

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
For the three month and six month periods ended
30 June 2019
Together with the review report

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)

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Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Al Hassan Ghazi Ibrahim Shaker Company

Introduction

We have reviewed the accompanying 30 June 2019 condensed consolidated interim financial statements of **Al Hassan Ghazi Ibrahim Shaker Company** ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 30 June 2019;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three month and six-month periods ended 30 June 2019;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2019;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2019; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is 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 that are 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 30 June 2019 condensed consolidated interim financial statements of **Al Hassan Ghazi Ibrahim Shaker Company** and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

For KPMG Al Fozan & Partners
Certified Public Accountants


Khalil Ibrahim Al Sedais
License No: 371

Date: 5 Dhu'l Hijjah 1440H
Corresponding to: 6 August 2019



AL HASSAN GHAZI IBRAHIM SHAKER COMPANY


(A Saudi Joint Stock Company)

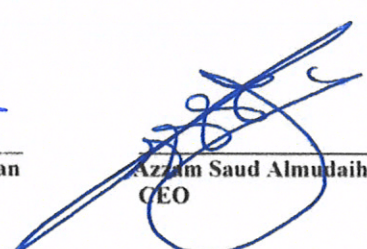
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

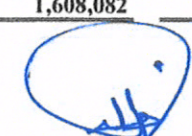
As at 30 June 2019

(In Thousands of Saudi Riyals, Unless otherwise stated)

		30 June 2019 (Unaudited)	31 December 2018 (Audited)
	Notes		
ASSETS			
Property and equipment		252,279	236,926
Intangible assets and goodwill	4	13,703	14,009
Trade and other receivables	7	13,049	13,049
Equity accounted investees	5	494,597	490,782
Non-current assets		773,628	754,766
Inventories	6	309,834	382,072
Trade and other receivables	7	451,485	451,490
Prepayments and advances		23,785	28,841
Cash in hand and at banks		49,350	17,532
Current assets		834,454	879,935
Total assets		1,608,082	1,634,701
EQUITY			
Share capital	8	630,000	630,000
Statutory reserve	9	140,937	140,937
Accumulated losses		(132,340)	(93,956)
Equity attributable to owners of the Company		638,597	676,981
Non-controlling interest		18,692	21,199
Total equity		657,289	698,180
LIABILITIES			
Loans and borrowings	10	34,117	31,000
Employee benefits	11	25,901	25,751
Trade and other payables		75,000	--
Non-current liabilities		135,018	56,751
Loans and borrowings	10	445,071	531,457
Trade and other payables		340,319	319,701
Zakat and foreign income tax liabilities		18,631	16,927
Provisions		11,754	11,685
Current liabilities		815,775	879,770
Total liabilities		950,793	936,521
Total equity and liabilities		1,608,082	1,634,701


 Abdulrahman Abdullah Abunayyan
 Chairman


 Azam Saud Almudaiheem
 CEO


 Khaled Abdulrahman Bakhsh
 CFO

The notes 1 to 17 form an integral part of these condensed consolidated interim financial statements.

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OCI (UNAUDITED)

For the six months ended 30 June 2019

(In Thousands of Saudi Riyals, Unless otherwise stated)

	Notes	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2019	2018	2019	2018
Revenue	12	253,531	212,361	450,864	427,231
Cost of sales		(205,249)	(171,298)	(369,559)	(333,399)
Gross profit		48,282	41,063	81,305	93,832
Other income		911	1,712	1,417	1,691
Selling and distribution expenses		(23,359)	(40,457)	(50,387)	(73,503)
Administrative expenses		(24,111)	(31,910)	(49,603)	(58,228)
Impairment loss on trade and other receivables		(7,556)	(172)	(8,164)	(344)
Other expenses		--	--	--	(86)
Operating loss		(5,833)	(29,764)	(25,432)	(36,638)
Finance costs		(7,997)	(8,294)	(15,665)	(16,447)
Share of profit of equity-accounted investee	5	5,452	1,083	6,540	754
Loss on disposal of equity accounted investee		--	--	(1,001)	--
Loss before Zakat and foreign income tax		(8,378)	(36,975)	(35,558)	(52,331)
Zakat and foreign income tax expense		(1,560)	(1,969)	(3,120)	(3,937)
Loss for the period		(9,938)	(38,944)	(38,678)	(56,268)
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Re-measurement of the defined benefit liability		(893)	--	(893)	--
Other comprehensive loss for the period, net of zakat and foreign income tax		(893)	--	(893)	--
Total comprehensive loss for the period		(10,831)	(38,944)	(39,571)	(56,268)
(Loss) / profit attributable to:					
Owners of the Company		(8,963)	(36,647)	(36,349)	(57,201)
Non-controlling interests		(975)	(2,297)	(2,329)	933
		(9,938)	(38,944)	(38,678)	(56,268)
Total comprehensive (loss) / income attributable to:					
Owners of the Company		(9,678)	(36,647)	(37,064)	(57,201)
Non-controlling interests		(1,153)	(2,297)	(2,507)	933
		(10,831)	(38,944)	(39,571)	(56,268)
Losses per share:					
Basic and diluted losses per share (SAR)	13	(0.14)	(0.58)	(0.58)	(0.91)

The notes 1 to 17 form an integral part of these condensed consolidated interim financial statements.

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2019

(In Thousands of Saudi Riyals, Unless otherwise stated)

	<i>Attributable to the owners of the Company</i>					
	<i>Share capital</i>	<i>Statutory reserve</i>	<i>(Accumulated losses) / retained earnings</i>	<i>Total shareholders' equity</i>	<i>Non-controlling interest</i>	<i>Total</i>
Balance at 31 December 2018	630,000	140,937	(93,956)	676,981	21,199	698,180
Adjustment on initial application of IFRS 16 (note 2.2)	--	--	(1,320)	(1,320)	--	(1,320)
Balance at 1 January 2019	630,000	140,937	(95,276)	675,661	21,199	696,860
Total comprehensive loss for the period						
Loss for the period	--	--	(36,349)	(36,349)	(2,329)	(38,678)
Other comprehensive loss	--	--	(715)	(715)	(178)	(893)
Balance at 30 June 2019	630,000	140,937	(132,340)	638,597	18,692	657,289
Balance at 1 January 2018	630,000	140,937	103,462	874,399	20,240	894,639
Total comprehensive income for the period						
Loss for the period	--	--	(57,201)	(57,201)	933	(56,268)
Other comprehensive income	--	--	--	--	--	--
Total comprehensive income for the period	630,000	140,937	46,261	817,198	21,173	838,371
Other movement in non – controlling interest (note 1.7)	--	--	--	--	6,475	6,475
Balance at 30 June 2018	630,000	140,937	46,261	817,198	27,648	844,846

The notes 1 to 17 form an integral part of these condensed consolidated interim financial statements.

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2019

(In Thousands of Saudi Riyals, Unless otherwise stated)

	<i>Note</i>	<i>30 June 2019</i>	<i>30 June 2018</i>
Cash flows from operating activities:			
Loss for the period		(38,678)	(56,268)
Adjustments for:			
Depreciation		10,940	7,710
Amortisation		306	206
Impairment losses on inventories	6	278	93
Impairment losses on trade and other receivables	7	8,164	344
Share of profit of equity-accounted investees	5	(6,540)	(754)
Loss on the disposal of investment in equity-accounted investee		1,001	--
Finance costs		15,665	16,447
Zakat and foreign income tax		3,120	3,927
		<u>(5,744)</u>	<u>(28,285)</u>
Change in:			
Inventories		71,960	27,076
Trade and other receivables		(8,159)	(22,528)
Prepayments and advances		2,675	(2,385)
Trade and other payables		95,838	84,870
Provisions		(674)	(4,630)
Cash generated from operating activities		<u>155,896</u>	<u>54,118</u>
Finance costs paid		(15,445)	(15,116)
Zakat paid		(1,416)	(5,408)
Net cash generated from operating activities		<u>139,035</u>	<u>33,594</u>
Cash flows from investing activities:			
Acquisition of property and equipment		(3,697)	(2,567)
Acquisition of intangible assets		--	(166)
Net cash used in investing activities		<u>(3,697)</u>	<u>(2,733)</u>
Cash flows from financing activities:			
Proceeds from loans and borrowings		264,656	647,371
Repayment of loans and borrowings		(374,901)	(720,716)
Proceed from the disposal of investment in equity-accounted investee		1,724	--
Other movement in non – controlling interests	1.7	--	6,475
Net cash used in financing activities		<u>(108,521)</u>	<u>(66,870)</u>
Net increase / (decrease) in cash and cash equivalents		<u>26,817</u>	<u>(36,009)</u>
Cash and cash equivalents at 1 January *		6,144	55,370
Cash and cash equivalents at 30 June*		<u>32,961</u>	<u>19,361</u>

* Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

The notes 1 to 17 form an integral part of these condensed consolidated interim financial statements.

1. REPORTING ENTITY

- 1.1. Al Hassan Ghazi Ibrahim Shaker Company (the "Company" (or) the "Parent Company" (or) "HGISC") was registered as a limited liability Company in the Kingdom of Saudi Arabia under Commercial Registration number 1010149252 dated 26 Dhul Qadah 1418H (corresponding to 25 March 1998). The Company converted from a limited liability company to a closed joint stock company pursuant to the Ministerial Resolution No. 275 on 17 Shabaan 1429H (corresponding to 18 August 2008).
- 1.2. The Parent Company offered 10.5 million shares to the public, during the subscription period from 26 April 2010 (corresponding to 11 Jumada Awal 1431H) to 2 May 2010 (corresponding to 17 Jumada Awal 1431H). The Parent Company's shares started trading in the Stock Exchange on 17 May 2010 (corresponding to 3 Jumada Thani 1431H). Accordingly, after successful completion of the IPO (Initial Public Offering Process), the Parent Company was declared as a Saudi Joint Stock Company with a share capital of SR 350 million, divided into 35 million shares of SR 10 each. On 29 March 2015, a bonus of four shares for every five ordinary shares outstanding was issued and resultantly the share capital of the Company was increased from SR 350 million to SR 630 million.
- 1.3. The Group has branches which are operating under separate commercial registrations.
- 1.4. The Parent Company is engaged in the trading and wholesale of spare parts, electronic equipment, household equipment and air-conditioners, and maintenance of the items mentioned above and to provide agency services for those companies which are in the same business.
- 1.5. The Company's registered office is located at the following address:
Shaker Group Building
Alsahafa District
King Fahad Road
Riyadh 11422
Kingdom of Saudi Arabia
- 1.6. These condensed consolidated interim financial statements include the financial position and performance of the Company and its branches as well as the following subsidiaries (collectively referred as the "Group").

Direct and indirect subsidiaries

<u>Name</u>	<u>Principal field of activity</u>	<u>Country of incorporation</u>	<u>Effective ownership interest at 30 June</u>	
			<u>2019</u>	<u>2018</u>
Ibrahim Shaker Company Limited ("ISCL")	Wholesale of household appliances	Saudi Arabia	100%	100%
Ibrahim Hussein Shaker Projects and Maintenance Company Limited ("IHSC")	Import, export and marketing services	Saudi Arabia	100%	100%
ASDAA Gulf Trading Company ("ASDAA")	Wholesale of electronic devices	Saudi Arabia	100%	100%
Energy Management Services Emirates LLC ("EMS") (see below)	Energy solution providers	United Arab Emirates	74%	74%
New Vision for Electronics and Electrical Appliances Company ("NVEEAC")	Import, export and maintenance of electrical and home appliances	Jordan	60%	60%

Entities fully controlled through a subsidiary - EMS

<u>Name</u>	<u>Principal field of activity</u>	<u>Country of incorporation</u>	<u>Subsidiary ownership interest at 30 June</u>	
			<u>2019</u>	<u>2018</u>
EMS				
Energy Management Services International ("EMSI")	Energy solution providers	Jordan	100%	100%
Jernain EMS Company LLC ("JECL")	Energy solution providers	United Arab Emirates	100%	100%

1. REPORTING ENTITY (CONTINUED)

- 1.7. During 2018, the shareholders of NVEEAC resolved to absorb its accumulated losses of SR 16.2 million by waiving of their balances receivable from NVEEAC. Other movement in non – controlling interest of SR 6.48 million represent absorption of such losses by the minority shareholders of NVEEAC.
- 1.8. These condensed consolidated interim financial statements were approved by the Board of Directors on 5 Dhu'l Hijjah 1440H (corresponding to 6 August 2019).

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

a) Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Certified Public Accountants - SOCPA ("IFRSs"). These interim financial statements should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2018 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for the defined benefit plan which is measured at present value of future obligations using Projected Unit Credit Method. Further, the condensed consolidated interim financial statements are prepared using the accrual basis of accounting and going concern concept.

The financial performance of the Group has significantly deteriorated due to continuous decline in the sales volume which has resulted in the increased operating losses, and the accumulated loss position in comparison with the prior years. During the six month period ended 30 June 2019, the Group has reported a net loss of SR 38.7 million (2018: SR 56.3 million) and, as of that date, reported accumulated losses of SR 132.3 million (31 December 2018: SR 94 million). The Group's ability to meet its obligations as they become due depends on its ability to enhance its results of operations and its cash flows performance, continued improvements in its working capital and the renewal or refinancing of loan facilities.

In assessing the going concern assumptions, the board has reviewed the base case plans and considers these to be achievable. In the normal course of business, the Group as and when fall due negotiates with the banks to renew and / or refinance its facilities. During the six months period ended 30 June 2019, the Group has achieved successful renewal of certain facilities, which were under negotiation as at 31 December 2018. The group has also managed to drawdown from certain facilities that are under renewal as at 30 June 2019. The board expects successful negotiations and continuity of facilities under renewal. In consideration of cash flows forecasts, certain trading initiatives, expected full year impact of cost rationalization undertaken in 2018, actual and continued working capital improvements, the Group expects to meet its obligations as they become due in the normal course of operation. Following the overall assessment, the board has a reasonable expectation that the Group will be able to operate as a going concern for the foreseeable future. Accordingly, the condensed consolidated interim financial statements have been prepared under the going concern basis.

c) Functional and presentation currency

The condensed consolidated interim financial statements are presented in Saudi Riyal ("SR") which is the functional currency of the Parent Company, and all values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**d) Basis of consolidation**

The condensed consolidated interim financial statements comprise the financial statements of the parent company and its subsidiaries as at 30 June 2019. Subsidiaries are entities which are controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the condensed consolidated interim financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in consolidated statement of profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to consolidated statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Change in significant accounting policies

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the last annual financial statements. Certain comparative amounts have been reclassified to conform with the current period presentation. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

The Group has initially adopted IFRS 16 Leases from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.2 Change in significant accounting policies (continued)**

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

A) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

B) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns. The carrying amounts of right-of-use assets are as below.

Property, plant and equipment

In thousands of SAR

Balance as at 1 January 2019

Balance as at 30 June 2019

Buildings

21,336

19,159

The Group presents lease liabilities in note 10 'loans and borrowings' in the statement of financial position.

B.1) Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.2 Change in significant accounting policies (continued)**

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

B.2) Transition

Previously, the Group classified property leases as operating leases under IAS 17. These include buildings. The leases typically run for a period upto 5 years. Some leases include an option to renew the lease for an additional five years after the end of the non-cancellable period.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Group applied this approach to its largest property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other leases.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Group leases a number of warehouses and offices. These leases were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

C) As a lessor

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. However, the Group has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

D) Impact on financial statements**D.1) Impact on transition**

On transition to IFRS 16, the Group recognised additional right-of-use assets, and lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

<u>In thousands of SAR</u>	1 January 2019
Right-of-use assets presented in property, plant and equipment	21,336
Lease liabilities	20,275
Prepayments	(2,381)
Accumulated losses	1,320

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Change in significant accounting policies (continued)

D) Impact on financial statements (continued)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 5.67%.

D.2) Impact for the period

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised SR 19.2 million of right-of-use assets and SR 17.9 million of lease liabilities as at 30 June 2019.

Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised SR 3.45 million of depreciation charges and SR 0.54 million of interest costs from these leases.

For the impact of IFRS 16 on segment information, see Note 14.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Use of estimates and judgements:

The preparation of condensed consolidated interim financial statements requires management to make judgment, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2018, except for new significant judgments and key source of estimation uncertainty related to the application of IFRS 16, which are described in Note 2.

Judgements:

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the condensed consolidated interim financial statements is included in the following notes:

- Note 1.6 - consolidation: whether the Group has de facto control over an investee.

Estimation uncertainty and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of inventories (note 6)

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Impairment of trade and other receivables (note 7)

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

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3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**Estimation uncertainty and assumptions: (continued)***Impairment of non-financial assets (notes 4 & 5)*

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

Warranty

Provisions for warranty is recorded based on an estimate and the actual cost and timing of future cash flows are dependent on future events. The difference between expectation and the actual future liability is accounted for in the period when such determination is made.

Customer rebates

Accounting for the amount and timing of recognition of customer rebate require the exercise of judgement. The rebate relates to the customers for achieving agreed purchase or sales targets within a set period. Where rebate span different accounting periods, the amount recognised in each period is estimated based on the probability that the customers will meet contractual target volumes based on historical and forecast performance.

Employee benefits (note 11)

The cost of end of service benefit plans and the present value of end of service benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables for specific countries. There are no publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates and the management outlook for the respective country.

4 INTANGIBLE ASSETS AND GOODWILL

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
- Intangible assets		
Energy Management Services Emirates LLC	2,270	2,477
New Vision for Electronics and Electrical Appliances Company	1,579	1,678
- Goodwill (Note 4.1)		
ASDAA Gulf Trading Company (ASDAA)	9,854	9,854
	13,703	14,009

- 4.1 Effective 12 November 2014, HGISC acquired effectively 100% shareholding in ASDAA for purchase consideration of SR 20 million, which was in excess of the fair value of the net assets acquired by SR 9.9 million and has been recorded as goodwill.

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5 EQUITY ACCOUNTED INVESTEEES

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

<u>Name of Company</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Effective interest at</u>	
			<u>30 June 2019</u>	<u>31 December 2018</u>
LG Shaker Company Limited ("LG Shaker")	Manufacture of air conditioners	Saudi Arabia	49%	49%
Shaker Electronic and Appliances Lebanon Company ("SEALCO")	Trading of electrical and home appliances	Lebanon	--	20%

Investments in equity accounted investees are as follows:

	<u>30 June 2019</u> <u>(Unaudited)</u>	<u>31 December 2018</u> <u>(Audited)</u>
LG Shaker (Note 5.1)	494,597	488,057
SEALCO (Note 5.2)	--	2,725
	<u>494,597</u>	<u>490,782</u>

Reconciliations for the equity accounted investees are as follows:

	<u>LG Shaker</u>	<u>SEALCO</u>	<u>Total</u>
At 1 January 2019	488,057	2,725	490,782
Share of profit for the period	6,540	-	6,540
Disposal of investment	-	(2,725)	(2,725)
At 30 June 2019	<u>494,597</u>	<u>-</u>	<u>494,597</u>
	<u>LG Shaker</u>	<u>SEALCO</u>	<u>Total</u>
At 1 January 2018	543,682	3,325	547,007
Share of loss for the year	(6,625)	(600)	(7,225)
Dividend	(49,000)	--	(49,000)
At 31 December 2018	<u>488,057</u>	<u>2,725</u>	<u>490,782</u>

- 5.1 The following table summarises the financial information of a material associate - LG Shaker as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in the associate.

LG Shaker is a mixed limited liability company registered in KSA under the commercial registration number 1010226606 Dated 4 Dhul Hijjah 1427 H (corresponding to 25 December 2006). The main activity of the Company is to manufacture various types of air conditioners.

	<u>30 June 2019</u> <u>(Unaudited)</u>	<u>31 December 2018</u> <u>(Audited)</u>
Balance as at:		
Non-current assets	108,367	114,108
Current assets	389,962	308,152
Non-current liabilities	(5,943)	(5,372)
Current liabilities	(79,286)	(17,386)
Net assets	<u>413,100</u>	<u>399,502</u>
Group's share of net assets	182,613	176,073
Goodwill	311,984	311,984
Carrying amount of interest in associate	<u>494,597</u>	<u>488,057</u>

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5 EQUITY ACCOUNTED INVESTEEES (CONTINUED)

	30 June 2019 (Unaudited)	6 months period ended 30 June 2018 (Unaudited)
Revenue	142,583	125,659
Total comprehensive income before Zakat and tax	17,312	7,263
Group share of total comprehensive income after Zakat	6,540	1,054

The recoverable amount of this equity-accounted investee was based on fair value less costs of disposal, estimated using discounted cash flows.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	2018
Discount rate	14.8%
Terminal value growth rate	2.7%
Budgeted EBITDA growth rate (average of next five years)	11.00%

The management of the Group has assessed in detail the carrying value of LG Shaker as at 31 December 2018. The detailed assumptions are considered to be the same as at 30 June 2019. Also as at 30 June 2019, there are no new indications that the carrying value of this associate is impaired.

5.2 On 31 January 2019, the Group has disposed its investment in SEALCO.

6 INVENTORIES

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Finished goods	234,894	333,473
Spare parts	70,077	70,893
Goods in transit	30,754	15,290
	335,725	419,656
Impairment losses on inventories	(25,891)	(37,584)
	309,834	382,072

Reconciliation of the impairment losses on inventories is as follows:

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Balance at beginning of period / year	37,584	37,853
Charge for the period / year	278	30,278
Utilised during the period / year	(11,971)	(30,547)
Balance at end of period / year	25,891	37,584

- At 30 June 2019, the Group has outstanding bank guarantees of SR 74.1 million (31 December 2018: SR 77.7 million) issued by the local and foreign banks in respect of import of finished goods and other supplies.
- At 30 June 2019, the Group has outstanding bank letter of credits of SR 14.6 million (31 December 2018: SR 11.6 million) issued against import of finished goods and other supplies.

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7 TRADE AND OTHER RECEIVABLES

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Trade receivables	529,671	515,047
Other receivables:		
Advertisement claims from suppliers	423	5,992
Custom duty deposit	5,776	5,776
Amount due from related parties (note 17)	-	151
Non trade receivables	5,543	6,108
Impairment losses on trade and other receivables	<u>(76,879)</u>	<u>(68,715)</u>
	<u>464,534</u>	<u>464,539</u>
 Non-current	 13,049	 13,049
Current	<u>451,485</u>	<u>451,490</u>
	<u>464,534</u>	<u>464,539</u>

Reconciliation of impairment losses on trade and other receivables is as follows:

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Balance at beginning of period / year	68,715	61,729
Charge for the period / year	8,164	6,986
Balance at end of period / year	<u>76,879</u>	<u>68,715</u>

8 SHARE CAPITAL

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Authorised share capital (shares of SR 10 each)	630,000	630,000
Issued and fully paid up capital (shares of SR 10 each)	<u>630,000</u>	<u>630,000</u>

At 30 June 2019, the authorized, issued and paid up share capital of the Company is SR 630 million consisting of 63 million shares of SR 10 each.

9 STATUTORY RESERVE

The new Saudi Arabian Regulations for Companies issued on 25 Rajab 1437H (corresponding to 2 May 2016) requires companies to set aside 10% of its net income in each year to a statutory reserve until such reserve reaches 30% of the share capital. This reserve is currently not available for distribution to the shareholders of the Company. Due to the loss making position for the six months ended 30 June 2018, no such transfer was required as at the current reporting date.

10 LOANS AND BORROWINGS

The Group has credit facility agreements with local and foreign commercial banks for long and short term loans and borrowings in Saudi Riyal, United Arab Emirates Dirham and Jordanian Dinar. Such facilities were obtained principally under Murabaha / Tawarruq arrangements. The utilised portion of the long term facilities are repayable on equal monthly instalments. The facility agreements are secured by promissory notes and corporate and personal guarantees from the shareholders of the Group. The facilities bear financial charges on prevailing market rates.

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10 LOANS AND BORROWINGS (CONTINUED)

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

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Current:		
Lease liabilities	6,854	--
		11,388
Bank overdraft	16,389	
Bank loans	421,828	520,069
	<u>445,071</u>	<u>531,457</u>
Non-current:		
Lease liabilities	11,029	--
Bank loans	23,088	31,000
	<u>34,117</u>	<u>31,000</u>

The following bank loans are outstanding as at:

	Currency	Nominal interest rate	Year of maturity	30 June 2019 (Unaudited)		31 December 2018 (Audited)	
				Face value	Carrying amount	Face value	Carrying amount
Kingdom of Saudi Arabia	SAR	2.6%-4.16% per annum	2019-2021	613,477	364,247	572,160	437,229
	USD	2.7% -2.8% per annum	2019-2020	94,000	56,304	59,813	59,813
United Arab Emirates	AED	1 month EIBOR + 4% per annum (min of 4.5%)	2019-2021	--	--	23,373	21,536
Jordan	USD	LIBOR + 2.95% per annum	2019-2020	93,750	24,365	93,750	32,491
					<u>444,916</u>		<u>551,069</u>

Reconciliation of bank loans are as follows:

Balance as at 1 January	551,069	781,845
Proceeds		
Kingdom of Saudi Arabia	264,656	1,056,913
United Arab Emirates	--	4,131
Jordan	--	35,421
	<u>264,656</u>	<u>1,096,465</u>
Repayments		
Kingdom of Saudi Arabia	(355,721)	(1,242,113)
United Arab Emirates	(5,147)	(3,008)
Jordan	(9,941)	(82,120)
	<u>(370,809)</u>	<u>(1,327,241)</u>
Balance as at 30 June 2019	<u>444,916</u>	<u>551,069</u>

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11 EMPLOYEE BENEFITS

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
Defined benefit liability	<u>25,901</u>	<u>25,751</u>
	<u>25,901</u>	<u>25,751</u>

The Group operates an approved unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the local Labor Law.

- In Kingdom of Saudi Arabia (KSA), the plan entitles an employee who completed over two but less than five years of service, to receive a payment equal to one-third of their last month salary for each completed year of service. Similarly, an employee who completed over five but less than ten years of service, to receive a payment equal to two-third of their last month salary for each completed year of service. Further, an employee who completed over ten years of service, to receive a payment equal to their last month salary for each completed year of service.
- In United Arab Emirates (UAE), the plan entitles a employee who completed over one year but less than three years of service, to receive a payment equal to one-third of their last month salary for each completed year of service. Similarly, an employee who completed over three years but less than five years of service, to receive a payment equal to two-thirds of their last month salary for each completed year of service. Further, an employee who completed over five years of service, to receive a payment equal to their last month salary for each completed year of service.

Reconciliation in employees end of service benefits is as follow:

	30 June 2019 (unaudited)	31 December 2018 (audited)
Balance at beginning of period / year	25,751	32,454
Included in Profit and Loss		
Current service cost	1,257	4,395
Interest cost	535	935
	<u>1,792</u>	<u>5,330</u>
Included in Other comprehensive income		
Actuarial loss	893	876
Benefit paid	(2,535)	(12,909)
Balance at end of period / year	<u>25,901</u>	<u>25,751</u>
Represented by:		
Defined benefit liability for plans in:		
- Kingdom of Saudi Arabia	22,976	23,327
- United Arab Emirates	2,925	2,424
	<u>25,901</u>	<u>25,751</u>

Actuarial assumptions

The following are the principal actuarial assumptions applied at 30 June 2019 and 31 December 2018:

	KSA	UAE
Discount rate	3.43% p.a	3.43 % p.a
Salary increase	2% p.a	2.50 % p.a
Average years of past service	7.58 years	3.54 years

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11 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity analysis

Particulars	30 June 2019 (unaudited)		31 December 2018 (audited)	
	<u>PVDBO</u>	<u>% Change</u>	<u>PVDBO</u>	<u>% Change</u>
EOSB liability	25,901		25,751	
+1% Discount rate	(803)	-3.49%	(1,244)	-4.80%
-1% Discount rate	877	3.82%	1,396	5.40%
+1% Salary increase rate	871	3.79%	1,530	5.91%
1% Salary increase rate	(820)	3.57%	(1,387)	5.41%
+10% Withdrawals rate	--	0.00%	36	0.01%
-10% Withdrawals rate	--	0.00%	(37)	-0.01%
1 Year mortality age set back	(9)	-0.04%	5	0.00%
1 Year mortality age set forward	115	0.50%	9	0.00%

PVDBO: Present value of defined benefit obligations

12 REVENUE

The Group's operations and main revenue streams are those described in the last annual financial statements. 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.

<u>30 June 2019 (unaudited)</u>	<u>HVAC solutions</u>	<u>Home appliances</u>	<u>All other segments</u>	<u>Total</u>
Saudi Arabia	281,867	133,513	--	415,380
Jordan	2,947	30,168	1,560	34,675
UAE	--	--	809	809
Total	284,814	163,681	2,369	450,864

<u>30 June 2018 (unaudited)</u>	<u>HVAC solutions</u>	<u>Home appliances</u>	<u>All other segments</u>	<u>Total</u>
Saudi Arabia	247,475	111,438	--	358,913
Jordan	4,001	40,947	2,118	47,066
UAE	--	--	21,252	21,252
Total	251,476	152,385	23,370	427,231

13 BASIC AND DILUTED LOSSES PER SHARE

Basic and diluted losses per share amounts are calculated by dividing the profit for the six months attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding, as follows:

	<u>30 June 2019</u>	<u>30 June 2018</u>
Loss attributable to ordinary shareholders	<u>(36,349)</u>	<u>(57,201)</u>
	<u>Shares</u>	<u>Shares</u>
Weighted average number of ordinary shares outstanding during the period	<u>63,000</u>	<u>63,000</u>
Basic and diluted losses per share	<u>(0.58)</u>	<u>(0.91)</u>

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14 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 air conditioners including chillers and related services.

Home appliances: Represents televisions, washing machines, dryers, refrigerators, irons, gas cookers, and floor care.

All others segments represents energy solutions and mobiles.

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. Segment performance is evaluated based on profit or loss and its measured consistently with profit of loss in the consolidated financial statements.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

	<i><u>HVAC solutions</u></i>	<i><u>Home appliances</u></i>	<i><u>Total reportable segments</u></i>	<i><u>All other segments</u></i>	<i><u>Adjustments and eliminations</u></i>	<i><u>Total</u></i>
<i>As at 30 June 2019</i>						
Assets and liabilities:						
Segment assets	1,568,462	457,142	2,025,604	55,760	(473,282)	1,608,082
Segment liabilities	(900,337)	(177,110)	(1,077,447)	(45,175)	171,829	(950,793)
<i>For the six month ended 30 June 2019</i>						
Segment revenues	284,814	163,681	448,495	2,369	--	450,864
Segments (loss) / profit before zakat and foreign income tax	(33,893)	1,657	(32,236)	(4,591)	1,269	(35,558)

	<i><u>HVAC solutions</u></i>	<i><u>Home appliances</u></i>	<i><u>Total reportable segments</u></i>	<i><u>All other segments</u></i>	<i><u>Adjustments and eliminations</u></i>	<i><u>Total</u></i>
<i>As at 31 December 2018</i>						
Assets and liabilities:						
Segment assets	1,606,194	451,492	2,057,686	56,461	(479,446)	1,634,701
Segment liabilities	(903,068)	(168,900)	(1,071,968)	(41,336)	176,783	(936,521)
<i>For the six months ended 30 June 2018</i>						
Segment revenues	251,476	152,385	403,861	23,370	--	427,231
Segments (loss) / profit before zakat and foreign income tax	(56,986)	(11,468)	(68,454)	14,086	2,037	(52,331)

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14 OPERATING SEGMENTS (CONTINUED)

The Group has initially applied IFRS 16 at 1 January 2019, which requires the recognition of right-of-use assets and lease liabilities for lease contracts that were previously classified as operating leases (see Note 2.2 (a)). As a result, the Group recognised SR 21.3 million of right-of-use assets and SR 20.3 million of liabilities from those lease contracts. The Group has applied IFRS 16 using the modified retrospective approach, under which comparative information is not restated (see Note 2.2).

More than 92% (30 June 2018: 84%) of the Group's revenue and 89% (31 December 2018: 91%) of the Group's total assets are based in Kingdom of Saudi Arabia.

15 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 30 June 2019, the HVAC solutions segment reported revenue of SR 501 million (for 12 months ended 30 June 2018: SR 509 million) and net loss of SR 177 million (net loss for 12 months ended 30 June 2018: SR 187 million).

16 FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of the financial assets and financial liabilities including their levels in the fair value hierarchy for financial instruments measured at fair values. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount		Fair Value			Total
	Non-current assets	Current assets	Level 1	Level 2	Level 3	
30 June 2019						
Financial assets not measured at fair value						
Trade and other receivables	13,049	451,062	--	--	--	--
Cash in hand and at banks	--	49,350	--	--	--	--
Total	13,049	500,412	--	--	--	--
	Carrying amount		Fair Value			Total
	Non-current assets	Current assets	Level 1	Level 2	Level 3	
31 December 2018						
Financial assets not measured at fair value						
Trade and other receivables	13,049	445,498	--	--	--	--
Cash in hand and at banks	--	17,532	--	--	--	--
Total	13,049	463,030	--	--	--	--
	Carrying amount		Fair Value			Total
	Non-current liabilities	Current liabilities	Level 1	Level 2	Level 3	
30 June 2019						
Financial liabilities not measured at fair value						
Loans	23,088	421,828	--	--	--	--
Trade and other payables	75,000	340,319	--	--	--	--
Bank overdrafts	--	16,389	--	--	--	--
Lease liabilities	11,029	6,854	--	--	--	--
Total	109,117	785,390	--	--	--	--

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16 FINANCIAL INSTRUMENTS (CONTINUED)

	Carrying amount		Fair Value			
	Non-current liabilities	Current liabilities	Level 1	Level 2	Level 3	Total
31 December 2018						
Financial liabilities not measured at fair value						
Loans	31,000	520,069	--	--	--	--
Trade and other payables	--	305,018	--	--	--	--
Bank overdrafts	--	11,388	--	--	--	--
Lease liabilities	--	--	--	--	--	--
Total	31,000	836,475	--	--	--	--

17 RELATED PARTY TRANSACTIONS

Significant balances and transactions with related parties included in the condensed consolidated interim financial statements are as follows:

a) Due from related parties – under trade and other receivables:

Name	Relationship	Nature of Transaction	Amount of Transaction		Closing Balance	
			30 June 2019	30 June 2018	30 June 2019	31 December 2018
SEALCO	Associate	Sale of investment in SEALCO	--	--	--	151
					--	151

b) Due to related parties -- under trade and other payables:

Name	Relationship	Nature of Transaction	Amount of Transaction		Closing Balance	
			30 June 2019	30 June 2018	30 June 2019	31 December 2018
LG Shaker	Associate	Purchase of finished goods	(117,961)	(129,615)	* 252,340	167,728
LG Electronics (Levant)	Associate	Purchase of finished goods	(7,813)	(31,747)	--	8,156
Board of Directors	Key management	Remuneration and meeting attendance fee	833	967	1,482	1,887
Subsidiary shareholder – NVEEAC	Key management	Advances	--	(6,479)	--	--
Subsidiary shareholder -- EMS	Key Management	Advances	--	(1,144)	--	--
					253,822	177,771

*As at 30 June 2019, SR 75 million (31 December 2018: nil) out of this amount has been classified as non-current trade and other payables which is due for payment on 1 October 2020.