SMBC ADVISORY SERVICES SAUDI ARABIA
(A Single Shareholder Limited Liability Company)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023 AND
INDEPENDENT AUDITOR'S REPORT

SMBC ADVISORY SERVICES SAUDI ARABIA
(A Single Shareholder Limited Liability Company)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

TABLE OF CONTENTS **PAGES**

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of
SMBC Advisory Services Saudi Arabia
(A Single Shareholder Limited Liability Company)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SMBC Advisory Services Saudi Arabia (A Single Shareholder Limited Liability Company) (the "Company"), which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2023, and its financial performance and its 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 endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 Financial Statements* section of our report. We are independent of the Company 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 Company's financial statements and we have fulfilled our other 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.

Other Matter

The financial statements for the year ended 31 March 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on 28 June 2022.

Responsibilities of Management and Those Charged with Governance ("TCWG") for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA, Regulations for Companies, Company's articles of association and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance i.e., the management of the Company are responsible for overseeing the Company's financial reporting process.

Dr. Mohammed Al-Amri & Co. Chartered Accountants, a professional closed joint stock company registered in the Kingdom of Saudi Arabia under CR no. 1010433982, with paid-up capital of SAR (1,000,000) is a member of BDO International Limited, a UK Company Limited by guarantee, and forms part of the international BDO network of independent member firms.
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Independent Auditor's Report on the audit of the financial statements of SMBC Advisory Services Saudi Arabia (A Single Shareholder Limited Liability Company) for the year ended 31 March 2023 (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

For Dr. Mohamed Al-Amri & Co.

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س. ت : ١٠١٠٤٣٣٩٨٢
Riyadh
Certified Public Accountants
Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
Registration No. 362

Riyadh, on 2 Dhul Hijjah 1444 H
Corresponding to: 20 June 2023 G

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SMBC ADVISORY SERVICES SAUDI ARABIA
(A Single Shareholder Limited Liability Company)

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023
(Amounts in Saudi Arabian Riyals)

	Note	31 March 2023	31 March 2022
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	**3,959,666**	5,480,474
Intangible assets	5	**-**	19,485
Total non-current assets		**3,959,666**	5,499,959
CURRENT ASSETS			
Accounts receivable	6	**1,524,798**	5,554,369
Contract assets	7	**2,274,942**	562,500
Due from a related party	14	**2,124,402**	2,059,805
Prepayments and other assets	8	**240,416**	487,391
Cash and cash equivalents	9	**10,232,439**	3,061,255
Total current assets		**16,396,997**	11,725,320
TOTAL ASSETS		**20,356,663**	17,225,279
SHAREHOLDER'S EQUITY AND LIABILITIES			
SHAREHOLDER'S EQUITY			
Share capital	10	**18,000,000**	18,000,000
Accumulated losses		**(500,018)**	(5,544,021)
Total shareholder's equity		**17,499,982**	12,455,979
NON-CURRENT LIABILITIES			
Employees' end of service benefits	11	**163,866**	111,988
Total non-current liabilities		**163,866**	111,988
CURRENT LIABILITIES			
Accrued and other payables	12	**1,035,382**	3,075,030
Income tax provision	13	**1,022,478**	654,092
Due to a related party	14	**634,955**	377,644
Lease liability	15	**-**	550,546
Total current liabilities		**2,692,815**	4,657,312
TOTAL LIABILITIES		**2,856,681**	4,769,300
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		**20,356,663**	17,225,279

These financial statements were approved by Sumitomo Mitsui Banking Corporation, the Parent Company, on 1 Dhul Hijjah 1444 H (corresponding to 19 June 2023 G) and have been subsequently signed on its behalf by the Chief Executive Officer of the Company on 20 June 2023 G.

Tadaaki Sakurai
Chief Executive Officer

The accompanying notes 1 to 22 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023
(Amounts in Saudi Arabian Riyals)

	Note	**31 March 2023**	31 March 2022
Revenues	16	**14,718,940**	12,949,754
Expenses			
Salaries and allowances		**(2,358,749)**	(2,668,031)
Consultancy and professional fees		**(1,301,981)**	(1,809,526)
Rent and premises related expenses		**(83,760)**	(64,365)
Depreciation and amortization	4,5	**(1,601,393)**	(1,612,435)
Reversal of allowance for expected credit loss		**-**	3,131,696
Interest on lease liability	15	**(7,854)**	(23,110)
Other general and administrative expenses	17	**(3,297,884)**	(3,011,469)
Total operating expenses		**(8,651,621)**	(6,057,240)
Profit before income tax		**6,067,319**	6,892,514
Income tax expense	13	**(1,023,316)**	(654,092)
Net profit for the year		**5,044,003**	6,238,422
Other comprehensive income		**-**	-
Total comprehensive income for the year		**5,044,003**	6,238,422

SMBC ADVISORY SERVICES SAUDI ARABIA
(A Single Shareholder Limited Liability Company)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023
(Amounts in Saudi Arabian Riyals)

	Share capital	**Statutory reserve**	**Accumulated losses**	**Total**
Balance as at 1 April 2021	18,000,000	-	(11,782,443)	6,217,557
Net profit for the year	-	-	6,238,422	6,238,422
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	6,238,422	6,238,422
Balance as at 31 March 2022	**18,000,000**	**-**	**(5,544,021)**	**12,455,979**
Net profit for the year	**-**	**-**	**5,044,003**	**5,044,003**
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	**5,044,003**	**5,044,003**
Balance as at 31 March 2023	**18,000,000**	**-**	**(500,018)**	**17,499,982**

SMBC ADVISORY SERVICES SAUDI ARABIA
(A Single Shareholder Limited Liability Company)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023
(Amounts in Saudi Arabian Riyals)

	Note	**31 March 2023**	31 March 2022
Cash flows from operating activities			
Profit before income tax		**6,067,319**	6,892,514
Adjustments for non-cash items			
Depreciation and amortization	4,5	**1,601,393**	1,612,435
Reversal of allowance for expected credit loss		**-**	(3,131,696)
Provision for employees' end of services benefits	11	**82,210**	82,830
Provision for employees' end of service benefits	11	**(30,332)**	(47,507)
Interest on lease liability	15	**7,854**	23,110
		7,728,444	5,431,686
Changes in operating assets and liabilities:			
Contract assets		**(1,712,442)**	2,569,196
Accounts receivables		**4,029,571**	(4,542,934)
Due from a related party		**(64,597)**	(1,050,853)
Prepayments and other assets		**246,975**	(92,777)
Accrued and other payables		**(2,039,648)**	2,375,220
Due to a related party		**257,311**	(9,325,276)
Cash flow generated from operating activities		**8,445,614**	(4,635,738)
Income tax paid	13	**(654,930)**	-
Net cash generated from / (used in) operating activities		**7,790,684**	(4,635,738)
Cash flows from investing activities			
Purchase of equipment	4	**(61,100)**	(8,905)
Net cash used in investing activity		**(61,100)**	(8,905)
Cash flows from financing activities			
Payment of interest portion of lease liability	15	**(7,854)**	(23,110)
Payment of principal portion of lease liability	15	**(550,546)**	(535,290)
Net cash used in financing activities		**(558,400)**	(558,400)
Net change in cash and cash equivalents		**7,171,184**	(5,203,043)
Cash and cash equivalents at the beginning of the year		**3,061,255**	8,264,298
Cash and cash equivalents at the end of the year	9	**10,232,439**	3,061,255

The accompanying notes 1 to 22 form an integral part of these financial statements.

1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

SMBC Advisory Services Saudi Arabia (A Single Shareholder Limited Liability Company) ("the Company") is registered in Riyadh, Kingdom of Saudi Arabia with company no. 7007988251 and commercial registration no. 1010613941 dated 10 Rabi Al-Thani 1439H (corresponding to 28 December 2017) issued by the Ministry of Commerce. The Company operates under Saudi Arabia General Investment Authority license no. 10213390279311 dated 17 Safar 1439H (corresponding to 6 November 2017). Furthermore, the Company received its Capital Market Authority ("CMA") license no. 30-19198 dated 29 Jamad al Awwal 1440H (corresponding to 4 February 2019) to carry out arranging and advisory services subject to the documentary conditions to be complied by the Company prior to commencement of operations.

On 30 January 2020, the Company received approval from the CMA to commence its arranging services. On 9 June 2020, the Company submitted a request for the cancellation of its advisory license which was formally approved on 29 June 2020.

The Company is currently involved in providing arranging services which includes introducing parties in relation to offering of securities, arrangement of its underwriting and advising on corporate finance business. The Company is a wholly owned subsidiary of Sumitomo Mitsui Banking Corporation ("the Parent Company") incorporated in Tokyo, Japan on 19 Muharram 1417H (corresponding to 6 June 1996) under registration no. 0100-01-008813.

The registered address of the Company, which is also its principal place of business, is at 7th Floor, Al Faisaliah Tower, P.O. Box 3333, Riyadh 12212 Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"), the requirements of Capital Market Authority in the Kingdom of Saudi Arabia, so far as they relate to the preparation and presentation of the financial statements, and in compliance with the applicable requirements of the Regulations for Companies in the Kingdom of Saudi Arabia and the articles of association of the Company.

b) Basis of measurement

The accompanying financial statements have been prepared under the historical cost convention using the accrual basis of accounting and the going concern assumption.

The management of the Company has assessed the Company's ability to continue as a going concern and is satisfied that the Company has the financial resources to continue its business and continue to generate profits in the foreseeable future. The management also believes that the Company has adequate liquidity to support its business plan and the Parent Company is also committed to providing any financial support to the Company, if required.

As a result of above, the Company continues to adopt the going concern basis in preparing these financial statements.

The Financial statement accounts in the statement of financial position have been in the order of their liquidity.

The accounting policies used in the preparation of these financial statements are consistent with those used in the preparation of the annual audited financial statements for the year ended 31 March 2022.

2. BASIS OF PREPARATION (CONTINUED)

c) Functional and presentation currency

These financial statements are presented in Saudi Arabian Riyals (“SAR”) which is the company’s functional and presentation currency. All amounts presented have been rounded to the nearest SAR.

d) Significant accounting judgement, estimates and assumptions

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. No significant estimates, assumptions or judgements were made in preparing these financial statements by the management. Major areas where estimates or judgements made are significant to the Company’s financial statements or where judgement was exercised in the application of accounting policies are as follows:

Going concern
In the course of applying the Company's accounting policies, the management has evaluated the Company's ability to continue as a going concern. The management is convinced that it has resources in order to continue the business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may lead to the Company's inability to continue as a going concern.

Recognition and measurement of accruals and provisions
Recognition and measurement of accruals and provisions requires key assumptions about likelihood and magnitude of an outflow of resources.

Useful lives and residual values of property and equipment
An estimate of the useful lives and residual values of property and equipment is made for the purposes of calculating depreciation expense. These estimates are made based on the expected useful lives of relevant assets. Residual value is determined based on experience and observable data where available.

Impairment of non-financial assets
An impairment loss is recognized for the amount by which the asset’s or cash-generating unit’s carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flow management makes assumptions about future operating results. These assumptions are related to future events and circumstances. The actual results may vary and may cause significant adjustments to the Company’s assets within the next financial year.

Measurement of fair values
A number of the Company’s accounting policies and disclosures require fair values measurement for both financial and non-financial assets and liabilities. When measuring an asset or liability's fair value, the Company 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 and liabilities.

• Level 2: inputs other than quoted priced 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).

2. BASIS OF PREPARATION (CONTINUED)

Measurement of fair values (continued)
If the inputs used to measure the fair value of an asset or 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.

The Company recognizes transfers between the levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Current tax
The Company's tax charge is on ordinary activities. The calculation of the Company's total tax charge involves a degree of estimation and judgment regarding certain items whose treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits / (losses) and/or cash flows.

e) New accounting standards, amendments or interpretations adopted in these financial statements

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 April 2022. The management assessed that the amendments had no significant impact on the Company's financial statements.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Company has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced during the testing phase of a manufacturing facility after it is being constructed but before start of commercial production). The proceeds from selling such samples, together with the costs of producing them, are now recognized in profit or loss.

Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 9, IFRS 16 & IAS 41)
- IFRS 9: Fees in the '10 per cent' Test for Derecognition of Financial liabilities
- IAS 41: Taxation in Fair Value Measurements.

f) New standards and amendments issued but not yet effective and not early adopted

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these are as follows:

IFRS	Summary	Effective date
IAS 1	Amendment - Disclosure of Accounting Policies	1 January 2023
IAS 8	Amendment - Definition of Accounting Estimates	1 January 2023
IAS 12	Amendment - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 16	Amendment - Lease Liability in a Sale and Leaseback	1 January 2024
IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2024
IAS 1	Amendment - Non-current Liabilities with Covenants	1 January 2024

Management is currently assessing the impact of these new accounting standards and amendments issued by the IASB, but not yet effective, but do not expect these standards to have a material impact on the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a. Financial instruments

Classification and measurement of financial instruments

Recognition and initial measurement
The Company initially recognizes financial assets and financial liabilities on the date on which they are originated. A financial asset or financial liability is measured initially at fair value plus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as commission.

Classification and measurement of financial assets
On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

As at 31 March 2023 and 2022, the Company only held financial instruments measured at amortized cost.

Financial asset at amortized cost
A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

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

Subsequent measurement
Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method and resultant gain or loss is recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss. The 'amortized cost' of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method.

Reclassifications
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Measurement of expected credit loss ("ECL")
The management recognizes ECL on financial asset measured at amortized cost which is measured as follows:

- financial assets measured at amortised cost and contract assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive); and
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

As at 31 March 2023, the Company's financial assets comprised of and cash equivalents, accounts receivable, due from a related party, and refundable security deposits. These financial assets are short term in nature and are mainly recoverable from parties having sound credit rating therefore the impact of ECL has been considered as immaterial.

Financial liabilities
The Company classifies its financial liabilities at amortized cost unless it has designated liabilities at FVTPL.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Financial instruments (continued)

Classification and measurement of financial instruments (continued)

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of:

a. the consideration received (including any new asset obtained less any new liability assumed); and
b. any cumulative gain or loss that had been recognized in OCI is recognized in income or loss.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired.

Offsetting financial instruments

Financial assets and liabilities are offset and reported net in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and when the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income and expenses are not offset in the statement of income or loss and other comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

b. Revenue from contracts with customers

The Company recognizes revenue when the amount of revenue can be reliably measured, and it is probable that the future economic benefits will flow to the Company. The revenue is recognized when (or as) each performance obligation is satisfied.

Revenue from arranging activities
Revenue from arranging activities is recognized based on services rendered under the applicable service contracts using the five-step approach to revenue recognition under IFRS 15.

Revenue from Service Level Agreement (“SLA”)
The Company has entered into an SLA with Sumitomo Mitsui Banking Corporation – DIFC Branch (a related party) to provide certain services including market research. Revenue from SLA is recognized on accrual basis, based on a cost-plus markup agreement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank with less than 90 days deposit and available to the Company without any restrictions.

d. Contract assets

A contract asset is initially recognized for revenue earned from arranging services. It primarily relates to the Company's right to consideration for work completed but not billed at the reporting date. Once invoice is issued, the amount recognized as contract asset is reclassified to accounts receivable.

Provisioning of contract assets
The Company recognizes a provision against contract assets based on the difference between the contractual cash flows due in accordance with the contract and all the cashflows that the Company expects to receive.

e. Intangible assets

Intangible assets are recognized at cost less accumulated amortization and impairment losses, if any. Costs that are directly associated with identifiable software products controlled by the Company and have probable economic benefits beyond one year are recognized as intangible assets. Costs associated with maintaining computer software are recognized as an expense as and when incurred.

Amortisation is charged to the statement of profit or loss by applying the straight-line basis over its useful life whereby the carrying amount of an asset is amortized over its estimated useful life to the Company unless such life is indefinite. The estimated useful life of intangible assets (computer software) is three years.

The Company accounts for impairment, where indications exist, by reducing the asset's carrying amount to the recoverable amount.

f. Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets which is as follows:

	Estimated useful lives (in years)
Office equipment	5
Leasehold improvements	10

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income and loss when the asset is de-recognized.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Leases

On initial recognition, the Company shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is identified if most of the benefits are flowing to the Company and the Company can direct the usage of such assets.

Right of use assets (“ROU”)
The Company applies a cost model, and measures right of use asset at cost;

a) less any accumulated depreciation and any accumulated impairment losses; and
b) adjusted for any re-measurement of the lease liability for lease modifications.

Lease liability
On initial recognition, the lease liability is the present value of the lease payments that are not paid at the commencement date discounted using the Company’s incremental borrowing rate. After the commencement date, Company measures the lease liability at amortized cost using the effective interest method by:

1. Increasing the carrying amount to reflect interest on the lease liability.
2. Reducing the carrying amount to reflect the lease payments made and;
3. Re-measuring the carrying amount to reflect any re-assessment or lease modification.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

h. Accruals and other payables

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

i. Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries and bonuses in the year the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

j. Employee end of service benefits

Provision is made for amounts payable under the Saudi Arabian Labor Law applicable to employees' accumulated service at the statement of financial position date. The liability is calculated as the current value of the vested benefits to which the employee is entitled, should the employee leave at the statement of financial position date.

k. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be a requirement if settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one of the items included in the same class of obligations may be small.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l. General and administrative expenses

General and administrative expenses are those arising from the Company's operating activities including consultancy and professional fees, salaries and allowances, travel expenses and other administrative expenses and are classified as operating expenses which are recognized as incurred.

m. Income taxes

Taxation is provided in accordance with the regulations issued by the Zakat, Tax and Customs Authority ("ZATCA"). Income tax expense comprises current and deferred tax, which is recognized in income or loss.

Current tax
Current tax is the expected tax payable on the taxable income, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax
Deferred taxation is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

The recognition of deferred tax asset is based on the Company's ability to generate sufficient future taxable profits against which they can be utilized. Recognition of deferred tax asset is reviewed at each reporting date by the management and will be recognised, once sustainable and stable profitability is achieved by the Company.

The Company's unrecognized deferred tax assets, which are primarily arising on accumulated losses, amounted to SAR 1.10 million and SAR 1.36 million as at 31 March 2023 and 2022, respectively.

n. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation, at period end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognized in income or loss.

4. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement	Office equipment	Right of use asset	Total
Cost				
Balance as at 1 April 2022	**4,172,565**	**3,125,398**	**2,391,412**	**9,689,375**
Additions during the year	**-**	**61,100**	**-**	**61,100**
Balance as at 31 March 2023	**4,172,565**	**3,186,498**	**2,391,412**	**9,750,475**
Accumulated depreciation				
Balance as at 1 April 2022	**1,043,140**	**1,571,486**	**1,594,275**	**4,208,901**
Depreciation for the year	**417,256**	**633,227**	**531,425**	**1,581,908**
Balance as at 31 March 2023	**1,460,396**	**2,204,713**	**2,125,700**	**5,790,809**
Net book value as at 31 March 2023	**2,712,169**	**981,785**	**265,712**	**3,959,666**
Cost				
Balance as at 1 April 2021	4,172,565	3,116,493	2,391,412	9,680,470
Additions during the year	-	8,905	-	8,905
Balance as at 31 March 2022	4,172,565	3,125,398	2,391,412	9,689,375
Accumulated depreciation				
Balance as at 1 April 2021	625,884	946,703	1,062,850	2,635,437
Depreciation for the year	417,256	624,783	531,425	1,573,464
Balance as at 31 March 2022	1,043,140	1,571,486	1,594,275	4,208,901
Net book value as at 31 March 2022	3,129,425	1,553,912	797,137	5,480,474

5. INTANGIBLE ASSETS, NET

	31 March 2023	31 March 2022
Cost		
Balance at the beginning of the year	**116,912**	116,912
Balance at the end of the year	**116,912**	116,912
Accumulated amortization		
Balance at the beginning of the year	**97,427**	58,456
Amortization charge for the year	**19,485**	38,971
Balance as at the end of the year	**116,912**	97,427
Net book value as at the end of the year	**-**	19,485

6. ACCOUNTS RECEIVABLE

	31 March 2023	31 March 2022
Gross accounts receivable on arranging services	**1,524,798**	5,554,369
Less: Allowance for expected credit losses	**-**	-
	1,524,798	5,554,369

6. ACCOUNTS RECEIVABLE (CONTINUED)

Following is the age analysis for gross accounts receivable on arranging services as at 31 March 2023 and 31 March 2022.

<u>Number of days outstanding</u>	**31 March 2023**	31 March 2022
Up to 90	**1,412,820**	**4,997,918**
91-360	**111,978**	**556,451**
	1,524,798	**5,554,369**

The accounts receivables are short term in nature with exposure to sound credit rating counterparties and thus Expected Credit Loss amounts are considered to be immaterial.

7. CONTRACT ASSETS

	31 March 2023	31 March 2022
Unbilled revenue	**2,274,942**	562,500
Less: Allowance for expected credit losses	**-**	-
	2,274,942	562,500

8. PREPAYMENTS AND OTHER ASSETS

	31 March 2023	31 March 2022
Security deposit	**101,840**	65,840
Prepaid expenses	**138,576**	421,551
	240,416	487,391

8.1 Prepaid expenses include prepaid employee related expenses of SR 35,000 (31 March 2022 – SR 316,164).

9. CASH AND CASH EQUIVALENTS

	31 March 2023	31 March 2022
Cash at bank – current account	**10,232,439**	3,061,255

This represents funds deposited in a non-interest-bearing current account with a local bank, having sound credit rating, that is unrestricted in nature and maintained for operational purpose.

10. EQUITY

<u>Share capital</u>
As at 31 March 2023 and 2022, the authorized, issued and fully paid share capital of the Company, amounts to SAR 18.00 million divided into 18,000,000 shares of SAR 1.00 each.

<u>Statutory reserve</u>
In accordance with the Regulations for Companies, the Company is committed to forming a statutory reserve by deducting 10% of the annual net profit until it reaches 30% of the capital. This reserve is not available for distribution to the shareholders of the Company. As at 31 March 2023, no such transfer is made as the Company still has accumulated losses carried forward from prior years.

11. EMPLOYEES END OF SERVICE BENEFITS

	31 March 2023	31 March 2022
Balance at the beginning of the year	**111,988**	76,665
Provision during the year	**82,210**	82,830
Reversal of provision during the year	**(30,332)**	(47,507)
Balance at the end of the year	**163,866**	111,988

Provision for employees' benefits has been computed as per Saudi Labor Regulations and is not measured under projected unit credit method. The Company has assessed the impact of this deviation from IFRS to be immaterial.

12. ACCRUED AND OTHER PAYABLES

Accrued and other payables comprise of the following:

	Note	**31 March 2023**	31 March 2022
Payable to sub-contractor	12.1	**-**	2,186,200
Accrued consultancy fee		**167,888**	157,294
Accrued bonus		**252,440**	331,140
Accrued audit fee		**70,000**	130,000
VAT payable		**433,717**	132,888
Other payable		**111,337**	137,508
		1,035,382	3,075,030

12.1 Payable to sub-contractor represents outstanding obligation to third party consultants in relation to contracts with customers.

13. INCOME TAX

The Company is subject to income taxes in accordance with the requirements of ZATCA. The Company has recorded a profit during the year and provided for the income tax.

Calculation of adjusted net income	Note	**31 March 2023**	31 March 2022
Profit before income tax		**6,067,319**	6,892,514
Adjustments:			
Accounting depreciation and amortization	4,5	**1,601,393**	1,612,435
Taxes	17	**330,446**	303,180
Unrealized gain on foreign exchange		**13,627**	20,584
Employee end of service benefits, net	11	**51,878**	35,323
Interest expense on lease liability	15	**7,854**	23,110
Reversal of expected credit losses		**-**	(3,131,696)
Depreciation at ZATCA scale rates		**(697,605)**	(836,434)
Payment of lease liability	15	**(558,400)**	(558,400)
Adjusted net income		**6,816,512**	4,360,616
Share in brought forward losses restricted to 25% of profit		**(1,704,124)**	(1,090,154)
Adjusted profit for Income tax calculation		**5,112,388**	3,270,462
Income tax provision at 20%		**1,022,478**	654,092

13. INCOME TAX (CONTINUED)

The movement in provision for income tax is as follows:

	31 March 2023	31 March 2022
Balance at the beginning of the year	**654,092**	-
Charge for the year		
- Income tax – current year	**1,022,478**	654,092
- Income tax – prior year	**838**	-
Total income tax expense	**1,023,316**	654,092
Paid during the year	**(654,930)**	-
Balance at the end of the year	**1,022,478**	654,092

Income tax expense for the year can be reconciled to the accounting profit as follows:

	31 March 2023	31 March 2022
Profit before income tax	**6,067,319**	6,892,514
Income tax calculated at the rate of 20%	**1,213,464**	1,378,503
Effect of income / expenses that are not deductible in determining taxable profit, net	**(190,986)**	(724,411)
	1,022,478	654,092

Deferred tax has not been recognized on tax losses carried forward and other temporary differences as it is not probable, if the Company will have sufficient taxable profit in future to realize the deferred tax asset.

14. RELATED PARTY TRANSACTIONS

Related parties are considered to be related when these have the ability to exercise control over the Company or to exercise significant influence or joint control over the Company's financial and operating decision. Transactions with related parties, normally, comprise of transfer of resources, services or obligations between the parties.

The Company in the normal course of its activities carried on business with other enterprises that fall within the definition of related parties. Details of related party transactions entered into during the period as follows:

Parties / Transactions	Year	Note	Amount of the transaction	Due from related party	Due to related party	Terms and conditions
Sumitomo Mitsui Banking Corporation						
(Parent Company)						
• Reimbursement of various expenses	**2023**	a	**547,144**	**-**	**-**	
	2022		585,881	-	-	
SMBC Bank International PLC						
(entity under common control)						
• Reimbursement of various expenses	**2023**	b	**42,818**	**-**	**-**	
	2022		71,481	-	-	
Sumitomo Mitsui Banking Corporation - DIFC Dubai						
(entity under common control)						
• Recharge of various operating expense	**2023**	c	**186,683**	**-**	**177,191**	Unsecured and on demand
	2022		2,056,184	-	24,186	Unsecured and on demand
• Payment for purchase of fixed assets	**2023**	d	**-**	**-**	**-**	
	2022		7,366,790	-	-	Unsecured and on demand
• Office expenses - SLA	**2023**	e	**1,661,095**	**-**	**457,764**	Unsecured and on demand
	2022		1,361,972	-	353,458	Unsecured and on demand
• Revenue - SLA	**2023**	f	**7,627,087**	**2,124,402**	**-**	Unsecured and on demand
	2022		6,250,089	2,059,805	-	Unsecured and on demand
Total	**2023**			**2,124,402**	**634,955**	
Total	2022			2,059,805	377,644	

14. RELATED PARTY TRANSACTIONS (CONTINUED)

a. Staff related expense paid by the Parent Company and reimbursed by the Company.

b. Operating expenses incurred by the Company which were processed by Sumitomo Mitsui Banking Corporation Bank International PLC and has been reimbursed by the Company during the year.

c. Operating expenses incurred by the Company are processed by Sumitomo Mitsui Banking Corporation - DIFC Dubai Branch and are recharged to the Company as due to related party.

d. Payments for purchase of fixed assets were advanced by Sumitomo Mitsui Banking Corporation - DIFC Dubai Branch and recharged to the Company as due to related party which were paid during the year.

e. Sumitomo Mitsui Banking Corporation - DIFC Dubai Branch provides certain services as per Service Level Agreement ("SLA"). These services include support for finance, human resources, IT, compliance, planning, and risk management.

f. The Company provides marketing support services to Sumitomo Mitsui Banking Corporation – DIFC Dubai Branch in accordance with the SLA.

Compensation of key management personnel

Key management personnel are those persons with authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

The key management personnel include the Company's Chief Executive Officer. The following are the key management personnel remuneration and benefits for the year ended 31 March 2023 and 31 March 2022.

	31 March 2023	31 March 2022
Salaries and other benefits	**594,266**	809,511
Housing allowance	**280,000**	300,000
End of service benefits	**16,625**	17,079
	890,891	1,126,590

15. LEASE LIABILITY

The Company's finance lease liability is payable as follows:

	31 March 2023	31 March 2022
Lease liability at the beginning of the year	**550,546**	1,085,836
Finance cost on lease liability	**7,854**	23,110
Payment during the year	**(558,400)**	(558,400)
Lease liability at the end of the year	**-**	550,546
Maturity analysis		
Less than one year	**-**	550,546
	-	550,546

16. REVENUE

Revenue comprises of the following:

	31 March 2023	31 March 2022
Revenue from arranging services	**7,091,853**	6,699,665
Revenue from SLA	**7,627,087**	6,250,089
	14,718,940	12,949,754

17. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

Other general and administrative expenses comprise of the following:

	31 March 2023	31 March 2022
SLA expenses	**1,661,095**	1,361,972
Office expenses	**462,049**	474,385
Staff expense	**407,564**	411,807
Taxes	**330,446**	303,180
Memberships	**91,300**	34,414
Travel expenses	**51,108**	28,866
Other expenses	**294,322**	396,845
	3,297,884	3,011,469

Other expenses mainly include expenses relating to facilities maintenance, repairs and maintenance of computer equipment, and communication cost.

18. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

The risks are managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's going concern and each member of the senior management of the Company is accountable for the risk exposures relating to his or her responsibilities.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company's maximum exposure to credit risk without taking effect of collateral amounts is as follows:

	Note	**31 March 2023**	31 March 2022
Cash and cash equivalents	9	**10,232,439**	3,061,255
Accounts receivable	6	**1,524,798**	5,554,369
Contract asset	7	**2,274,942**	562,500
Due from a related party	14	**2,124,402**	2,059,805
Security deposits	8	**101,840**	65,840
		16,258,421	11,303,769

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

Cash and cash equivalents
The Company kept its operating funds with Riyad Bank, having a sound credit rating.

Accounts receivable
The Company's counterparties are exclusively government-related entities and are short term in nature therefore exposed to insignificant credit risk.

Due from a related party
These are exposures with Sumitomo Mitsui Banking Corporation – DIFC Dubai Branch which is an affiliate within the Sumitomo Mitsui Financial Group and are exposed to insignificant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company monitors the liquidity requirements on a regular basis and seeks to ensure that sufficient finds are available to meet any commitments as they arise.

Market risk

Special commission rate risk
Special commission rate risk arises from the possibility that the changes in commission rates may affect either fair values or future cash flows of financial instruments. Currently, the Company is not exposed to such risk.

Foreign currency risk
Currency risk is the risk that the value of financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to significant currency risk.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

When measuring the fair value of an asset or a liability, the Company 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 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).

The carrying amounts of the financial instruments such as cash and cash equivalents, accounts receivable, and due to / from related party and other accrued payables approximates their fair value and are categorized under level 3 because of their short-term nature.

There were no transfers between the levels of fair value hierarchies during the year.

20. EVENTS SUSBSEQUENT TO THE REPORTING DATE

No events have occurred subsequent to the reporting date and before the issuance of these financial statements which requires adjustment to, or disclosure, in these financial statements.

21. COMPARATIVE FIGURES

Certain prior period figures have been reclassified to conform to current period presentation. The impact of these on the financial statements is not material. Due to the cancellation of advisory license (as disclosed in note 1), the management has changed presentation in statement of financial position to current and non-current classification, as per IAS 1.

22. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by Sumitomo Mitsui Banking Corporation, the Parent Company, on 1 Dhul Hijjah 1444 H (corresponding to 19 June 2023 G) and signed on their behalf by the Chief Executive Officer of the Company on 20 June 2023 G.