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

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders

L'azurde Company for Jewelry and its Subsidiaries

(A Saudi Joint Stock Company)

Riyadh, Kingdom of Saudi Arabia

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of L'azurde Company for Jewelry (the "Company") and its subsidiaries, collectively referred to as the "Group", which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (Continued)

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

Key Audit Matters (Continued)

The following is a description of each key audit matter and how we addressed them during our audit.

1-Impairment assessment of goodwill

Description of the key audit matter	How the matter was addressed in our audit
The carrying value of goodwill as at 31 December 2021 amounted to SR 110 million (2020: SR 110 million). The impairment assessment for the goodwill with indefinite useful lives is considered a key audit matter due to the significant judgments involved by the management with respect to sales growth rates, terminal value, and discount rate. The Group's management performs on an annual basis an impairment test on the recoverability of the goodwill and assesses the recoverable amount of the cash-generating unit (CGU) to which the goodwill relates in order to determine if an impairment exists.	Our audit procedures in this area included, among others: • Evaluated the methodology used by management to determine the recoverable amount based on value-in-use technique; • Evaluated the appropriateness of the assumptions applied to key inputs such as sales growth rates, discount rates and long-term growth rates, and performed a sensitivity analysis on those key assumptions; • Involved valuation specialist to assist in evaluating the appropriateness of the discount rates applied, which included comparing the weighted-average cost of capital with sector averages for the relevant markets in which the CGU operates; • Evaluated the adequacy of the Group's financial statements disclosures for compliance with the requirements of the relevant accounting standards.
Refer to Note (5) for accounting policy relating to goodwill and Note (9) for the goodwill details	

2-Revenue recognition

Description of the key audit matter	How the matter was addressed in our audit
The Group recognized total revenues of SR 1,971 million (2020: SR 1,278 million). As the Group is mainly manufacturing and/or trading of gold jewelry and silver, almost all the Group's sales arrangements are considered straightforward, being on a point-in-time basis of recognition and requiring less judgment to be exercised. Revenue recognition is considered a key audit matter in view of the risk that management may override controls to intentionally misstate revenue transactions and due to the importance of the amount of revenue and the inherent risks.	Our audit procedures in this area included, among others: • Assessed the appropriateness of the Group's revenue recognition accounting policies by considering the requirements of relevant accounting standards; • Evaluated key contractual arrangements by considering relevant documentation and agreements with the customers; • Assessed the design and implementation, and tested the effectiveness of the Group's controls, over the recognition of revenue as per the Group's policy; • selected a sample of sales transactions taking place before and after the year-end to assess whether revenue was recognized in the correct accounting period; • Evaluated the adequacy of the disclosures in the Group's consolidated financial statements as per the relevant financial reporting standard.
Refer to Note (5) for the accounting policy relating to revenue recognition and Note (32) for the relevant disclosures	

INDEPENDENT AUDITOR'S REPORT (Continued)

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

Key Audit Matters (Continued)

3-Valuation of inventories

Description of the key audit matter	**How the matter was addressed in our audit**
The Group's inventories balance was SR 840 million as at 31 December 2021 (2020: SR 818 million) which are carried at lower of cost or net realizable value. The valuation of inventory is considered a key audit matters due to the significant judgments in determining an appropriate inventory provision. The factors considered in determining this provision includes: • Assessment of the level of slow-moving items inventories and the required provision for melting cost using the age analysis and historical sales experience in each age bracket, and • Estimation of net realizable value based on future expectations.	Our audit procedures in this area included, among others: • Assessed the design and implementation and tested the operating effectiveness of the key control relating to the Group processes over establishing and monitoring the inventory provision. • Tested the calculation of provision for melting and slow-moving inventories in accordance with the Group's policy. • Evaluated the inventory provision methodology and key assumptions made by the management in estimating the inventory provision. • Tested the net realizable value (NRV) of inventories by examining the sales subsequent to year-end for a sample of items comparing this NRV with the carrying value of inventories at year-end to check appropriateness of associated provision • Evaluated the adequacy of the disclosures in the Group's consolidated financial statements, in accordance with the requirements of the relevant accounting standards
Refer to Note (5) for the accounting policy relating to valuation of inventories and Note (10) for the relevant disclosures	

Other Information Included in the Group's Annual Report
Other information consists of the information included in the Group's 2021 annual report, other than the financial statements and our auditors' report thereon. Management is responsible for the other information in its annual report. The annual report is expected to be made available to us after the date of this audit report.

Our opinion on the consolidated financial statements does cover the other information and we do not and will not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact to these charged with governance.

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INDEPENDENT AUDITOR'S REPORT (Continued)

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, applicable requirements of Regulation for Companies and by-laws of the Company and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA that are endorsed in Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (Continued)

To the Shareholders

L'azurde Company for Jewelry and its Subsidiaries

(A Saudi Joint Stock Company)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Baker Tilly MKM & Co.
Certified Public Accountants

Majed Moneer AlNemer
(License No. 381)
Riyadh, on Sha'ban 13, 1443H
Corresponding to March 16, 2022

بيكر تيلي م ك م وشركاه
محاسبون قانونيون
CPA
ترخيص ٣٢٣/١١/٤٧٩ License 323/11/479
BAKER TILLY
M K M & CO.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	31 December 2021 SAR	31 December 2020 SAR
ASSETS			
Non-Current Assets			
Property and equipment	7	**77,307,161**	80,923,715
Right-of-use-assets	8	**49,797,196**	33,696,747
Intangible assets and goodwill	9	**137,932,585**	139,167,816
Other non-current assets		**2,239,933**	1,798,095
Total Non-Current Assets		**267,276,875**	255,586,373
Current Assets			
Inventories	10	**840,405,301**	817,847,122
Accounts receivable	11	**249,411,794**	264,064,600
Other current assets	12	**82,123,977**	100,834,394
Gold margins		**36,031,155**	37,407,396
Cash margins		**96,000**	32,935,190
Cash and cash equivalents	13	**74,501,484**	141,363,622
Total Current Assets		**1,282,569,711**	1,394,452,324
TOTAL ASSETS		**1,549,846,586**	1,650,038,697
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**575,000,000**	430,000,000
Statutory reserve	15	**24,391,007**	22,186,724
Retained earnings		**19,356,855**	9,911,958
Foreign currency translation reserve		**(164,552,679)**	(164,772,276)
Total Equity		**454,195,183**	297,326,406
Liabilities			
Non-Current Liabilities			
Long-term murabaha facility	16	-	55,000,000
Employees' end of service benefits	17	**30,449,015**	27,503,541
Lease liabilities	8	**25,181,958**	13,581,649
Deferred tax liability	18	**1,830,416**	1,725,119
Long-term payable	33	-	11,318,649
Total Non-Current Liabilities		**57,461,389**	109,133,958
Current Liabilities			
Accounts payable and other current liabilities	19	**469,812,860**	309,722,808
Current portion of long-term murabaha facility	16	-	20,000,000
Current portion of lease liabilities	8	**13,469,283**	15,872,614
Current portion of long-term payable	33	-	40,845,560
Short-term murabaha facilities	20	**529,677,916**	837,600,269
Zakat and income tax liability	27	**25,229,955**	19,537,082
Total Current Liabilities		**1,038,190,014**	1,243,578,333
Total Liabilities		**1,095,651,403**	1,352,712,291
TOTAL EQUITY AND LIABILITIES		**1,549,846,586**	1,650,038,697

Ayman Gamil Chief Financial Officer	Selim Chidiac Chief Executive Officer	Sabah Almoayyed Authorized Board Member
Ayman Gamil	Selim Chidiac	Sabah Al Moayyed

The annexed notes from 1 – 36 form an integral part of these Consolidated Financial Statements

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	31 December 2021 SAR	31 December 2020 SAR
REVENUE			
Gold	32	1,466,175,454	931,024,057
Operations	32	505,306,951	347,416,338
		1,971,482,405	1,278,440,395
COST OF REVENUE			
Gold		(1,466,175,454)	(931,024,057)
Operations	22	(197,560,500)	(164,436,396)
GROSS PROFIT		307,746,451	182,979,942
OPERATING EXPENSES			
Selling and marketing expenses	23	(178,009,044)	(150,778,855)
General and administrative expenses	24	(44,842,089)	(41,756,306)
Provision for expected credit loss	11	(3,440,063)	(14,354,980)
Loss on recall of products	21	-	(34,692,433)
OPERATING PROFIT / (LOSS)		81,455,255	(58,602,632)
OTHER EXPENSES			
Other (expenses) / income – net	25	(10,220,263)	428,816
Finance costs – net	26	(31,211,903)	(50,437,672)
PROFIT / (LOSS) BEFORE ZAKAT AND TAX		40,023,089	(108,611,488)
Zakat	27	(8,585,392)	(8,092,933)
Income tax	27	(9,394,864)	(3,783,951)
NET PROFIT / (LOSS) FOR THE YEAR		22,042,833	(120,488,372)
NET PROFIT / (LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the parent		22,042,833	(120,488,372)
EARNINGS / (LOSS) PER SHARE:			
Basic	28	0.44	(2.80)
Diluted	28	0.44	(2.80)

Ayman Gamil	Selim Chidiac	Sabah Al Moayyed
Ayman Gamil	**Selim Chidiac**	**Sabah Almoayyed**
Chief Financial Officer	**Chief Executive Officer**	**Authorized Board Member**

The annexed notes from 1 – 36 form an integral part of these Consolidated Financial Statements

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	31 December 2021 SAR	31 December 2020 SAR
NET PROFIT / (LOSS) FOR THE YEAR	**22,042,833**	(120,488,372)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss		
Re-measurement on employees' end of service benefits (see note 17)	**(2,696,338)**	609,656
Items that will be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**219,597**	1,326,950
Other comprehensive (loss) / income for the year – net of tax	**(2,476,741)**	1,936,606
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	**19,566,092**	(118,551,766)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR ATTRIBUTABLE TO:		
Equity holders of the parent	**19,566,092**	(118,551,766)

Ayman Gamil — **Ayman Gamil**, **Chief Financial Officer**

Selim Chidiac — **Selim Chidiac**, **Chief Executive Officer**

Sabah Al Moayyed — **Sabah Almoayyed**, **Authorized Board Member**

The annexed notes from 1 – 36 form an integral part of these Consolidated Financial Statements

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share Capital	Statutory Reserve	Retained Earnings	Foreign Currency Translation Reserve	Total
	SAR	SAR	SAR	SAR	SAR
Balance at 1 January 2021	430,000,000	22,186,724	9,911,958	(164,772,276)	297,326,406
Share capital increase due to Rights issue (note 14)	145,000,000	-	-	-	145,000,000
Transaction costs of Rights issue (note 14)	-	-	(7,697,315)	-	(7,697,315)
Net profit for the year	-	-	22,042,833	-	22,042,833
Other comprehensive income for the year	-	-	(2,696,338)	219,597	(2,476,741)
Total comprehensive income for the year	-	-	19,346,495	219,597	19,566,092
Transfer to statutory reserve	-	2,204,283	(2,204,283)	-	-
BALANCE AT 31 DECEMBER 2021	575,000,000	24,391,007	19,356,855	(164,552,679)	454,195,183
Balance at 1 January 2020	430,000,000	22,186,724	132,123,563	(166,099,226)	418,211,061
Net loss for the year	-	-	(120,488,372)	-	(120,488,372)
Other comprehensive income for the year	-	-	609,656	1,326,950	1,936,606
Total comprehensive loss for the year	-	-	(119,878,716)	1,326,950	(118,551,766)
Dividends (note 34)	-	-	(2,332,889)	-	(2,332,889)
BALANCE AT 31 DECEMBER 2020	430,000,000	22,186,724	9,911,958	(164,772,276)	297,326,406

Ayman Gamil
Ayman Gamil
Chief Financial Officer

Selim Chidiac
Selim Chidiac
Chief Executive Officer

Sabah Al Moayyed
Sabah Almoayyed
Authorized Board Member

The annexed notes from 1 – 36 form an integral part of these Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	31 December 2021 SAR	31 December 2020 SAR
OPERATING ACTIVITIES			
Profit / (loss) before zakat and income tax		40,023,089	(108,611,488)
Adjustments to reconcile profit / (loss) before zakat and income tax to net cash from operating activities:			
Depreciation of property and equipment	7	16,055,269	16,111,912
Depreciation of right-of-use assets	8	28,278,820	26,677,602
Amortization of intangible assets	9	2,184,994	2,206,205
Provision for employees' end of service benefits	17	4,308,196	5,518,008
Provision for expected credit losses	11	3,440,063	14,354,980
Finance costs – net		30,799,607	46,228,987
Gain on sale of property and equipment and intangible assets	25	(242,033)	(77,329)
Melting costs and charge for slow moving inventory	10	2,379,540	13,793,057
Foreign currency exchange differences - net		28,033	(1,670,133)
Operating cash flows before changes in working capital		127,255,578	14,531,801
Net changes in working capital:			
Inventories		(24,845,673)	28,055,887
Accounts receivable		11,228,968	346,863,525
Other current assets		18,085,754	2,851,970
Accounts payable and other current liabilities		5,436,232	8,585,087
Account payable for gold		154,769,955	63,039,727
Gold margins		1,376,241	(37,407,396)
Short-term murabaha facilities		(179,676,396)	(314,695,417)
Cash generated from operating activities		113,630,659	111,825,184
Employees' end of service benefits paid	17	(4,067,034)	(6,746,642)
Finance costs paid		(19,246,389)	(32,220,565)
Income taxes paid		(4,121,623)	(2,958,056)
Zakat paid		(8,068,119)	(11,220,045)
Net cash generated from operating activities		78,127,494	58,679,876
INVESTING ACTIVITIES			
Purchase of property and equipment	7	(12,728,485)	(9,635,533)
Proceeds from sale of property and equipment		577,999	848,686
Purchase of intangible assets	9	(949,565)	(683,051)
Other non-current assets		(441,838)	(235,769)
Net cash used in investing activities		(13,541,889)	(9,705,667)
FINANCING ACTIVITIES			
Proceeds from capital increase	14	145,000,000	-
Transaction costs of Rights issue	14	(7,697,315)	-
Cash facilities (Tawaruq)		(128,245,957)	34,305,038
Long-term murabaha facility		(75,000,000)	(19,000,000)
Long-term payable		(52,164,209)	-
Repayments of lease liabilities	8	(38,585,173)	(29,659,249)
Finance costs paid – cash facilities		(7,649,042)	(12,553,597)
Cash margins		32,839,190	67,039,178
Dividends paid	34	-	(2,332,889)
Net cash (used in) / generated from financing activities		(131,502,506)	37,798,481
Net change in cash and cash equivalents		(66,916,901)	86,772,690
Cash and cash equivalents at beginning of the year		141,363,622	53,575,209
Exchange differences on cash and cash equivalents		54,763	1,015,723
Cash and cash equivalents at end of the year		74,501,484	141,363,622

Ayman Gamil	Selim Chidiac	Sabah Almoayyed
Chief Financial Officer	Chief Executive Officer	Authorized Board Member

Ayman Gamil Selim Chidiac Sabah Al Moayyed

The annexed notes from 1 – 36 form an integral part of these Consolidated Financial Statements

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 and 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 of golden wares, jewelry, precious stones and golden alloys in accordance with the ministerial resolution number 1354/S and dated15 Rabi Thani 1429H corresponding to 21 April 2008. 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 manufacturing and/or trading of gold jewelry and silver products.

The Parent Company directly or indirectly owns 100% as at 31 December 2021 (31 December 2020: 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 number 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 number 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 number 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 number 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 number 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.

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 number 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 number 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 number 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. STATEMENT OF COMPLIANCE

The consolidated financial statements include consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and notes to the consolidated financial statements. These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and other standards and pronouncements issued by SOCPA.

The consolidated financial statements for the year ended 31 December 2021 were approved and authorized for issue by the Board of Directors on March 16, 2022

3. BASIS OF PREPARATION

Basis of measurement
These consolidated financial statements have been prepared under historical cost basis as explained in the relevant accounting policies and measurement basis summarized below, 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.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Basis of consolidation
The Group's financial statements consolidate those of the Parent Company and all its subsidiaries at each reporting date. All subsidiaries year-end is 31 December.

Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the invested entity.

3. BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which controls commences until the date on which control ceases.

Thus, the principle of control sets out the following three elements of control:
a. Power of the investor over the investee.
b. Exposure, or rights, to variable returns on the investor from its involvement with the investee; and
c. The ability of the investor to use power over the investee.

The subsidiaries' operations results are included in consolidated profit or loss and other comprehensive income from the date of owning them, which is the date on which the control commences.

All transactions and balances between Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies. Where unrealized losses on intra-Group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests, if material.

Business combinations

The Group accounts for the business combination using the acquisition method when the control is transferred to the group.

The consideration transferred in the acquisition is generally measured at fair value, as are the identified net assets acquired. The consideration transferred does not include amounts related to the settlement of pre-existing relationship. Such amounts are generally recognized in consolidated statement of profit or loss and other comprehensive income. Contingent consideration payable is measured at fair value at the acquisition date if the contingent consideration was classified as equity. As a result, any transactions are treated through equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in consolidated statement of profit or loss and other comprehensive income.

The excess of the cost of acquisition and amount of non-controlling interest if any over the fair value of the identifiable net assets acquired is recorded as goodwill in the consolidated statement of financial position. Any goodwill that arises is tested annually for impairment.

Functional and presentational currency

The 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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of 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 and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Areas involving higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

Provision for expected credit losses of accounts receivable
The Group uses an allowance matrix to measure the ECLs of trade receivables from Group customers, which comprise individual and corporate. The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of and applying experienced credit judgement.

Useful lives, residual values, or depreciation method of property and equipment
The Group's management determines the estimated useful lives for property and equipment. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Management reviews the useful lives, residual values, or depreciation method for property and equipment annually. Future depreciation expense would be adjusted where management believes that useful lives, residual values, or depreciation method differ from those used in previous periods.

Amortization of intangible assets
The Group's management determines the estimated useful lives, residual values, and impairment indicators for intangible assets annually. Intangible assets with infinite useful lives are checked annually for impairment. Amortization is reviewed annually and adjusted where management believes that future estimates will differ from those used in previous periods.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

Inventories

Management estimates the net realizable values of inventories, considering the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future events or other market-driven changes that may reduce or increase future selling prices.

When inventory items become old or obsolete, an estimate is made for their market value. For significant items, this estimation is performed on an individual basis. Inventory items which are not individually significant, but are old or obsolete, are assessed collectively and a provision is applied based on inventory type, degree of ageing or obsolescence, and anticipated selling price.

At the reporting date, inventories were SAR 862.5 million (31 December 2020: SAR 842.5 million) with a provision for melting and slow-moving inventory items of SAR 22.1 million (31 December 2020: SAR 24.6 million). Differences between amounts actually realized and amounts expected to be realized in future periods will be recognized in the consolidated statement of profit or loss.

Impairment of non-financial assets

The Group's management periodically reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated 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 an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment is recognized in the consolidated statement of profit or loss.

Provision for zakat and taxes

In making estimates for the zakat and tax payable by the Group, management considers applicable laws and past decisions and judgments of the General Authority of Zakat and Tax in Kingdom of Saudi Arabia and the regulations of relevant Tax Authorities in all the jurisdictions where the Group operates.

Provision for employees' end of service benefits

The liabilities relating to defined benefit plans are determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of annual reporting period. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in note 17 to these consolidated financial statements.

Fair value measurement

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these consolidated financial statements for the year ended 31 December 2021 are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2020, except for the following International Financial Reporting Standards amendments and improvements that become effective after 1 January 2021:

New standards or amendments	Effective Date
COVID-19-Related Rent Concessions (Amendment to IFRS 16)	1 June 2020
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	1 April 2021

The Group's management believes that the new standards effective from 1 January 2021 do not have a material effect on the Group's financial statements.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of annual reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Leasehold improvements are depreciated 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 consolidated statement of profit or loss as incurred with the exception of costs that extend the useful life of the asset or increase its value, which are then capitalized.

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property and equipment are recognized in the consolidated statement of profit or loss.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation of property and equipment is calculated on a straight-line basis over the estimated useful lives of assets.

The Group applies the following useful lives for depreciation to its property and equipment:

Asset Category	Life in years
Buildings	50
Machinery and equipment	10
Furniture and fixtures	6 – 7
Motor vehicles	4
Office equipment	7
Tools, dies and other assets	4 – 7
Leasehold improvements	Shorter of useful life or lease term

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital work in progress (CWIP)
Capital work in progress is stated at cost less any impairment losses. All expenditure incurred during installation and construction period, in connection with specific assets, are carried to CWIP. The cost of CWIP is transferred to the appropriate category of property and equipment when it is ready for use. The cost of CWIP comprises purchase price and costs directly attributable to bringing the CWIP for its intended use.

Right-of-use assets and lease liabilities
A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- The Group has the right to obtain substantially all the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset.

Measurement and recognition of leases
At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group alsc assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the return rate implicit in the lease if that rate is readily available or the Group's incremental financing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets and goodwill

Intangible assets
An intangible asset is initially recognized at cost which is equal to the fair value of consideration paid at the time of acquisition of the asset. The Group applies the following estimated useful lives for amortization of intangible assets:

Asset Category	Life in years
Franchise agreement	20
Computer software	2

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in consolidated statement of profit or loss when the asset is derecognized.

Goodwill
Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in the Consolidated Statement of Profit or Loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

An impairment loss is recognized for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures is directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Inventories
Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs of other inventory items are determined as follows:
- Raw materials in the form of gold are determined at purchase cost using the First-In-First-Out (FIFO) method and other raw materials, consumables and other manufacturing materials are determined at purchase costs on weighted average basis.
- Work in progress and finished goods are determined at cost of direct material, labour and overheads based on a normal level of activity.
- Re-sellable goods are determined on specific identification basis.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents
Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value. Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and bank account balances and are initially and subsequently recorded at fair value.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks, all of which have maturities of 90 days or less and are available for use by the Group unless otherwise stated.

Financial Instruments

Recognition and derecognition
Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled, or expires.

Classification and initial measurement of financial assets
Except for those accounts receivable that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs, where applicable.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

In the periods presented the Group does not have any financial assets categorized as FVOCI. The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of accounts receivable which is presented within selling and marketing expenses.

Subsequent measurement of financial assets

Financial assets at amortized cost
Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, accounts receivable collected in cash and most other receivables and cash margins placed with banks fall into this category of financial instruments.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets at fair value through profit or loss (FVTPL)
Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorized at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. Accounts receivable collected in gold are classified under FVTPL.

Financial assets at fair value through other comprehensive income (FVOCI)
The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- They are held under a business model whose objective it is "hold to collect" the associated cash flows and sell; and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognized in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets
The Group assesses on forward looking basis the Expected Credit Losses (ECL) for the impairment of financial assets.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Accounts and other receivables
For accounts receivable, the Group applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the accounts receivable. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due. Expected loss rates were derived from historical information of the Group and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors such as inflation and gross domestic product growth rate.

Other financial assets such as receivable from employees, bank balances and cash and gold margin deposits have low credit risk and the impact of applying ECL is immaterial.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Classification and measurement of financial liabilities
The Group's financial liabilities carried at amortized cost include long term Murabaha facility, short term cash facilities, accounts payable and other current liabilities. Short term gold facilities are designated at FVTPL.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related costs and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments and hedge accounting
Derivative financial instruments, if any, are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Group applies hedge accounting for transactions that meet specific criteria. In order to qualify for hedge accounting, the hedge should be expected to be highly effective i.e. the changes in fair value or cash flows of the hedging instrument should effectively offset corresponding changes in the hedged item and should be reliably measurable. At inception of the hedge, the risk management objective and strategy is documented including the identification of the hedging instrument, the related hedged item, the nature of risk being hedged, and how the Group will assess the effectiveness of the hedging relationship. A formal assessment is undertaken by comparing the hedging instrument's effectiveness in offsetting the changes in fair value or cash flows attributable to the hedged risk in the hedged item, both at inception and at each quarter end on an ongoing basis. Prospective testing is performed mainly through matching the critical terms of both hedge item and instrument.

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. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

Contingent liabilities
A contingent liability is disclosed when the Group has a possible obligation as a result of past event, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but is not probable that an outflow of the resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' end of service benefits
The Group provides end of service compensation to its employees in accordance with the provisions of the Labor Law applicable in the Kingdom of Saudi Arabia. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Provision is made annually based on valuation done by an independent professional actuary, in accordance with the requirements of IAS 19 "Employee Benefits" using Projected Unit Credit Method. Last valuation was carried out on 31 December 2021.

All past service costs are recognized as an expense immediately. All actuarial gains and losses on defined benefit obligation are recognized in consolidated statement of comprehensive income.

Zakat and taxes
Zakat is provided for on behalf of the Group 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 consolidated statement of profit or loss and consolidated statement of comprehensive 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.

Dividends
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
Revenue is recognized when the Group transfers the significant risks and rewards of ownership to the customer and cash recovery of the consideration is probable, when the associated costs and costs of goods can be estimated reliably, and there is no continuing management control over the goods.

Revenue is measured based on the consideration specified in a contract with a customer. To determine whether to recognize revenue, the Group follows a 5-steps process in accordance with IFRS 15 as follows:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations in the contract; and
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue from Gold
Revenue from sale of gold refers to the value of gold weight sold to the wholesale customers. Revenue is recognized at the time of issuing invoices and delivering the quantities of jewelry stated in the invoices when the Group has performed its obligation as agreed in the contract, at the then price of gold in the international markets.

Revenue from gold and cost of revenue from gold are equal and offsetting each other as the gold used in jewelries sold to customers is valued at the international gold prices prevailing on the date of each transaction, without adding any margin.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue (continued)

Revenue from Operations
Revenue from operations refers to the value-added component of the jewelry piece namely labor service charge, value of additions, sales of diamond jewelry and other revenues generated through wholesale and retail channels.

Revenue from operations is recognized in accordance with the fair value of the consideration received or receivable at the time the performance obligation is satisfied. The performance obligation is performed when the promised goods are delivered to the customers. Revenue is reduced for applicable discounts relating to the items sold.

Foreign currency transactions
Transactions in foreign currencies are translated into Saudi Riyals (SAR) at the relevant exchange rates prevailing at the time of the respective transactions. At the reporting date monetary assets and liabilities denominated in foreign currencies are converted into SAR at the exchange rates ruling on such date. Any resulting exchange differences are charged or credited to consolidated statement of profit or loss.

Translation of foreign operations
As at the reporting date, the assets and liabilities of the subsidiaries are translated into Saudi Riyal (SAR), at the rate of exchange ruling at the consolidated statement of financial position date and their consolidated statements of profit or loss are translated at the average exchange rates for the year. Components of equity, other than retained earnings, are translated at the rate ruling at the date of occurrence of each component. Translation adjustments in respect of these components of equity are recorded through consolidated statement of other comprehensive income as a separate component of equity.

Expenses
Selling and marketing expenses are those which specifically relate to marketing and promotional activities. All other expenses are classified as general and administration expenses and cost of services.

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, except for gold inventory, are revalued at the market price ruling at the consolidated statement of financial position date. All realized and unrealized gains and losses from revaluation of gold related items are recognized in the consolidated statement of profit or loss.

Basic and diluted earnings per share
The Group presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the net income or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the net income or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of dilutive potential ordinary shares, if any.

Segmental reporting
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Executive Committee which makes decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

6. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Group has not yet early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New standards or amendments	Effective date
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements to IFRS Standards 2018–2020	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements for the period of initial application and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

7. PROPERTY AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Furniture and fixtures	Motor vehicles	Office equipment	Tools, dies and other assets	Leasehold improvements	Construction work in progress	Total 2021
	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR
Cost:										
At the beginning of the year	349,363	88,727,559	72,043,403	26,837,717	8,049,122	25,865,390	13,675,027	45,724,264	403,656	281,675,501
Transfer from CWIP	-	-	-	-	-	-	-	401,253	(401,253)	-
Additions	-	-	2,291,638	1,186,903	1,890,288	2,882,970	19,245	4,403,042	54,399	12,728,485
Disposals	-	-	(547,591)	(359,602)	(593,494)	(210,585)	-	(854,787)	-	(2,566,059)
Currency translation differences	301	21,293	20,775	2,844	1,097	11,359	2,325	13,308	(29)	73,273
At the end of the year	349,664	88,748,852	73,808,225	27,667,862	9,347,013	28,549,134		49,687,080	56,773	291,911,200
Accumulated depreciation:										
At beginning of the year	-	49,186,689	57,607,548	22,204,486	7,020,512	21,428,292	12,010,232	31,294,027	-	200,751,786
Depreciation charge for the year	-	1,583,629	3,036,061	1,965,300	639,821	2,356,545	198,260	6,275,653	-	16,055,269
Relating to disposals	-	-	(289,685)	(359,601)	(593,489)	(178,275)	-	(809,043)	-	(2,230,093)
Currency translation differences	-	1,861	6,564	1,585	848	8,330	1,619	6,270	-	27,077
At the end of the year	-	50,772,179	60,360,488	23,811,770	7,067,692	23,614,892	12,210,111	36,766,907		214,604,039
Net book value:										
As at 31 December 2021	349,664	37,976,673	13,447,737	3,856,092	2,279,321	4,934,242	1,486,486	12,920,173	56,773	77,307,161

7. PROPERTY AND EQUIPMENT (continued)

	Land	Buildings	Machinery and equipment	Furniture and fixtures	Motor vehicles	Office equipment	Tools, dies and other assets	Leasehold improvements	Construction work in progress	Total 2020
	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR	SAR
Cost:										
At the beginning of the year	344,482	84,839,632	68,711,277	26,058,716	7,978,164	24,986,885	13,602,693	44,310,600	1,941,169	272,773,618
Reclassifications	-	2,912,511	(130)	368,167	230	2,297	-	900,974	(2,076,644)	2,107,405
Additions	-	666,499	3,689,179	890,838	434,219	1,871,948	34,580	1,534,215	514,055	9,635,533
Disposals	-	-	(650,936)	(523,849)	(391,553)	(1,182,985)	-	(1,240,113)	-	(3,989,436)
Currency translation differences	4,881	308,917	294,013	43,845	28,062	187,245	37,754	218,588	25,076	1,148,381
At the end of the year	349,363	88,727,559	72,043,403	26,837,717	8,049,122	25,865,390	13,675,027	45,724,264	403,656	281,675,501
Accumulated depreciation:										
At beginning of the year	-	46,285,095	55,092,475	20,437,132	6,838,232	20,237,052	11,764,017	24,692,631	-	185,346,634
Reclassifications	-	1,270,818	(133)	(9,651)	218	12,390	-	833,763	-	2,107,405
Depreciation charge for the year	-	1,603,852	2,773,118	2,136,081	498,743	2,209,330	221,574	6,669,214	-	16,111,912
Relating to disposals	-	-	(355,714)	(383,707)	(330,822)	(1,156,061)	-	(991,775)	-	(3,218,079)
Currency translation differences		26,924	97,802	24,631	14,141	125,581	24,641	90,194	-	403,914
At the end of the year	-	49,186,689	57,607,548	22,204,486	7,020,512	21,428,292	12,010,232	31,294,027	-	200,751,786
Net book value:										
As at 31 December 2020	349,363	39,540,870	14,435,855	4,633,231	1,028,610	4,437,098	1,664,795	14,430,237	403,656	80,923,715

7. PROPERTY AND EQUIPMENT (continued)

Depreciation charge for the year has been allocated as follows:

	Notes	**31 December 2021 SAR**	31 December 2020 SAR
Cost of operations	22	**5,523,103**	5,444,975
Selling and marketing expenses	23	**9,370,241**	9,546,664
General and administrative expenses	24	**1,161,925**	1,120,273
		16,055,269	16,111,912

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The movement in recognized right-of-use assets relates to the following classes of assets:

	Land SAR	**Buildings – shops SAR**	**Total SAR**
2021:			
At beginning of the year	**2,428,926**	**31,267,821**	**33,696,747**
Additions	**-**	**44,379,269**	**44,379,269**
Depreciation charge for the year	**(193,668)**	**(28,085,152)**	**(28,278,820)**
At end of the year	**2,235,258**	**47,561,938**	**49,797,196**
2020:			
At beginning of the year	2,622,593	45,952,051	48,574,644
Additions	-	**11,799,705**	**11,799,705**
Depreciation charge for the year	**(193,667)**	**(26,483,935)**	**(26,677,602)**
At end of the year	**2,428,926**	**31,267,821**	**33,696,747**

The movement in lease liabilities is as follows:

	Note	**31 December 2021 SAR**	31 December 2020 SAR
At beginning of the year		**29,454,263**	43,882,708
Additions		**44,379,269**	11,799,705
Finance costs	26	**3,402,882**	3,431,099
Payments		**(38,585,173)**	(29,659,249)
At end of the year		**38,651,241**	29,454,263

Lease liabilities maturity profile at end of the year is as follows:

Non-current portion of lease liabilities	**25,181,958**	13,581,649
Current portion of lease liabilities	**13,469,283**	15,872,614
Total lease liabilities	**38,651,241**	29,454,263

Expense relating to short-term leases was SAR 1.1 million (2020: income of SAR 3.6 million) (see note 23).

9. INTANGIBLE ASSETS AND GOODWILL

	Notes	**31 December 2021 SAR**	31 December 2020 SAR
Franchise agreement and computer software	9.1	**27,954,734**	29,189,965
Goodwill	9.2	**109,977,851**	109,977,851
		137,932,585	139,167,816

9. INTANGIBLE ASSETS AND GOODWILL (continued)

	31 December 2021 SAR	31 December 2020 SAR
9.1 Franchise agreement and computer software:		
Gross carrying amount:		
As at 1 January	**40,225,536**	39,529,483
Additions	**949,565**	683,051
Disposals	**-**	-
Foreign exchange differences	**895**	13,002
As at 31 December	**41,175,996**	40,225,536
Accumulated amortization:		
As at 1 January	**11,035,571**	8,818,378
Charge for the year	**2,184,994**	2,206,205
Disposals	**-**	-
Foreign exchange differences	**697**	10,988
As at 31 December	**13,221,262**	11,035,571
Net carrying amount as at 31 December	**27,954,734**	29,189,965

9.2 Goodwill

The goodwill relates to the acquisition of Izdiad Commercial Company of Arabia in 2018 (note 33). Following is the movement in the net carrying amount of goodwill:

	31 December 2021 SAR	31 December 2020 SAR
Gross carrying amount:		
As at 1 January and 31 December	**109,977,851**	109,977,851
Accumulated impairment:		
As at 1 January and 31 December	**-**	-
Net carrying amount as at 31 December	**109,977,851**	109,977,851

Goodwill is subject to annual impairment testing. Assets are tested for impairment by comparing the carrying amount of each Cash-Generating Unit (CGU) to the recoverable amount which has been determined based on a value-in-use calculation using cash flow projections based on financial forecasts approved by Company's Board of Directors covering a period of 10 years. A 10-year projections period was used as the acquisition value of the asset was based on 10 years projection which is the period needed for the asset to reach its full potential and the contracted network of shops agreed with the Franchisor. The discount rate applied to cash flow projections is 7.5% (2020: 7.5%) as relevant for the CGU and the terminal value and cash flows beyond the 10 years period are extrapolated using a 2% (2020: 2%) growth rate.

Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions:

(a) **Sales growth assumption:** The anticipated annual revenue growth included in the cash flow projections has been based on historical experience and expectations of future changes in the market conditions.

(b) **Discount rate:** Discount rate reflects the current market assessment of the risk specific to CGU. The discount rate is estimated based on the Weighted Average Cost of Capital (WACC).

(c) **Growth rate used to extrapolate cash flows beyond the forecast period:** The expected long-term perpetual growth rate assumed is 2%, being the expected inflation rate as published by International Monetary Fund (IMF), specific to the country of operations of the CGU.

The Company believes that reasonable changes in the key assumptions would not trigger recognition of impairment losses.

10. INVENTORIES

By main components:	31 December 2021 SAR	31 December 2020 SAR
Gold	**701,290,980**	701,225,633
Diamonds, stones, and pearls	**135,270,492**	111,848,589
Other materials and accessories	**25,907,281**	29,402,753
	862,468,753	842,476,975
Less: Provision for melting and slow-moving items	**(22,063,452)**	(24,629,853)
	840,405,301	817,847,122
By stage of completion:		
Finished goods	**408,039,270**	436,823,735
Raw materials	**451,110,458**	404,453,707
Work in progress	**3,319,025**	1,199,533
	862,468,753	842,476,975
Less: Provision for melting and slow-moving items	**(22,063,452)**	(24,629,853)
	840,405,301	817,847,122

The movement in provision for melting and slow-moving inventory items is as follows:

	Note	31 December 2021 SAR	31 December 2020 SAR
Balance at 1 January		**24,629,853**	30,784,288
Charge for the year	22	**2,379,540**	13,793,057
Utilization during the year		**(4,947,077)**	(19,985,250)
Foreign exchange differences		**1,136**	37,758
Balance at 31 December		**22,063,452**	24,629,853

11. ACCOUNTS RECEIVABLE

	31 December 2021 SAR	31 December 2020 SAR
Accounts receivable - Gross	**284,136,069**	298,336,378
Provision for expected credit losses	**(34,724,275)**	(34,271,778)
Accounts receivable - Net	**249,411,794**	264,064,600

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 35). Credit sales are only offered to the Group's wholesale customers and not retail customers.

The Group applies the IFRS 9 simplified approach to measure expected credit losses and uses a lifetime expected loss allowance for all accounts receivable. See note 31.1 (b) on ageing analysis and credit risk of accounts receivable, which explains how the Group manages and measures credit quality of accounts receivable.

11. ACCOUNTS RECEIVABLE (continued)

Movement in the provision for expected credit losses is as follows:

	31 December 2021 SAR	31 December 2020 SAR
At beginning of the year	**34,271,778**	19,323,187
Charge for the year	**3,440,063**	14,354,980
Amounts recovered during the year	**530,014**	331,905
Utilization during the year	**(3,540,386)**	-
Foreign exchange differences	**22,806**	261,706
At the end of the year	**34,724,275**	34,271,778

12. OTHER CURRENT ASSETS

	31 December 2021 SAR	31 December 2020 SAR
Prepayments	**11,863,427**	14,023,760
Advance to suppliers	**15,445,398**	14,475,765
Advance to employees	**3,187,162**	3,580,254
Refundable VAT and other balances	**18,357,580**	16,204,107
Other receivables	**33,270,410**	52,550,508
	82,123,977	100,834,394

13. CASH AND CASH EQUIVALENTS

	31 December 2021 SAR	31 December 2020 SAR
Cash in hand	**11,201,542**	11,562,003
Cash at banks	**63,299,942**	111,051,619
Short-term deposit	**-**	18,750,000
	74,501,484	141,363,622

Short-term deposit is placed with a commercial bank having maturity period of three months.

14. SHARE CAPITAL

	31 December 2021 SAR	31 December 2020 SAR
At beginning of the year	**430,000,000**	430,000,000
Increase in share capital during the year	**145,000,000**	-
At end of the year	**575,000,000**	430,000,000

The authorized and paid-up share capital of the Company as at 31 Deceember 2021 is SAR 575,000,000 (31 December 2020: SAR 430,000,000), divided into 57,500,000 shares (31 December 2020: 43,000,000 shares) with a face value of SAR 10 per share.

14. SHARE CAPITAL (continued)

On 11 October 2020, the Board of directors of the Company recommended an increase of SAR 145,000,000 in the Company's share capital by way of rights issue by issuing 14,500,000 shares at SAR 10 each. The Company's request for share capital increase was approved by the Capital Market Authority on 7 April 2021 and subsequently presented and approved by the Company's Shareholders at the Extraordinary General Assembly held on 2 June 2021. The Company finalized all regulatory requirements related to the share capital increase on 30 June 2021. The total transaction costs in relation to the share capital increase amounted to SAR 7.7 million and these were reduced from the retained earnings of the Company in line with the requirements of applicable accounting standards.

The purpose of the share capital increase is to use the proceeds of the offering to finance expansion plans in retail channel, reduce debt and develop e-commerce platforms.

15. STATUTORY RESERVE

In accordance with Saudi Arabian Regulations for Companies and Company's By-Laws, 10% of the net income for the year shall be transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 30% of its share capital. The reserve is not available for distribution to the shareholders.

16. LONG-TERM MURABAHA FACILITY

	31 December 2021 SAR	31 December 2020 SAR
Long-term murabaha facility	-	75,000,000
Less: current portion	-	(20,000,000)
Non-current portion	-	55,000,000

The Group obtained a murabaha finance facility from a bank to finance the acquisition of Izdiad Commercial Company of Arabia. The facility was for a period of seven years at profit rate of SAIBOR plus an agreed rate with the bank and payable in semi-annual installments. The whole amount of this long-term murabaha facility has been early repaid in the second quarter of 2021, using the proceeds of share capital increase by way of rights issue (see note 14).

17. EMPLOYEES' END OF SERVICE BENEFITS

General description

The Group's policy provides for end of service benefits for all employees who complete the qualifying period of service in accordance with the Labor laws.

The annual provision is based on the actuarial valuations. The most recent actuarial valuation was performed by an independent actuary, using the Projected Unit Credit Method as at 31 December 2021.

The movements in employees' end of service benefits during the years are as follows:

	31 December 2021 SAR	31 December 2020 SAR
At the beginning of the year	**27,508,541**	29,334,858
Charge for the year	**4,308,196**	5,518,008
Payments during the year	**(4,067,034)**	(6,746,642)
Actuarial loss / (gains)	**2,696,338**	(609,656)
Foreign exchange differences	**2,974**	11,973
At the end of the year	**30,449,015**	27,508,541

17. EMPLOYEES' END OF SERVICE BENEFITS (continued)

	Note	**31 December 2021 SAR**	31 December 2020 SAR
Principal actuarial assumptions:			
Financial assumptions:			
Discount rate		**2%**	1.4% - 1.6%
Salary increase		**2% - 5%**	0% - 1.6%
Demographic assumption:			
Rate of employee turnover		**Heavy**	Heavy
Cost recognized in consolidated statement of profit or loss:			
Service costs:			
• Current service cost		**3,895,899**	4,740,422
• Interest cost on defined benefit obligation	26	**412,297**	777,586
		4,308,196	5,518,008

Sensitivity analysis:
An increase or decrease of 0.5% in significant actuarial assumptions such as discount rate and salary increases will not result in a material increase or decrease in employees' end of service benefits liability.

18. DEFERRED TAX LIABILITY – NET

Deferred tax liability relates to taxable temporary differences on property and equipment as follows:

	31 December 2021 SAR	31 December 2020 SAR
At the beginning of the year	**1,725,119**	1,403,075
Charge for the year	**103,156**	292,596
Foreign exchange differences	**2,141**	29,448
At the end of the year	**1,830,416**	1,725,119

19. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

	Notes	**31 December 2021 SAR**	31 December 2020 SAR
Accounts payable		**26,367,762**	28,175,172
Account payable for gold	19.1	**411,706,620**	256,936,665
Accrued expenses		**17,479,120**	12,109,544
Accrued financial costs		**1,000,444**	1,838,184
Employees payables		**2,481,154**	1,671,906
Amounts due to related parties	29	**773,823**	273,575
Other payables		**10,003,937**	8,717,762
		469,812,860	309,722,808

19.1 The Group provided a standby letter of credit amounting to SAR 500 million (31 December 2020: SAR 500 million) as security against the gold.

20. SHORT-TERM MURABAHA FACILITIES

	Notes	**31 December 2021 SAR**	31 December 2020 SAR
Murabaha facilities (Gold)	20.1	**529,677,916**	709,354,312
Cash facilities (Tawaruq)	20.2	**-**	128,245,957
		529,677,916	837,600,269

20.1 Total gold procurement facilities of the Group as at 31 December 2021 amounted to SAR 529.7 million (31 December 2020: SAR 709.4 million). 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 Shari'a 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.

20.2 Represents Islamic Tawaruq cash facilities from various banks outstanding at 31 December 2020 solely to finance working capital requirements of the Group, with agreed profit rates and maturity periods ranging from 1 to 9 months.

21. REVENUE

Revenue includes revenue from gold and revenue from operations. Revenue from gold relates to the value of gold weight used in generating the operating revenues from wholesale channels. The presentation of revenue from gold serves as statistical information only as the Group does not generate any profit or loss from selling gold through wholesale channels. While revenue from operations relates to the value-added component of the jewelry piece, namely labor service charge revenue, value of additions and other sources of revenue generated through wholesale channels and gold and diamond jewelry sold in retail channels, which represents the real revenue of the Group.

Due to the effect of unusual and unprecedented factors such as COVID-19, sharp increase in gold price and tripling of VAT to 15% from July 1, 2020, the Company took a decision in 2020 to accept one-off cost of SAR 34.7 million related to the recall of some of its heavy weight products not meeting the latest consumer trends. This decision contributed to rationalize and optimize Company's investment in gold working capital in order to reduce finance costs.

Revenue from operations can be analyzed as follows:

	31 December 2021		31 December 2020	
	SAR	**% of total**	SAR	**% of total**
On cash basis	**261,781,121**	**51.8%**	197,753,562	56.9%
On credit basis	**243,525,830**	**48.2%**	149,662,776	43.1%
Total revenue from operations	**505,306,951**	**100.0%**	347,416,338	100%

22. COST OF OPERATIONS

	Notes	**31 December 2021 SAR**	31 December 2020 SAR
Raw materials consumed		**139,064,176**	104,377,256
Salaries and employees' benefits		**41,297,366**	37,827,854
Melting costs and charge for slow-moving inventory	10	**2,379,540**	13,793,057
Depreciation of property and equipment	7	**5,523,103**	5,444,975
Other		**9,296,315**	2,993,254
		197,560,500	164,436,396

23. SELLING AND MARKETING EXPENSES

	Notes	31 December 2021 SAR	31 December 2020 SAR
Gold calibration costs		**38,736,187**	40,056,364
Salaries and employees' benefits		**33,203,015**	28,635,698
Depreciation of right-to-use assets		**26,219,961**	25,776,473
Advertisements and promotional activities		**32,467,614**	22,042,070
Sales commissions		**17,760,695**	13,198,876
Depreciation of property and equipment	7	**9,370,241**	9,546,664
Amortization of intangible assets		**1,912,380**	1,966,052
Travel expenses		**1,494,962**	1,138,151
Insurance expenses		**926,370**	835,878
Rent	8	**1,067,165**	(3,564,095)
Other expenses		**14,850,454**	11,146,724
		178,009,044	150,778,855

24. GENERAL AND ADMINISTRATIVE EXPENSES

	Note	31 December 2021 SAR	31 December 2020 SAR
Salaries and employees' benefits		**32,052,719**	28,744,257
Consultancy and professional fees		**2,575,732**	3,933,296
Depreciation of property and equipment	7	**1,161,925**	1,120,273
Printing, stationery, and communication expenses		**930,459**	978,427
Travel expenses		**778,418**	623,062
Repairs and maintenance expenses		**736,695**	489,216
Depreciation of right-of-use assets		**113,341**	120,991
Other expenses		**6,492,800**	5,746,784
		44,842,089	41,756,306

25. OTHER (EXPENSES) / INCOME - NET

	31 December 2021 SAR	31 December 2020 SAR
(Loss) / gain from foreign exchange differences – net	**(146,737)**	2,070,122
Gain on disposal of property and equipment	**242,033**	77,329
Restructuring costs	**(7,344,003)**	-
Bank charges	**(2,355,297)**	(1,218,571)
Miscellaneous	**(616,259)**	(500,064)
	(10,220,263)	428,816

26. FINANCE COSTS - NET

	Notes	31 December 2021 SAR	31 December 2020 SAR
Financing costs		**27,396,724**	46,228,987
Interest cost on employees' end of service benefits	17	**412,297**	777,586
Interest on lease liabilities	8	**3,402,882**	3,431,099
		31,211,903	50,437,672

27. ZAKAT AND INCOME TAX

Zakat charge

Group's zakat charge for 2021 amounted to SAR 8.6 million (2020: SAR 8.1 million).

Zakat base	31 December 2021 SAR	31 December 2020 SAR
Equity	**530,178,203**	581,977,399
Opening provisions and other adjustments	**121,579,376**	218,578,812
Book value of long-term assets	**(431,829,553)**	(420,358,649)
	219,928,026	380,197,562
Zakatable income for the year	**50,150,888**	(74,945,443)
Zakat base	**270,078,914**	305,252,119

Status of zakat assessments

The Company has filed the zakat returns for all the years up to 2020 and obtained respective zakat certificates. The Company has received an assessment for the years 2015-2020 with a liability of approximately SAR 6.9 million, in addition to delay penalty, relating to a potential income tax liability on one of its previous shareholders. The Company has appealed to General Secretariat for Zakat, Tax and Customs Committees (GSTC) and no response has been received from GSTC. No provision was created for this assessment as the Company believes that this matter relates to previous shareholders.

Income tax charge

The income tax charge for the year consists of the following:

	2021 SAR	2020 SAR
Income tax	**9,291,708**	3,491,355
Deferred tax	**103,156**	292,596
	9,394,864	3,783,951

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, if any, at 10% and 15% respectively.

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. LJ Egypt paid all taxes due on its non-exempt activities to date.

L'azurde Jewellery LLC ("LJ Oman"), registered in the Sultanate of Oman, filed its first tax return for year ended 31 December 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 2020 and the tax assessments for the company have been finalized up to year ended 31 December 2015.

Lazurde 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.

28. EARNINGS PER SHARE - BASIC AND DILUTED

Basic and diluted earnings per share	31 December 2021	31 December 2020
Net profit / (loss) for the year attributable to equity holders of the parent (in SAR)	22,042,833	(120,488,372)
Weighted average number of ordinary shares during the year	50,250,000	43,000,000
Basic and diluted earnings / (loss) per share (in SAR)	0.44	(2.80)

There is no dilution effect on the basic earnings / (loss) per share of the Group as the Group has no convertible dilutive potential ordinary shares outstanding on 31 December 2021 (31 December 2020: nil).

The weighted average number of ordinary shares during the current year has changed as the capital increase by way of rights issue happened on 30 June 2021 (see note 14).

29. 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 in the normal course of the Group's business. These balances are expected to be settled in the normal course of business. Pricing policies and terms of these transactions are at arm's length. Transactions with related parties during the year and the balances as at end of the year are as follows:

	Nature of transactions	Amount of transactions		Balances	
		December 2021 SAR	December 2020 SAR	December 2021 SAR	December 2020 SAR
Due to related parties:					
Other affiliates:					
Board of Directors	Remuneration	2,544,349	1,941,000	685,698	147,950
Director	Consultancy	352,500	502,500	88,125	125,625
		2,896,849	2,443,500	773,823	273,575

Remuneration of key management personnel:	31 December 2021 SAR	31 December 2020 SAR
Salaries	4,824,980	4,532,194
Allowances	2,489,664	2,410,083
Short-term incentive plans	424,000	1,078,005
	7,738,644	8,020,282

30. CONTINGENCIES AND COMMITMENTS

Contingencies:
The Group provided letters of guarantees amounting to SAR 8.8 million as at 31 December 2021 (31 December 2020: SAR 7.3 million) in relation to its operations.

Capital commitments:
The Group has SAR 0.1 million of commitments in respect of capital expenditures as at 31 December 2021 (31 December 2020: None).

31. FINANCIAL INSTRUMENTS

31.1 Risk Management of Financial Instruments

The Group activities expose it to variety of financial risks; market risk (including gold price risk, currency risk and interest rate risk), liquidity risk and credit risk. The Group's overall risk management program focuses on the predictability of financial market and seeks to minimize potential adverse effect on the Group's financial performance. The Group's senior management carries out risk management under governance framework.

a) Gold price risk

Gold price risk is the risk that the value of assets and liabilities denominated in gold will fluctuate due to changes in the gold prices. The management minimizes its risk in gold by maintaining equal quantity of gold in assets and liabilities where deemed practical. As at 31 December gold accounts were as follows:

Net gold assets/(liabilities)	31 December 2021		31 December 2020	
	SAR	Grams (24 Karat)	SAR	Grams (24 Karat)
Gold – inventories (non-financial asset)	**659,724,117**	**3,006,437**	646,861,344	2,837,146
Gold asset – margins	**36,031,155**	**164,198**	37,407,396	164,198
Gold – accounts receivable	**217,109,333**	**989,392**	242,403,689	1,063,187
Gold – other current assets	**28,595,816**	**130,314**	39,734,410	174,276
Gold liabilities – payable for gold	**(411,706,620)**	**(1,876,193)**	(256,936,665)	(1,126,929)
Gold Murabaha facilities	**(529,677,916)**	**(2,413,801)**	(709,354,312)	(3,111,234)
Net gold assets	**75,885**	**347**	115,862	644

b) 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.

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding accounts receivable and maintains accounts with reputable, creditworthy banks.

The Group has established policies and procedures for timely recovery of accounts receivable and mitigates its exposure and credit risk by applying specific controls in accordance with the Group's policies and procedures. The table below shows Group's maximum exposure to credit risk for the components of the consolidated statement of financial position:

	Notes	31 December 2021 SAR	31 December 2020 SAR
Other non-current assets		**2,239,933**	1,798,095
Accounts receivable	11	**249,411,794**	264,064,600
Other current assets		**54,815,152**	72,334,869
Bank balances	13	**63,299,942**	129,801,619
Cash margins		**96,000**	32,935,190
Gold margins		**36,031,155**	37,407,396
		405,893,976	538,341,769

Cash balances are held with banks having sound credit ratings. The accounts receivable is shown net of allowance for expected credit losses. The Group applies the IFRS 9 simplified approach to measure expected credit losses and uses a lifetime expected loss allowance for all accounts receivable. To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information based on macroeconomic factors affecting the ability of the customers to settle the receivable balance. As at 31 December, the ageing of unimpaired accounts receivable was as follows:

31. FINANCIAL INSTRUMENTS (continued)

31.1 Risk Management of Financial Instruments (continued)

b) Credit risk (continued)

	31 December 2021 SAR	31 December 2020 SAR
Neither past due nor impaired	**208,739,117**	177,125,947
Past due but not impaired:		
(a) Less than 180 days	**25,705,622**	40,456,326
(b) 181 – 270 days	**1,928,719**	21,899,161
(c) 271 – 360 days	**507,602**	5,053,881
(d) 361 – 540 days	**1,550,911**	17,656,973
(e) Greater than 540 days	**10,979,823**	1,872,312
	249,411,794	264,064,600

The geographical breakdown of the Group's accounts receivable balance is as follows:

	31 December 2021 SAR	31 December 2020 SAR
Kingdom of Saudi Arabia	**83,912,319**	64,097,121
Arab Republic of Egypt	**165,036,872**	195,849,454
United Arab Emirates	**462,603**	1,701,807
Others	-	2,416,218
Accounts receivable - Net	**249,411,794**	264,064,600

c) Currency risk

Currency risk is the risk that value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. During the year, the Group undertook significant transactions in currencies other than Saudi Riyals such as US Dollars, Euros and Egyptian Pounds. Management regularly monitors the fluctuations in currency exchange rates and the effect of currency rates have been accounted for in the consolidated financial statements.

Since Saudi Riyal is on a fixed parity with the US Dollar and the Group does not have material net assets in Euros, the Group is exposed to currency risk due to Egyptian Pound only. The quantitative data regarding the Group's exposure to currency risk arising from Egyptian Pound is as follows:

	31 December 2021 SAR	31 December 2020 SAR
Cash and cash equivalents	**44,044,411**	44,948,267
Accounts receivable	**15,925,065**	10,512,242
Accounts payable and other current liabilities	**(12,517,776)**	(11,203,653)
Net statement of financial position exposure	**47,451,700**	44,256,856

A strengthening/ (weakening) of the Egyptian Pound by 1% against Saudi Riyal would have affected the measurement of financial instruments denominated in Egyptian Pound and would have increased/ (decreased) equity by SAR 0.5 million at year ended 31 December 2021 (31 December 2020: SAR 0.4 million).

31. FINANCIAL INSTRUMENTS (continued)

31.1 Risk Management of Financial Instruments (continued)

d) Market price risk

Market price risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from gold price risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. Management is of the opinion that Group's exposure to market price risk is minimal. During 2020, the Group entered into an interest rate swap arrangement with a local bank to swap its floating rate loan arrangements to fixed rate.

e) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet any commitments as they arise. Following table represents the maturity profiles of the financial liabilities:

31 December 2021:	Notes	0 - 12 months SAR	Over 12 months SAR	Total SAR
Financial liabilities:				
Lease liabilities	8	**13,469,283**	**25,181,958**	**38,651,241**
Accounts payable and other current liabilities	19	**469,812,860**	**-**	**469,812,860**
Short-term murabaha facilities	20	**529,677,916**	**-**	**529,677,916**
Total		**1,012,960,059**	**25,181,958**	**1,038,142,017**

31 December 2020:	Notes	0 - 12 months SAR	Over 12 months SAR	Total SAR
Financial liabilities:				
Long-term murabaha facility	16	20,000,000	55,000,000	75,000,000
Long-term payable	33	40,845,560	11,318,649	52,164,209
Lease liabilities	8	15,872,614	13,581,649	29,454,263
Accounts payable and other current liabilities	19	309,722,808	-	309,722,808
Short-term murabaha facilities	20	837,600,269	-	837,600,269
Total		1,224,041,251	79,900,298	1,303,941,549

f) Capital Management

The Board's policy is to maintain an efficient capital base to maintain investors, creditors, and market confidence and to sustain the future development of its business. The Board of directors monitor the return on capital employed and the level of dividends to its shareholders.

The Group's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern; and
b) to provide adequate return to shareholders.

31.2 Fair value of financial assets and financial liabilities

Assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of fair value hierarchies. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

31. FINANCIAL INSTRUMENTS (continued)

31.2 Fair value of financial assets and financial liabilities (continued)

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

31 December 2021:	**Fair value (in SAR)**			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Accounts receivable	**217,109,333**	-	-	**217,109,333**
Other current assets	**28,595,816**	-	-	**28,595,816**
Gold margins	**36,031,155**	-	-	**36,031,155**
Financial liabilities:				
Account payable for gold	**411,706,620**	-	-	**411,706,620**
Short-term murabaha facilities	**529,677,916**	-	-	**529,677,916**

31 December 2020:	Fair value (in SAR)			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Accounts receivable	242,403,689	-	-	242,403,689
Other current assets	39,734,410	-	-	39,734,410
Gold margins	37,407,396	-	-	37,407,396
Financial liabilities:				
Account payable for gold	256,936,665	-	-	256,936,665
Short-term murabaha facilities	709,354,312	-	-	709,354,312

32. SEGMENTAL INFORMATION

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 the Board of Directors. For management purpose, the Company is organized into the following operating and geographical segments:

A. Operating segments:

31 December 2021:	Wholesale SAR	Retail SAR	Total SAR
Revenue - Gold	**1,466,175,454**	**-**	**1,466,175,454**
- Operations	**280,147,387**	**225,159,564**	**505,306,951**
Gross profit	**191,466,166**	**116,280,285**	**307,746,451**
Net book value of property and equipment	**65,675,051**	**11,632,110**	**77,307,161**
Total assets	**1,287,240,832**	**262,605,754**	**1,549,846,586**
Total liabilities	**(1,061,683,230)**	**(33,968,173)**	**(1,095,651,403)**
31 December 2020:			
Revenue - Gold	931,024,057	-	931,024,057
- Operations	172,234,135	175,182,203	347,416,338
Gross profit	102,290,673	80,689,269	182,979,942
Net book value of property and equipment	66,111,163	14,812,552	80,923,715
Total assets	1,324,280,591	325,758,106	1,650,038,697
Total liabilities	(1,183,631,188)	(169,081,103)	(1,352,712,291)

B. Geographical segments:

31 December 2021:	Gulf Cooperation Council (GCC) countries SAR	Arab Republic of Egypt SAR	Total SAR
Revenue	**354,663,455**	**1,616,818,950**	**1,971,482,405**
Net book value of property and equipment	**32,466,866**	**44,840,295**	**77,307,161**
31 December 2020:			
Revenue	218,099,102	1,060,341,293	1,278,440,395
Net book value of property and equipment	36,793,390	44,130,325	80,923,715

33. LONG-TERM PAYABLE

On 30 October 2018, the Group acquired 100% of the equity instruments and obtained full control of Izdiad Commercial Company of Arabia ("Izdiad"), the sole-franchisee and operator of TOUS international franchise in KSA.

The fair value of the consideration transferred was SAR 185.5 million and the net assets acquired were SAR 44.6 million. The Company recognized Franchise Agreement intangible asset amounting to SAR 30.9 million (see note 9.1) with definite useful life of 20 years and also recognized goodwill balance of SAR 110.0 million (see note 9.2).

33. LONG-TERM PAYABLE (continued)

The Company settled the purchase consideration in cash through a SAR 108 million Murabaha cash facility taken from a financial institution and SAR 27 million was settled from Company's own cash resources. An amount of SAR 50.5 million was recorded as deferred consideration at the acquisition date, payable within four years from the date of acquisition in two instalments. The fair value of this long-term payable at 31 December 2021 amounted to nil as the whole amount of this long-term payable has been early repaid in the third quarter of 2021, using the proceeds of share capital increase by way of rights issue (see note 14) (31 December 2020: SAR 52.1 million).

34. DIVIDENDS

One of the Group's subsidiary, ORO Egypt for Manufacturing Precious Metals, did not declare and pay dividends (2020: SAR 2,332,889 equivalent to EGP 9,785,536).

35. COMPLIANCE WITH SHARI'A RULES

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

a) The Group's main operations of gold and jewelry manufacturing is a Shari'a compliant activity in principle;
b) All credit facilities and financing availed by the Group from banks during the audit period are in compliance with the Shari'a standards; and
c) Cash sales through retail outlets and cash wholesale sales on credit are in compliance with Shari'a according to some Scholars and certain school of thoughts.

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; based on a request of the National Committee for Precious Metals and Gemstones regarding sale of gold jewelry by gold traders and manufacturers, where their 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;
- Ensures that fabricated ornament has significant value and not 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.

36. SUBSEQUENT EVENT

On 13 Shaaban 1443H (corresponding to 16 March 2022), the Board of Directors proposed a distribution of cash dividends for the year 2021 amounting to SR 14,375,000 (at SR 0.25 per share). The proposed dividends are subject to approval of the shareholders in the upcoming Annual General Assembly.