AL JURAID & COMPANY
Member Firm of PricewaterhouseCoopers

P.O. Box 16415
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Saudi Arabia

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Saudi Arabia

SAVOLA GROUP COMPANY

(Saudi Joint Stock Company)

Unaudited Interim Condensed Consolidated Financial Statements for the Three and Six-Month Periods Ended June 30, 2004 and 2003 and Independent Accountants' Review Report

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT July 17, 2004

To the Shareholders of Savola Group Company:

We have reviewed the accompanying interim consolidated balance sheet of Savola Group Company (the "Company") and its subsidiaries as of June 30, 2004 and the related interim condensed consolidated statements of income and retained earnings for the three and six-month periods then ended and the interim condensed consolidated statements of cash flows for the six-month period then ended, including the related notes. These interim condensed consolidated financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards established by the Saudi Organization for Certified Public Accountants. A review of interim financial information consists principally of applying analytic procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope 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.

Based on our review, we are not aware of any material modifications that should be made to the interim condensed consolidated financial statements of the Company as of June 30, 2004 and for the three and six-month periods then ended for them to be in conformity with accounting principles generally accepted in Saudi Arabia.

For AL JURAID & COMPANY

By: ____________________
Abdullah M. Al Juraid
License Number 99

For A. H. AJOOZAH

By: ____________________
Abdul Majeed H. Ajoozah
License Number 58

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED BALANCE SHEETS (UNAUDITED)
JUNE 30, 2004 AND 2003
(SR'000)

	2004	2003
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	SR 94,561	SR 88,771
Available-for-sale securities	166,155	-
Accounts receivable - net	296,476	223,871
Inventories - net	516,314	461,724
Prepayments and other assets	205,621	188,972
Total current assets	1,279,127	963,338
INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES - Net	30,948	47,926
INVESTMENTS IN ASSOCIATED COMPANIES - Net	529,702	512,948
OTHER EQUITY INVESTMENTS - Net	27,500	21,000
GOODWILL - Net	108,910	114,864
DEFERRED CHARGES - Net	40,347	15,438
FIXED ASSETS - Net	2,382,213	1,862,776
TOTAL	SR 4,398,747	SR 3,538,290
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term loans (see Note 4)	SR 991,041	SR 395,239
Current portion of long-term debt	97,058	68,916
Accounts payable	313,570	309,042
Accrued expenses and other liabilities	290,695	243,622
Total current liabilities	1,692,364	1,016,819
LONG-TERM PAYABLES	104,059	78,558
LONG-TERM DEBT	280,053	177,111
EMPLOYEES' TERMINATION BENEFITS	78,436	68,510
Total liabilities	2,154,912	1,340,998
MINORITY INTERESTS	405,755	375,194
SHAREHOLDERS' EQUITY:		
Share capital (see Note 5)	1,000,000	628,571
Share premium reserve (see Note 5)	9,000	380,428
Statutory reserve	344,394	314,286
General reserve	254,000	254,000
Foreign currency translation adjustments	(63,452)	(67,207)
Unrealized gain on investments	15,293	-
Retained earnings	278,845	312,020
Total shareholders' equity	1,838,080	1,822,098
TOTAL	SR 4,398,747	SR 3,538,290

The accompanying notes 1 to 9 form an integral part of these interim condensed consolidated financial statements.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS (UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2004 AND 2003
(SR'000)

	Three months ended		Six months ended	
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
SALES - Net	SR 1,237,708	SR 943,553	SR2,355,850	SR 1,881,912
COST OF SALES	(1,014,322)	(786,359)	(1,932,002)	(1,554,016)
GROSS PROFIT	223,386	157,194	423,848	327,896
EXPENSES:				
Selling and marketing	(99,958)	(86,630)	(195,360)	(175,337)
General and administrative	(53,536)	(57,657)	(108,409)	(100,149)
INCOME FROM OPERATIONS	69,892	12,907	120,079	52,410
INVESTMENTS INCOME - Net	33,234	32,979	60,669	62,220
FINANCING INCOME AND OTHER - Net	11,625	40,287	15,637	38,057
INCOME BEFORE ZAKAT AND MINORITY INTERESTS	114,751	86,173	196,385	152,687
ZAKAT	(2,183)	(213)	(4,022)	(2,181)
INCOME BEFORE MINORITY INTERESTS	112,568	85,960	192,363	150,506
MINORITY INTERESTS	(22,582)	(14,234)	(36,218)	(27,555)
NET INCOME	89,986	71,726	156,145	122,951
RETAINED EARNINGS AT BEGINNING OF PERIOD	259,459	240,894	305,900	190,269
DIVIDENDS	(70,000)	-	(182,000)	-
DIRECTORS' REMUNERATIONS	(600)	(600)	(1,200)	(1,200)
RETAINED EARNINGS AT END OF PERIOD	SR 278,845	SR 312,020	SR 278,845	SR 312,020

The accompanying notes 1 to 9 form an integral part of these interim condensed consolidated financial statements.

SAVOLA GROUP COMPANY
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2004 AND 2003
(SR'000)

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	SR 156,145	SR 122,951
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	76,565	79,347
Minority interests	36,218	27,555
Investments income - net	(60,669)	(62,220)
Gain on sale of investments	(10,154)	(30,979)
Net changes in operating assets and liabilities	(177,305)	(39,928)
Net cash provided by operating activities	20,800	96,726
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net changes in investments and goodwill	118,556	91,974
Net changes in fixed assets and deferred charges	(446,384)	(76,395)
Net cash (used) provided by investing activities	(327,828)	15,579
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net changes in short-term borrowings	252,345	111,103
Net changes in long-term borrowings	163,499	(45,870)
Net changes in minority interests and other	(958)	(53,740)
Dividends paid	(179,669)	(141,702)
Net cash provided (used) by financing activities	235,217	(130,209)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(71,811)	(17,904)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	166,372	106,675
CASH AND CASH EQUIVALENTS AT END OF PERIOD	SR 94,561	SR 88,771

The accompanying notes 1 to 9 form an integral part of these interim condensed consolidated financial statements.

1. THE COMPANY 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, 1977). 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.

The Company has investments in the following consolidated subsidiaries (collectively the "Group"), which operate under separate commercial registrations and are principally engaged in the manufacturing and marketing of food products, retailing, packaging materials and fast food operations:

		Effective ownership interest (%) at June 30,	
Name	Country of incorporation	2004	2003
Savola Packaging Systems Limited	Saudi Arabia	100	100
Utur Packaging Materials Company Limited	Saudi Arabia	100	100
Royah Company for the Development of Information Systems and Computer Services	Saudi Arabia	100	100
Savola Snack Foods Company Ltd. ("SSFC")	Saudi Arabia	100	100
Savola Trading International Limited ("STI")	Virgin Islands	100	100
Tayseer FZCO	United Arab Emirates	100	100
Aziza Panda Trading Company ("APTC")	Saudi Arabia	100	-
Al Azizia - Panda Al Qassim Company	Saudi Arabia	100	100
Savola Edible Oils Company Ltd. ("SEO")	Saudi Arabia	90.62	90.43
Herfy Food Services Company Ltd.	Saudi Arabia	70	70
Savola Industrial Investments Co. ("SIIC")	Saudi Arabia	63.5	63.5
Modern Marafiq for Real Estate Development Co. Ltd. ("MMRDC")	Saudi Arabia	100	-

SEO also has the following subsidiaries:

Name	Consolidation status	Country of incorporation	Ownership interest (%) at June 30, 2004	2003
Malintra Holdings	Consolidated	Luxembourg	100	100
Savola Sime Foods Limited ("SSFL")	Consolidated	Virgin Islands	50	50
Savola Jordan Company ("SJC")	Consolidated	Jordan	75	51
Savola Bahrain Company ("SBC")	Unconsolidated	Bahrain	90	90
Savola Morocco Company ("SMC")	Unconsolidated	Morocco	51	-
Savola Sudan Company ("("SSC")	Unconsolidated	Sudan	60	-

SIIC has a 64.79% ownership interest in United Sugar Company Ltd. ("USC"), a limited liability company registered in Saudi Arabia, which was consolidated in SIIC's interim financial statements before the preparation of these interim condensed consolidated financial statements.

During 2002, the Group set up Tayseer FZCO as a limited liability company in the United Arab Emirates for the purpose of trading in food products. It has not started operations as of June 30, 2004.

During 2002, the Company resolved to liquidate SSFC. However, the legal liquidation procedures are in process as of June 30, 2004. Net assets of SSFC at June 30, 2004 amounted to SR 8.8 million, and no significant gain or loss is expected upon liquidation.

During 2003, the Company set up APTC as a limited liability company in Saudi Arabia. It has not commenced operations as of June 30, 2004.

During 2003, SEO increased its ownership interest in SJC from 51% to 75% by acquiring additional shares from the Jordanian shareholder. Such change in ownership was approved by the regulatory authorities in Jordan.

During 2003, SMC and SSC were set up as limited liability companies in Morocco and Sudan, respectively, for the purpose of manufacturing and trading in edible oil products. As of June 30, 2004, SMC and SSC were under development. Management expects that SMC and SSC will become operational in 2004.

During 2004, the Company set up MMRDC as a limited liability company in Saudi Arabia for the purpose of trading and investment in real estate. It has not commenced operations as of June 30, 2004.

The Group's effective ownership interest in SBC is 100% (90% through SEO and 10% through the Company). SBC did not have any operations during 2004 and 2003. On September 17, 2003, the shareholders of SBC convened a meeting and resolved to liquidate SBC and appointed a liquidator. Currently, SBC is under the liquidation process.

Accordingly, SBC's, interim financial statements have not been consolidated in the Company's accompanying interim condensed consolidated financial statements for 2004 and 2003. Net assets of SBC at June 30, 2004 amounted to SR 0.7 million, and no significant gain or loss is expected upon liquidation.

The Group also has an effective ownership interest of 49.9% in Savola Sime Egypt ("SSE"), a limited liability company registered in the Arab Republic of Egypt, which was also consolidated in SSFL's interim financial statements (having 75% ownership interest in SSE) before the preparation of these accompanying interim condensed consolidated financial statements. The Group has significant control over SSE.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying interim condensed consolidated financial statements have been prepared in accordance with the Standard of Interim Financial Reports issued by the Saudi Organization for Certified Public Accountants (SOCPA). The accounting policies adopted by the Company in the preparation of its interim condensed consolidated financial statements are in conformity with those described in the Company's annual report for 2003, which are summarized as follows:

Basis of consolidation - The interim condensed consolidated financial statements include the interim financial statements of the Company and its subsidiaries set forth in Note 1. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of estimates - The preparation of interim condensed consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Cash and cash equivalents - Time deposits purchased with original maturities of less than three months are included in cash and cash equivalents.

Accounts receivable - Accounts receivable are carried at original amounts less provision made for doubtful accounts. A provision for doubtful accounts is established when there is a significant doubt that the Group will not be able to collect all amounts due according to the original terms of accounts receivable.

Inventories - Inventories are valued at the lower of cost or market. Cost is determined on the moving-average method. Cost of finished goods and work-in-process includes the cost of raw materials, direct labor and production overheads.

Investments in unconsolidated subsidiaries - Investments in unconsolidated subsidiaries, which are either under formation or liquidation, or where the control does not rest with the Group, are not consolidated in these interim condensed consolidated financial statements but are accounted for using the equity method.

Investments in associated companies - Investments in associated companies, in which the Group has an effective ownership interest of less than 50%, are accounted for using the equity method. According to this method, investments are originally recorded at cost and then adjusted to reflect the Group's share in the profits or losses of the investee companies and their distribution of profits. The Group's share of profits or losses of the investee companies is credited or charged to the interim condensed consolidated statement of income currently.

Available-for -sale securities and other equity investments - Available-for-sale securities principally consist of less than 20% equity investments in various locally listed companies. The management intends to dispose of these investments within a period of one year from the interim consolidated balance sheet date and, hence, such investments have been classified under current assets. Other equity investments, which are not held for trading purposes, principally consist of less than 20% equity investments in various limited liability companies. These investments are recorded at cost when acquired. The carrying values of these investments are adjusted based on the fair values of these companies at the interim consolidated balance sheet date, unless it is determined that the fair values cannot be estimated, in which case such investments are reflected at cost. Unrealized gains or losses resulting from changes in fair values are reported as a separate component of shareholders' equity. On disposal, the unrealized gains or losses that had been previously recognized directly in shareholders' equity are charged to the interim condensed consolidated statement of income. Permanent diminution, if any, in the value of such investments is charged to the interim condensed consolidated statement of income currently.

Goodwill - Goodwill represents the excess cost of investments over the fair value of the net assets acquired, and is being amortized using the straight-line method over a period not exceeding 20 years.

Deferred charges - Deferred charges consist of expenses incurred by the Group on setting up new retail outlets and other projects, which are expected to have future benefits. Such expenses are being amortized using the straight-line method over the related estimated economic lives not exceeding five years.

Deferred charges also include 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.

Fixed assets - Fixed assets are stated at cost, net of accumulated deprecation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Land	-
Buildings	20 - 33
Machinery and equipment	3 - 20
Furniture and office equipment	4 - 10
Motor vehicles	3 - 4
Leasehold improvements	15 - 25

Interest costs on borrowings to finance the construction of fixed assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

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

Impairment of long-lived assets - Fixed assets and other non-current assets, including goodwill, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss, if any, is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount.

Borrowings - Borrowings are recognized at the proceeds received, net of transaction costs incurred.

Other provisions - Other provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Employees' termination benefits - Employees' termination benefits required by the Saudi labor and workman law are accrued and charged to the interim condensed consolidated statement of income currently. The liability is calculated at the current value of the vested benefits to which the employee is entitled, should the employee leave at the interim consolidated balance sheet date. Termination payments are based on the employees' final salaries and allowances and their cumulative years of service, as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia.

Revenue recognition - Sales are recognized upon delivery of products or providing services to the customers, and are recorded net of discounts. Rental income is recognized over the lease terms.

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

Operating leases - Rentals in respect of operating leases are charged to the interim condensed consolidated statement of income over the terms of the leases.

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

Zakat and income tax - The Company and its Saudi Arabian subsidiaries are subject to zakat in accordance with the regulations of the Department of Zakat and Income Tax. The foreign subsidiaries are subject to tax regulations in their countries of incorporation. Zakat and income tax related to foreign subsidiaries are charged to the interim condensed consolidated statement of income currently.

Foreign currency translation - The Company's books of account are maintained in Saudi riyals. Foreign currency transactions are translated into Saudi riyals at the exchange rates prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are adjusted to reflect their Saudi riyal equivalents as of the interim consolidated balance sheet date. Exchange adjustments, which were not significant for 2004 and 2003, are charged or credited to the interim condensed consolidated statement of income currently.

Assets and liabilities of foreign subsidiaries are translated at the exchange rates in effect at the date of the interim condensed consolidated financial statements. The components of foreign subsidiaries' equity accounts, except retained earnings, are translated at the exchange rates in effect at the dates the related items originated. The elements of foreign subsidiaries' interim income statements are translated using the weighted-average exchange rate for the period. Adjustments resulting from the translation of foreign subsidiaries' interim financial statements into Saudi riyals are reported as a separate component of shareholders' equity in the accompanying interim condensed consolidated financial statements.

Reclassifications - Certain amounts in the 2003 interim condensed consolidated financial statements have been reclassified to conform to the 2004 presentation.

3. SEASONAL CHANGES

Some of the Group's activities are affected by seasonal movements related to the month of Ramadan and Eid Al Fitr, which cause sales to increase significantly in that period. The effect of such period for 2004 and 2003 will principally fall in the first and last quarters of the financial year.

4. SHORT-TERM BANK BORROWINGS

Short-term bank borrowings consist of bank overdrafts, short-term loans and a Murabaha financing arrangement, and bear financing charges at the prevailing market rates. Some of these short-term loans are secured by corporate guarantees of the Company and other Group member companies.

The Group has unused revolving bank borrowing facilities of SR 400 million as of June 30, 2004. At June 30, 2004 the Group's consolidated total current liabilities exceeded its consolidated total current assets by SR 385 million. Management believes that these unused facilities will be utilized to meet the Group's financial obligations as they become due.

5. SHARE CAPITAL

The shareholders of the Company, in their extra-ordinary general assembly meeting held on July 5, 2003, resolved to increase the Company's share capital by issuing 3 bonus shares for every 11 shares outstanding at that date. As a result, the share capital increased to SR 800 million and the number of shares increased to 16 million shares. A transfer of SR 171.4 million from share premium reserve account affected such increase in share capital.

Also, the shareholders of the Company, in their extra-ordinary general assembly meeting held on May 18, 2004, resolved to increase the Company's share capital by issuing 1 bonus share for every 4 shares outstanding at that date. As a result, the share capital increased to SR 1 billion and the number of shares increased to 20 million shares. Such increase in share capital was affected by a transfer of SR 200 million from share premium reserve account.

6. EARNINGS PER SHARE

Earnings per share for the three and six-month periods ended June 30, 2004 amounted to SR 4.5 and SR 7.8, respectively, which are based on 20 million shares outstanding at June 30, 2004 (2003 - SR 3.6 and SR 6.1, respectively as restated for the increase in share capital and shares).

7. SEGMENTAL INFORMATION

During the six-month periods ended June 30, 2004 and 2003, principal activities of the Group were related to manufacturing/ wholesale and selling of various types of food and related products. Selected financial information as of June 30, 2004 and 2003, and for the six-month periods then ended summarized by segment, is as follows (SR 000's).

2004	Manufacturing/ wholesale	Retail	Other	Total
Fixed assets - net	SR 831,014	SR1,532,442	SR 18,757	SR 2,382,213
Other non-current assets - net	87,288	100,287	549,832	737,407
Sales - net	1,385,959	969,891	-	2,355,850
Net income	93,204	20,500	42,441	156,145

2003	Manufacturing/ wholesale	Retail	Other	Total
Fixed assets - net	SR 810,455	SR1,036,432	SR 15,889	SR 1,862,776
Other non-current assets - net	59,655	77,620	574,901	712,176
Sales - net	1,007,800	874,112	-	1,881,912
Net income	54,692	14,761	53,498	122,951

The Group's operations are conducted in Saudi Arabia, Egypt and certain other geographical areas. Selected financial information as of June 30, 2004 and 2003, and for the six month periods then ended summarized by geographic area, is as follows (SR 000's):

2004	Saudi Arabia	Egypt	Other countries	Total
Fixed assets - net	SR 2,300,489	SR 58,061	SR 23,663	SR 2,382,213
Other non-current assets - net	596,568	-	140,839	737,407
Sales - net	1,952,326	186,270	217,254	2,355,850
Net income	148,610	1,890	5,645	156,145

2003	Saudi Arabia	Egypt	Other countries	Total
Fixed assets - net	SR 1,785,049	SR 53,740	SR 23,987	SR 1,862,776
Other non-current assets - net	616,202	95,893	81	712,176
Sales - net	1,676,193	144,029	61,690	1,881,912
Net income (loss)	124,986	1,844	(3,879)	122,951

8. CONTINGENT LIABILITIES AND OTHER MATTERS

The Department of Zakat and Income Tax ("DZIT") has assessed additional zakat liability of SR 11.2 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 its assessments. Accordingly, no additional provision for such assessments has been made in the accompanying interim condensed consolidated financial statements.

9. BOARD OF DIRECTORS' APPROVAL

These interim condensed consolidated financial statements have been approved for issue by the Company's Board of Directors on July 17, 2004.