statement	50,285

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three months and year ended December 31, 2015 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

3.3 Cash flows

Details of cash flows from discontinued plastic segment for the year ended December 31, 2014 is as follows:

	2014
Cash flows from operating activities	104,291
Cash flows from investing activities	(50,793)
Cash flows from financing activities	(75,701)
Total cash flows from discontinued operations	<u>(22,203)</u>

4 Investments

	Note	2015	2014
		(Unaudited)	(Audited)
Investments in associates	4.1	7,720,957	7,188,197
Available-for-sale (AFS) investments	4.2	709,275	732,519
		<u>8,430,232</u>	<u>7,920,716</u>

4.1 Investment in associates

	Effective ownership		2015	2014
	interest (%)			
	2015	2014	(Unaudited)	(Audited)
Almarai Company Limited	36.52	36.52	6,362,608	5,856,686
Kinan International for Real Estate Development Company ("Kinan")	29.9	29.9	617,143	597,418
Herfy Foods Services Company	49	49	391,738	361,072
Intaj Capital Limited	49	49	179,244	189,244
Al-Seera City Company For Real Estate Development	40	40	151,790	164,578
Knowledge Economic City Development Company	17	17	16,435	17,200
Other	Various	Various	1,999	1,999
			<u>7,720,957</u>	<u>7,188,197</u>

4.1.1 During September 2014, the Company sold its direct and indirect ownership in Diyar Al Mashreq (Masharef Project) to its associate Kinan at a total price of Saudi Riyals 593.6 million. Accordingly, the Group recorded a capital gain on this transaction amounting to Saudi Riyals 187.5 million. As per the terms of the agreement, Kinan will pay the proceeds in four installments. First instalment of Saudi Riyals 112 million was paid upon signing of contract in 2014 and the second installment of Saudi Riyals 167.6 million was paid during 2015. The abovementioned receivable amounts from Kinan are discounted at their respective present values and are included within 'Long term receivables' in the interim consolidated balance sheet. The present value of remaining two installments due are as follows:

Years ending December 31:

2016	150,379
2017	148,960
	<u>299,339</u>

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three months and year ended December 31, 2015 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

4 Investments (continued)

4.2 Available for sale investments

AFS investments at December 31 principally comprise the following:

	Effective ownership interest (%)		2015	2014
	2015	2014	(Unaudited)	(Audited)
<u>Quoted investments</u>				
Knowledge Economic City	6.4	6.4	336,660	367,720
Emaar the Economic City	0.9	0.9	96,319	88,503
<u>Unquoted investments</u>				
Joussour Holding Company	14.81	14.81	135,869	135,869
Swicorp, Saudi Arabia	15	15	115,674	115,674
Dar Al Tamleek	5	5	24,753	24,753
			709,275	732,519

5 Short-term borrowings

Short-term borrowings 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. Certain short-term borrowings of subsidiaries are secured by corporate guarantees of the Company.

6 Long-term borrowings

	Note	2015	2014
		(Unaudited)	(Audited)
Commercial banks	(a)	3,607,880	3,748,917
Sukuk	(b)	1,500,000	1,500,000
Current maturity shown under current liabilities		(491,299)	(646,204)
		4,616,581	4,602,713

(a) Borrowings from commercial banks and other financial institutions represent financing for the Company and its consolidated subsidiaries. Certain of these borrowings are secured by a charge on the property, plant and equipment of certain subsidiaries. The loan agreements include covenants which, amongst other things, require certain financial ratios to be maintained. Some of the long-term borrowings of subsidiaries are secured by corporate guarantees of the Company.

(b) In an extraordinary general meeting held on December 15, 2012, the Company's shareholders approved the establishment of a Sukuk program pursuant to which the Company can issue Sukuk through one or more tranches for an amount that will not exceed the Company's paid-up capital.

As of January 22, 2013, the Group completed its initial offering under this program by issuing Sukuk with a total value of Saudi Riyals 1.5 billion. The Sukuk issued have a tenor of 7 years, and have been offered at nominal value with an expected variable return to the Sukuk-holders of 6 months SIBOR plus 1.10%.

The covenants of the Sukuk require the Group to maintain certain financial and other conditions.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three months and year ended December 31, 2015 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

7 Share capital and dividends declaration

Share capital

At December 31, 2015 and 2014, the Company's share capital of Saudi Riyals 5.3 billion consists of 533.9 million fully paid shares of Saudi Riyals 10 each.

Dividends

The Company's shareholders have approved and paid dividends amounting to Saudi Riyals 1,067.96 million in 2015. The details of interim dividends approved and final dividend proposed by the Board of Directors are as follows:

<u>Date</u>	<u>Dividend rate</u>	<u>Interim / final</u>	<u>Amount</u> <u>Saudi Riyals in</u> <u>million</u>
January 18, 2015	Saudi Riyal 0.50 per share	Final 2014	266.99
April 19, 2015	Saudi Riyal 0.50 per share	Interim 2015	266.99
July 28, 2015	Saudi Riyal 0.50 per share	Interim 2015	266.99
October 19, 2015	Saudi Riyal 0.50 per share	Interim 2015	266.99
January 20, 2016	Saudi Riyal 0.50 per share	Final 2015 - proposed	266.99

8 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 2015 and 2014 principally fall in second and third quarters of the financial year.

9 Segment information

During the year ended December 31, 2015 and 2014, the principal activities of the Group related to the Food, Retail trading in various types of food and related products, and Investments and other related activities. Selected financial information as of December 31, and for the year ended on those dates, summarized by segment, is as follows:

December 31, 2015 (Unaudited)	Foods	Retail	Plastic Investments (discontinued and other operations) activities	Eliminations	Total
Property, plant and equipment	3,404,217	3,885,458	-	610,214	7,899,889
Other non-current assets	813,144	319,278	-	8,594,407	9,726,829
Revenues	13,213,091	13,533,597	-	56,570	26,461,053
Net income	687,332	151,449	-	965,567	1,791,747

December 31, 2014 (Audited)	Foods	Retail	Plastic Investments (discontinued and other operations) activities	Eliminations	Total
Property, plant and equipment	3,261,232	2,983,434	-	510,850	6,755,516
Other non-current assets	805,757	322,826	-	8,279,810	9,408,393
Revenues	14,591,948	12,204,377	-	127,173	26,587,842
Net income	610,285	502,649	50,285	937,564	2,072,319

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)
Notes to the interim consolidated financial statements
For the three months and year ended December 31, 2015 (Unaudited)
(All amounts in Saudi Riyals thousands unless otherwise stated)

9 Segment information (continued)

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

December 31, 2015 (Unaudited)	Saudi Arabia	Egypt	Iran	Other countries	Total
Property, plant and equipment	5,351,643	1,616,303	732,114	199,829	7,899,889
Other non-current assets	8,830,940	400,460	112,113	383,316	9,726,829
Revenues	17,496,078	3,465,941	2,802,666	2,696,368	26,461,053
Net income (loss)	1,569,734	(32,301)	180,326	73,988	1,791,747

Segment for the year ended December 31,

December 31, 2014 (Audited)	Saudi Arabia	Egypt	Iran	Other countries	Total
Property, plant and equipment	4,173,071	1,632,517	719,489	230,439	6,755,516
Other non-current assets	8,792,209	441,669	60,956	113,559	9,408,393
Revenues	16,780,850	3,552,328	3,463,111	2,791,553	26,587,842
Net income (loss)	1,863,304	(38,709)	158,909	88,815	2,072,319

Net income represents income attributable to the shareholders of the parent company.

10 Earnings per share

Earnings per share for the three-month period and year ended December 31, 2015 and 2014, have been computed by dividing the operating income and net income attributable to shareholders of the Company for such periods by the weighted average number of shares outstanding during such periods.

11 Insurance claim reimbursement

During September 2013, there was a fire incident in the USC raw sugar warehouse in Jeddah, Saudi Arabia. During the three months period ended December 31, 2015, USC has reached a full and final settlement with the insurance company at Saudi Riyals 548 million and recorded the excess of insurance claim amount over cost of Saudi Riyals 126.5 million in the interim consolidated income statement.

12 Hyperinflation

The Group has operations in Iran and Sudan through its subsidiaries SBeC and Savola Sudan (the entities). As per the information provided by International Monetary Fund (IMF), the cumulative three year inflation rate for Iran and Sudan exceeded 100 percent as of December 31, 2014 and 2013 and this, combined with other indicators, resulted Iran and Sudan being declared as hyperinflationary economies. During December 2015, as per information provided by IMF combined with other indicators Iran ceased to be a hyperinflationary economy as of December 31, 2015. Accordingly, the Group has ceased to apply hyper-inflation accounting for Iran. The Group continues to adopt hyperinflationary accounting for Savola Sudan as at December 31, 2015, and has used the closing exchange rate at December 31, 2015 to translate both the income statement and balance sheet of Savola Sudan.

13 Contingencies and commitments

- (i) At December 31, 2015, the Group had outstanding commitments of Saudi Riyals 49.6 million (2014: Saudi Riyals 81.1 million) for investments.
- (ii) At December 31, 2015, the Department of Zakat and Income Tax (DZIT) has assessed an additional Zakat liability of Saudi Riyals 46.8 million (2014: Saudi Riyals 47.1 million) relating to 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.