

**L'azurde Company for Jewelry and its Subsidiaries  
(A Saudi Joint Stock Company)**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND  
AUDITORS' LIMITED REVIEW REPORT**

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED  
30 JUNE 2016**

L'azurde Company for Jewelry and its Subsidiaries  
(A Saudi Joint Stock Company)

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FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2016

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Ernst & Young & Co. (Public Accountants)  
Al Faisaliah Office Tower  
PO Box 2732  
King Fahad Road  
Riyadh 11461  
Saudi Arabia  
Registration Number: 45

Tel: +966 11 273 4740  
Fax: +966 11 273 4730

[www.ey.com](http://www.ey.com)

**LIMITED REVIEW REPORT  
TO THE SHAREHOLDERS OF L'AZURDE COMPANY FOR JEWELRY  
(A SAUDI JOINT STOCK COMPANY)**

**Scope of review**

We have reviewed the accompanying interim consolidated balance sheet of L'azurde Company for Jewelry - a Saudi Joint Stock Company (the "Company") and its subsidiaries (together the "Group") as at 30 June 2016 and the related interim consolidated statement of income for the three-month and six-month periods then ended, and the interim consolidated statements of cash flows and changes in shareholders' equity for the six-month period then ended. These interim consolidated financial statements are the responsibility of the Group's management and have been prepared by them and submitted to us together with all the information and explanations which we required. We conducted our limited review in accordance with the Standard on Review of Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants (SOCPA). A limited review consists principally of applying analytical procedures to financial data and information, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

**Conclusion**

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

For Ernst & Young

Waleed G. Tawfiq  
Certified Public Accountant  
Registration No. 437



Riyadh: 21 Shawwal 1437H  
(26 July 2016)

L'azurde Company for Jewelry and its Subsidiaries  
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2016

	Note	30 June 2016 (Unaudited) SR	30 June 2015 (Audited) SR
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		61,429,656	57,950,124
Cash margin deposits		166,783,825	234,941,262
Accounts receivables		947,134,618	649,435,863
Inventories		865,248,489	925,365,282
Prepayments and other receivables		31,901,586	34,568,574
<b>TOTAL CURRENT ASSETS</b>		<b>2,072,498,174</b>	<b>1,902,261,105</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		76,142,989	68,416,388
<b>TOTAL ASSETS</b>		<b>2,148,641,163</b>	<b>1,970,677,493</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable, accrued expenses and other liabilities		70,558,564	114,935,381
Short-term loans		1,520,745,034	1,320,874,279
Zakat and income tax liability		10,116,690	10,854,560
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,601,420,288</b>	<b>1,446,664,220</b>
<b>NON-CURRENT LIABILITIES</b>			
Employees' terminal benefits		32,771,003	31,549,290
Deferred tax liability		1,468,978	1,147,120
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>34,239,981</b>	<b>32,696,410</b>
<b>TOTAL LIABILITIES</b>		<b>1,635,660,269</b>	<b>1,479,360,630</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	430,000,000	430,000,000
Statutory reserve		10,056,720	-
Retained earnings		139,369,505	94,965,451
Foreign currency translation reserve		(66,445,331)	(33,648,588)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>512,980,894</b>	<b>491,316,863</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>2,148,641,163</b>	<b>1,970,677,493</b>

The interim consolidated financial statements have been approved by the Board of Directors on 25 July 2016 and issued on their behalf by:

  
Ayman Gamil  
Chief Financial Officer

  
Selim Chrdiac  
Chief Executive Officer

  
Wassim M Al Khatib  
Authorized Board Member

The accompanying notes from 1 to 12 form an integral part of these interim consolidated financial statements.

L'azurde Company for Jewelry and its Subsidiaries  
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF INCOME  
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2016

	Notes	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2016 (Unaudited) SR	2015 (Unaudited) SR	2016 (Unaudited) SR	2015 (Audited) SR
<b>Revenue:</b>					
Gold		445,409,351	624,645,833	1,150,484,269	1,391,577,365
Operations		106,775,898	139,896,298	285,247,608	310,647,003
		<u>552,185,249</u>	<u>764,542,131</u>	<u>1,435,731,877</u>	<u>1,702,224,368</u>
<b>Cost of revenue:</b>					
Gold		(445,409,351)	(624,645,833)	(1,150,484,269)	(1,391,577,365)
Operations		(38,021,729)	(52,125,568)	(99,023,022)	(111,028,065)
		<u>(483,431,080)</u>	<u>(676,771,401)</u>	<u>(1,249,507,291)</u>	<u>(1,502,605,430)</u>
<b>GROSS PROFIT</b>		<u>68,754,169</u>	<u>87,770,730</u>	<u>186,224,586</u>	<u>199,618,938</u>
<b>EXPENSES</b>					
Selling and marketing expenses		(25,002,669)	(38,298,984)	(75,375,044)	(85,468,761)
General and administration expenses		(10,548,455)	(13,889,766)	(24,812,252)	(26,376,328)
		<u>(35,551,124)</u>	<u>(52,188,750)</u>	<u>(100,187,296)</u>	<u>(111,845,089)</u>
<b>INCOME FROM MAIN OPERATIONS</b>		<u>33,203,045</u>	<u>35,581,980</u>	<u>86,037,290</u>	<u>87,773,849</u>
Financial charges		(9,196,609)	(8,696,303)	(19,174,612)	(18,253,935)
Other (expenses) / income, net		(1,091,990)	(634,533)	12,467,611	5,500,002
<b>INCOME BEFORE ZAKAT AND INCOME TAX</b>		<u>22,914,446</u>	<u>26,251,144</u>	<u>79,330,289</u>	<u>75,019,916</u>
Zakat	7	(1,322,761)	(1,556,154)	(5,562,115)	(7,577,029)
Income tax		(230,169)	(2,192,639)	(1,127,629)	(3,695,919)
<b>NET INCOME FOR THE PERIOD</b>		<u>21,361,516</u>	<u>22,502,351</u>	<u>72,640,545</u>	<u>63,746,968</u>
<b>Earnings per share:</b>	5				
Attributable to income from main operations		<u>0.77</u>	<u>0.83</u>	<u>2.00</u>	<u>2.04</u>
Attributable to net income		<u>0.50</u>	<u>0.52</u>	<u>1.69</u>	<u>1.48</u>
Ayman Garnit Chief Financial Officer			Selim Chidiac Chief Executive Officer		Wassim M Al Khatib Authorized Board Member

The accompanying notes from 1 to 12 form an integral part of these interim consolidated financial statements.




L'azurde Company for Jewelry and its Subsidiaries  
(A Saudi Joint Stock Company)

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016

	2016 (Unaudited) SR	2015 (Audited) SR
<b>OPERATING ACTIVITIES</b>		
Income before zakat and income tax	79,330,289	75,019,916
Adjustments for:		
Depreciation	5,418,891	4,812,717
Employees' terminal benefits expense	2,451,094	5,488,228
Gain on disposal of property, plant and equipment	(133,385)	(32,768)
Intangible assets written off	-	299,999
Melting costs and charge for slow moving inventory items	5,489,920	5,576,164
Doubtful debts expense	2,554,313	3,497,060
	<u>95,111,122</u>	<u>94,661,316</u>
Changes in operating assets and liabilities:		
Accounts receivable	(559,780,585)	(373,139,682)
Inventories	104,906,467	46,588,913
Prepayments and other receivables	4,679,253	(4,065,679)
Accounts payable, accrued expenses and other liabilities	(8,782,713)	19,425,427
Proceeds from short-term gold loans, net	392,962,374	271,258,968
Cash margin deposits	(50,111,806)	(13,877,914)
Net cash (used in)/generated from operations	<u>(21,015,888)</u>	<u>40,851,349</u>
Zakat paid	(12,869,911)	(12,423,861)
Income tax paid	(1,259,865)	-
Employees' terminal benefits paid	(1,078,334)	(2,877,807)
Net cash (used in)/generated from operating activities	<u>(36,223,998)</u>	<u>25,549,681</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(8,518,197)	(8,171,930)
Proceeds from disposal of property, plant and equipment	2,287,308	644,853
Net cash used in investing activities	<u>(6,230,889)</u>	<u>(7,527,077)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds of short term cash loans, net	13,000,000	-
Dividends paid	(55,000,000)	(10,000,000)
Net cash used in financing activities	<u>(42,000,000)</u>	<u>(10,000,000)</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(84,454,887)</u>	<u>8,022,604</u>
Cash and cash equivalents at the beginning of the period	173,438,279	62,554,885
Foreign currency translation adjustments, net	(27,553,736)	(12,627,365)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>61,429,656</u>	<u>57,950,124</u>

  
Ayman Gamil  
Chief Financial Officer

  
Selim Chidiac  
Chief Executive Officer

  
Wassim M Al'Khatib  
Authorized Board Member

The accompanying notes from 1 to 12 form an integral part of these interim consolidated financial statements.

L'azurde Company for Jewelry and its Subsidiaries  
(A Saudi Joint Stock Company)

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016

	Share capital SR	Statutory reserve SR	Retained earnings SR	Foreign currency translation reserve SR	Total SR
<b>30 June 2015 (Audited)</b>					
Balance at 1 January 2015	300,000,000	52,509,121	151,709,362	(21,021,223)	483,197,260
Transferred to share capital (note 8)	130,000,000	(52,509,121)	(77,490,879)	-	-
Net income for the period	-	-	63,746,968	-	63,746,968
Dividends (note 9)	-	-	(43,000,000)	-	(43,000,000)
Foreign currency translation adjustments	-	-	-	(12,627,365)	(12,627,365)
Balance at 30 June 2015	430,000,000	-	94,965,451	(33,648,588)	491,316,863
<b>30 June 2016 (Unaudited)</b>					
Balance at 1 January 2016	430,000,000	10,056,720	89,855,476	(38,891,595)	491,020,601
Net income for the period	-	-	72,640,545	-	72,640,545
Dividends (note 9)	-	-	(23,126,516)	-	(23,126,516)
Foreign currency translation adjustments	-	-	-	(27,553,736)	(27,553,736)
Balance at 30 June 2016	430,000,000	10,056,720	139,369,505	(66,445,331)	512,980,894

Selim Chidiac  
Chief Executive Officer

Ayman Gabril  
Chief Financial Officer

Wassim M Al Khatib  
Authorized Board Member

The accompanying notes from 1 to 12 form an integral part of these interim consolidated financial statements.

L'azurde Company for Jewelry and its Subsidiaries  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
30 JUNE 2016

1 ACTIVITIES

L'azurde Company for Jewelry (the "Company") is a listed Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration numbered 1010221531 and dated 26 Jumad Thani 1427H, (corresponding to 22 July 2006). The Company is engaged in the production, manufacturing, forming and forging golden wares, jewelry, and precious stones and golden alloys, in accordance with the ministerial resolution number 1354/S dated 21 April 2008 corresponding to 15 Rabi Thani 1429H. The Company's other permissible activities include distribution of glasses, watches, accessories, pens, perfumes, leather products and export of gold wares, alloys and silver.

The Company carries out its activities through various branches in the Kingdom of Saudi Arabia and Kuwait and also through subsidiaries in the Kingdom of Saudi Arabia, the United Arab Emirates, the Arab Republic of Egypt and the State of Qatar. All these branches and subsidiaries are also engaged in the trading of jewelry, gold and silver products.

An interim period forms an integral part of the entire year. Due to the seasonality of the Group's business, interim results may not be an indicator of the results of the whole financial year.

The Company effectively owns and controls the following subsidiaries:

<i>Subsidiary company</i>	<i>Direct and indirect shareholding %</i>	<i>Principal field of activities</i>	<i>Commercial registration number</i>	<i>Country of incorporation</i>
ORO Egypt Company ("ORO")	100	Gold production and trading	7877	Arab Republic of Egypt
L'azurde Company for Jewellery LLC ("LCJ LLC")	100	Gold production and trading	14997	Arab Republic of Egypt
L'azurde Company for Jewelry LLC	100	Gold trading	1039193	United Arab Emirates
L'azurde Jewellery LLC	100	Gold trading	1060233	United Arab Emirates
L'azurde Company for Jewellery LLC ("LCJ LLC") (*)	98	Gold trading	60716	State of Qatar
Almujwharat Almasiah LLC	100	Trading of sunglasses and silver products	1010236734	Kingdom of Saudi Arabia
Kenaz LLC	100	Trading of watches and perfumes	1010352574	Kingdom of Saudi Arabia

(\*) The direct ownership of the Company in LCJ LLC is 49%, however, based on the agreement with the nominee shareholder of LCJ LLC, the Company is entitled to 98% of the economic benefits of LCJ LLC.



L'azurde Company for Jewelry and its Subsidiaries  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 JUNE 2016

**2 BASIS OF CONSOLIDATION**

These interim consolidated financial statements include the assets and liabilities and the results of operations of the Company and its subsidiaries (the "Group") listed in note 1.

A subsidiary company is that in which the Group has, directly or indirectly, long-term investment comprising an interest of more than 50% in the voting capital and/or over which it exerts practical control. A subsidiary is consolidated from the date on which the Group obtains control till the date that control ceases.

Subsidiaries' financial statements are prepared for the same period using accounting policies consistent with those used by the Company.

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

All significant inter-company transactions have been eliminated on consolidation.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The interim consolidated financial statements have been prepared in accordance with standard on Interim Financial Reporting issued by Saudi Organization for Certified Public Accountants. The significant accounting policies adopted and significant estimates made in preparation of the interim consolidated financial statements are consistent with those adopted in the preparation of annual consolidated financial statements for the year ended 31 December 2015 and should be read in conjunction with those annual financial statements.

Significant accounting policies adopted by the Group are summarized as follows:

*Accounting convention*

The accompanying interim consolidated financial statements have been prepared under the historical cost convention modified to include the measurement of gold asset and liability accounts at market value.

*Use of estimates*

The preparation of interim consolidated financial statements in accordance with generally accepted accounting principles requires the use of estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim consolidated financial statements and the reported amounts of revenues and expenses during the reported period. The actual results ultimately may differ from those estimates.

*Cash and cash equivalents*

Cash and cash equivalents consist of bank balances, cash on hand and investments that are readily convertible into known amounts of cash and have maturity of three months or less when placed.

*Accounts receivable*

Accounts receivable are stated at original invoice amount or gold quantity less a provision for any uncollectible amounts. When collected, accounts receivable are settled in cash or gold. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off when considered uncollectible.

*Inventories*

Inventory consists of gold and other items. Gold is valued at market price. Other inventory items are stated at the lower of cost and market value. The cost of other inventory items is determined as follows:

Raw material, consumables and other manufacturing material	-	purchase cost on weighted average basis.
Work in progress and finished goods	-	cost of direct material, labor and overheads based on a normal level of activity.
Re-sellable goods	-	specific identification basis.

L'azurde Company for Jewelry and its Subsidiaries  
(A Saudi Joint Stock Company)

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 JUNE 2016

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Inventories (continued)*

Appropriate provisions are made for slow moving inventories. An appropriate provision is also made to cover the expected melting costs of all non-sellable inventory items that would be melted to be used again in production. It is the Group's policy to charge such provisions under cost of sales in the interim consolidated statement of income.

*Property, plant and equipment*

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment in value. Freehold land is not depreciated. The cost less estimated residual value of other items of property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets.

Leasehold improvements are amortized on a straight-line basis over the shorter of the useful life of the improvements, or the term of the lease.

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

*Impairment of non-financial assets*

The Group periodically reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered any impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of the asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment is recognized in the interim consolidated statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in prior periods. A reversal of an impairment loss is recognized as income immediately.

*Accounts payable and accruals*

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

*Provisions*

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably.

*Zakat and income tax*

Zakat is provided for on behalf of the Company and its effectively wholly owned subsidiaries in accordance with the Saudi Arabian fiscal regulations. The foreign subsidiaries provide for income tax liabilities, if any, in accordance with tax regulations of the country in which they operate. Zakat and income tax provisions are charged to the interim consolidated statement of income.

Deferred income tax is provided for foreign subsidiaries subject to tax, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on laws that have been enacted in the respective countries at the reporting date.

L'azurde Company for Jewelry and its Subsidiaries  
(A Saudi Joint Stock Company)

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 JUNE 2016

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Operating leases***

Operating leases payments are recognized as expense in the interim consolidated statement of income on a straight line basis over the lease term.

***Employees' terminal benefits***

Provision is made for amounts payable to the Company's employees under the Saudi Arabian labor law applicable to employees' accumulated periods of service at the balance sheet date.

***Dividends distribution***

Final dividends are recognized as a liability at the time of their approval by the General Assembly. Interim dividends are recorded when approved by the Board of Directors.

***Revenue recognition***

Revenue from the sale of gold is recognized when the significant risks and rewards of ownership have passed to the buyer; it is probable that economic benefits associated with the transaction will flow to the Group; the sale price can be measured reliably; the Group has no significant continuing involvement; and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Based on the above, sales are recognized when goods are invoiced (at the then gold market prices) and delivered to customers.

Other income is recognized when earned.

***Expenses***

Selling and marketing expenses are those that specifically relate to salesmen, warehousing and delivery vehicles as well as doubtful debt expense. All other expenses are classified as general and administration expenses.

***Gold revaluation***

Transactions denominated in gold are recorded in Saudi Riyals at the relevant market rates prevailing at the time of the respective transactions. Asset and liability balances denominated in gold are revalued, and recorded in Saudi Riyals, at the market price ruling at the balance sheet date. Realized gains and losses and unrealized losses from revaluation of gold related items are recognized in the interim consolidated statement of income. Unrealized gain from gold revaluation is deferred until it is realized in the subsequent periods.

***Foreign currency***

***Transactions***

Transactions in foreign currencies are translated into Saudi Riyals at the relevant exchange rates prevailing at the time of the respective transactions. Assets and liabilities in foreign currency at the balance sheet date are translated into Saudi Riyals at exchange rates prevailing at that date. Realized and unrealized exchange differences on foreign currencies are recognized in the interim consolidated statement of income.

***Foreign operations translations***

Financial statements of the foreign subsidiaries are translated into Saudi Riyals using the exchange rates at each balance sheet date, for assets and liabilities, and the average exchange rates for each period for revenues, expenses, gains and losses. Components of equity, other than retained earnings, are translated at the rates ruling at the date of occurrence of each component. Foreign currency translation adjustments, if material, are recorded as a separate component of the shareholders' equity.

***Segmental reporting***

A segment is a distinguishable component of the Group that is engaged either in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

L'azurde Company for Jewelry and its Subsidiaries  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

30 JUNE 2016

4. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Group include major shareholders, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties. There were no significant transactions with the related parties during the current or prior period. Following is the detail of the related party balance as at end of the period:

	<i>Balances</i>	
	<i>2016 (Unaudited) SR</i>	<i>2015 (Audited) SR</i>
Amount payable to L'azurde Holding Company, immediate parent company	-	2,769,849

Certain senior employees of the Group have been granted a management incentive plan by the immediate parent company of the Group whereby these employees would be entitled to units at the fair value of the Company's shares (from the perspective of selected employees) at the grant date, with their values linked to the equity price of the Company. As at the reporting date, the Group has made deductions amounting to SR nil (30 June 2015: 2,769,849) from these selected employees on behalf of the immediate parent company, which are payable to the immediately parent company, being the partial purchase consideration of the units acquired by the selected employees. The above arrangement has no other impact on the interim consolidated statement of income and interim consolidated balance sheet of the Group.

5. EARNINGS PER SHARE

Earnings per share is calculated based on the weighted average number of shares outstanding during the period. The weighted average number of shares outstanding during the three-month and six-month periods ended 30 June 2016 and 30 June 2015 is 43 million shares.

The earnings per share attributable to income from main operations has decreased by 2 per cent to SR 2.00 per share for the six-month period ended 30 June 2016 from SR 2.04 per share for the six-month period ended 30 June 2015.

6. SEGMENTAL INFORMATION

These are attributable to the Group's activities and business lines approved by management to be used as a basis for the financial reporting and are consistent with the internal reporting process. The segments' results and assets comprise items that are directly attributable to a certain segment and items that can be reasonably allocated between the various business segments.

The Group is organized into the following main business segments:

	<i>Wholesale SR</i>	<i>Retail SR</i>	<i>Total SR</i>
<i>(Unaudited)</i>			
<i>As of and for the six-month period ended 30 June 2016:</i>			
Revenue: Gold	1,150,484,269	-	1,150,484,269
Operations	238,733,058	46,514,550	285,247,608
Gross profit	169,506,018	16,718,568	186,224,586
Net book value of property, plant and equipment	69,990,950	6,152,039	76,142,989
Total assets	2,080,298,918	68,342,245	2,148,641,163
Total liabilities	1,627,306,670	8,353,599	1,635,660,269
<i>(Audited)</i>			
<i>As of and for the six-month period ended 30 June 2015:</i>			
Revenue: Gold	1,391,577,365	-	1,391,577,365
Operations	266,225,956	44,421,047	310,647,003
Gross profit	184,760,768	14,858,170	199,618,938
Net book value of property, plant and equipment	61,881,429	6,534,959	68,416,388
Total assets	1,905,629,055	65,048,438	1,970,677,493
Total liabilities	1,471,760,312	7,600,318	1,479,360,630

L'azurde Company for Jewelry and its Subsidiaries  
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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(continued)

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6. SEGMENTAL INFORMATION (continued)

The primary markets for the Group's products are the Kingdom of Saudi Arabia, Egypt, UAE and Qatar. Following is a geographical segment analysis of Group's total revenue and non-current assets:

Geographical segments	Kingdom of Saudi Arabia SR	Egypt SR	UAE SR	Qatar SR	Total SR
<u>As of and for the six-month period ended 30 June 2016 (Unaudited):</u>					
Revenue: Gold	499,799,025	515,174,786	112,593,010	22,917,448	1,150,484,269
Operations	155,973,804	99,119,714	24,331,469	5,822,621	285,247,608
Non-current assets	43,313,678	26,171,399	6,657,912	-	76,142,989
<u>As of and for the six-month period ended 30 June 2015 (Audited):</u>					
Revenue: Gold	595,986,867	609,198,787	179,909,641	6,482,070	1,391,577,365
Operations	163,011,168	114,104,207	31,993,703	1,537,925	310,647,003
Non-current assets	41,829,146	19,234,627	7,352,615	-	68,416,388

7. ZAKAT

The zakat liability of the Group for the period represents the zakat on L'azurde Company for Jewelry and its wholly-owned subsidiaries.

Charge for the period

Zakat charge for the current period consists of the following:

	2016 (Unaudited) SR	2015 (Audited) SR
Provision for the period	7,444,154	8,305,761
Adjustments relating to previous years	(1,882,039)	(728,732)
	<u>5,562,115</u>	<u>7,577,029</u>

Status of assessments

The Company has filed and paid the zakat returns for all years up to 2015 and obtained the zakat certificates for all years. The Company received an assessment for the year 2004 which was finalized and settled. The Company received a request for information from General Authority for Zakat and Tax (GAZT) on 9 November 2015 requesting information relating to the years 2006-2014. The Company responded to this request for information on 21 January 2016.

8. SHARE CAPITAL

Share capital is divided into 43,000,000 shares (30 June 2015: 43,000,000 shares) of SR 10 each.

During the six-month period ended 30 June 2015, the shareholders of the Company resolved to increase the capital of the Company from SR 300 million to SR 430 million by transferring SR 52,509,121 and SR 77,490,879 from statutory reserve and retained earnings respectively to share capital. The legal formalities required to enforce the increase of the share capital were completed during May 2015.

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

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**9. DIVIDENDS**

On 21 Jumad Awal 1437H (corresponding to 1 March 2016) the general assembly approved to distribute interim cash dividend of SR 0.538 per share with total amount of SR 23,126,516. This dividend was paid on 20 Jumad Thani 1437H (corresponding to 29 March 2016).

On 5 Muharram 1437H (corresponding to 17 October 2015) the Board of Directors recommended and approved to distribute interim cash dividend of SR 0.741 per share with total amount of SR 31,873,484. This dividend was paid on 20 Jumad Thani 1437H (corresponding to 29 March 2016). In the meeting dated 21 Jumad Awal 1437H (corresponding to 01 March 2016), the general assembly approved dividend of SR 31,873,484.

On 13 Sha'aban 1436H (corresponding to 31 May 2015) the Board of Directors recommended and approved to distribute interim cash dividend of SR 1 per share with total amount of SR 43 million. In the meeting dated 2 Muharram 1437H (corresponding to 15 October 2015), the general assembly approved dividend of SR 43 million which was paid to the shareholders during 2015.

**10. FAIR VALUES OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Financial instruments comprise financial assets and financial liabilities. The Group's financial assets consist of cash and cash equivalents, cash margin deposits, accounts and other receivables. Financial liabilities of the Group consist of accounts and other payables, accruals and term loans.

The fair values of financial instruments of the Group at the balance sheet date are not materially different from their carrying values.

**11. CONTINGENT LIABILITIES**

The Group's bankers have issued letters of guarantees amounting to SR 1,144,224 (2015: SR 1,618,000) in respect of its operations which are outstanding at the reporting date.

**12. COMPARATIVE FIGURES**

Certain of the prior period amounts have been reclassified to conform to the presentation in the current period.