

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

**Unaudited condensed consolidated  
Interim financial information for  
the three-month period  
ended March 31, 2022 and review report**

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2022**

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### *Report on review of interim financial information*

To the shareholders of AL HASSAN GHAZI IBRAHIM SHAKER COMPANY  
(A Saudi Joint Stock Company)

#### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Al Hassan Ghazi Ibrahim Shaker Company (the "Company") and its subsidiaries (collectively referred to as the "Group") as at March 31, 2022 and the related condensed consolidated interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-months period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard No.34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

#### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

#### **PricewaterhouseCoopers**

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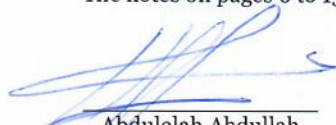
Ali A. Alotaibi  
License Number 379

May 22, 2022

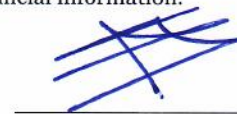
**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated interim statement of financial position**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

		March 31, 2022	December 31, 2021	January 01, 2021
	Note	(Unaudited)	(Audited)	(Restated) (Audited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment	3	195,383	197,345	212,860
Right of use of assets		6,843	8,479	11,337
Intangible assets and goodwill	4	11,864	12,010	12,784
Trade and other receivables	7	12,662	13,285	11,284
Investment in an associate	5, 20	448,689	442,395	419,154
<b>Total non-current assets</b>		<b>675,441</b>	<b>673,514</b>	<b>667,419</b>
<b>Current assets</b>				
Inventories	6	344,885	349,959	296,061
Trade and other receivables	7,20	441,111	372,572	321,891
Prepayments and other debt balances	8,20	47,550	40,007	30,315
Cash and cash equivalents	9	61,934	53,020	79,906
<b>Total current assets</b>		<b>895,480</b>	<b>815,558</b>	<b>728,173</b>
<b>Total assets</b>		<b>1,570,921</b>	<b>1,489,072</b>	<b>1,395,592</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		630,000	630,000	630,000
Statutory reserve		140,937	140,937	140,937
Accumulated losses	20	(134,006)	(148,002)	(175,556)
Equity attributable to owners of the Company		636,931	622,935	595,381
Non-controlling interests		13,363	13,650	13,073
<b>Total equity</b>		<b>650,294</b>	<b>636,585</b>	<b>608,454</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Lease liabilities and borrowings	10	66,218	74,603	109,936
Employee benefits obligation		22,825	22,527	25,070
<b>Total non-current liabilities</b>		<b>89,043</b>	<b>97,130</b>	<b>135,006</b>
<b>Current liabilities</b>				
Lease liabilities and borrowings	10	399,703	412,494	278,228
Trade and other payables		409,933	324,361	342,705
Zakat and income tax liabilities	11	8,890	6,343	19,370
Warranty provisions		13,058	12,159	11,829
<b>Total current liabilities</b>		<b>831,584</b>	<b>755,357</b>	<b>652,132</b>
<b>Total liabilities</b>		<b>920,627</b>	<b>852,487</b>	<b>787,138</b>
<b>Total equity and liabilities</b>		<b>1,570,921</b>	<b>1,489,072</b>	<b>1,395,592</b>

The notes on pages 6 to 15 form an integral part of this condensed consolidated interim financial information.

  
Abdulelah Abdullah  
Abunayyan  
Chairman

  
Mohammed Ibrahim  
Abunayyan  
CEO

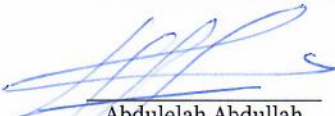
  
Hossam Al Akkad  
VP-Finance

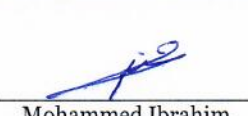


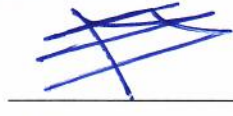
**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated interim statement of profit or loss and other comprehensive income -**  
**Unaudited**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	Three-month period ended	
		March 31,	
		2022	2021
			(Restated)
Revenue	12	319,937	288,301
Cost of sales		(242,303)	(230,670)
Gross profit		77,634	57,631
General and administrative expenses		(22,029)	(21,731)
Selling and distribution expenses		(29,494)	(24,629)
Impairment loss on trade and other receivables		(11,115)	(3,053)
Other income, net		514	552
<b>Income from operations</b>		<b>15,510</b>	<b>8,770</b>
Finance costs		(4,705)	(3,534)
Share of profit from an associate	20	6,294	8,423
Profit before zakat and income tax		17,099	13,659
Zakat and income tax expense		(2,625)	(3,875)
<b>Net profit for the period</b>		<b>14,474</b>	<b>9,784</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to the consolidated statement of profit or loss</i>			
Re-measurement of the defined benefit liability		(765)	720
<b>Other comprehensive (loss) / income for the period</b>		<b>(765)</b>	<b>720</b>
<b>Total comprehensive income for the period</b>		<b>13,709</b>	<b>10,504</b>
<b>Profit attributable to:</b>			
Owners of the Company		14,761	9,708
Non-controlling interests		(287)	76
		14,474	9,784
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		13,984	10,428
Non-controlling interests		(275)	76
		13,709	10,504
<b>Earnings per share (Saudi Riyals):</b>			
Basic and diluted earnings per share		0.23	0.15

The notes on pages 6 to 15 form an integral part of this condensed consolidated interim financial information.

  
Abdulelah Abdullah  
Abunayyan  
Chairman

  
Mohammed Ibrahim  
Abunayyan  
CEO

  
Hossam Al Akkad  
VP-Finance

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

**Condensed consolidated interim statement of changes in equity - Unaudited**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**Equity attributable to owners of the Company**

	Share capital	Statutory reserve	Accumulated losses	Total	Non-controlling interests	Total equity
<b>January 1, 2022</b>	630,000	140,937	(148,002)	622,935	13,650	636,585
Net profit for the period	-	-	14,749	14,749	(275)	14,474
Other comprehensive loss for the period	-	-	(753)	(753)	(12)	(765)
Total comprehensive income for the period	-	-	13,996	13,996	(287)	13,709
<b>March 31, 2022 (Unaudited)</b>	<b>630,000</b>	<b>140,937</b>	<b>(134,006)</b>	<b>636,931</b>	<b>13,363</b>	<b>650,294</b>
<b>January 1, 2021</b>	630,000	140,937	(138,930)	632,007	20,519	652,526
Restatement – Note 20	-	-	(36,626)	(36,626)	(7,446)	(44,072)
<b>January 1, 2021 (as restated)</b>	630,000	140,937	(175,556)	595,381	13,073	608,454
Net profit for the period (Restated)	-	-	9,708	9,708	76	9,784
Other comprehensive income for the period	-	-	720	720	-	720
Total comprehensive income for the period	-	-	10,428	10,428	76	10,504
<b>March 31, 2021 (Unaudited)</b>	<b>630,000</b>	<b>140,937</b>	<b>(165,128)</b>	<b>605,809</b>	<b>13,149</b>	<b>618,958</b>

The notes on pages 6 to 15 form an integral part of this condensed consolidated interim financial information.

  
Abdullelah Abdulllah  
Abunayyan  
Chairman

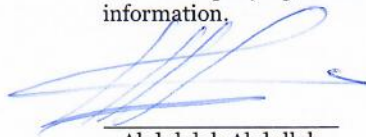
  
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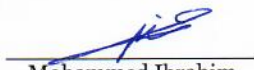
**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Condensed consolidated interim statement of cash flows - Unaudited**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	Three-month period ended	
		March 31,	
		2022	2021 (Restated)
<b>Cash flows from operating activities</b>			
Profit before zakat and income tax		17,099	13,659
<u>Adjustments for non-cash items</u>			
Depreciation	3	2,179	2,290
Depreciation of right of use of assets		1,636	1,763
Amortization		146	153
Impairment losses on trade and other receivables	7	11,115	3,053
Impairment losses on inventories	6	-	4,369
Share of profit from an associate	5, 20	(6,294)	(8,423)
Provision for employee benefits obligation		1,470	853
Finance costs		4,705	3,534
<u>Changes in working capital</u>			
Trade and other receivables		(79,031)	(51,209)
Inventories		5,074	(72,029)
Prepayments and other debt balances	8	(7,543)	3,262
Trade and other payables		85,572	98,502
Warranty Provision		899	96
Zakat and income tax paid	11	(78)	(3,239)
Finance costs paid		(4,623)	(3,534)
End of service benefits paid		(1,937)	(936)
<b>Net cash generated from / (utilized in) operating activities</b>		<b>30,389</b>	<b>(7,836)</b>
<b>Cash flows from investing activities</b>			
Additions to property and equipment	3	(217)	(1,159)
<b>Net cash utilized in investing activities</b>		<b>(217)</b>	<b>(1,159)</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities		(852)	(266)
Repayment of bank borrowings		(603,896)	(262,112)
Proceeds from bank borrowings		583,490	274,156
<b>Net cash (utilized in) /generated from financing activities</b>		<b>(21,258)</b>	<b>11,778</b>
<b>Net change in cash and cash equivalents</b>		<b>8,914</b>	<b>2,783</b>
Cash and cash equivalents at beginning of the period	9	53,020	79,906
<b>Cash and cash equivalents at end of the period</b>		<b>61,934</b>	<b>82,689</b>

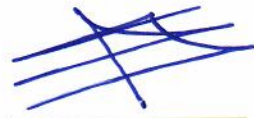
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VP-Finance



**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial information**  
**For the three-month period ended March 31, 2022 (Unaudited)**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**1 General information**

Al Hassan Ghazi Ibrahim Shaker Company (the "Company" (or) the "Parent Company" (or) "HGISC") is a joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration number 1010149252 and listed on Tadawul.

The address of the Group's head office and the principal activities of HGISC and its subsidiaries (collectively the "Group") remain the same as disclosed in the Group's annual consolidated financial statements for the year ended December 31, 2021.

As at March 31, 2022 and December 31, 2021, the authorized, issued and paid up share capital of the Company is SAR 630 million divided on 63 million shares of SAR 10 each.

The Company's Board of Directors recommended a decrease of the Company's share capital by an amount of SAR 147.666 million to absorb the accumulated losses balance and subsequently increase through the issuance of rights shares with the amount of SAR 249 million as per the announcement dated 12 Jumad Al Awwal 1443 H corresponding to (December 16, 2021). The Company has also announced the submission of its application to reduce and increase the share capital on 19 Jamad Al Awwal 1443 H (Corresponding to December 23, 2021) to the Capital Market Authority (CMA). The CMA approved the Company's requests on March 15, 2022. However, the legal formalities for capital decrease and issuance of rights are still in process till the date of issuance of these condensed consolidated financial information.

These condensed consolidated interim financial statements have been reviewed, not audited.

**2 Significant accounting policies**

**2.1 Basis of preparation**

These condensed consolidated interim financial information for the three-month period ended March 31, 2022 have been prepared in accordance with IAS 34 'Interim Financial Reporting' ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual consolidated financial statements and should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2021.

The condensed consolidated interim financial information comprises the financial information of the Company and its subsidiaries ("Group").

**2.2 Summary of significant accounting policies**

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial information for the year ended December 31, 2021.

**2.3 New and amended standards adopted by the Group**

Amendments to the IFRS, effective from January 1, 2022 or later - on, do not have any effect on the Group's financial statements. Further, the Group has not early adopted any new standard, interpretation or amendment that have been issued but that are not yet effective.

**2.4 Critical accounting estimates and judgments**

The preparation of the Group's condensed consolidated interim financial information requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. The Group based its assumptions and estimates on parameters available when the condensed consolidated interim financial information was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

As at March 31, 2022, management believes that all sources of estimation uncertainty remain similar to those disclosed in the Group's annual consolidated financial statements for the year ended December 31, 2021. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.



**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
**(A Saudi Joint Stock Company)**  
**Notes to the condensed consolidated interim financial information**  
**For the three-month period ended March 31, 2022 (Unaudited)**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**3 Property and equipment**

	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Beginning – Net book value	197,345	212,860
Additions for the period / year	217	2,660
Depreciation charge for the period / year	<b>(2,179)</b>	(10,621)
Disposals for the period / year	-	(7,554)
Closing – Net book value	<b>195,383</b>	197,345

**4 Intangible assets and goodwill**

	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Intangible assets	2,010	2,156
Goodwill – note 4.1	<b>9,854</b>	9,854
	<b>11,864</b>	12,010

- 4.1 Effective 12 November 2014, HGISC acquired effectively 100% shareholding in ASDAA Gulf Trading Company (“ASDAA”) for a purchase consideration of SR 20 million, which was in excess of the fair value of the net assets acquired by Saudi Riyals (“SAR”) 9,854 million and has been recorded as goodwill. Based on the impairment assessment using value in use model, there was sufficient head room available, and accordingly, no impairment loss was recognized.

The Group’s management performs goodwill impairment assessment annually and when there are indicators that the carrying value of goodwill may be impaired. Group’s management believes that any reasonably possible change in the key assumptions used for impairment assessment performed on December 31, 2021 will not cause the carrying value of the goodwill to materially exceeds its recoverable amount. Accordingly, no impairment loss was recognized for the three-month period ended March 31, 2022.

**5 Investment in an associate**

<i>Name of Company</i>	<i>Principal activities</i>	<i>Country of incorporation</i>	<i>Effective interest at</i>	
			<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
LG Shaker Company Limited (“LG Shaker”)	Manufacture of air conditioners	Saudi Arabia	<b>49%</b>	49%

Reconciliations for the investment in an associate are as follows:

	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
At the beginning of the period / year	442,395	419,154
Share of profit for the period / year	<b>6,294</b>	23,241
At the end of the period / year	<b>448,689</b>	442,395

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY**  
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**Notes to the condensed consolidated interim financial information**  
**For the three-month period ended March 31, 2022 (Unaudited)**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**5 Investment in an associate** (continued)

LG Shaker

The following table summarizes the financial information of a material associate - LG Shaker as included in its own financial statements.

	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Non-current assets	101,003	102,888
Current assets	338,102	286,757
Non-current liabilities	(9,420)	(9,106)
Current liabilities	(135,556)	(102,541)
Net assets	<u>294,129</u>	<u>277,998</u>

(\*) The difference between

the Group's share in net assets of the associate and share of total comprehensive income and 49% of associate reported net assets and total comprehensive income pertains to the adjustment made for the elimination of unrealised profit on upstream transactions between the Group and its associate.

	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Revenue	141,659	397,988
Total comprehensive income	16,132	43,267
Group share of total comprehensive income (49%*)	6,294	23,241

**6 Inventories**

	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Finished goods	280,800	328,780
Spare parts	51,027	50,900
Goods in transit	59,630	16,851
	<u>391,457</u>	<u>396,531</u>
Impairment losses on inventories	(46,572)	(46,572)
	<u>344,885</u>	<u>349,959</u>

Reconciliation of the impairment losses on inventories is as follows:

	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Balance at beginning of period / year	46,572	41,914
Charge for the period / year	-	6,114
Utilised during the period / year	-	(1,456)
Balance at end of period / year	<u>46,572</u>	<u>46,572</u>

**7 Trade and other receivables**

	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Trade receivables	548,858	496,365
Less: Impairment loss on trade receivables	(104,433)	(113,433)
	444,425	382,932
Other receivables:		
Advertisement claims from suppliers	9,348	2,925
Custom duty deposit	5,956	5,956
Impairment losses on other receivables	(5,956)	(5,956)
	<u>453,773</u>	<u>385,857</u>
Current	441,111	372,572
Non-current	12,662	13,285
	<u>453,773</u>	<u>385,857</u>

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**Notes to the condensed consolidated interim financial information**  
**For the three-month period ended March 31, 2022 (Unaudited)**  
(All amounts in thousands of Saudi Riyals unless otherwise stated)

**7 Trade and other receivables (continued)**

Reconciliation of impairment losses on receivables is as follows:

	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Balance at beginning of period / year	113,433	98,751
Charge for the period / year	11,115	15,734
Write-off	<b>(20,115)</b>	(1,052)
Balance at end of period / year	<b>104,433</b>	113,433

As of March 31, 2022, there was one customer balance amounting to SR 14.3 million (December 31, 2021: SR 14.3 million) outstanding for more than 2 years and under litigation proceedings. Henceforth, the management assessed the recoverability of the customer balance individually. Accordingly, the management and its legal advisor, based on their judgment and best estimate, recognized the expected credit loss amounted to SR 4.1 million. The loss rate is 28.7% against the respective balance. The maximum remaining exposure as of the reporting date was SR 10.2 million, however management believes that adequate level of provision was recognized to cover the expected credit losses.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers as at 31 March 2022 and 31 December 2021:

<b>31 March 2022 (Unaudited)</b>	<b>Gross carrying amount</b>	<b>Weighted- average loss</b>	<b>Loss Allowance (%)</b>
1-90 days	275,850	4,254	1.5%
91-180 days	93,988	1,472	1.6%
181-270 days	29,286	1,070	3.7%
271-360 days	8,238	630	7.6%
More than 360 days	141,496	97,007	68.6%
	<b>548,858</b>	<b>104,433</b>	<b>19.0%</b>
<b>31 December 2021</b>	<b>Gross carrying amount</b>	<b>Weighted- average loss</b>	<b>Loss Allowance (%)</b>
1-90 days	185,152	3,528	1.9%
91-180 days	87,192	1,615	1.9%
181-270 days	44,745	1,737	3.9%
271-360 days	6,074	439	7.2%
More than 360 days	173,202	106,114	61.3%
	<b>496,365</b>	<b>113,433</b>	<b>22.9%</b>

**8 Prepayments and other debt balances**

	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Prepayments / advances to suppliers	43,234	33,235
Other	4,316	6,772
<b>Total</b>	<b>47,550</b>	<b>40,007</b>

**9 Cash and cash equivalents**

	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Cash in hand	2,078	1,272
Bank balances	59,856	51,748
<b>Total</b>	<b>61,934</b>	<b>53,020</b>



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**10 Lease liabilities and borrowings**

The Group has credit facility agreements with local and foreign commercial banks for long and short term borrowings in Saudi Riyal, US Dollar and Jordanian Dinar. Such facilities were obtained principally under Murabaha/Tawarruq arrangements. The utilized portion of the long-term facilities are repayable on equal monthly instalments ranging between four to six years. Certain facility agreements are secured against promissory notes and pledge of certain building of the Group, Corporate guarantees of the Group are provided wherever required for loans to subsidiaries. The facilities bear financial charges on prevailing market rates. The agreements contain certain covenants, which among other things, requires certain financial ratios to be maintained.

**Secured liabilities and assets pledged as security**

All bank loans are secured by promissory notes signed by the parent Company equal to the maximum facility amount. Promissory notes amounted to SR 1,002 million as at March 31, 2022 (December 31, 2021: SR 971 million). As at March 31, 2022 and December 31, 2021, the Group had several land plots of SR 79 million pledged as bank loans guarantee.

**Compliance with loan covenants**

Under the terms of the loans agreements, the Group is required to commit to certain levels for the following financial covenants:

- 1- Financial leverage ratio,
- 2- Current ratio,
- 3- Gearing ratio (Debt to equity not to exceed 1.5:1).
- 4- Ratio of total liabilities and tangible net worth.

The group complied with all financial covenants as of March 31, 2022 and December 31, 2021.

As of March 31, 2022, the Group's total borrowing facilities amounted to SAR 1,002 million out of which SAR 260 million was unutilized.

	<b>March 31, 2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
<b>Current:</b>		
Lease Liability	2,633	3,367
Bank borrowings	397,070	409,127
	<b>399,703</b>	<b>412,494</b>
<b>Non-current:</b>		
Lease Liability	3,604	3,640
Bank borrowings	62,614	70,963
	<b>66,218</b>	<b>74,603</b>
Total lease liabilities	6,237	7,007
Total bank borrowings	459,684	480,090
Total lease liabilities and borrowings	<b>465,921</b>	<b>487,097</b>

**11 Zakat and income tax liabilities**

The Group submitted its zakat returns for the years up to 2021 to the Zakat, Tax and Customs Authority (ZATCA). Moreover, the Group's zakat returns for the years 2015 to 2018 were finalized and the related liabilities were paid during the period. The assessment related to the financial year of 2014 was finalized and initially resulted in an additional zakat amount of SAR 4.8 million which has been appealed by the Group. The assessment related to 2019 and 2020 financial years has been finalized during the period and resulted in an additional initial zakat amount of SAR 11.2 million. This amount has been appealed against the appeal committee on April 20, 2022. The Group's management and its zakat advisor believe that the current level of Zakat provision is sufficient and adequate.

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**12 Revenue**

The Group's revenue is derived from contracts with customers for sale of products and services provided. Control of product is transferred at a point in time and directly sold to customers and when services are rendered.

<i>March 31, 2022 (Unaudited)</i>	<i>HVAC solutions</i>	<i>Home appliances</i>	<i>All other segments</i>	<i>Total</i>
<b>Saudi Arabia</b>	144,080	153,152	-	297,232
<b>Jordan</b>	2,242	19,860	404	22,506
<b>UAE</b>	-	-	199	199
<b>Total</b>	<b>146,322</b>	<b>173,012</b>	<b>603</b>	<b>319,937</b>
<i>March 31, 2021 (Unaudited)</i>				
<b>Saudi Arabia</b>	138,942	127,723	-	266,665
<b>Jordan</b>	1,394	18,939	-	20,333
<b>UAE</b>	-	-	1,303	1,303
<b>Total</b>	<b>140,336</b>	<b>146,662</b>	<b>1,303</b>	<b>288,301</b>

**13 Operating segments**

For management purposes, the Group is organized into three main business segments based on internal reporting provided to the chief operating decision maker.

Heating, ventilation, and air-conditioning solutions (HVAC): Represents residential and commercial conditioners including chillers and related services.

Home appliances: Represents televisions, washing machines, dryers, refrigerators, irons, gas cookers, and floor care. All other segments represent consultancy services for energy solutions and sale mobile phones.

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessments.

CoDM uses segments Profit Before Tax (PBT) to measure performance being the most relevant in evaluating the results of segments.

Transfer prices between operating segments are on mutually agreed terms in a manner similar to transactions with third parties.

**Segment information provided to the board of directors:**

The table below shows the segment information provided to the board of directors for the reportable segments for the period ended March 31, 2022 and also the basis on which revenue is recognized:

<b>For the period ended March 31, 2022</b>	<b>HVAC Solutions</b>	<b>Home Appliances</b>	<b>Total reportable segments</b>	<b>All other segments,</b>	<b>Adjustments and eliminations</b>	<b>Total</b>
Revenues from external customers	146,322	173,012	319,334	603	-	319,937
Cost of sales	(110,760)	(130,783)	(241,543)	(760)	-	(242,303)
<b>Gross profit</b>	<b>35,562</b>	<b>42,229</b>	<b>77,791</b>	<b>(157)</b>	<b>-</b>	<b>77,634</b>
General and administrative expenses	(12,139)	(9,108)	(21,247)	(782)	-	(22,029)
Selling and distribution expenses	(17,238)	(12,207)	(29,445)	(49)	-	(29,494)
Impairment loss on trade and other receivables	(8,020)	(1,094)	(9,114)	(2,001)	-	(11,115)
Other income	434	80	514	0	-	514
<b>Income from operations</b>	<b>(1,401)</b>	<b>19,900</b>	<b>18,499</b>	<b>(2,989)</b>	<b>-</b>	<b>15,510</b>
Finance costs	(4,550)	(152)	(4,702)	(3)	-	(4,705)
Share of Profit from an associate	6,294	-	6,294	-	-	6,294
<b>Segments (loss)/profit before zakat and foreign income tax</b>	<b>343</b>	<b>19,748</b>	<b>20,091</b>	<b>(2,992)</b>	<b>-</b>	<b>17,099</b>
Zakat and foreign income tax	(1,234)	(1,391)	(2,625)	-	-	(2,625)
<b>Profit / (loss) for the period</b>	<b>(891)</b>	<b>18,357</b>	<b>17,466</b>	<b>(2,992)</b>	<b>-</b>	<b>14,474</b>



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**13 Operating segments (continued)**

For the year ended March 31, 2021	HVAC Solutions	Home appliances	Total reportable segments	All other segments,	Adjustments and eliminations	Total
Revenues from external customers	140,336	146,662	286,998	1,303		288,301
Cost of sales	(114,175)	(115,507)	(229,682)	(988)		(230,670)
<b>Gross profit</b>	<b>26,161</b>	<b>31,155</b>	<b>57,316</b>	<b>315</b>		<b>57,631</b>
General and administrative expenses	(12,421)	(8,190)	(20,611)	(1,120)		(21,731)
Selling and distribution expenses	(14,313)	(10,218)	(24,531)	(98)		(24,629)
Impairment loss on trade and other receivables	(3,003)	(48)	(3,051)	(2)		(3,053)
Other income	(55)	604	549	3		552
<b>Income from operations</b>	<b>(3,631)</b>	<b>13,303</b>	<b>9,672</b>	<b>(902)</b>		<b>8,770</b>
Finance costs	(3,186)	(319)	(3,505)	(29)		(3,534)
Other expenses -Foreign exchange loss	-	-	-	-		-
Share of Profit from an associate	8,423	-	8,423	-		8,423
<b>Segments (loss)/profit before zakat and foreign income tax</b>	<b>1,606</b>	<b>12,984</b>	<b>14,590</b>	<b>(931)</b>		<b>13,659</b>
Zakat and foreign income tax	(2,974)	(901)	(3,875)	-		(3,875)
<b>Profit / (loss) for the period</b>	<b>(1,368)</b>	<b>12,083</b>	<b>10,715</b>	<b>(931)</b>		<b>9,784</b>

March 31, 2022	HVAC solutions	Home Appliances	Total reportable segments	All other segments,	Adjustments and eliminations	Total
Rreportable segment assets	1,484,082	680,493	2,164,575	16,293	(609,947)	1,570,921
Additions to property,	207	-	207	10	-	217
December 31, 2021	HVAC solutions	Home appliances	Total reportable segments	All other segments,	Adjustments and eliminations	Total
Reportable segment assets	1,462,030	580,302	2,042,332	21,046	(574,306)	1,489,072
Additions to property,	2,570	72	2,642	18	-	2,660
March 31, 2022	HVAC Solutions	Home appliances	Total reportable segments	All other segments,	Adjustments and eliminations	Total
<b>Total segment a liabilities</b>	<b>811,190</b>	<b>337,085</b>	<b>1,148,275</b>	<b>27,286</b>	<b>(254,934)</b>	<b>920,627</b>
December 31, 2021	HVAC Solutions	Home appliances	Total reportable segments	All other segments,	Adjustments and eliminations	Total
<b>Total segment a liabilities</b>	<b>782,101</b>	<b>268,418</b>	<b>1,050,519</b>	<b>28,124</b>	<b>(226,156)</b>	<b>852,487</b>

Adjustments and eliminations represent intercompany transactions and consolidation elimination entries transactions, and the intercompany transactions are mainly related to financing transactions.

The non-current assets are geographically located in KSA by 97% as at March 31, 2022 and December 31, 2021 and in Jordan by 3% as at March 31, 2022 and December 31, 2021.

**14 Seasonality of operations**

The Group's HVAC solutions segments is subject to seasonal fluctuation as a result of weather conditions. In particular, the sale of air conditioners in key geographic areas are affected by winter weather conditions, which occur primarily during October to March. The group attempts to minimize the seasonal impact by managing inventories to meet demand during this period.

For the 12 months ended 31 March 2022, the HVAC solutions segment reported revenue of SAR 611 million (for 12 months ended 31 March 2021: SAR 551 million) and net profit of SAR 7.6 million (net profit for 12 months ended 31 March 2021: SAR 7.0 million).



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**15 Capital and financial risk management**

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business Management monitor the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position,

The Group monitors capital using a ratio of adjusted net debt' to 'adjusted equity". For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings, less cash, and cash equivalents. Adjusted equity comprises all components of equity.

The Group's adjusted net debt to equity ratio at 31 March 2022 was as follows:

	<b>March 31,2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
Total liabilities	920,627	852,487
Less: cash and cash equivalents	(61,934)	(53,020)
<b>Adjusted net debt</b>	<b>858,693</b>	<b>799,467</b>
<b>Total equity</b>	<b>650,294</b>	<b>636,585</b>
<b>Equity</b>	<b>650,294</b>	<b>636,585</b>
<b>Adjusted net debt to equity ratio</b>	<b>132%</b>	<b>126%</b>

The management believes that the Group has ability to meet its obligation as:

- (a) The Group's current assets are more than its current liabilities; and
- (b) The Group manages its liquidity risk by ensuring that bank borrowing facilities from multiple banks are available (see Note 10).

Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources and borrowing facilities from multiple banks to continue in business for the foreseeable future. Moreover, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as going concern. Therefore, these condensed consolidated interim financial statements have been prepared on a going concern basis.

**16 Related parties**

*(a) Transactions with key management personnel*

The following table describes compensations to key management personnel:

	<b>March 31, 2022 (Unaudited)</b>	<b>March 31, 2021 (Unaudited)</b>
Short term employees' benefits	2,070	1,939
BOD and audit committee remuneration	450	450

*(b) Related parties' balances*

	<b>March 31,2022 (Unaudited)</b>	<b>December 31, 2021 (Audited)</b>
<b>Due to related parties</b>		
LG Shaker	183,501	128,427
LG Electronics	2,545	19,323

The above balances have been classified under trade and other payables.

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**16 Related parties** (continued)

(c) *Related Parties transactions*

The following transactions are conducted in accordance with the terms and conditions of commission and are determined in the agreements signed with the related parties and approved by the management.

	<b>March 31, 2022</b>	<b>March 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Purchases from related party</b>		
LG Shaker	<b>129,897</b>	125,794
LG Electronics	<b>8,127</b>	8,882
<b>Settlement to related party</b>		
LG Shaker	<b>74,823</b>	84,291
LG Electronics	<b>24,905</b>	9,400

**17 Contingencies and commitments**

The Company has the following as at March 31, 2022.

- a) At March 31, 2022, the Group has outstanding bank guarantees of SAR37.75 million (December 31, 2021: SAR 38.7 million) issued by the local and foreign banks in respect of import of finished goods and other supplies.
- b) At March 31, 2022, the Group has outstanding bank letters of credit of SAR 273.5 million (December 31, 2021: SAR 175 million) issued against import of finished goods and other supplies.
- c) The Company has a contractual obligation with regard to purchase of land amounting to SAR 10.9 million as of March 31, 2022.

**18 The impact of COVID-19**

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and causing disruptions to businesses and economic activity across the globe. In response to the spread of the Covid-19 in GCC and other territories where Group operates and its resulting disruptions to the social and economic activities in those markets, the Group's management has proactively assessed its impacts on its operations and has taken a series of preventive measures to ensure the health and safety of its employees, customers, consumers and wider community and continuity of supply of its products throughout its markets. Notwithstanding these challenges, the Group's business operations currently remain largely unaffected. Based on that, Covid-19 pandemic has had no material effects on the Group's reported financial results for the period ended March 31, 2022.

**19 Subsequent events**

There are no subsequent events after the period ended at March 31, 2022 which requires adjustment or disclosure to this condensed consolidated interim financial information.

**20 Restatements**

Certain amounts in the comparative periods have been corrected and, accordingly, restated in the condensed consolidated interim statement of financial position as at December 31, 2020 and in the condensed consolidated interim statements of profit or loss and other comprehensive income for the prior periods as explained below:

- a) The unrealized profit on upstream transactions between the Company and its associate were not eliminated in prior years. Therefore, the investment in associate and share of profit from the associate balances have been corrected retrospectively.
- b) Included within trade receivables was a receivable balance amounting to SAR 28.64 million in relation to advisory services offered by one of the Group's subsidiaries. Based on the memorandum of understanding between the subsidiary and its customer, the fees were contingent in nature. Further, the probability of realizability of these fees was low and did not meet the recognition criteria. Therefore, the revenue and the related receivable balance should not have been recognized in the previous financial years. These balances are corrected retrospectively and the related expected credit loss of SR 7 million, which was restated in the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month period ended March 31, 2021.
- c) The presentation of the statement of financial position is changed retrospectively for better understanding and presentation by segregating prepayments and other debt balances from trade receivables. The effects are the reclassification of SR 4.2 million as at December 31, 2020 from trade receivables to prepayments and other debt balances.



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**20 Restatements (continued)**

The total cashflows from operating, investing, and financing activities were not affected because of these restatements. The effects of the restatements in the statement of cash flows are primarily in adjustments for non-cash items and changes in working capital within cash flows from operating activities and hence, are not disclosed separately.

**20.1 Condensed consolidated interim statement of financial position as at January 1, 2021**

	Note	As previously stated	Reclassification	Restatement	As restated
Investment in associate	20 (a)	434,586	-	(15,432)	419,154
<b>Total non-current assets</b>		682,851	-	(15,432)	667,419
Trade receivables	20 (b)	354,700	(4,169)	(28,640)	321,891
Prepayments and other debt balances	20 (c)	26,146	4,169	-	30,315
<b>Total current assets</b>		756,813	-	(28,640)	728,173
<b>Total assets</b>		1,439,664	-	(44,072)	1,395,592
Accumulated losses	20 (a) & (b)	(138,930)	-	(36,626)	(175,556)
Non-controlling interest	20 (b)	20,519	-	(7,446)	13,073
<b>Total equity</b>		652,526	-	(44,072)	608,454

**20.2 Condensed consolidated interim statement of profit or loss and other comprehensive income for the three months period ended March 31, 2021**

	Note	As previously stated	Restatement	As restated
Share of profit from associate	20 (a)	10,325	(1,902)	8,423
Impairment loss on trade and other receivables		(10,201)	7,148	(3,053)
Profit before zakat and income tax		8,413	5,246	13,659
Net profit for the period		4,538	5,246	9,784
Total comprehensive income for the period		5,258	5,246	10,504
Earnings per share basic and diluted		0.10	0.05	0.15

**21 Approval of the financial information**

This condensed consolidated interim financial information was approved by the Company's Board of Directors on May 22, 2022