

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)

**UNAUDITED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

For the three-months period and year ended
December 31, 2016

with

INDEPENDENT AUDITORS' REVIEW REPORT

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three-months period and year ended December 31, 2016

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REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Shareholders
Al Hassan Ghazi Ibrahim Shaker Company
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia.

Scope of review

We have reviewed the accompanying interim consolidated balance sheet of **Al Hassan Ghazi Ibrahim Shaker Company** (the "Company") and its subsidiaries (collectively referred as the "Group") as at December 31, 2016, the related interim consolidated statements of income for three-months period and year then ended, the interim consolidated statements of cash flows and changes in equity for the year then ended and the attached notes 1 through 10 which form an integral part of the interim consolidated financial statements. These interim consolidated financial statements are the responsibility of the Company's management and have been prepared by them and submitted to us together with all the information and explanations which we required. Our responsibility is to provide a conclusion on the review of these interim consolidated financial statements based on our review.

We conducted our review in accordance with Auditing Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A review consists principally of analytical procedures applied to financial data and information and making inquiries of Company's personnel responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion on the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Review conclusion

Based on our 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 the accounting standards generally accepted in the Kingdom of Saudi Arabia.

For KPMG Al Fozan & Partners
Certified Public Accountants

Khalil Ibrahim Al Sedais
License No: 371



Riyadh on Rabi Al Thani 20, 1438H
Corresponding to January 18, 2017

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED BALANCE SHEET

As at December 31, 2016

(Expressed in Thousands of Saudi Riyals, Unless Otherwise Stated)

	<u>Notes</u>	<u>2016</u> (Unaudited)	<u>2015</u> (Audited)
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents		54,618	85,270
Trade receivables		715,491	461,303
Inventories		685,344	935,493
Prepayments and other current assets		71,393	96,565
Total current assets		<u>1,526,846</u>	<u>1,578,631</u>
Non-current assets:			
Non-current trade receivable		13,558	13,011
Investment in equity accounted investees	3	577,558	555,459
Property and equipment		257,025	258,311
Goodwill	4	25,699	25,699
Total non-current assets		<u>873,840</u>	<u>852,480</u>
Total assets		<u>2,400,686</u>	<u>2,431,111</u>
<u>LIABILITIES AND EQUITY</u>			
Current liabilities:			
Short-term borrowings	5 (b)	820,262	681,300
Current portion of long-term borrowings	5 (c)	21,735	20,504
Trade payables	6	282,024	424,183
Accrued Zakat		15,918	17,586
Accrued expenses and other current liabilities		110,080	116,607
Total current liabilities		<u>1,250,019</u>	<u>1,260,180</u>
Non-current liabilities:			
Long-term borrowings, non-current portion	5 (c)	37,882	56,505
Employees' end of service benefits		41,440	39,813
Total non-current liabilities		<u>79,322</u>	<u>96,318</u>
Total liabilities		<u>1,329,341</u>	<u>1,356,498</u>
<u>EQUITY</u>			
Equity attributable to the Company's shareholders:			
Share capital	7	630,000	630,000
Statutory reserve		140,937	136,185
Retained earnings		281,287	285,765
Total equity attributable to the Company's shareholders		<u>1,052,224</u>	<u>1,051,950</u>
Non-controlling interests		19,121	22,663
Total equity		<u>1,071,345</u>	<u>1,074,613</u>
Total liabilities and equity		<u>2,400,686</u>	<u>2,431,111</u>

The attached notes 1 through 10 form an integral part of these interim consolidated financial statements.

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF INCOME
For the three-months period and year ended December 31, 2016
(Expressed in Thousands of Saudi Riyals, Unless Otherwise Stated)

	Notes	For the three-months period ended 31 December		For the year ended 31 December	
		<u>2016</u> (Unaudited)	<u>2015</u> (Audited)	<u>2016</u> (Unaudited)	<u>2015</u> (Audited)
Sales		312,549	374,716	1,642,753	1,886,526
Cost of sales		<u>(243,053)</u>	<u>(314,721)</u>	<u>(1,244,789)</u>	<u>(1,451,669)</u>
Gross profit		69,496	59,995	397,964	434,857
Selling and distribution expenses		<u>(49,889)</u>	<u>(51,084)</u>	<u>(192,496)</u>	<u>(184,598)</u>
General and administrative expenses		<u>(39,157)</u>	<u>(31,152)</u>	<u>(155,721)</u>	<u>(158,805)</u>
Operating (loss) / income		(19,550)	(22,241)	49,747	91,454
Other income, net		2,111	1,825	7,644	3,149
Financial (charges) / income		<u>(8,557)</u>	<u>621</u>	<u>(30,298)</u>	<u>(16,615)</u>
Re-measurement to fair value of equity interest in the investee		--	--	--	(856)
Share in net (loss) / income of equity accounted investees		<u>(4,922)</u>	<u>1,447</u>	<u>22,099</u>	<u>57,072</u>
(Loss) / income before Zakat and non- controlling interests		(30,918)	(18,348)	49,192	134,204
Zakat		<u>(118)</u>	<u>(777)</u>	<u>(5,210)</u>	<u>(8,189)</u>
Net (loss) / income before non-controlling interests		(31,036)	(19,125)	43,982	126,015
Non-controlling interests share in net loss of consolidated subsidiaries		<u>1,138</u>	<u>1,283</u>	<u>3,542</u>	<u>10,521</u>
Net (loss) / income for the period / year		<u>(29,898)</u>	<u>(17,842)</u>	<u>47,524</u>	<u>136,536</u>
(Loss) / earnings per share:					
Weighted average number of ordinary shares outstanding (shares)		<u>63,000</u>	<u>63,000</u>	<u>63,000</u>	<u>63,000</u>
Operating (loss) / income (Saudi Riyals)	8	<u>(0.31)</u>	<u>(0.35)</u>	<u>0.79</u>	<u>1.45</u>
Net (loss) / income (Saudi Riyals)	8	<u>(0.47)</u>	<u>(0.28)</u>	<u>0.75</u>	<u>2.17</u>

The attached notes 1 through 10 form an integral part of these interim consolidated financial statements.

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-months period and year ended December 31, 2016
(Expressed in Thousands of Saudi Riyals, Unless Otherwise Stated)

	<u>2016</u> (Unaudited)	<u>2015</u> (Audited)
Cash flows from operating activities		
Income before Zakat and non-controlling interests	49,192	134,204
<u>Adjustments for:</u>		
Depreciation	13,946	13,490
Re-measurement to fair value of equity interest in the investee	--	856
Share in net income of equity accounted investees	(22,099)	(57,072)
Provision for doubtful debts	4,114	10,209
Provision for inventories	5,712	4,559
Gain on disposal of property and equipment	(1,279)	(2,179)
Provision for employees' end of service benefits	14,571	7,411
Financial charges	30,298	16,615
	<u>94,455</u>	<u>128,093</u>
<u>Changes in operating assets and liabilities:</u>		
Increase in trade receivables	(258,849)	(109,335)
Decrease / (increase) in inventories	244,437	(212,388)
Decrease in prepayments and other current assets	36,134	25,089
(Decrease) / increase in trade payables	(142,159)	169,402
Decrease in accrued expenses and other current liabilities	(11,298)	(31,097)
	<u>(37,280)</u>	<u>(30,236)</u>
Employees' end of service benefits paid	(12,944)	(3,892)
Financial charges paid	(25,527)	(16,615)
Zakat paid	(6,878)	(6,549)
	<u>(82,629)</u>	<u>(57,292)</u>
Net cash used in by operating activities		
Cash flows from investing activities		
Additions to property and equipment	(23,779)	(38,484)
Proceeds from sale of property and equipment	1,436	2,925
Investment in an associate	--	(1,500)
	<u>(22,343)</u>	<u>(37,059)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Net movement in short-term borrowings	138,962	46,366
Proceeds from long-term borrowings	3,576	57,500
Repayment of long-term borrowings	(20,968)	(4,794)
Dividend paid	(47,250)	--
Net other movement in non-controlling interest	7	15,631
	<u>74,320</u>	<u>114,703</u>
Net cash provided by financing activities		
Net (decrease) / increase in cash and cash equivalents	(30,652)	20,352
Cash and cash equivalents acquired during the year	--	5
Cash and cash equivalents at beginning of the year	85,270	64,913
	<u>54,618</u>	<u>85,270</u>
Cash and cash equivalents at end of the year		

The attached notes 1 through 10 form an integral part of these interim consolidated financial statements.

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-months period and year ended December 31, 2016
(Expressed in Thousands of Saudi Riyals, Unless Otherwise Stated)

	<u>Equity attributable to the Company's shareholders</u>					
	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Total shareholders' equity</u>	<u>Non-controlling interests</u>	<u>Total</u>
Balance at January 1, 2015 (audited)	350,000	122,531	442,883	915,414	11,028	926,442
Net income for the year	--	--	136,536	136,536	(10,521)	126,015
Transfer to statutory reserve	--	13,654	(13,654)	--	--	--
Bonus shares (Note 7)	280,000	--	(280,000)	--	--	--
Other movement in non-controlling interests	--	--	--	--	22,156	22,156
Balance at January 1, 2016 (audited)	630,000	136,185	285,765	1,051,950	22,663	1,074,613
Net income for the year	--	--	47,524	47,524	(3,542)	43,982
Transfer to statutory reserve	--	4,752	(4,752)	--	--	--
Dividend paid (Note 7)	--	--	(47,250)	(47,250)	--	(47,250)
Balance at December 31, 2016 (unaudited)	630,000	140,937	281,287	1,052,224	19,121	1,071,345

The attached notes 1 through 10 form an integral part of these interim consolidated financial statements.

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three-months period and year ended December 31, 2016

(Expressed in Thousands of Saudi Riyals, Unless Otherwise Stated)

1. THE COMPANY, ITS SUBSIDIARIES AND NATURE OF BUSINESS

- 1.1 Al Hassan Ghazi Ibrahim Shaker Company (the “Company” (or) the “Parent Company” (or) “HGISC”) was registered as a limited liability Company in the Kingdom of Saudi Arabia under Commercial Registration number 1010149252 dated 26 Dhul Qidah 1418H (corresponding to March 25, 1998). The Company has converted from a limited liability company to a closed joint stock company pursuant to Ministerial Resolution No. 275 on Shabaan 17, 1429H (corresponding to August 18, 2008).
- 1.2 As decided by the shareholders of the Parent Company, the Parent Company offered 10.5 million shares to public, during subscription period from April 26, 2010 (corresponding to Jumad Awal 11, 1431H) to May 2, 2010 (corresponding to Jumad Awal 17, 1431H). The Parent Company’s shares started trading in the Stock Exchange on May 17, 2010 (corresponding to Jumad Thani 3, 1431H). Accordingly, after successful completion of the IPO (Initial Public Offering Process), the Parent Company was declared as a Saudi Joint Stock Company with a share capital of SR 350 million, divided into 35 million shares of SR 10 each. On March 29, 2015, a bonus of four shares for every five ordinary shares outstanding was issued and resultantly the share capital of the Company was increased from SR 350 million to SR 630 million.
- 1.3 The Parent Company is engaged in the trading and wholesale of spare parts, electronic equipment, household equipment and air-conditioners, and maintenance of the items mentioned above and to provide agency services for those companies which are in the same business.
- 1.4 The Company’s registered office is located at the following address:

Shaker Group Building
Alsahafa District
King Fahad Road
Riyadh 11422
Kingdom of Saudi Arabia

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three-months period and year ended December 31, 2016

(Expressed in Thousands of Saudi Riyals, Unless Otherwise Stated)

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

1.5 These interim consolidated financial statements include the financial position and performance of the Company and its branches as well as the following subsidiaries (collectively the “Group”).

Direct and indirect subsidiaries

<u>Name</u>	<u>Principal field of activity</u>	<u>Country of incorporation</u>	<u>Effective ownership interest at December 31,</u>	
			<u>2016</u>	<u>2015</u>
Ibrahim Shaker Company Limited (“ISCL”)	Wholesale of household appliances	Saudi Arabia	100%	100%
Ibrahim Hussein Shaker Projects and Maintenance Company Limited (“IHSCL”)	Import, export and marketing services	Saudi Arabia	100%	100%
ASDAA Gulf Trading Company (“ASDAA”) (note 4 (a))	Wholesale of electronic devices	Saudi Arabia	100%	100%
Energy Management Services Emirates LLC (“EMS”) (note 4 (b))	Energy solution providers	United Arab Emirates	74%	74%
New Vision for Electronics and Electrical Appliances Company (“NVEEAC”)	Import, export and maintenance of electrical and home appliances	Jordan	60%	60%

Entities controlled through a subsidiary

<u>Name</u>	<u>Principal field of activity</u>	<u>Country of incorporation</u>	<u>Subsidiary ownership interest at December 31,</u>	
			<u>2016</u>	<u>2015</u>
<u>EMS</u>				
Energy Management Services International (“EMSI”)	Energy solution providers	Jordan	100%	100%
Jernain EMS Company LLC (“JECL”)	Energy solution providers	United Arab Emirates	100%	100%

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three-months period and year ended December 31, 2016

(Expressed in Thousands of Saudi Riyals, Unless Otherwise Stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The accompanying interim consolidated financial statements have been prepared in accordance with Saudi Accounting Standard for interim financial information issued by Saudi Organization for Certified Public Accountants (“SOCPA”). These interim consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia and should be read in conjunction with the Group’s annual audited consolidated financial statements for the year ended December 31, 2015.

b) Basis of measurement

The accompanying interim consolidated financial statements have been prepared under historical cost basis convention, using the accrual basis of accounting and the going concern assumption.

c) Functional and presentation currency

These interim consolidated financial statements are presented in Saudi Riyals (SR), which is the functional and reporting currency of the Company. All amounts have been rounded off to the nearest thousand, unless otherwise stated.

d) Use of estimates and judgements

The preparation of consolidated financial statements requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognized in the financial statements are as follows:

- Impairment of trade receivables
- Provision for slow moving inventory items
- Useful lives of property and equipment
- Impairment of non-financial assets

e) Significant accounting policies

The significant accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended December 31, 2015.

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three-months period and year ended December 31, 2016
(Expressed in Thousands of Saudi Riyals, Unless Otherwise Stated)

3. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

3.1 The details of the Company's associates are as follows:

<u>Name</u>	<u>Principal field of activity</u>	<u>Country of incorporation</u>	<u>% of capital held (directly or indirectly) at December 31,</u>	
			<u>2016</u>	<u>2015</u>
LG Shaker Company Limited ("LG Shaker")	Manufacture of air conditioners	Saudi Arabia	49%	49%
Shaker Electronic and Appliances Lebanon Company ("SEALCO")	Trading of electrical and home appliances	Lebanon	20%	20%

3.2 Investment in equity accounted investees at December 31 comprise the following:

	<u>2016</u> (Unaudited)	<u>2015</u> (Audited)
LG Shaker (note 3.3 (a))	573,633	551,134
SEALCO (note 3.3 (b))	3,925	4,325
	<u>577,558</u>	<u>555,459</u>

3.3 Movement in equity accounted investees during the year ended December 31 is analysed as follows:

a) LG Shaker

	<u>2016</u> (Unaudited)	<u>2015</u> (Audited)
At January 1	551,134	493,371
Share of profit for the year	22,499	57,763
At December 31	<u>573,633</u>	<u>551,134</u>

b) SEALCO

	<u>2016</u> (Unaudited)	<u>2015</u> (Audited)
At January 1	4,325	4,898
Share of loss for the year	(400)	(573)
At December 31	<u>3,925</u>	<u>4,325</u>

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three-months period and year ended December 31, 2016
(Expressed in Thousands of Saudi Riyals, Unless Otherwise Stated)

4. GOODWILL

Goodwill at December 31 comprise the following:

	<u>2016</u> (Unaudited)	<u>2015</u> (Audited)
ASDAA Gulf Trading Company (note 4 (a))	9,854	9,854
Energy Management Services Emirates LLC (note 4 (b))	15,845	15,845
	<u>25,699</u>	<u>25,699</u>

- a) Effective November 12, 2014, HGISC acquired effectively 100% of shareholding in ASDAA (HGISC: 95% and ISCL: 5%) for purchase consideration of SR 20 million, which was in excess of the fair value of the net assets acquired by SR 9.9 million and has been accounted for as goodwill.

The management reviews goodwill for impairment annually for the purpose of impairment testing. Goodwill has been allocated to the investee (i.e. a single cash generating unit). The recoverable amount of the cash generating unit is determined based on a value in use calculated using cash flow projection based on financial budgets.

- b) During 2014, HGISC entered into SPA to acquire additional 54% shareholding in EMS increasing its previous shareholding of 20% to revised 74%. Effective March 10, 2015, legal formalities for the transfer of 54% shareholding in EMS were completed and hence consolidated its results as a subsidiary since this date.

5. BANK BORROWINGS

- a) The Group has credit facility agreements with local and foreign commercial banks for long and short-term borrowings in Saudi Riyals, United Arab Emirates Dirham and Jordanian Dinar. Such facilities were obtained principally under Marabaha / Tawaruq arrangements. The utilised portion of the long-term facilities are repayable on equal monthly instalments. The facility agreements are secured by promissory notes. The facilities bear financial charges on prevailing market rates.

The loan agreement contains certain covenants, which among other things, requires certain financial ratios to be maintained.

- b) Short-term borrowings

Short-term borrowings at December 31 represent the following:

	<u>2016</u> (Unaudited)	<u>2015</u> (Audited)
Overdraft	2,815	--
Short-term loans	753,166	652,912
Notes payable	64,281	28,388
	<u>820,262</u>	<u>681,300</u>

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three-months period and year ended December 31, 2016
(Expressed in Thousands of Saudi Riyals, Unless Otherwise Stated)

5. BANK BORROWINGS (continued)

c) Long-term borrowings

Long-term borrowings at December 31 represent the following:

	<u>2016</u> (Unaudited)	<u>2015</u> (Audited)
Commercial banks	<u>59,617</u>	<u>77,009</u>
Presented in the balance sheet as follows:		
Current portion shown under current liabilities	<u>21,735</u>	20,504
Non-current portion shown under non-current liabilities	<u>37,882</u>	<u>56,505</u>
	<u>59,617</u>	<u>77,009</u>

6. TRADE PAYABLES

Trade payables at December 31 comprise the following:

	<u>2016</u> (Unaudited)	<u>2015</u> (Audited)
Related parties	<u>247,676</u>	397,042
Other parties	<u>34,348</u>	<u>27,141</u>
	<u>282,024</u>	<u>424,183</u>

7. SHARE CAPITAL

At December 31, 2016, the authorized, issued and paid up share capital of the Company is SR 630 million (2015: SR 630 million) consisting of 63 million shares (2015: 63 million shares) of SR 10 each.

On March 29, 2015, the Board of Directors proposed to increase the Company's share capital to SR 630 million by issuing four bonus shares for every five ordinary shares outstanding as of that date. Later, the shareholders in the Annual General Assembly Meeting on May 21, 2015, approved the Board of Director's proposal and authorized issuance of 28 million bonus share at a nominal value SR 10 each and resultantly the share capital of the Company was increased from SR 350 million to SR 630 million. The legal formalities for the increase in capital were completed on June 14, 2015.

The Board of Directors in its meeting held on October 17, 2016, resolved to distribute interim dividend amounting to SR 47.25 million (representing SR 0.75 per share). This amount was paid on November 23, 2016.

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three-months period and year ended December 31, 2016

(Expressed in Thousands of Saudi Riyals, Unless Otherwise Stated)

8. (LOSS) / EARNINGS PER SHARE

(Loss) / earnings per share on operating income including non-controlling interests is calculated by dividing operating (loss) / income by weighted average number of shares in issue during the period / year.

(Loss) / earnings per share on net income is calculated by dividing the net (loss) / income by the weighted average number of shares in issue during the period / year.

The calculation of diluted earnings per share is not applicable to the Parent Company.

9. SEGMENT INFORMATION

The Company's operations are conducted in Saudi Arabia, Jordan and United Arab Emirates; however, more than 90% of the Group's operation are conducted within Saudi Arabia. The management views the activities of the Group's operations under two business units, as detailed below:

	December 31, 2016		
	LG Air- Conditioners and home appliances	Non – LG Air- Conditioners and Products (Unaudited)	Total
Sales	1,282,714	360,039	1,642,753
Cost of sales	<u>(992,626)</u>	<u>(252,163)</u>	(1,244,789)
Gross profit	290,088	107,876	397,964
Un-allocated expenses and income:			
Selling and distribution expenses			(192,496)
General and administrative expenses			(155,721)
Other income, net			7,644
Financial charges			(30,298)
Share in net income of equity accounted investees			22,099
Zakat			(5,210)
Net income before non-controlling interests			<u>43,982</u>

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three-months period and year ended December 31, 2016

(Expressed in Thousands of Saudi Riyals, Unless Otherwise Stated)

9. SEGMENT INFORMATION (continued)

	December 31, 2015		<u>Total</u>
	<u>LG Air- Conditioners and home appliances</u>	Non – LG <u>Air- Conditioners and Products</u> (Audited)	
Sales	1,502,300	384,226	1,886,526
Cost of sales	(1,176,864)	(274,805)	(1,451,669)
Gross profit	325,436	109,421	434,857
Un-allocated expenses and income:			
Selling and distribution expenses			(184,598)
General and administrative expenses			(158,805)
Other income, net			3,149
Financial charges			(16,615)
Re-measurement to fair value of equity interest in the investee			(856)
Share in net income of equity accounted investees			57,072
Zakat			(8,189)
Net income before non-controlling interests			126,015

The Group's assets and liabilities are managed on a group basis and are not allocated to operating segments.

10. BOARD OF DIRECTORS' APPROVAL

These unaudited interim consolidated financial statements were approved by the Board of Directors for issuance on Rabi Al Thani 20, 1438H, corresponding to January 18, 2017.