

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

**31 DECEMBER 2013**

## LIMITED REVIEW REPORT TO THE SHAREHOLDERS OF AL HASSAN GHAZI IBRAHIM SHAKER COMPANY (A SAUDI JOINT STOCK COMPANY) ON THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### Scope of review

We have reviewed the accompanying consolidated balance sheet of Al Hassan Ghazi Ibrahim Shaker Company - a Saudi Joint Stock Company - (the "Company") and its subsidiaries (the "Group") as at 31 December 2013 and the related consolidated statement of income for the three-month and twelve-month periods then ended, and the related consolidated statements of cash flows and changes in shareholders' equity for the twelve-month period then ended. 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. We conducted our limited review in accordance with the standard on interim financial information issued by the Saudi Organization for Certified Public Accountants. A limited review consists principally of applying analytical 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 generally accepted auditing standards, the objective of which is the expression of an opinion on the financial statements taken as a whole. Accordingly, we do not express such an opinion.

### Conclusion

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

for Ernst & Young

Ahmed I Reda  
Certified Public Accountant  
Licence No. 356



20 Rabi Awal 1435H  
21 January 2014

Jeddah

Al Hassan Ghazi Ibrahim Shaker Company (A Saudi Joint Stock Company)

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

	Note	2013 (Unaudited) SR'000	2012 (Audited) SR'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Bank balances and cash		88,831	75,351
Accounts receivable and prepayments		439,208	347,485
Inventories		643,952	629,603
<b>TOTAL CURRENT ASSETS</b>		<b>1,171,991</b>	<b>1,052,439</b>
<b>NON-CURRENT ASSETS</b>			
Investment in associates	3	11,580	4,671
Property and equipment		301,268	299,830
Intangible asset		209	400
<b>TOTAL NON-CURRENT ASSETS</b>		<b>313,057</b>	<b>304,901</b>
<b>TOTAL ASSETS</b>		<b>1,485,048</b>	<b>1,357,340</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Due to banks	4	382,745	412,095
Accounts payable and accruals		200,685	198,829
Zakat and income tax payable		18,868	13,364
Current portion of term loans	4	17,575	26,111
<b>TOTAL CURRENT LIABILITIES</b>		<b>619,873</b>	<b>650,399</b>
<b>NON-CURRENT LIABILITIES</b>			
Term loans	4	40,831	42,511
Employees' end of service benefits		34,614	31,352
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>75,445</b>	<b>73,863</b>
<b>TOTAL LIABILITIES</b>		<b>695,318</b>	<b>724,262</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Equity attributable to the shareholders of the parent company</b>			
Share capital		350,000	350,000
Statutory reserve		78,841	66,333
Retained earnings		224,677	112,096
<b>Total equity attributable to the shareholders of the parent company</b>		<b>653,518</b>	<b>528,429</b>
Non-controlling interests		136,212	104,649
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>789,730</b>	<b>633,078</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>1,485,048</b>	<b>1,357,340</b>

The attached notes 1 to 7 form part of these unaudited interim consolidated financial statements.

Al Hassan Ghazi Ibrahim Shaker Company (A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF INCOME

For the three-month and twelve-month periods ended 31 December 2013

	Note	For the three-month period ended 31 December		For the twelve-month period ended 31 December	
		2013	2012	2013	2012
		(Unaudited) SR'000	(Unaudited) SR'000	(Unaudited) SR'000	(Audited) SR'000
Sales		319,391	315,192	1,741,019	1,737,911
Cost of sales		(270,671)	(232,594)	(1,241,508)	(1,218,226)
<b>GROSS PROFIT</b>		<b>48,720</b>	<b>82,598</b>	<b>499,511</b>	<b>519,685</b>
<b>EXPENSES</b>					
Selling and distribution		(38,423)	(42,887)	(184,790)	(170,938)
General and administration		(28,765)	(27,847)	(118,290)	(109,211)
		(67,188)	(70,734)	(303,080)	(280,149)
<b>(LOSS)/ INCOME FROM MAIN OPERATIONS</b>		<b>(18,468)</b>	<b>11,864</b>	<b>196,431</b>	<b>239,536</b>
Other expenses/ income, net		(205)	(1,812)	1,151	2,440
Financial charges		(5,017)	(4,194)	(19,108)	(15,662)
Share of results of associates	3	303	400	159	(110)
<b>(LOSS)/ INCOME BEFORE ZAKAT AND INCOME TAX AND NON-CONTROLLING INTERESTS</b>		<b>(23,387)</b>	<b>6,258</b>	<b>178,633</b>	<b>226,204</b>
Zakat and income tax		(5,577)	(971)	(21,981)	(16,658)
<b>NET (LOSS)/ INCOME BEFORE NON- CONTROLLING INTERESTS</b>		<b>(28,964)</b>	<b>5,287</b>	<b>156,652</b>	<b>209,546</b>
Income attributable to non-controlling interests		(2,013)	955	(31,563)	(21,906)
<b>NET (LOSS)/ INCOME FOR THE PERIOD</b>		<b>(30,977)</b>	<b>6,242</b>	<b>125,089</b>	<b>187,640</b>
<b>(LOSS)/ EARNINGS PER SHARE</b>					
Weighted average number of ordinary shares outstanding		35,000	35,000	35,000	35,000
(Loss)/ Earnings per share on income from main operations (in SR per share)	5	(0.53)	0.34	5.61	6.84
(Loss)/ Earnings per share on net income for the period (in SR per share)	5	(0.89)	0.18	3.57	5.36

The attached notes 1 to 7 form part of these unaudited interim consolidated financial statements.

Al Hassan Ghazi Ibrahim Shaker Company (A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the twelve-month period ended 31 December 2013

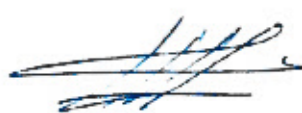
	2013 (Unaudited) SR '000	2012 (Audited) SR '000
	<i>Note</i>	
<b>OPERATING ACTIVITIES</b>		
Income before zakat and income tax and non-controlling interests	178,633	226,204
Adjustments for:		
Depreciation	29,746	29,993
Customs refunds written-off	-	10,100
Amortisation of intangible assets	222	394
Amortisation of administrative fee	476	477
Share of results of associates	(159)	110
Provision for employees' end of service benefits	5,767	7,550
Provision for inventories	50,756	73
Financial charges	19,108	15,662
Gain on disposal of property and equipment	(71)	(388)
	<b>284,478</b>	<b>290,175</b>
Changes in operating assets and liabilities:		
Receivables	(91,723)	(89,359)
Inventories	(65,105)	(44,083)
Payables	1,856	6,807
Cash from operations	<b>129,506</b>	<b>163,540</b>
Financial charges paid	(19,108)	(15,662)
Zakat and income tax paid	(16,477)	(13,141)
Employees' end of service benefits paid	(2,505)	(1,927)
Net cash from operating activities	<b>91,416</b>	<b>132,810</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(31,575)	(40,136)
Proceeds from disposal of property and equipment	462	1,099
Purchase of intangible asset	(31)	-
Purchase of investment in associate	(6,750)	-
Net cash used in investing activities	<b>(37,894)</b>	<b>(39,037)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from term loans	15,895	24,124
Repayment of term loans	(26,587)	(39,967)
Net movement in amounts due to banks	(29,350)	78,154
Net movement in non-controlling interest	-	(2,178)
Dividends paid	-	(140,000)
Net cash used in financing activities	<b>(40,042)</b>	<b>(79,867)</b>
<b>INCREASE IN BANK BALANCES AND CASH</b>	<b>13,480</b>	<b>13,906</b>
Bank balances and cash at the beginning of the period	75,351	61,445
<b>BANK BALANCES AND CASH AT THE END OF THE PERIOD</b>	<b>88,831</b>	<b>75,351</b>

The attached notes 1 to 7 form part of these unaudited interim consolidated financial statements.

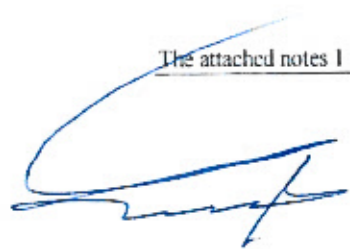
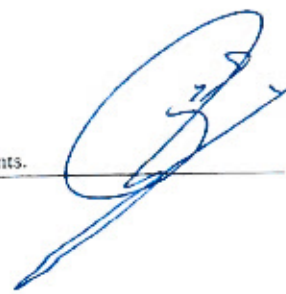
**Al Hassan Ghazi Ibrahim Shaker Company (A Saudi Joint Stock Company)**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
For the twelve-month period ended 31 December 2013

**EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY**

	<i>Share capital SR '000</i>	<i>Statutory reserve SR '000</i>	<i>Retained earnings SR '000</i>	<i>Total SR '000</i>
Balance at 31 December 2011 (audited)	350,000	47,569	83,220	480,789
Net income for the twelve month period ended 31 December 2012	-	-	187,640	187,640
Transfer to statutory reserve	-	18,764	(18,764)	-
Dividends	-	-	(140,000)	(140,000)
Balance at 31 December 2012 (audited)	350,000	66,333	112,096	528,429
Net income for the twelve month period ended 31 December 2013	-	-	125,089	125,089
Transfer to statutory reserve	-	12,508	(12,508)	-
<b>Balance at 31 December 2013 (unaudited)</b>	<b>350,000</b>	<b>78,841</b>	<b>224,677</b>	<b>653,518</b>



The attached notes 1 to 7 form part of these unaudited interim consolidated financial statements.

# Al Hassan Ghazi Ibrahim Shaker Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

### 1 ACTIVITIES

Al Hassan Ghazi Ibrahim Shaker Company (the "Company" (or) the "Parent Company" (or) "HGISC") is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia.

The Ministerial Decision (No. 275), announcing the transfer of the Parent Company from a Limited Liability Company to a Closed Saudi Joint Stock Company, with a share capital of SR 350 million (divided into 35 million shares of SR 10 each), was obtained on 17 Shabaan 1429H, corresponding to 18 August 2008.

As decided by the shareholders of the Parent Company, the Parent Company offered 30% of share capital to public, during subscription period from 26 April 2010 (corresponding to 11 Jumad Awal 1431H) to 2 May 2010 (corresponding to 17 Jumad Awal 1431H). The Parent Company started trading in the stock exchange on 17 May 2010 (corresponding to 3 Jumad Thani 1431H). Accordingly, after successful completion of the IPO (Initial Public Offering Process) the Parent Company was declared a Saudi Joint Stock Company with a share capital of SR 350 million (divided into 35 million shares of SR 10 each).

The Parent Company is engaged in the manufacturing of air-conditioners and 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.

The head office of the Parent Company is located in Riyadh.

### 2 BASIS OF PREPARATION, CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

The 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"). The 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. The interim consolidated financial statements are expressed in Saudi Riyals, being the functional currency of the Parent Company and have been rounded off to the nearest thousand, unless otherwise specified. Certain of the comparative amounts related to three-month and twelve-month periods ended 31 December 2012 have been reclassified to be in line with the presentation in the annual audited financial statement for the year 2012.

The results presented in the interim consolidated financial statements may not be an accurate indicator of the annual financial results.

#### 2.2 BASIS OF CONSOLIDATION

The interim consolidated financial statements comprise the interim financial statements of the Parent Company and its subsidiaries (hereinafter referred to as "Group"), after elimination of all material inter-group transactions and balances. Details of the subsidiaries are as follows:

<i>Name</i>	<i>Principal field of activity</i>	<i>% of capital held (directly or indirectly)</i>	
		<i>2013</i>	<i>2012</i>
New Vision for Electronics and Electrical Appliances Company (see note (a) below)	Import, export and maintenance of electrical and home appliances	60%	60%
LG Shaker Company Limited (see note (b) below)	Manufacture of air conditioners	51%	51%
Ibrahim Shaker Company Limited (see notes (c) and (d) below)	Wholesale of household appliances	100%	100%
Ibrahim Hussein Shaker Projects and Maintenance Company Limited (see notes (c) and (d) below)	Import, export and marketing services	100%	100%

**2 BASIS OF PREPARATION, CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.2 BASIS OF CONSOLIDATION (continued)**

- a) On 26 July 2010, the Parent Company subscribed 50% shareholding in New Vision for Electronics and Electrical Appliances Company ("New Vision"), registered in Jordan. With effect from 7 October 2012, the Parent Company shareholding in New Vision has increased from 50% to 60%, as a result of transferring of required balance from partner credit account in New Vision, classified as equity, to capital. The consolidated statement of income in these interim consolidated financial statements includes the results of operations of New Vision, for the three-month and twelve-month periods ended 31 December 2013 and the consolidated balance sheet includes the assets and liabilities of New Vision, as at 31 December 2013. The Parent Company has control over the operations and management of New Vision. Hence, New Vision has been considered as a subsidiary and consolidated in these interim consolidated financial statements.
- b) The consolidated statement of income in these interim consolidated financial statements includes the results of operations of LG Shaker Company Limited ("LG Shaker"), for the three-month and twelve-month periods ended 31 December 2013, and the consolidated balance sheet includes the assets and liabilities of LG Shaker, as at 31 December 2013.

According to the agreement signed between HGISC and LG Electronics Inc. to establish LG Shaker in 2006, LG Electronics Inc. has a call option to buy additional 2% shareholding in LG Shaker. During the year, LG Electronics Inc. decided to exercise the aforementioned option and signed a Sale Purchase Agreement ("SPA Agreement") with HGISC. Based on the SPA Agreement, LG Electronics Inc. agreed to buy and HGISC agreed to sell 2% of the net book value of the shareholding in LG Shaker related to HGISC. The effective date of the SPA Agreement is dependent on the completion of the legal formalities, including approval from regulatory authorities in Kingdom of Saudi Arabia.

The legal formalities for transferring 2% of the shareholding to LG Electronics Inc. were still under process at 31 December 2013 and have not been completed as at the issue date of these interim consolidated financial statements. Accordingly, HGISC still holds 51% shareholding in LG Shaker, as at 31 December 2013 and has control over the operations and management of the entity. Hence, LG Shaker continued to be considered a subsidiary and consolidated in these interim consolidated financial statements.

- c) With effect from 1 January 2007, the Parent Company purchased a 90% shareholding in Ibrahim Shaker Company Limited ("ISCL") and Ibrahim Hussein Shaker Projects and Maintenance Company Limited ("IHSCL"). The remaining 10% of the shareholding in ISCL is held by IHSCL, and the remaining 10% of the shareholding in IHSCL is held by ISCL. As such the Parent Company owns 100% of the shareholdings in ISCL and IHSCL directly or indirectly. Therefore, these subsidiaries have been treated as fully owned subsidiaries of the Parent Company in these interim consolidated financial statements.
- d) The consolidated statement of income in these interim consolidated financial statements also includes the results of operations of ISCL and IHSCL for the three-month and twelve-month periods ended 31 December 2013 and the consolidated balance sheet includes the assets and liabilities of ISCL and IHSCL as at 31 December 2013.

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

<i>Name</i>	<i>Principal field of activity</i>	<i>Percentage of holding</i>	
		<i>2013</i>	<i>2012</i>
Shaker Electronic and Appliances Lebanon Company ("SEALCO")	Trading of electrical and home appliances	20%	20%
Energy Management Services Emirates LLC ("EMS")	Providing technical support for energy control devices and consultancy services	20%	-



**2 BASIS OF PREPARATION, CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES**  
(continued)

**2.3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted by the Parent Company and its subsidiaries (the "Group") for the preparation of the interim consolidated financial statements are in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia and are consistent with those used for the preparation of the annual financial statements.

**Subsidiaries**

Subsidiaries are companies in which the Parent Company has, directly or indirectly, long term investment comprising an interest of more than 50% in the voting capital or over which it exerts control. Subsidiaries are consolidated from the date the Parent Company obtains control until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets that are not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet, separately from Parent Company shareholders' equity.

**Zakat and income tax**

Zakat and income tax is provided for in accordance with Saudi Arabian fiscal regulations. Since the Parent Company is wholly owned by Saudi shareholders, the provision is charged to the consolidated statement of income.

Al Hassan Ghazi Ibrahim Shaker Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

**3 INVESTMENT IN ASSOCIATES**

Investment in associates is carried in the consolidated balance sheet at cost adjusted by the changes in the Parent Company's share of net assets of the associates. Details of Company's investment in associates are as follows:

<i>Name</i>	<i>Country of incorporation</i>	<i>2013 SR'000</i>	<i>2012 SR'000</i>
Shaker Electronic and Appliances Lebanon Company ("SEALCO") (see note (i) below)	Beirut - Lebanon	<b>4,815</b>	4,671
Energy Management Services Emirates LLC ("EMS") (see note (ii) below)	Dubai- United Arab Emirates	<b>6,765</b>	-
<b>Total</b>		<b>11,580</b>	4,671

Movement in investment in associates during the period ended 31 December was as follows:

**i) Shaker Electronic and Appliances Lebanon Company**

	<i>2013 SR'000</i>	<i>2012 SR'000</i>
At 1 January	4,671	4,781
Share of results for the year	144	(110)
At 31 December	<b>4,815</b>	4,671

During the year 2009, the Company acquired a 20% shareholding in SEALCO, a company registered in Lebanon.

**ii) Energy Management Services Emirates LLC**

	<i>2013 SR'000</i>	<i>2012 SR'000</i>
At 1 January	-	-
Acquisition cost (see note below)	6,000	-
Addition during the year	750	-
Share of results for the year	15	-
At 31 December	<b>6,765</b>	-

During the year, the Company acquired 20% shareholding in EMS for an aggregate consideration of US\$ 1.6 million (SR 6 million). Furthermore, the Company also contributed additional US\$ 200 thousand (SR 750 thousand) towards the increase in capital of EMS, representing its 20% share.

# Al Hassan Ghazi Ibrahim Shaker Company (A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

### 4 DUE TO BANKS AND TERM LOANS

	2013 SR'000	2012 SR'000
(a) <i>Due to banks:</i>		
Overdraft	3,199	3,535
Short term loans (see notes (i) and (ii) below)	362,950	331,761
Notes payable	16,596	76,799
	<u>382,745</u>	<u>412,095</u>
(b) <i>Term loans:</i>		
Balance outstanding as at 31 December (see notes (ii) to (iv) below)	60,082	70,774
Unamortised portion of administration fees paid in advance (see note (iii) below)	(1,676)	(2,152)
	<u>58,406</u>	<u>68,622</u>
Balance of term loan as at 31 December	58,406	68,622
Less: Long term portion of term loans	(40,831)	(42,511)
	<u>17,575</u>	<u>26,111</u>

- i) The short term loans include loan obtained by the subsidiary company, LG Shaker Company Limited, which are guaranteed by promissory notes on demand signed by the partners of LG Shaker Company Limited and secured by corporate guarantees of the partners of LG Shaker Company Limited. These short term loans carry commission at commercial rates. Also included in the short term loans, loans obtained by the Parent Company which is part of Islamic financing facilities arranged with local banks, secured by promissory notes on demand issued by the Parent Company.
- ii) The subsidiary company, LG Shaker Company Limited, has obtained short-term and long-term borrowing facilities from local banks which bear financial charges at prevailing market rates based on Saudi inter-bank offer rate ("SIBOR"). Such facilities provide for loans, letters of credit and guarantee and notes payable for bills of exchange to finance working capital. The aggregate maturities of these loans, based on their respective repayment schedules, are spread in 2011 through 2015. The borrowing facilities under the agreement are secured by corporate guarantees of the partners of LG Shaker Company Limited.
- iii) During 2010, the subsidiary company, LG Shaker Company Limited, has signed an agreement with Saudi Industrial Development Fund ("SIDF") for a loan of SR 46.8 million, which is fully withdrawn. The outstanding balance of SIDF loan amounting to SR 32.9 million, as at 31 December 2013, is included in the term loan balance of SR 58.4 million. The SIDF loan was received net of an administration charge amounting to SR 3.5 million, which is being amortized over the term of loan on Effective Interest Rate ("EIR") method. The SIDF loan is secured by mortgage over fixed assets including land of that subsidiary, and corporate guarantees of the partners of LG Shaker Company Limited.
- iv) During the year, the subsidiary company, New Vision Company Limited, has obtained a long term facility from a local bank, for SR 15.9 million, which was fully withdrawn. The loan is repayable over 48 equal monthly instalments, commencing May 2014. The loan bears financing charges at the prevailing market rates. The outstanding balance of SR 15.9 million is included in the term loan balance SR 58.4 million. The borrowing facilities under the agreement are secured by corporate and personal guarantees of the partners of New Vision Company Limited.

### 5 (LOSS)/ EARNINGS PER SHARE

(Loss)/ Earnings per share on (loss)/ income from main operations is calculated by dividing (loss)/ income from main operations by weighted average number of shares in issue during the period.

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

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

Al Hassan Ghazi Ibrahim Shaker Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2013

6 OPERATING SEGMENT INFORMATION

The management views the activities of the Group's operations under two business units, as detailed below:

	<i>For the twelve-month period ended 31 December 2013</i>		
	<i>LG</i>	<i>Non - LG</i>	<i>Total</i>
	<i>Air-Conditioners and home appliances SR'000</i>	<i>Air-Conditioners and products SR'000</i>	<i>SR'000</i>
Sales	1,395,869	345,150	1,741,019
Cost of sales	996,572	244,936	(1,241,508)
Gross profit	399,297	100,214	499,511
Un-allocated expenses and income:			
Selling and distribution			(184,790)
General and administration			(118,290)
Other income			1,151
Financial charges			(19,108)
Share of result of associates			159
Zakat and income tax			(21,981)
Net income before non-controlling interests			156,652

	<i>For the twelve-month period ended 31 December 2012</i>		
	<i>LG</i>	<i>Non - LG</i>	<i>Total</i>
	<i>Air-Conditioners and home appliances SR'000</i>	<i>Air-Conditioners and products SR'000</i>	<i>SR'000</i>
Sales	1,413,185	324,726	1,737,911
Cost of sales	(984,619)	(233,607)	(1,218,226)
Gross profit	428,566	91,119	519,685
Un-allocated expenses and income:			
Selling and distribution			(170,938)
General and administration			(109,211)
Other income			2,440
Financial charges			(15,662)
Share of result of an associate			(110)
Zakat and income tax			(16,658)
Net income before non-controlling interests			209,546

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

7 BOARD OF DIRECTORS' APPROVAL

These unaudited interim consolidated financial statements have been approved by the Board of Directors on 21 January 2014, corresponding to 20 Rabi Awal 1435H.