

L'AZURDE COMPANY FOR JEWELRY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

**L'AZURDE COMPANY FOR JEWELRY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

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Independent Auditor's Review Report**To the Shareholders****L'azurde Company for Jewelry**

(A Saudi Joint Stock Company)

Riyadh, Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of **L'azurde Company for Jewelry (the "Company") and its Subsidiaries** (Collectively referred to as the "**Group**") as at 31 March 2021 and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three months period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 'Interim Financial Reporting ("IAS 34")', as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements 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 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.

Other Matter

The interim condensed consolidated financial statements of the Group for the period ended 31 March 2020 were reviewed by another auditor who expressed an unmodified conclusion on those interim condensed consolidated financial statements on 8 June 2020.

Conclusion

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

Bakertilly MKM & Co. CPA
Certified Public Accountant**Majed Moneer AlNemer**

(License No. 381)

Riyadh, on Ramadan 13, 1442H

Corresponding to April 25, 2021



L'AZURDE COMPANY FOR JEWELRY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	31 March 2021 (Unaudited) SAR	31 December 2020 (Audited) SAR
ASSETS			
Non-Current Assets			
Property and equipment		81,715,454	80,923,715
Right-of-use assets		31,686,432	33,696,747
Intangible assets and goodwill		139,056,080	139,167,816
Other non-current assets		1,914,121	1,798,095
Total Non-Current Assets		254,372,087	255,586,373
Current Assets			
Inventories		758,296,254	817,847,122
Accounts receivable	4	275,978,993	264,064,600
Other current assets		97,331,543	100,834,394
Gold margin		33,334,317	37,407,396
Cash margins		14,047,800	32,935,190
Cash and cash equivalents		137,888,436	141,363,622
Total Current Assets		1,316,877,343	1,394,452,324
TOTAL ASSETS		1,571,249,430	1,650,038,697
EQUITY AND LIABILITIES			
Equity			
Share capital	5	430,000,000	430,000,000
Statutory reserve		22,186,724	22,186,724
Retained earnings		20,082,191	9,911,958
Foreign currency translation reserve		(164,193,529)	(164,772,276)
Total Equity		308,075,386	297,326,406
Liabilities			
Non-Current Liabilities			
Long term murabaha facility	6	43,000,000	55,000,000
Employees' end of service benefits		28,355,160	27,508,541
Lease liabilities		14,143,146	13,581,649
Deferred tax liability		1,730,896	1,725,119
Long term payable		11,361,147	11,318,649
Total Non-Current Liabilities		98,590,349	109,133,958
Current Liabilities			
Accounts payable and other current liabilities		497,731,095	309,722,808
Current portion of long-term murabaha facility	6	21,000,000	20,000,000
Current portion of lease liabilities		14,204,237	15,872,614
Current portion of long term payable		40,998,922	40,845,560
Short-term murabaha facilities	7	565,453,466	837,600,269
Zakat and income tax liability		25,195,975	19,537,082
Total Current Liabilities		1,164,583,695	1,243,578,333
Total Liabilities		1,263,174,044	1,352,712,291
TOTAL EQUITY AND LIABILITIES		1,571,249,430	1,650,038,697

Ayman Gamil
Chief Financial Officer

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Ayman Gamil

Selim Chidiac
Chief Executive Officer

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Selim Chidiac

Sabah Almoayyed
Authorized Board Member

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Sabah Al Moayyed

The annexed notes from 1 – 13 form an integral part of these Interim Condensed Consolidated Financial Statements

L'AZURDE COMPANY FOR JEWELRY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

	Notes	31 March 2021 (Unaudited) SAR	31 March 2020 (Unaudited) SAR
REVENUE			
Gold		412,541,560	330,639,530
Operations		138,854,517	114,349,262
		<u>551,396,077</u>	<u>444,988,792</u>
- COST OF REVENUE			
Gold		(412,541,560)	(330,639,530)
Operations		(54,268,643)	(43,781,135)
		<u>84,585,874</u>	<u>70,568,127</u>
GROSS PROFIT			
OPERATING EXPENSES			
Selling and marketing expenses		(45,144,101)	(41,542,377)
General and administrative expenses		(10,796,545)	(10,804,050)
Provision for expected credit loss		(765,434)	(5,803,341)
		<u>27,879,794</u>	<u>12,418,359</u>
OPERATING PROFIT			
OTHER EXPENSES			
Other (expenses)/income – net		(2,010,428)	1,793,314
Finance costs – net		(9,511,233)	(12,171,702)
		<u>16,358,133</u>	<u>2,039,971</u>
PROFIT BEFORE ZAKAT AND INCOME TAX			
Zakat	8	(3,128,223)	(2,935,641)
Income tax	8	(3,059,677)	(716,098)
		<u>10,170,233</u>	<u>(1,611,768)</u>
NET PROFIT/(LOSS) FOR THE PERIOD			
NET PROFIT/(LOSS) FOR THE PERIOD			
ATTRIBUTABLE TO:			
Equity holders of the Parent Company		<u>10,170,233</u>	<u>(1,611,768)</u>
EARNINGS/(LOSS) PER SHARE:			
Basic	9	0.24	(0.04)
Diluted	9	0.24	(0.04)

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Chief Financial Officer

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Chief Executive Officer

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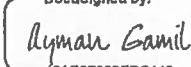
Sabah Almoayyed
Authorized Board Member

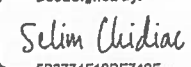
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L'AZURDE COMPANY FOR JEWELRY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

	31 March 2021 (Unaudited) SAR	31 March 2020 (Unaudited) SAR
NET PROFIT/(LOSS) FOR THE PERIOD	10,170,233	(1,611,768)
OTHER COMPREHENSIVE INCOME		
Items that will be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	578,747	1,391,245
Other comprehensive income for the period – net of tax	578,747	1,391,245
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	10,748,980	(220,523)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		
ATTRIBUTABLE TO:		
Equity holders of the Parent Company	10,748,980	(220,523)

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Ayman Gamil
 Chief Financial Officer

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 Chief Executive Officer

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 Authorized Board Member

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L'AZURDE COMPANY FOR JEWELRY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

	Share Capital SAR	Statutory Reserve SAR	Retained Earnings SAR	Foreign Currency Translation Reserve SAR	Total SAR
THREE MONTHS PERIOD ENDED 31 MARCH 2021					
Balance at 1 January 2021 (Audited)	430,000,000	22,186,724	9,911,958	(164,772,276)	297,326,406
Net profit for the period	-	-	10,170,233	-	10,170,233
Other comprehensive income for the period	-	-	-	578,747	578,747
Total comprehensive income for the period	-	-	10,170,233	578,747	10,748,980
Balance at 31 March 2021 (Unaudited)	430,000,000	22,186,724	20,082,191	(164,193,529)	308,075,386
THREE MONTHS PERIOD ENDED 31 MARCH 2020					
Balance at 1 January 2020 (Audited)	430,000,000	22,186,724	132,123,563	(166,099,226)	418,211,061
Net loss for the period	-	-	(1,611,768)	-	(1,611,768)
Other comprehensive income for the period	-	-	-	1,391,245	1,391,245
Total comprehensive loss for the period	-	-	(1,611,768)	1,391,245	(220,523)
Balance at 31 March 2020 (Unaudited)	430,000,000	22,186,724	130,511,795	(164,707,981)	417,990,538

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Sabah Almoayyed
Authorized Board Member

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L'AZURDE COMPANY FOR JEWELRY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021

	31 March 2021 (Unaudited) SAR	31 March 2020 (Unaudited) SAR
OPERATING ACTIVITIES		
Profit before zakat and income tax	16,358,133	2,039,971
Adjustments to reconcile profit before zakat and income tax to net cash from operating activities:		
Depreciation of property and equipment	3,923,079	4,159,284
Depreciation of right-of-use assets	6,921,236	6,536,751
Amortization of intangible assets	550,478	553,884
Provision for employees' end of service benefits	1,694,742	1,035,325
Provision for expected credit losses	765,434	5,803,341
Finance costs – net	8,621,855	11,029,659
Gain on sale of property and equipment and intangible assets	(18,146)	(98)
Melting costs and charge for slow moving inventory	1,068,199	2,706,384
Foreign currency exchange differences - net	10,244	(1,663,198)
Operating income before changes in working capital	39,895,254	32,201,303
Net changes in working capital:		
Inventories	58,701,800	45,104,367
Accounts receivable	(12,613,710)	(55,266,351)
Other current assets	4,486,811	(87,220,447)
Accounts payable and other current liabilities	19,221,623	7,177,017
Account payable for gold	168,789,065	249,329,456
Gold margin	4,073,079	-
Short term murabaha facilities	(259,970,284)	(173,549,391)
Cash generated from operating activities	22,583,638	17,775,954
Employees' end of service benefits paid	(848,123)	(2,829,380)
Finance costs paid – gold facilities	(5,720,000)	(7,574,411)
Income taxes paid	(550,279)	-
Net cash generated from operating activities	15,465,236	7,372,163
INVESTING ACTIVITIES		
Purchase of property and equipment	(4,587,267)	(3,184,244)
Proceeds from sale of property and equipment	18,150	101
Purchase of intangible assets	(438,189)	(202,917)
Other non-current assets	(116,026)	18,081
Net cash used in investing activities	(5,123,332)	(3,368,979)
FINANCING ACTIVITIES		
Cash facilities (Tawaruq)	(12,176,519)	38,572,519
Long-term murabaha facility	(11,000,000)	-
Repayments of lease liabilities	(6,880,560)	(4,357,272)
Finance costs paid – cash facilities	(2,838,961)	(2,866,150)
Cash margins	18,887,390	11,131,706
Net cash (used in)/generated from financing activities	(14,008,650)	42,480,803
Net change in cash and cash equivalents	(3,666,746)	46,483,987
Cash and cash equivalents at beginning of the period	141,363,622	53,575,209
Exchange differences on cash and cash equivalents	191,560	696,567
Cash and cash equivalents at end of the period	137,888,436	100,755,763

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Chief Financial Officer

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Chief Executive Officer

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Sabah Almoayyed

Authorized Board Member

The annexed notes from 1 – 13 form an integral part of these Interim Condensed Consolidated Financial Statements

**L'AZURDE COMPANY FOR JEWELRY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021**

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

L'azurde Company for Jewelry (the "Company", "Parent Company") is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010221531 dated 26 Jumad Thani 1427H (corresponding to 22 July 2006). The Company's head office is located in Second Industrial Area, P.O. Box 41270, Riyadh 11521, Kingdom of Saudi Arabia.

The Company and its subsidiaries (together referred to as the "Group") are engaged in the production, manufacturing, forming and forging golden wares, jewelry, 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 Group's other permissible activities include distribution of glasses, watches, accessories, pens, perfumes, leather products and export of gold wares, alloys, and silver.

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

The Parent Company directly owns 100% share capital in each subsidiary except L'azurde Company for Jewellery LLC ("LCJ Qatar") in the State of Qatar. The direct ownership of the Parent Company in LCJ Qatar is 49%, however, based on the agreement with the nominee shareholder of LCJ Qatar, the Parent Company is entitled to 98% of the economic benefits of LCJ Qatar.

The Group carries out its activities through the following subsidiaries as set out below:

- a) **ORO Egypt for Manufacturing Precious Metals ("ORO")**
ORO is a Joint Stock Company incorporated in the Arab Republic of Egypt under Commercial Registration no. 7877 dated 27 January 2003. The principal activities of ORO are gold jewelry manufacturing and trading.
- b) **L'azurde Egypt for Jewellery LLC ("LJ Egypt")**
LJ Egypt is a Limited Liability Company incorporated in the Arab Republic of Egypt under Commercial Registration no. 14997 dated 08 June 2005. The principal activities of LJ Egypt are gold jewelry manufacturing and trading.
- c) **L'azurde Company for Jewellery LLC ("LCJ Dubai")**
LCJ Dubai is a Limited Liability Company incorporated in the United Arab Emirates (Dubai) under Commercial Registration no. 620369 dated 23 December 2008. The principal activity of LCJ Dubai is trading of gold jewelry items.
- d) **L'azurde Jewellery LLC ("LJ Abu Dhabi")**
LJ Abu Dhabi is a Limited Liability Company incorporated in the United Arab Emirates (Abu Dhabi) under Commercial Registration no. 1060233 dated 1 June 2004. The principal activity of LJ Abu Dhabi is trading of gold jewelry items.
- e) **L'azurde Company for Jewellery LLC ("LCJ Qatar")**
LCJ Qatar is a Limited Liability Company incorporated in the State of Qatar under Commercial Registration no. 60716 dated 21 May 2013. The principal activity of LCJ Qatar is trading of gold jewelry items.
- f) **Almujwharat Almasiah LLC ("AA")**
AA is a Limited Liability Company incorporated in the Kingdom of Saudi Arabia under Commercial Registration number 1010236734 dated 25 Rajab 1428H (corresponding to 8 August 2007). The principal activities of AA are trading of gold and silver products and precious stones.

**L'AZURDE COMPANY FOR JEWELRY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (CONTINUED)**

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (continued)

g) Kenaz LLC ("Kenaz")

Kenaz is a Limited Liability Company incorporated in the Kingdom of Saudi Arabia under Commercial Registration no. 1010352574 dated 21 Dhul Qadah 1433H (corresponding to 6 October 2012). The principal activities of Kenaz are trading of gold and silver products and precious stones.

h) L'azurde Group for Gold and Jewellery DMCC ("L'azurde DMCC")

L'azurde DMCC is a Limited Liability Company registered with Dubai Multi Commodities Centre Authority, UAE under Trade License No. DMCC 108442 dated 26 February 2015. The principal activity of L'azurde DMCC is trading of pearls, precious stones and gold jewellery.

i) L'azurde Jewellery LLC ("LJ Oman")

LJ Oman is a Limited Liability Company registered in the Sultanate of Oman under Commercial Registration no. 1320525 dated 30 May 2018. The principal activity of LJ Oman is manufacturing, and trading of jewelry made from precious metals or stones.

j) Izdiad Commercial Company of Arabia ("Izdiad")

Izdiad is a Limited Liability Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 1010458294 dated 25 Dhul Hijjah 1439 (corresponding to 5 September 2018). The principal activity of Izdiad is the trading of jewellery, perfume, men and women accessories, leather products and managing franchises and trademarks.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as endorsed in Kingdom of Saudi Arabia by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and other standards and pronouncements issued by SOCPA. The interim condensed consolidated financial statements should be read in conjunction with the Group's last annual audited consolidated financial statements as at and for the year ended 31 December 2020. They do not include all the information required for a complete set of IFRS financial statements; however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to obtain understanding of the changes in Group's financial position and performance since 31 December 2020.

The interim condensed consolidated financial statements for the period ended 31 March 2021 were approved and authorized for issue by the Board of Directors on 25 April 2021.

2.2 Preparation of the Financial Statements

These interim condensed consolidated financial statements have been prepared under historical cost basis except for employees' end of service benefits provision which has been valued by an independent professional actuary and certain financial assets and financial liabilities which are measured at fair value.

2.3 Functional and Presentation Currency

The interim condensed consolidated financial statements are presented in Saudi Riyal (SAR), which is also the functional and presentational currency of the Parent Company. All amounts have been rounded-off to the nearest Saudi Riyal unless otherwise stated.

L'AZURDE COMPANY FOR JEWELRY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (CONTINUED)

2. BASIS OF PREPARATION

2.4 Use of Estimates and Judgments

The preparation of interim condensed consolidated financial statements in accordance with IFRSs applicable in the Kingdom of Saudi Arabia requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainties were the same as those disclosed in the last annual consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

New Standards, Amendment to Standards and Interpretations:

There are no new standards issued; however, there are number of amendments to standards which are effective from 1 January 2021 and have been explained in Group's annual consolidated financial statements, but they do not have a material effect on the Group's interim condensed consolidated financial statements.

4. ACCOUNTS RECEIVABLE

	31 March 2021 (Unaudited) SAR	31 December 2020 (Audited) SAR
Accounts receivable - Gross	311,045,804	298,336,378
Provision for expected credit losses	(35,066,811)	(34,271,778)
Accounts receivable - Net	<u>275,978,993</u>	<u>264,064,600</u>

Accounts receivable originate from offering term facilities to the Group's wholesale customers to pay their commitments, including the value of the gold purchased. These credit terms are in response to the demand of Group's wholesale customers and are considered to be in compliance with Shari'a provisions according to Shari'a opinion issued by the Shari'a Advisory Committee of the Council of Saudi Chambers, a number of Shari'a Scholars and the conclusion of the meetings between these Scholars and the Group's management (see note 14). Credit sales are only offered to the Group's wholesale customers and not retail customers.

5. SHARE CAPITAL

The authorized and paid up share capital of the Group as at 31 March 2021 is SAR 430,000,000 (31 December 2020: SAR 430,000,000), divided into 43,000,000 shares as at 31 March 2021 (31 December 2020: 43,000,000 shares) with a face value of SAR 10 per share.

6. LONG TERM MURABAHA FACILITY

	31 March 2021 (Unaudited) SAR	31 December 2020 (Audited) SAR
Long-term murabaha facility	64,000,000	75,000,000
Less: current portion	(21,000,000)	(20,000,000)
Non-current portion	<u>43,000,000</u>	<u>55,000,000</u>

The Group obtained a murabaha finance facility from a bank to finance the acquisition of Izdiad Commercial Company of Arabia. The facility is for a period of seven years at profit rate of SAIBOR plus an agreed rate with the bank and payable in semi-annual installments.

L'AZURDE COMPANY FOR JEWELRY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (CONTINUED)

7. SHORT-TERM MURABAHA FACILITIES

	Notes	31 March 2021 (Unaudited) SAR	31 December 2020 (Audited) SAR
Gold facilities (Murabaha)	7.1	449,384,028	709,354,312
Cash facilities (Tawaruq)	7.2	116,069,438	128,245,957
		565,453,466	837,600,269

7.1 Total gold procurement facilities of the Group at 31 March 2021 amounted to SAR 449 million compared to SAR 709 million at 31 December 2020. All outstanding financial facilities agreements are in the form of Murabaha and Tawaruq agreements to finance the supply of pure gold.

The Group has Islamic Murabaha facilities to obtain gold from various banks to finance gold working capital requirements, with maturity periods ranging from 1 to 3 months (2020: 1 to 3 months) with agreed profit rates. All of these financial facilities are compliant with Shari'a principles as per Shari'a certificates issued by banks' internal Shariaa Committees including Murabaha facilities (Tawaruq) to finance the purchase of gold, as banks buy commodities other than gold or silver and then sell them to the Group on a credit basis. The Group then sells the goods to a third party, and the bank immediately buys the gold using cash sales proceeds of the commodity.

7.2 Represents Islamic Tawaruq cash facilities from various banks solely to finance working capital requirements of the Group, with agreed profit rates and maturity periods ranging from 1 to 6 months (2020: 1 to 6 months).

8. ZAKAT AND INCOME TAX

Zakat for the period

Zakat charge on the Group for the three months period ended 31 March 2021 amounted to SAR 3.1 million (31 March 2020: SAR 2.9 million).

Income taxes related to foreign subsidiaries for the period

Income tax charges on subsidiaries for the three months period ended 31 March 2021 amounted to SAR 3.1 million (31 March 2020: SAR 0.7 million).

ORO Egypt Company ("ORO") and L'azurde Egypt for Jewellery LLC ("LJ Egypt") have accrued income tax on their estimated taxable profit at 22.5%. L'azurde Company for Jewellery LLC ("LCJ Qatar") and L'azurde Jewellery LLC ("LJ Oman") have accrued income tax on their estimated taxable profits at 10% and 15% respectively.

Status of zakat assessments

The Company has filed the zakat returns for all the years up to 2019 and obtained respective zakat certificates. No claims or assessments for zakat are due from the Company for all the years till 2014 and the year 2018. The years 2015 to 2017 and 2019 are still under review by GAZT and no assessment has been received yet.

Status of income tax assessments related to foreign subsidiaries

ORO, registered in Arab Republic of Egypt, was exempt from Corporate Income Tax until 31 December 2014 according to the Egyptian Law number 8 of the year 1997. ORO received tax assessments and settled its tax liabilities on non-exempt activities till the year 2014. ORO paid all taxes due on its non-exempt activities to date.

LJ Egypt, registered in Arab Republic of Egypt, was exempt from income tax on its commercial and manufacturing operations for a period of 10 years ended 31 December 2018.

L'AZURDE COMPANY FOR JEWELRY AND ITS SUBSIDIARIES
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (CONTINUED)

8. ZAKAT AND INCOME TAX (continued)

L'azurde Jewellery LLC ("LJ Oman"), registered in the Sultanate of Oman, has filed its tax return for year 2020 and no assessment has been received yet.

L'azurde Company for Jewellery LLC ("LCJ Qatar"), registered in the State of Qatar, filed its tax return for year 2019 and the tax assessments for the company have been finalized up to year ended 31 December 2015.

L'azurde Company for Jewellery LLC ("LCJ Dubai"), L'azurde Jewellery LLC ("LJ Abu Dhabi") and L'azurde Group for Gold and Jewellery DMCC ("L'azurde DMCC") are registered in the United Arab Emirates which is a tax-free country, so no tax returns have been filed.

9. EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Basic and diluted earnings/(loss) per share		
Net profit/(loss) for the period attributable to equity holders of the parent (in SAR)	10,170,233	(1,611,768)
Weighted average number of ordinary shares during the period	43,000,000	43,000,000
Basic and diluted earnings/(loss) per share (in SAR)	0.24	(0.04)

There is no dilution effect on the basic earnings per share of the Group as the Group has no convertible dilutive potential ordinary shares outstanding as at 31 March 2021 and 31 March 2020.

10. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties of the Group include shareholders, Board of Directors, key management personnel and entities of which they are principal owners. The terms of the transactions with related parties are approved by the Group's management. Transactions with related parties are entered and expected to be settled in the normal course of the Group's business. Pricing policies and terms of these transactions are at arm's length.

Transactions with related parties during the period and the balances as at end of the period/ year are as follows:

Nature of transactions		Amount of Transactions		Balances	
		31 March 2021 (Unaudited) SAR	31 March 2020 (Unaudited) SAR	31 March 2021 (Unaudited) SAR	31 December 2020 (Audited) SAR
Other affiliates:					
Board of Directors and key management personnel	Remuneration	2,361,041	2,156,792	545,000	147,950
Director	Consultancy fees	125,625	125,625	125,625	125,625
		2,486,666	2,282,417	670,625	273,575

11. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to chief operating decision makers of the Company. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments have been identified as the Executive Management and Board of Directors. For management purpose, the Company is organized into the following business units:

L'AZURDE COMPANY FOR JEWELRY AND ITS SUBSIDIARIES
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2021 (CONTINUED)

11. SEGMENT REPORTING (continued)

A. Operating segments:

	Wholesale SAR	Retail SAR	Total SAR
Three months ended 31 March 2021 (Unaudited)			
Revenues - Gold	412,541,560	-	412,541,560
- Operations	81,156,227	57,698,290	138,854,517
Gross profit	55,820,987	28,764,887	84,585,874
Property and equipment	67,117,556	14,597,898	81,715,454
Total assets	1,286,675,280	284,574,150	1,571,249,430
Total liabilities	(1,100,011,576)	(163,162,468)	(1,263,174,044)
Three months ended 31 March 2020 (Unaudited)			
Revenues - Gold	330,639,530	-	330,639,530
- Operations	67,475,913	46,873,349	114,349,262
Gross profit	47,676,150	22,891,977	70,568,127
Property and equipment	67,102,691	20,057,739	87,160,430
Total assets	1,768,448,730	372,103,808	2,140,552,538
Total liabilities	(1,515,270,685)	(207,291,315)	(1,722,562,000)

12. COMPLIANCE WITH SHARI'A RULES

In accordance with Shari'a Standard no. 21 "Financial Paper (Shares and Bonds)" issued by the Shari'a Committee of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), below are the conclusions of Company's management:

- The Group's main operations of gold and jewelry manufacturing is a Shari'a compliant activity in principle;
- All credit facilities and financing availed by the Group from banks during the review period are in compliance with Islamic Shari'a provisions; and
- Cash sales through retail outlets and cash wholesale sales on credit are in compliance with Shari'a.

The Group relies in its policies for wholesale gold sales on selling gold jewelry on credit basis against gold or crushed gold that is equal to it in weight plus an additional charge for workmanship, based on the Shari'a opinion which permits selling of gold jewelry on credit basis. This is the point of view of a group of scholars of Islamic jurisprudence, including Imam Ibn Taymiyah and his disciple Ibn al-Qayyim, which also includes a number of contemporary scholars, including a number of members of the Shari'a Board of AAOIFI, as well as issuance of Shari'a opinion by the Shari'a Advisory Committee of the Council of Saudi Chambers, whose conclusion stipulated the permissibility of gold and silver credit sales between retailers and wholesalers and manufacturers, subject to the following guidelines:

- Ensures the permissibility of gold ornaments manufacturing and ensures that fabricated ornament has a significant value, and not an unreal cover to usury provisions; and
- Ensures that ornament's fabricated gold is required for purchase by itself and not only the pure gold.

This is one of the legitimate conclusions on dealing in the trade of gold jewelry and is not considered a breach of the Group's compliance with the Shari'a rules and does not affect the Shari'a classification of the Group's activities.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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13. COMPARATIVE FIGURES

Certain of the prior period amounts have been reclassified to conform to the presentation in the current period. The effect of reclassification was as follows:

Category	31 March 2020		
	Before Reclassification	Effect of Reclassification	After Reclassification
Revenues – Gold	520,512,783	(189,873,253)	330,639,530
Cost of revenues – Gold	(520,512,783)	189,873,253	(330,639,530)
Net impact on gross profit	-	-	-