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

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015

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AUDITORS' REPORT TO THE SHAREHOLDERS OF L'AZURDE COMPANY FOR JEWELRY (Saudi Joint Stock Company)

Scope of audit

We have audited the accompanying interim consolidated balance sheet of L'azurde Company for Jewelry - Saudi Joint Stock Company - (the "Company"), and its subsidiaries (the "Group") as at 30 June 2015 and the related interim consolidated statements of income, cash flows and changes in the 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. Our responsibility is to express an opinion on these interim consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the interim consolidated financial statements.

Unqualified opinion

In our opinion, the interim consolidated financial statements taken as a whole present fairly, in all material respects, the interim consolidated financial position of the Group as at 30 June 2015 and the results of its operations and its cash flows for the six-month period then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

Emphasis of a matter

Without qualifying our, opinion, we draw attention to the fact that we were not engaged to audit the interim consolidated financial statements of the Group for the six-month period ended 30 June 2014. Accordingly, we are unable to comment on whether the comparative information presented in these interim consolidated financial statements present fairly, in all material respects the interim consolidated financial position of the Group as at 30 June 2014 and results of its operations and its cash flows for the six-month period then ended.

for Ernst & Young

Fahad M. Al-Toaimi
Certified Public Accountant
Registration No. 354

Riyadh: 12 Dhul-Qadah 1436H
(27 August 2015)

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

INTERIM CONSOLIDATED BALANCE SHEET
As at 30 June 2015

	Notes	*2015 (Audited) SR*	*2014 (Unaudited) SR*
ASSETS			
CURRENT ASSETS			
Cash and bank balances	4	**57,950,124**	71,911,221
Margin deposits	5	**234,941,262**	217,104,987
Accounts receivable	6	**661,456,580**	470,431,786
Inventories	7	**925,365,282**	897,903,241
Prepayments and other receivables	8	**34,568,574**	30,280,143
TOTAL CURRENT ASSETS		**1,914,281,822**	1,687,631,378
NON-CURRENT ASSETS			
Property, plant and equipment	9	**68,416,388**	64,430,641
Intangible assets	10	**-**	299,999
TOTAL NON-CURRENT ASSETS		**68,416,388**	64,730,640
TOTAL ASSETS		**1,982,698,210**	1,752,362,018
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable, accrued expenses and other liabilities	11	**126,956,098**	76,769,167
Short-term loans	12	**1,320,874,279**	1,122,096,864
Zakat and income tax	13	**10,854,560**	11,528,560
TOTAL CURRENT LIABILITIES		**1,458,684,937**	1,210,394,591
NON-CURRENT LIABILITIES			
Employees' terminal benefits	14	**31,549,290**	25,799,144
Deferred income tax	13	**1,147,120**	-
TOTAL NON-CURRENT LIABILITIES		**32,696,410**	25,799,144
TOTAL LIABILITIES		**1,491,381,347**	1,236,193,735
SHAREHOLDERS' EQUITY			
Share capital	15	**430,000,000**	300,000,000
Statutory reserve	16	**-**	43,880,067
Retained earnings		**94,965,451**	193,427,507
Foreign currency translation adjustments		**(33,648,588)**	(21,139,291)
TOTAL SHAREHOLDERS' EQUITY		**491,316,863**	516,168,283
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,982,698,210**	1,752,362,018

The interim consolidated financial statements have been approved by the Board of Directors on 27 August 2015 and signed on their behalf by:

Selim Chidiac
Chief Executive Officer

Ayman Gamil
Chief Financial Officer

The attached notes 1 to 27 form an integral part of these interim consolidated financial statements.

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

INTERIM CONSOLIDATED STATEMENT OF INCOME
For the six-month period ended 30 June 2015

		Notes	***2015 (Audited) SR***	*2014 (Unaudited) SR*
Revenue:	Gold		**1,391,577,365**	1,336,150,501
	Operations		**308,903,907**	273,326,477
			1,700,481,272	1,609,476,978
Cost of Revenue:	Gold		**(1,391,577,365)**	(1,336,150,501)
	Operations		**(111,028,065)**	(93,549,724)
			(1,502,605,430)	(1,429,700,225)
GROSS PROFIT			**197,875,842**	179,776,753
EXPENSES				
Selling and marketing		17	**(83,725,665)**	(70,755,362)
General and administration		18	**(26,376,328)**	(23,368,754)
			(110,101,993)	(94,124,116)
INCOME FROM MAIN OPERATIONS			**87,773,849**	85,652,637
Financial charges			**(18,253,935)**	(15,246,489)
Other income/(expenses), net		19	**5,500,002**	(2,237,195)
NET INCOME BEFORE ZAKAT AND INCOME TAX			**75,019,916**	68,168,953
Zakat		13	**(7,577,029)**	(11,616,380)
Income tax on a foreign subsidiary		13	**(3,695,919)**	-
NET INCOME FOR THE PERIOD			**63,746,968**	56,552,573
Earnings per share				
Attributable to income from main operations		20	**2.04**	1.99
Attributable to net income		20	**1.48**	1.32

The attached notes 1 to 27 form an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the six-month period ended 30 June 2015

	Notes	*2015 (Audited) SR*	*2014 (Unaudited) SR*
OPERATING ACTIVITIES			
Income before zakat and income tax		**75,019,916**	68,168,953
Adjustments for:			
Depreciation	9	**4,812,717**	5,579,607
Employees' terminal benefits expense	14	**5,488,228**	3,302,433
Gain on disposal of property, plant and equipment	19	**(32,768)**	(227,493)
Intangible assets written off		**299,999**	-
Melting costs and charge for slow moving inventory items		**5,576,164**	4,978,380
Doubtful debts expense	17	**3,497,060**	1,371,842
		94,661,316	83,173,722
Changes in operating assets and liabilities:			
Accounts receivable		**(367,674,248)**	(297,966,266)
Inventories		**46,588,913**	(53,460,869)
Prepayments and other receivables		**(4,065,679)**	7,199,340
Accounts payable, accrued expenses and other liabilities		**13,959,993**	4,805,203
Proceeds from short-term gold loans, net		**271,258,968**	306,060,903
Net cash generated from operations		**54,729,263**	49,812,033
Changes in margin deposits		**(13,877,914)**	(99,578,441)
Zakat paid	13	**(12,423,861)**	(11,620,122)
Employees' terminal benefits paid	14	**(2,877,807)**	(1,243,007)
Net cash generated from/(used in) operating activities		**25,549,681**	(62,629,537)
INVESTING ACTIVITIES			
Short-term deposits		**-**	11,000,000
Purchase of property, plant and equipment	9	**(8,171,930)**	(4,488,874)
Proceeds from disposal of property, plant and equipment		**644,853**	286,459
Net cash (used in)/generated from investing activities		**(7,527,077)**	6,797,585
FINANCING ACTIVITIES			
Dividends paid		**(10,000,000)**	-
Foreign currency translation adjustments, net		**(12,627,365)**	(6,678,542)
Net cash used in financing activities		**(22,627,365)**	(6,678,542)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(4,604,761)**	(62,510,494)
Cash and cash equivalents at the beginning of the period		**62,554,885**	134,421,715
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**57,950,124**	71,911,221

The attached notes 1 to 27 form an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the six-month period ended 30 June 2015

	Share capital SR	*Statutory reserve SR*	*Retained earnings SR*	*Foreign currency translation adjustments SR*	*Total SR*
30 June 2014					
Balance at 31 December 2013 (Audited)	300,000,000	43,880,067	136,874,934	(14,460,749)	466,294,252
Net income for the period	-	-	56,552,573	-	56,552,573
Foreign currency translation adjustments	-	-	-	(6,678,542)	(6,678,542)
Balance at 30 June 2014 (Unaudited)	300,000,000	43,880,067	193,427,507	(21,139,291)	516,168,283
30 June 2015					
Balance at 31 December 2014 (Audited)	300,000,000	52,509,121	151,709,362	(21,021,223)	483,197,260
Transfer to share capital (note 15)	130,000,000	(52,509,121)	(77,490,879)	-	-
Net income for the period	-	-	63,746,968	-	63,746,968
Dividends declared (note 24)	-	-	(43,000,000)	-	(43,000,000)
Foreign currency translation adjustments	-	-	-	(12,627,365)	(12,627,365)
Balance at 30 June 2015 (Audited)	**430,000,000**	-	**94,965,451**	**(33,648,588)**	**491,316,863**

The attached notes 1 to 27 form an integral part of these interim consolidated financial statements.

1. ACTIVITIES

L'azurde Company for Jewelry (the "Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010221531 date 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 is also engaged in 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.

The Company effectively owns and controls the following subsidiaries:

Subsidiary company	*Direct and indirect shareholding %*	*Principal field of activities*	*Commercial registration number*	*Country of incorporation*
ORO Egypt Company	100	Gold production and trading	7877	Arab Republic of Egypt
L'azurde Company for Jewellery	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	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

* During the period, Almujwharat Almasiah LLC and Kenaz LLC were incorporated.

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 above.

A subsidiary company is that in which the Company 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 Company obtains control till the date that control ceases.

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

Minority interests represent the portion of profit or loss and net assets that are not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet, separately from parent 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 the Standard on Interim Financial Reporting issued by the Saudi Organization for Certified Public Accountants. The significant accounting policies used in the preparation of these interim consolidated financial statements are consistent with those used in the preparation of annual financial statements for the year ended 31 December 2014 and should be read in conjunction with those annual financial statements. The interim results may not be an indicator of the annual results of operations.

Accounting convention
The interim consolidated financial statements are prepared under the historical cost convention modified to include the measurement at market price of gold asset and liability accounts.

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

Cash and cash equivalents
Cash and cash equivalents consists 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 as incurred.

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.

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 consolidated statement of income.

Property, plant and equipment
Freehold land is not depreciated. The cost less estimated residual value of other property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets.

Leasehold improvements are amortised 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 income. Improvements that increase the value or materially extend the life of the related assets are capitalised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets
Intangible assets with identified or identifiable useful life are amortised on straight line basis over the shorter of their useful life or statutory life. Intangible assets with infinite lives are assessed for impairment annually and whenever there is an indication that the assets may be impaired.

Impairment of non-current assets
The Group periodically reviews the carrying amounts of their non-current tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any 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 that asset belongs.

If the recoverable amount of an 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 loss is recognised as an expense immediately.

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 recognised for the asset or cash generating unit in prior periods. A reversal of an impairment loss is recognised as income immediately.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions
Provisions are recognised 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 may 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.

Operating leases
Operating leases payments are recognised 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 under the Saudi Arabian labor law applicable to employees' accumulated periods of service at the interim consolidated balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividends
Final dividends are recorded as liabilities at the time of their approval by the Shareholders' General Assembly. Interim dividends are recorded as and when approved by the Board of Directors.

Revenue recognition
Sales are recognised when goods are invoiced (at the then gold market prices) and delivered to customers.

Other income is recognised when earned.

Expenses
Selling and marketing expenses are those that specifically relate to selling activities, advertising and promotions, 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 at the market price ruling at the consolidated balance sheet date. Realised gains and losses and unrealised losses from revaluation of gold related items are recognised in the consolidated statement of income. Unrealised gain from gold revaluation is deferred until it is realised 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 interim consolidated financial statements date are translated into Saudi Riyals exchange rates prevailing at that date. Realised and unrealised exchange differences on foreign currencies are recognised 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 whether in producing/selling products and services (business segment), or in providing/selling products or services within a particular economic environment (geographical segment), which is subject to the risks and rewards that are different from those of other segments.

4. CASH AND CASH EQUIVALENTS

	2015 (Audited) SR	*2014 (Unaudited) SR*
Bank balances	**46,939,451**	64,396,222
Cash in hand	**11,010,673**	7,514,999
	57,950,124	71,911,221

5. MARGIN DEPOSITS

These comprise deposits with several banks and are held as margin deposits (restricted) against short-term gold loans granted to the Group by certain banks (note 12).

6. ACCOUNTS RECEIVABLE

	2015 (Audited) SR	*2014 (Unaudited) SR*
Trade receivables	**680,202,843**	485,346,184
Less: provision for doubtful debts	**(18,746,263)**	(14,914,398)
	661,456,580	470,431,786

7. INVENTORIES

By component:

	2015 (Audited) SR	*2014 (Unaudited) SR*
Gold	**783,825,273**	749,255,743
Diamonds, stones and pearls	**143,666,331**	143,129,340
Materials and accessories	**18,306,599**	17,942,469
	945,798,203	910,327,552
Less: provision for melting costs and slow moving inventory items	**(20,432,921)**	(12,424,311)
	925,365,282	897,903,241

7. INVENTORIES (continued)

By stage of completion:

	2015 (Audited) SR	*2014 (Unaudited) SR*
Finished goods	**474,053,087**	525,864,973
Raw material	**369,987,517**	286,991,152
Work in progress	**101,757,599**	97,471,427
	945,798,203	910,327,552
Less: provision for melting costs and slow moving inventory items	**(20,432,921)**	(12,424,311)
	925,365,282	897,903,241

Gold inventory is secured against gold loans granted to the Company by certain banks (note 12).

When non-gold 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.

8. PREPAYMENTS AND OTHER RECEIVABLES

	2015 (Audited) SR	*2014 (Unaudited) SR*
Advances to suppliers	**15,735,358**	11,918,679
Prepayments	**12,560,383**	12,712,915
Advances to employees	**2,988,404**	2,894,601
Accrued income	**58,980**	372,827
Other receivables	**3,225,449**	2,381,121
	34,568,574	30,280,143

9. PROPERTY, PLANT AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are based on the following rates:

Buildings	2%	Motor vehicles	25%	Leasehold improvements	Useful life of the improvements or the term of the lease, whichever is shorter
Machinery and equipment	10%	Office equipment	15% to 50%		
Furniture and fixtures	15%	Tools, dies & other assets	15% to 25%		

	Land SR	*Buildings SR*	*Machinery and equipment SR*	*Furniture and fixtures SR*	*Motor vehicles SR*	*Office equipment SR*	*Tools, dies and other assets SR*	*Leasehold improvements SR*	***Total 2015 (Audited) SR***	*Total 2014 (Unaudited) SR*
Cost:										
At the beginning of the period	640,177	76,273,053	71,789,525	21,528,828	9,489,349	26,334,307	13,881,837	13,285,777	**233,222,853**	232,427,757
Additions	-	286,866	2,700,167	487,583	968,519	1,804,072	202,223	1,722,500	**8,171,930**	4,488,874
Disposals	-	-	(577,820)	(81,470)	(124,318)	(190,468)	-	-	**(974,076)**	(1,161,327)
At the end of the period	640,177	76,559,919	73,911,872	21,934,941	10,333,550	27,947,911	14,084,060	15,008,277	**240,420,707**	235,755,304
Depreciation:										
At the beginning of the period	-	38,657,097	62,156,872	20,053,861	6,924,125	22,303,538	11,125,765	6,332,335	**167,553,593**	166,847,417
Charge for the period	-	737,156	761,003	207,714	663,292	1,051,531	193,031	1,198,990	**4,812,717**	5,579,607
Disposals	-	-	(69,454)	(69,120)	(119,292)	(104,125)	-	-	**(361,991)**	(1,102,361)
At the end of the period	-	39,394,253	62,848,421	20,192,455	7,468,125	23,250,944	11,318,796	7,531,325	**172,004,319**	171,324,663
Net book values:										
As at 30 June 2015	**640,177**	**37,165,666**	**11,063,451**	**1,742,486**	**2,865,425**	**4,696,967**	**2,765,264**	**7,476,952**	**68,416,388**	
As at 30 June 2014	640,177	33,954,359	7,194,630	2,955,676	2,651,161	5,053,411	2,130,330	9,850,897		64,430,641

10. INTANGIBLE ASSETS

These comprised the value of capitalized cost of registering the trademarks of the Group in different countries. During the current period, the Group decided to expense these costs.

11. ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER LIABILITIES

	2015 (Audited) SR	*2014 (Unaudited) SR*
Accrued expenses	**55,674,822**	47,874,757
Dividend payable	**33,000,000**	-
Trade accounts payable	**25,806,229**	18,495,533
Other payables	**8,584,578**	8,501,821
Accrued financial charges	**3,794,722**	1,897,056
Unrealised gain on gold revaluation	**95,747**	-
	126,956,098	76,769,167

12. SHORT-TERM LOANS

Short-term loans primarily consist of Islamic Murabaha and gold loans granted by certain banks, at different profits and commission rates, which are mainly secured by restricted margin deposits (note 5) and gold inventory (note 7). As at 30 June, the details are as follows:

	Type of loan	***2015 (Audited) SR***	*2014 (Unaudited) SR*
Saudi Hollandi Bank	Murabaha	**611,189,632**	435,742,690
National Commercial Bank	Murabaha	**325,892,678**	334,202,049
Samba Financial Group	Gold Loan	**231,411,385**	175,496,496
Standard Bank	Commodity netting	**104,048,768**	113,665,289
Saudi Fransi Bank	Gold Loan	**34,215,075**	62,990,340
Soctia Bank	Gold Loan	**14,116,741**	-
		1,320,874,279	1,122,096,864

13. ZAKAT AND INCOME TAX

The consolidated zakat and tax liability of the Group for the period represents the zakat calculated on the basis of L'azurde Company for Jewelry and its Subsidiaries' interim consolidated financial statements and tax calculated on the basis of Company's Subsidiaries' interim unconsolidated financial statements.

13. ZAKAT AND INCOME TAX (continued)

A) ZAKAT

The consolidated 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:

	2015 (Audited) SR	*2014 (Unaudited) SR*
Provision for the period	**8,305,761**	11,616,380
Adjustments relating to previous years	**(728,732)**	-
	7,577,029	11,616,380

Movement in the provision
The following is the movement of zakat provision for the period ended 30 June:

	2015 (Audited) SR	*2014 (Unaudited) SR*
At the beginning of the period	**13,152,593**	11,532,302
Provided for the period	**7,577,029**	11,616,380
Payments during the period	**(12,423,861)**	(11,620,122)
At the end of the period	**8,305,761**	11,528,560

Status of assessments
The Company has filed and paid the zakat returns for all years up to 2014 and obtained final certificates for all years. The Company received an assessment for the year 2004 which was finalized and settled. The Company currently has no pending issues with the Department of Zakat and Income Tax ("DZIT") on the remaining years.

B) INCOME TAX

Income tax pertains to ORO Egypt Company which has been provided for based on the estimated taxable profit at 25 per cent. The movement during the period was as follows:

Charge for the period
Income tax charge for the current period consists of the following:

	2015 (Audited) SR
Provision for the period	**2,548,799**
Deferred income tax adjustment	**1,147,120**
	3,695,919

13. ZAKAT AND INCOME TAX (continued)

B) INCOME TAX (continued)

Status of assessments
ORO Egypt Company, registered in Arab Republic of Egypt, was exempt from Corporate Income Tax, according to the Egyptian law no. 8 of the year 1997, till 31 December 2014. The Company received tax assessment and settled its tax liabilities on non-exempt activities till the year 2011. In respect of the remaining years the Company did not receive any assessment.

L'azurde Company for Jewellery (formerly International Company for Jewelry Manufacturing), registered in Arab Republic of Egypt, is exempt from income tax obligations on its commercial and manufacturing results for a period of ten years effective 2008.

L'azurde Company for Jewelry LLC and L'azurde Jewellery LLC are registered in the United Arab Emirates (Dubai and Abu Dhabi respectively) which is a tax-free country.

L'azurde Company for Jewellery LLC which is registered in the state of Qatar has filed the tax return for year 2014.

14. EMPLOYEES' TERMINAL BENEFITS

	2015 (Audited) SR	*2014 (Unaudited) SR*
At the beginning of the period	**28,938,869**	23,739,718
Charge for the period	**5,488,228**	3,302,433
Payments during the period	**(2,877,807)**	(1,243,007)
At the end of the period	**31,549,290**	25,799,144

15. SHARE CAPITAL

Share capital is divided into 43,000,000 shares (2014: 30,000,000 shares) of SR 10 each.

During 2015, the shareholders of the Company resolved to increase the capital of the Company to SR 430 million (2014: SR 300 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 the period.

16. STATUTORY RESERVE

In accordance with Saudi Arabian Regulations for Companies, the Company must set aside 10 per cent of the net income for each year to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 50% of the capital. The reserve is not available for distribution.

During the current period, the Company transferred SR 52,509,121 from Statutory Reserve to Share Capital (note 15).

17. SELLING AND MARKETING EXPENSES

	2015 (Audited) SR	*2014 (Unaudited) SR*
Advertisements and promotional activities	**31,829,652**	24,797,744
Gold calibration charges	**14,987,539**	13,870,916
Salaries and employees' benefits	**12,580,951**	13,498,959
Sales commissions	**8,364,580**	6,865,020
Rent	**5,436,379**	3,824,040
Doubtful debts expense	**3,497,060**	1,371,842
Depreciation	**1,642,016**	2,090,751
Travel	**930,070**	854,749
Insurance	**730,277**	544,365
Other	**3,727,141**	3,036,976
	83,725,665	70,755,362

18. GENERAL AND ADMINISTRATION EXPENSES

	2015 (Audited) SR	*2014 (Unaudited) SR*
Salaries and employees' benefits	**20,442,739**	17,906,923
Consultancy and professional fees	**1,391,176**	952,533
Travel	**1,069,666**	972,082
Depreciation	**909,631**	862,436
Printing, stationery and communication	**428,451**	563,309
Repairs and maintenance	**300,523**	328,257
Charity and donations	**15,000**	15,000
Other	**1,819,142**	1,768,214
	26,376,328	23,368,754

19. OTHER INCOME (EXPENSES), NET

	2015 (Audited) SR	*2014 (Unaudited) SR*
Gain (loss) from foreign currency exchange differences, net	**5,859,655**	(878,469)
Gain on disposal of property, plant and equipment	**32,768**	227,493
Insurance excess loss on claim	**-**	(1,439,073)
Miscellaneous	**(392,421)**	(147,146)
	5,500,002	(2,237,195)

20. EARNINGS PER SHARE

Earnings per share is calculated based on the number of outstanding shares at the end of the period. The outstanding number of shares at 30 June 2015 is 43 million shares. The outstanding number of shares as at 30 June 2014 has been retrospectively adjusted for prior period to reflect the bonus element for the shares issued during the period.

The earnings per share attributable to income from main operations has increased by 3 per cent to SR 2.04 per share for the period ended 30 June 2015 (2014: SR 1.99 per share).

21. OPERATING LEASES

Rent expenses are related to operating leases. During the period, an amount of SR 5,436,379 (2014: SR 3,824,040) was recognised as an expense in the interim consolidated statement of income in respect of operating leases (see note 17).

22. 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 organised into the following main business segments:

	Retail	***Wholesale***	***Total***
	SR	***SR***	***SR***
For the six-month period ended 30 June 2015 (Audited):			
Revenue	**44,421,047**	**1,656,060,225**	**1,700,481,272**
Gross profit	**14,858,170**	**183,017,672**	**197,875,842**
Net book value of property, plant and equipment	**6,534,959**	**61,881,429**	**68,416,388**
Total assets	**65,048,438**	**1,917,649,772**	**1,982,698,210**
Total liabilities	**(7,600,318)**	**(1,483,781,029)**	**(1,491,381,347)**
For the six-month period ended 30 June 2014 (Unaudited):			
Revenue	42,008,333	1,567,468,645	1,609,476,978
Gross profit	12,954,988	166,821,765	179,776,753
Net book value of property, plant and equipment	8,311,610	56,119,031	64,430,641
Total assets	72,254,324	1,680,107,694	1,752,362,018
Total liabilities	(9,304,555)	(1,226,889,180)	(1,236,193,735)

The primary markets for the Group's products are the Kingdom of Saudi Arabia, GCC and Egypt. It is impracticable to disclose information pertaining to individual geographic areas.

23. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The Group's financial assets consist of cash and cash equivalents, inventories, receivables, short-term deposits and margin deposits. Its financial liabilities consist of short-term loans and payables.

The fair values of financial instruments are not materially different from their carrying values.

24. DIVIDENDS

On 13 Sha'aban 1436H (corresponding to 31 May 2015) the board of directors recommended and approved to distribute interim cash dividends of SR 1 per share for the first half of the year ending 31 December 2015 with total amount of SR 43 million.

25. RISK MANAGEMENT

Gold price risk
Gold price risk is the risk that the value of assets and liabilities accounts denominated in gold will fluctuate due to changes in the gold price. The management minimizes its risk relating to the gold price fluctuation by maintaining equal quantity of gold in assets and liabilities where deemed practical. As at 30 June, gold accounts were as follows:

	2015 (Audited)		*2014 (Unaudited)*	
	SR	***Grams (in 24 karat)***	*SR*	*Grams (in 24 karat)*
Gold asset – inventories	**792,507,191**	**5,608,685**	752,498,836	4,742,839
Gold asset – receivables	**553,316,670**	**3,915,900**	403,270,564	2,541,728
Gold liability – payables	**(5,749,921)**	**(40,693)**	(6,400,503)	(40,341)
Gold liability – loans	**(1,320,874,279)**	**(9,348,013)**	(1,122,096,864)	(7,072,336)
Less: Stones in gold– inventories	**(19,077,013)**	**(135,011)**	(27,192,544)	(171,389)
Net gold assets	**122,648**	**868**	79,489	501

Gold market price was SR 141.3 per gram in 24 karat gold as at 30 June 2015 (2014: SR 158.66 per gram) and USD 1,172 per ounce in 24 karat gold as at 30 June 2015 (2014: USD 1,316 per ounce).

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company and its subsidiaries' transactions are principally in Saudi riyals, Euros, U.S. dollars and Egyptian Pounds. Management monitors the fluctuations in currency exchange rates, and the effect of the currency fluctuation has been accounted for in the consolidated financial statements.

Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Group is subject to interest rate risk on its interest bearing assets and liabilities, including bank deposits and loans.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Group, the maximum credit risk exposure to the Group is the carrying value as disclosed in the consolidated balance sheet.

The Group seeks to limit its credit risk with respect to customers by setting credit limit for individual customers and monitoring outstanding receivables. Receivables comprise a large number of customers mainly within the Kingdom of Saudi Arabia, United Arab Emirates and the Arab Republic of Egypt.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored on monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

26. CONTINGENT LIABILITIES

The Group's bankers have issued letters of guarantee amounting to SR 1,618,000 (2014: SR 381,500) in respect of its operations.

27. APPROVAL OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The interim consolidated financial statements were approved by the Board of Directors on 12 Dhul-Qadah 1436H, (corresponding to 27 August 2015).