

**ZAMIL INDUSTRIAL INVESTMENT COMPANY
(JOINT STOCK COMPANY) AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2004

AUDITORS' REPORT TO THE SHAREHOLDERS OF ZAMIL INDUSTRIAL INVESTMENT COMPANY (JOINT STOCK COMPANY)

We have audited the accompanying consolidated balance sheet of Zamil Industrial Investment Company (the parent company - Joint Stock Company) and its subsidiaries as at 31 December 2004 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the year then ended. These consolidated financial statements are the responsibility of the board of directors of the parent company and have been prepared by them in accordance with the provision of Article 123 of the Regulation for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the consolidated financial statements.

In our opinion, the consolidated financial statements taken as a whole:-

- i) present fairly, in all material respects, the consolidated financial position of the parent company and its subsidiaries as at 31 December 2004 and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.
- ii) comply with the requirements of the Regulations for Companies and the parent company's articles of association in so far as they affect the preparation and presentation of the consolidated financial statements.

for Ernst & Young

Abdulaziz S Alshubaibi
Certified Public Accountant
Registration No. 339

29 Dhu Al Hijjah, 1425
February 9, 2005



for Deloitte & Touche
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Zamil Industrial Investment Company (Joint Stock Company) and its Subsidiaries

CONSOLIDATED BALANCE SHEET

As At 31 December 2004

	Note	2004 SR 000	2003 SR 000
ASSETS EMPLOYED			
PROPERTY, PLANT AND EQUIPMENT	3	322,905	312,323
INVESTMENTS	4	33,544	-
GOODWILL ON ACQUISITION	5	5,054	5,354
DEFERRED CHARGES	6	7,267	20,537
CURRENT ASSETS			
Inventories	7	833,920	519,541
Accounts receivable and prepayments	8	618,710	501,653
Amounts due from related parties	9	10,345	6,947
Cash and cash equivalents		78,938	60,581
		<u>1,541,913</u>	<u>1,088,722</u>
CURRENT LIABILITIES			
Notes and accounts payable and accruals	10	1,083,251	724,283
Amounts due to related parties	9	6,527	5,073
Advances from customers		59,564	42,303
Bank overdrafts		3,687	4,229
Short term loans	11	116,658	64,841
Current portion of term loans	15	19,275	18,516
		<u>1,288,962</u>	<u>859,245</u>
NET CURRENT ASSETS		<u>252,951</u>	<u>229,477</u>
		<u>621,721</u>	<u>567,691</u>
FUNDS EMPLOYED			
SHAREHOLDERS' EQUITY			
Share capital	13	350,000	300,000
Statutory reserve	14	51,943	44,927
Retained earnings		55,088	35,049
Proposed cash dividends	16	42,000	18,000
Proposed stock dividends	16	-	50,000
Unrealised gains on investments		7,975	-
Translation loss on consolidation		(12,057)	(10,727)
		<u>494,949</u>	<u>437,249</u>
MINORITY INTERESTS	17	<u>18,361</u>	<u>10,122</u>
		<u>513,310</u>	<u>447,371</u>
NON CURRENT LIABILITIES			
Term loans	15	45,575	62,346
Long term payables		103	1,381
Employees' terminal benefits		62,733	56,593
		<u>108,411</u>	<u>120,320</u>
		<u>621,721</u>	<u>567,691</u>

The attached notes 1 to 24 form part of these consolidated financial statements.

Zamil Industrial Investment Company (Joint Stock Company) and its Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

Year Ended 31 December 2004

	Note	2004 SR 000	2003 SR 000
Net sales		1,966,671	1,561,238
Cost of sales		1,561,751	1,233,397
GROSS PROFIT		404,920	327,841
EXPENSES			
Selling and distribution	18	179,982	149,347
General and administration	19	120,853	103,105
Amortisation of goodwill on acquisition	5	300	300
Amortisation of deferred charges	6	14,328	14,097
		315,463	266,849
INCOME FROM MAIN OPERATIONS		89,457	60,992
Other income	20	21,820	20,487
Financial charges		(26,108)	(21,087)
INCOME BEFORE ZAKAT, TAXES AND MINORITY INTERESTS		85,169	60,392
Foreign taxes		(428)	(790)
Net minority interests in results of subsidiaries		(7,883)	(3,372)
INCOME BEFORE ZAKAT		76,858	56,230
Zakat	12	6,703	6,020
NET INCOME FOR THE YEAR		70,155	50,210
Earning per share (Saudi Riyals)		10.02	7.17

The attached notes 1 to 24 form part of these consolidated financial statements.

Zamil Industrial Investment Company (Joint Stock Company) and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 31 December 2004

	Note	2004 SR 000	2003 SR 000
OPERATING ACTIVITIES			
Consolidated income before zakat, taxes and minority interests		85,169	60,392
Adjustments for:			
Depreciation	3	46,776	42,111
Profit on sale of property, plant and equipment		(255)	(35)
Amortisation of deferred charges	6	14,328	14,097
Amortisation of goodwill on acquisition	5	300	300
		<u>146,318</u>	<u>116,865</u>
Changes in operating assets and liabilities:			
Inventories		(314,379)	(92,069)
Receivables		(120,455)	(54,441)
Payables		375,283	144,194
Cash from operations		<u>86,767</u>	<u>114,549</u>
Employees' terminal benefits, net		6,140	9,206
Zakat and foreign taxes paid		(7,109)	(7,186)
Net cash from operating activities		<u>85,798</u>	<u>116,569</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	(60,606)	(90,574)
Proceeds from sale of property, plant and equipment		465	751
Deferred charges		(237)	(2,242)
Investments (acquired)/disposed		(25,569)	1,950
Net cash used in investing activities		<u>(85,947)</u>	<u>(90,115)</u>
FINANCING ACTIVITIES			
Bank overdrafts		(542)	664
Dividends paid		(18,000)	(36,000)
Term loans obtained		6,204	29,349
Repayment of term loans		(22,216)	(14,339)
Change in short term loans		51,817	(18,358)
Minority interests, net		356	(2,559)
Net cash from (used in) financing activities		<u>17,619</u>	<u>(41,243)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		17,470	(14,789)
Cash and cash equivalents, at the beginning of the year		60,581	76,027
Movement in translation difference - net		887	(657)
CASH AND CASH EQUIVALENTS, AT THE END OF THE YEAR		<u>78,938</u>	<u>60,581</u>

The attached notes 1 to 24 form part of these consolidated financial statements.

Zamil Industrial Investment Company (Joint Stock Company) and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY Year Ended 31 December 2004

	Share capital SR 000	Statutory reserve SR 000	Retained earnings SR 000	Proposed cash dividends SR 000	Proposed stock dividends SR 000	Unrealised gains on investments SR 000	Translation loss on consolidation SR 000	Total SR 000
Balance at 31 December 2002	300,000	39,906	58,860	36,000	-	-	(10,070)	424,696
Consolidated net income for the year	-	-	50,210	-	-	-	-	50,210
Transfer to statutory reserve	-	5,021	(5,021)	-	-	-	-	-
Directors' remuneration	-	-	(1,000)	-	-	-	-	(1,000)
Dividends paid	-	-	-	(36,000)	-	-	-	(36,000)
Cash dividends proposed (note 16)	-	-	(18,000)	18,000	-	-	-	-
Stock dividends proposed (note 16)	-	-	(50,000)	-	50,000	-	-	-
Movement during the year	-	-	-	-	-	-	(657)	(657)
Balance at 31 December 2003	300,000	44,927	35,049	18,000	50,000	-	(10,727)	437,249
Increase in share capital (note 16)	50,000	-	-	-	(50,000)	-	-	-
Consolidated net income for the year	-	-	70,155	-	-	-	-	70,155
Transfer to statutory reserve	-	7,016	(7,016)	-	-	-	-	-
Directors' remuneration	-	-	(1,100)	-	-	-	-	(1,100)
Dividends paid	-	-	-	(18,000)	-	-	-	(18,000)
Dividends proposed (note 16)	-	-	(42,000)	42,000	-	-	-	-
Unrealized gains on investments	-	-	-	-	-	7,975	-	7,975
Movement during the year	-	-	-	-	-	-	(1,330)	(1,330)
Balance at 31 December 2004	350,000	51,943	55,088	42,000	-	7,975	(12,057)	494,949

The attached notes 1 to 24 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2004

1. STATUS AND ACTIVITIES

Zamil Industrial Investment Company was converted into a closed Joint Stock Company in accordance with Ministerial Resolution 407 dated 14.3.1419H (corresponding to 8 July 1998). Prior to that, the company was operating as a Limited Liability Company under the name of Zamil Steel Buildings Company Limited. On 9 February 2002, the company was officially listed on the Saudi Stock Exchange.

The company is registered in Saudi Arabia under Commercial Registration number 2050004215.

The consolidated financial statements include the financial statements of the company's head office, its branches and its subsidiaries as listed below:

Branches:

- Zamil Steel Industries, engaged in the manufacture and erection of steel buildings, transmission line towers and structural steel products.
- Zamil Air Conditioners, engaged in the manufacture and assembly of room and central air conditioners and other related activities.
- Zamil Glass Industries, engaged in the production of glass and mirrors.

Subsidiaries:

	Ownership percentage
Universal Building Systems Limited - Jersey	100
Zamil Steel Buildings Company - Egypt	100
Zamil Steel Building (Shanghai) Company Limited	100
Cooline Europe Holdings GmbH- Austria (Formerly, Universal Airconditioning Technology)	100
Clima Tech Airconditioners GmbH - Austria	100
Zamil Steel, Polska – Poland	100
Zamil Steel Engineering India Private Limited	100
Zamil Steel Buildings - Vietnam Company Limited	90
Geoclina S.r.l. – Italy	85
Canam Asia Limited	65
Middle East Airconditioners Company Limited - Saudi Arabia	51

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies adopted are as follows:

Basis of consolidation

Entities controlled by the company are classified as subsidiaries and consolidated regardless of the country of their registration. Significant inter-company accounts and transactions are eliminated upon consolidation.

Minority interests principally represent the interest in Zamil Steel Buildings - Vietnam Company Limited, Middle East Airconditioners Company Limited, Canam Asia Limited and Geoclima S.r.l., not held by the company.

Subsidiaries have been consolidated based on their financial statements for the year ended 31 December, with the exception of Middle East Airconditioners Company Limited, whose financial year ends on 30 September.

Accounting convention

The consolidated financial statements are prepared under the historical cost convention.

Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of a subsidiary at the date of acquisition. Goodwill is amortised using the straight-line method over a maximum period of 20 years during which benefits are expected to be received.

Property, plant and equipment/depreciation

All property, plant and equipment are recorded at cost. Depreciation is provided on property, plant and equipment at rates calculated to write off the cost of each asset over its expected useful life.

Expenditure for repair and maintenance are charged to income. Improvements that increase the value or materially extend the life of the related assets are capitalised.

Deferred charges

Expenses which have a long term future benefit are treated as deferred charges and are amortised over the estimated periods of benefit not exceeding five years.

Investments

Investments in financial instruments are classified according to the company's intent with respect to those securities. Financial instruments held to maturity are stated at amortized cost, adjusted for the related premium or discount. Financial instruments held for trading are stated at fair value, and unrealized gains and losses thereon are included in the statement of income. Financial instruments available for sale are stated at fair value, and unrealized gains and losses thereon are included in shareholders' equity. Where the fair value is not readily determinable, such financial instruments are stated at cost less allowance for impairment in value.

An associate is an enterprise over which the Company is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee. The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. The carrying amount of such investments is reduced to recognize any impairment in the value of the individual investments.

Income from the investments in financial instruments is recognized when dividends are received.

Inventories

Inventories are stated at the lower of cost and market value. Cost is determined as follows:

Raw materials	-	Purchase cost on weighted average basis.
Work in progress and finished goods	-	Cost of direct materials and labour plus attributable overheads.

Accounts receivable

Accounts receivable include sales made on trade credit which are outstanding at the balance sheet date, net of provision for amounts estimated to be uncollectible.

Warranties

Amounts are accrued on an estimated basis to meet possible future costs under warranty commitments.

Zakat and income tax

Zakat is provided for in accordance with Saudi Arabian fiscal regulations as well as foreign fiscal authorities in which the company's foreign subsidiaries operate. The liabilities are charged direct to the statement of income.

Income tax relates to foreign subsidiaries in their respective countries.

Employees' terminal benefits

Provision is made for amounts payable under the Saudi Arabian Labour Law applicable to employees' accumulated periods of service at the balance sheet date.

Revenue recognition

Net sales represent the invoiced value of goods supplied, services rendered and work executed by the company and its subsidiaries during the year. For central air conditioning jobs, revenue and proportionate profit are recognised when the outcome of the contract can be determined with reasonable certainty on a percentage of completion basis. If losses are foreseen, they are provided for in full.

Expenses

Selling and distribution expenses are those that specifically relate to salesmen, warehousing and delivery vehicles as well as provision for doubtful debts. All other expenses are classified as general and administration expenses.

Foreign currencies

Transactions in foreign currencies are recorded in Saudi Riyals at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of income.

Financial statements of foreign operations are translated into Saudi Riyals using the exchange rate at the balance sheet date for assets and liabilities and the average exchange rate for revenues, expenses, gains and losses. Components of equity, other than retained earnings, are held at the historical rates. Translation adjustments are recorded as a separate component of shareholders' equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-Continued

31 December 2004

3. PROPERTY, PLANT AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Buildings on leasehold land	20 to 40 years
Plant, equipment, furniture, fixtures and vehicles	2 to 20 years

	<i>Freehold land SR 000</i>	<i>Buildings on leasehold land SR 000</i>	<i>Plant, equipment, furniture, fixtures and vehicles SR 000</i>	<i>Capital work in progress SR 000</i>	<i>Total 2004 SR 000</i>	<i>Total 2003 SR 000</i>
Cost:						
At the beginning of the year	7,213	217,231	521,620	41,829	787,893	707,482
Additions	-	7,179	39,189	14,238	60,606	90,574
Disposals	-	(927)	(18,859)	-	(19,786)	(10,070)
Transfers	-	16,408	23,101	(40,330)	(821)	-
Translation loss	(429)	(176)	(2,515)	-	(3,120)	(93)
At the end of the year	6,784	239,715	562,536	15,737	824,772	787,893
Depreciation:						
At the beginning of the year	-	116,258	359,312	-	475,570	442,906
Charge for the year	-	8,756	38,020	-	46,776	42,111
Disposals	-	(926)	(18,650)	-	(19,576)	(9,354)
Translation loss	-	291	(1,194)	-	(903)	(93)
At the end of the year	-	124,379	377,488	-	501,867	475,570
Net book amounts:						
At 31 December 2004	6,784	115,336	185,048	15,737	322,905	-
At 31 December 2003	7,213	100,973	162,308	41,829	-	312,323

Capital work in progress represents the cost incurred in respect of a new building site and plant and machinery acquired for general modernisation in the plant in progress at the year end.

4. INVESTMENTS

	2004 SR 000	2003 SR 000
Investment in listed companies	21,811	-
Unrealised gain on revaluation	7,975	-
Available for sale investments	29,786	-
Investment in an associate	3,758	-
	33,544	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-Continued

31 December 2004

The investment in an associate represents the Company's 27.5% share in Saudi Aerated Concrete Industrial Company (a Saudi Limited Liability Company). The investee company is still under the development stage and its principal activity is the production of aerated concrete blocks and partitions. Since the fair value is not readily determinable, the carrying value of this investment is considered to be its fair value.

5. GOODWILL ON ACQUISITION

	2004 SR 000	2003 SR 000
At the beginning of the year	5,354	5,654
Amortised during the year	(300)	(300)
At the end of the year	<u>5,054</u>	<u>5,354</u>

6. DEFERRED CHARGES

	2004 SR 000	2003 SR 000
At the beginning of the year	20,537	32,392
Incurred during the year	1,058	2,242
Amortised during the year	(14,328)	(14,097)
At the end of the year	<u>7,267</u>	<u>20,537</u>

7. INVENTORIES

	2004 SR 000	2003 SR 000
Materials, supplies and stores	567,810	310,187
Work in progress	29,308	16,735
Finished goods	161,684	120,678
Goods in transit	75,118	71,941
	<u>833,920</u>	<u>519,541</u>

8. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2004 SR 000	2003 SR 000
Trade accounts and notes receivable	525,618	424,921
Prepaid expenses	12,416	20,715
Retentions receivable	24,111	16,976
Advances, deposits and other receivables	56,565	39,041
	<u>618,710</u>	<u>501,653</u>

9. RELATED PARTY TRANSACTIONS AND BALANCES

The following are the details of major related party transactions during the year:

	2004	2003
	SR 000	SR 000
Companies affiliated to Al Zamil Group:		
Purchase of goods and services	42,553	44,336
Sale of goods and services	21,601	17,449

The company also paid SR 1.97 million (2003: SR 1.81 million) to certain directors as salary and other benefits in their capacity as executives of the company.

Directors' fee amounted to SR 1.1 million (2003: SR 1 million).

Prices and terms of payment for these transactions are approved by the directors.

Amounts due from and due to related parties are shown in the consolidated balance sheet under current assets and current liabilities respectively and consist of amounts due from/to Al Zamil Group of companies.

10. NOTES AND ACCOUNTS PAYABLE AND ACCRUALS

	2004	2003
	SR 000	SR 000
Trade accounts payable	180,074	172,130
Notes payable under Morabaha finances	740,556	466,664
Other notes payable	3,279	2,956
Accrued contractual costs	36,268	13,732
Accrued expenses	114,874	60,623
Zakat payable (note 12)	8,200	8,178
	1,083,251	724,283

11. SHORT TERM LOANS

Short term loans are for a duration of less than one year with an option to roll over. They carry commission at commercial rates.

12. ZAKAT

Charge for the year

The zakat charge for the year consists of:

	2004 SR 000	2003 SR 000
Current year provision	<u>6,703</u>	<u>6,020</u>

The current year's provision is based on the following:

	2004 SR 000	2003 SR 000
Equity	432,486	400,976
Opening provisions and other adjustments	72,202	114,825
Book value of long term assets	<u>(358,537)</u>	<u>(350,435)</u>
	146,151	165,366
Zakatable profit for the year	<u>64,499</u>	<u>45,410</u>
Zakat base	<u>210,650</u>	<u>210,776</u>

The differences between the financial and the zakat results are mainly due to elimination of the Company's share of profit in foreign subsidiaries which are consolidated in the financial statements and adjustments for certain costs/claims based on the relevant fiscal regulations.

Movements in provision for zakat during the year

The movement in the zakat provision was as follows:

	2004 SR 000	2003 SR 000
At the beginning of the year	8,178	8,554
Provided during the year	6,703	6,020
Payments during the year	<u>(6,681)</u>	<u>(6,396)</u>
At the end of the year	<u>8,200</u>	<u>8,178</u>

Status of assessments

Zakat assessments have been agreed with the Department of Zakat and Income Tax (DZIT) up to 2003.

13. SHARE CAPITAL

Share capital is divided into 7,000,000 shares of SR 50 each (2003: 6,000,000 shares).

14. STATUTORY RESERVE

As required by Saudi Arabian Regulations for Companies, 10% of the net income for the year has been transferred to the statutory reserve. The company may resolve to discontinue such transfers when the reserve totals 50% of the share capital. The reserve is not available for distribution.

15. TERM LOANS

	2004 SR 000	2003 SR 000
Loan No. 1	16,492	22,283
Loan No. 2	-	2,576
Loan No. 3	40,672	42,560
Loan No. 4	-	2,925
Loan No. 5	7,620	10,518
Loan No. 6	66	-
Less: current portion	(19,275)	(18,516)
	45,575	62,346

Loan No. 1 is repayable in US Dollars by six annual instalments commencing on 31 May 2002. The loan carries commission at normal commercial rates and is secured by a mortgage over certain assets of Zamil Steel Buildings - Vietnam Company Limited together with corporate guarantees from the company and the minority interest partner.

Loan No. 2 represents the medium term loan obtained in 2002. The remaining balance of the loan was settled in 2004.

Loan No. 3 represents the loans obtained by Zamil Steel Industries, Zamil Air Conditioners and Zamil Glass Industries from Saudi Industrial Development Fund (SIDF). The total amount of loans sanctioned by SIDF for these branches was SR 93.9 million. These loans carry appraisal fees which are being amortised over the terms of the loans and are repayable in 8 to 14 semi-annual unequal instalments, the last being payable on 15 Shawwal 1432H (corresponding to 14 September 2011). The loan agreements also contain certain covenants in respective of maintenance of financial ratios.

Loan No. 4 represents a medium term loan of SR 4.5 million approved by a local commercial bank to Canam Asia Limited. The loan has been obtained to finance the working capital requirements and the company drew down SR 2.9 million in 2003. The loan was originally repayable in five semi-annual equal instalments of SR 0.8 million each commencing from 30 September 2004 and carries commission at normal commercial rates. The loan is covered by an order note and a corporate guarantee by the shareholders of Canam Asia Limited. During 2004, the medium term loan has been converted into a short term loan by the bank.

Loan No. 5 is repayable by equal quarterly instalments in Euro. The final instalment is due in 2008. The loan carries commission at normal commercial rates and is covered by guarantees provided by the company's bankers.

Loan No. 6 represents a loan obtained by Zamil Steel Engineering India Private Ltd in the amount of SR 92,000 from a bank and is secured by a mortgage of machineries. The loan is repayable in 36 equal monthly instalments and carries commission at normal commercial rates.

Loan instalments due in 2005 are shown as a current liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-Continued

31 December 2004

16. PROPOSED DIVIDENDS

The Board of directors has proposed cash dividends amounting to SR 42 million being 12% of share capital (2003: Cash dividends of SR 18 million being 6% of share capital and stock dividends amounting to SR 50 million (one share for every 6 shares) being 16.66% of share capital) for the approval of shareholders in the annual general meeting.

17. MINORITY INTERESTS

Minority interests are as follows:

	2004	2003
	%	%
Middle East Airconditioners Company Limited	49	49
Geoclima S.r.l.	15	15
Canam Asia Limited	35	35
Zamil Steel Buildings - Vietnam Company Limited	10	10

18. SELLING AND DISTRIBUTION EXPENSES

	2004	2003
	SR 000	SR 000
Employee costs	82,806	71,280
Advertising and sales promotion	20,415	24,100
Services	18,004	8,679
Rent and utilities	4,692	5,704
Transportation, business travel and entertainment	20,816	10,844
Depreciation	5,119	5,110
Repairs and maintenance	878	1,396
Others	27,252	22,234
	179,982	149,347

19. GENERAL AND ADMINISTRATION EXPENSES

	2004	2003
	SR 000	SR 000
Employee costs	63,903	60,882
Depreciation	9,313	8,445
Services	21,331	13,921
Supplies	3,730	5,179
Others	22,576	14,678
	120,853	103,105

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS-Continued

31 December 2004

20. OTHER INCOME

	2004 SR 000	2003 SR 000
Scrap sales and miscellaneous	21,565	20,452
Profit on sale of property, plant and equipment	255	35
	21,820	20,487

21. SEGMENTAL ANALYSIS

(a) Analysis of sales, operating income and net assets by activities:

	Sales SR 000		Operating Income/ (losses) SR 000		Net assets SR 000	
	2004	2003	2004	2003	2004	2003
Air Conditioner industry	843,308	810,849	35,891	44,734	303,592	300,461
Steel Industry	1,074,558	696,879	78,347	27,506	200,431	135,522
Glass Industry	48,805	53,510	(18,683)	(10,667)	(18,875)	1,266
Others	-	-	(6,098)	(581)	9,801	-
	1,966,671	1,561,238	89,457	60,992	494,949	437,249

(b) Analysis of sales, and operating income by geographical location:

	Sales SR 000		Operating Income SR 000	
	2004	2003	2004	2003
Saudi Arabia:				
Local sales	697,980	854,935	29,617	30,986
Export sales	896,354	478,322	38,045	17,124
Total sales of Saudi Arabia	1,594,334	1,333,257	67,662	48,110
Other Asian countries	188,954	105,308	10,464	6,996
Africa	115,589	65,652	12,689	6,330
Europe	67,794	57,021	(1,358)	(444)
	1,966,671	1,561,238	89,457	60,992

The board of directors have taken appropriate measures to improve the performance of Zamil Glass Division, and have agreed to support the Division to ensure that it operates as a going concern.

22. CONTINGENT LIABILITIES

The company's bankers have issued on behalf of the company performance bonds in respect of certain contracts amounting to SR 206 million (2003: SR 150 million).

23. CAPITAL COMMITMENTS

The directors have approved future capital expenditure amounting to SR 60.0 million (2003: SR 56.7 million).

24. COMPARATIVE FIGURES

Certain prior year amounts have been reclassified to conform with the presentation in the current year.