

**SMBC ADVISORY SERVICES SAUDI ARABIA LLC**  
(A Limited Liability Company)  
Financial Statements  
For the year ended 31 March 2022  
Together with the  
Independent auditor's report

**SMBC ADVISORY SERVICES SAUDI ARABIA LLC**  
**(A Limited Liability Company)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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## KPMG Professional Services

Riyadh Front, Airport Road  
P. O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Headquarters

Commercial Registration No. 1010425494

## كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

# Independent auditor's report

## To the shareholder of SMBC Advisory Services Saudi Arabia LLC

### Opinion

We have audited the financial statements of SMBC Advisory Services Saudi Arabia LLC ("the Company"), which comprise the statement of financial position as at 31 March 2022, the statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2022, and its financial performance and its cash flows for the year then ended in accordance with the 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 the 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 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 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.

### Responsibilities of management and those charged with governance 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 issued by SOCPA, the applicable requirements of the Regulations for Companies, Company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of 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, the Board of Directors, are responsible for overseeing the Company's financial reporting process.

## Independent auditor's report

To the shareholder of SMBC Advisory Services Saudi Arabia LLC (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 ISA that are endorsed in the 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 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 ISA that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then 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 of the Company.

### KPMG Professional Services

  
**Hani Hamzan A. Bedairi**  
License no: 460



Riyadh: 28 June 2022  
Corresponding to: 29 Dhul Qa'da 1443H

**SMBC ADVISORY SERVICES SAUDI ARABIA LLC**  
(A Limited Liability Company)  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2022**  
(Amounts in Saudi Arabian Riyals)

	<i>Note</i>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
<b>ASSETS</b>			
Cash and cash equivalents	4	3,061,255	8,264,298
Accounts receivable	5	5,554,369	1,011,435
Contract assets, net	6	562,500	--
Due from related party	13	2,059,805	1,008,952
Other assets	7	487,391	394,614
Intangible assets	8	19,485	58,456
Property and equipment, net	9	5,480,474	7,045,033
<b>TOTAL ASSETS</b>		<b>17,225,279</b>	<b>17,782,788</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
Accrued and other payables	10	3,187,018	776,475
Lease liability	14	550,546	1,085,836
Due to a related party	13	377,644	9,702,920
Income tax provision	12	654,092	--
<b>Total liabilities</b>		<b>4,769,300</b>	<b>11,565,231</b>
<b>Shareholder's equity</b>			
Share capital	15	18,000,000	18,000,000
Accumulated losses		(5,544,021)	(11,782,443)
<b>Total shareholder's equity</b>		<b>12,455,979</b>	<b>6,217,557</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>17,225,279</b>	<b>17,782,788</b>

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

These financial statements were approved by Sumitomo Mitsui Banking Corporation, the Parent Company, on 23 June 2022 and have been subsequently signed on its behalf by the Chief Executive Officer of the Company on 28 June 2022.

**Tadaaki Sakurai**  
Chief Executive Officer

**SMBC ADVISORY SERVICES SAUDI ARABIA LLC**  
(A Limited Liability Company)  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2022**  
(Amounts in Saudi Arabian Riyals)

		<b>For the year ended 31 March 2022</b>	<b>For the year ended 31 March 2021</b>
	<i>Note</i>		
<b>Revenues</b>	16	<b>12,949,754</b>	5,205,094
<b>Expenses</b>			
Consultancy and professional fees		(1,809,526)	(1,007,229)
Salaries and allowances		(2,668,031)	(1,933,056)
Depreciation and amortisation	8,9	(1,612,435)	(1,610,950)
Rent and premises related expenses		(64,365)	(41,880)
Finance cost	14	(23,110)	(37,941)
Reversal / (provision) for impairment	6	3,131,696	(3,131,696)
Other general and administrative expenses	17	(3,011,469)	(3,452,776)
Total operating expenses		(6,057,240)	(11,215,528)
<b>Net income / (loss) before income tax</b>		<b>6,892,514</b>	(6,010,434)
Income tax	12	(654,092)	--
<b>Net income / (loss)</b>		<b>6,238,422</b>	(6,010,434)
Other comprehensive income		--	--
<b>TOTAL COMPREHENSIVE INCOME / (LOSS)</b>		<b>6,238,422</b>	(6,010,434)

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

These financial statements were approved by Sumitomo Mitsui Banking Corporation, the Parent Company, on 23 June 2022 and have been subsequently signed on its behalf by the Chief Executive Officer of the Company on 28 June 2022.

**Tadaaki Sakurai**  
Chief Executive Officer

**SMBC ADVISORY SERVICES SAUDI ARABIA LLC**  
(A Limited Liability Company)  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2022**  
(Amounts in Saudi Arabian Riyals)

	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Total</u>
Balance as at 1 April 2020	18,000,000	(5,772,009)	12,227,991
Net loss / total comprehensive loss for the year	--	(6,010,434)	(6,010,434)
Balance as at 31 March 2021	<u>18,000,000</u>	<u>(11,782,443)</u>	<u>6,217,557</u>
<b>Balance as at 1 April 2021</b>	18,000,000	(11,782,443)	6,217,557
Net income / total comprehensive income for the year	--	6,238,422	6,238,422
<b>Balance as at 31 March 2022</b>	<u>18,000,000</u>	<u>(5,544,021)</u>	<u>12,455,979</u>

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

**SMBC ADVISORY SERVICES SAUDI ARABIA LLC**  
(A Limited Liability Company)  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2022**  
(Amounts in Saudi Arabian Riyals)

		<b>For the year ended 31 March 2022</b>	<b>For the year ended 31 March 2021</b>
	<i>Note</i>		
<b>Cash flows from operating activities</b>			
Net income / (loss) before income tax for the year		<b>6,892,515</b>	(6,010,434)
<i>Adjustments to reconcile net income / (loss) before income tax for the year to net cash generated from / (used in) operating activities:</i>			
Depreciation and amortization	8,9	<b>1,612,435</b>	1,610,950
(Reversal) / provision for impairment	6	<b>(3,131,696)</b>	3,131,696
Provision for employees' end of services benefits	11	<b>82,830</b>	45,222
Reversal of provision for employees' end of service benefits	11	<b>(47,507)</b>	(42,011)
Interest expense on lease	14	<b>23,110</b>	37,941
		<b>5,431,687</b>	(1,226,636)
<i>Movements in operating assets / liabilities:</i>			
Decrease in gross contract assets		<b>2,569,196</b>	3,306,148
Increase in accounts receivable		<b>(4,542,934)</b>	(1,011,435)
(Increase) / decrease in due from a related party	13	<b>(1,050,853)</b>	608,208
(Increase) in other assets		<b>(92,777)</b>	(109,407)
Increase / (decrease) in accrued and other payables	10	<b>2,375,219</b>	(2,099,503)
Decrease in due to a related party	13	<b>(9,325,276)</b>	(1,101,417)
<b>Net cash used in operating activities</b>		<b>(4,635,738)</b>	<b>(1,634,042)</b>
<b>Cash flows from investing activities</b>			
Purchase of equipment		<b>(8,905)</b>	--
<b>Net cash used in investing activities</b>		<b>(8,905)</b>	--
<b>Cash flows from financing activities</b>			
Payment of interest portion of lease liability	14	<b>(23,110)</b>	(37,941)
Payment of principal portion of lease liability	14	<b>(535,290)</b>	(520,459)
<b>Net cash used in financing activities</b>		<b>(558,400)</b>	(558,400)
Net decrease in cash and cash equivalents		<b>(5,203,043)</b>	(2,192,442)
Cash and cash equivalents at the beginning of the year		<b>8,264,298</b>	10,456,740
<b>Cash and cash equivalents at the end of the year</b>		<b>3,061,255</b>	8,264,298

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



**SMBC ADVISORY SERVICES SAUDI ARABIA LLC**  
(A Limited Liability Company)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2022**

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**1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES**

SMBC Advisory Services Saudi Arabia LLC ("the Company") is a limited liability company 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 2021, the Company received approval from the CMA to commence its arranging services. On 9 June 2021, the Company submitted a request for the cancellation of its advisory license which was formally approved on 29 June 2021.

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") (hereinafter referred to as "IFRS as endorsed in KSA") 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 2021.

**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 has 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.

**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 2021. The management assessed that the amendments had no significant impact on the Company’s financial statements.

- Interest rate benchmark reform - phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16); and
- COVID 19 - related rent concessions (amendments to IFRS 16).

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

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Company’s accounting year beginning on or after 1 April 2022 are listed below. The Company has opted not to early adopt these pronouncements.

- IFRS 17 - Insurance contracts, applicable for the period beginning on or after January 1, 2023;
- Amendments to IAS 1, Presentation of financial statements’, on classification of liabilities;
- Amendments to IAS 8, Accounting policies, changes in accounting estimates and errors, definition of accounting estimates;
- Amendments to IAS 1, Presentation of financial statements and IFRS practice statement 2 making materiality judgements, disclosure initiative: accounting policies;
- Amendment to IAS 12, Deferred tax related to assets and liabilities arising from a single transaction; and
- Amendments to IFRS 10, Consolidated financial statements and IAS 28 investments in associates and joint ventures, sale or contribution of assets between an investor and its associate or joint venture.

The management of the Company anticipates that the application of the above new standards and amendments in the future will not have a significant impact on the amounts reported.

### 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 recognises 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 amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

As at 31 March 2022 and 2021, the Company only held financial instruments measured at amortised cost.

###### Financial asset at amortised cost

A financial asset is measured at amortised 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 comprehensive income. Any gain or loss on de-recognition is also recognized in the statement of comprehensive income. 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 amortised 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 2022, the Company's financial assets comprised of cash at bank, accounts receivable, due from related parties, 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 amortised 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 recognised based on services rendered under the applicable service contracts using the five-step approach to revenue recognition.

*Revenue from Service Level Agreement ("SLA")*

The Company has entered into 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 cash in bank which is 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 assets is reclassified to accounts receivable.

*Provisioning of contract assets*

The Company recognises 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 recognised 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 recognised as intangible assets. Costs associated with maintaining computer software are recognised as an expense as and when incurred.

Amortisation is charged to the statement of income and loss account by applying the straight-line basis over its useful life whereby the carrying amount of an asset is amortised 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:

	<u>Estimated useful lives</u>
Office equipment	5
Leasehold improvements	10 years

An item of property and equipment and any significant part initially recognised is derecognised 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-recognised.

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, at inception of the contract, 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 amortised 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 recognised 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 Labour 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 recognised 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 recognised 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 unrecognised deferred tax assets, which are primarily arising on accumulated losses, amounted to SAR 1.36 million and SAR 2.15 million as at 31 March 2022 and 2021, 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 recognised in income or loss.

**4. CASH AND CASH EQUIVALENTS**

This represents funds deposited in a local bank, having sound credit rating, that is unrestricted in nature and maintained for operational purpose.

**5. ACCOUNTS RECEIVABLE**

	As at 31 March 2022	As at 31 March 2021
Gross accounts receivable on arranging services	5,554,369	1,011,435
Less: Provision for expected credit losses	--	--
	<u>5,554,369</u>	<u>1,011,435</u>

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**5. ACCOUNTS RECEIVABLE (CONTINUED)**

Following is the age analysis for Gross income receivable on arranging services as at 31 March 2022 and 31 March 2021.

<u>Number of days outstanding</u>	<u>As at 31 March 2022</u>	<u>As at 31 March 2021</u>
Up to-90	4,997,918	1,011,435
91-360	556,451	--
	<u>5,554,369</u>	<u>1,011,435</u>

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

**6. CONTRACT ASSETS, NET**

	<u>As at 31 March 2022</u>	<u>As at 31 March 2021</u>
Contract assets	562,500	3,131,696
Less: Provision	-	(3,131,696)
	<u>562,500</u>	<u>--</u>

During 2021, the Company provided advisory services to a customer where collection was doubtful, therefore the Company booked a 100% provision on the outstanding balance as of 31 March 2021 on a prudent basis. During current year, the full provision has been reversed as the outstanding balance has been duly settled by the customer.

**7. OTHER ASSETS**

	<u>As at 31 March 2022</u>	<u>As at 31 March 2021</u>
VAT refundable	--	249,945
Security Deposit	65,840	65,840
Prepaid expenses	421,551	78,829
	<u>487,391</u>	<u>394,614</u>

7.1 Prepaid expenses include prepaid employee related expenses of SR 316,164 (31 March 2021 – SR 36,164).

**8. INTANGIBLE ASSETS, NET**

	<u>As at 31 March 2022</u>	<u>As at 31 March 2021</u>
<b>Cost</b>		
Balance at the beginning of the year	116,912	116,912
Additions during the year	--	--
Balance at the end of the year	<u>116,912</u>	<u>116,912</u>
<b>Accumulated depreciation</b>		
Balance at the beginning of the year	58,456	19,485
Amortization charge for the year	38,971	38,971
Balance as at the end of the year	<u>97,427</u>	<u>58,456</u>
<b>Net book value as at the end of the year</b>	<u>19,485</u>	<u>58,456</u>



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**9. PROPERTY, PLANT AND EQUIPMENT, NET**

	<b>Leasehold Improvement</b>	<b>Office Equipment</b>	<b>Right of Use Asset</b>	<b>Total</b>
<b>Cost</b>				
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
<b>Accumulated depreciation</b>				
Balance as at 1 April 2021	625,884	946,703	1,062,850	2,635,437
Depreciation for the period	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
<b>Net book value as at 31 March 2022</b>	<b>3,129,425</b>	<b>1,553,912</b>	<b>797,137</b>	<b>5,480,474</b>
	<b>Leasehold Improvement</b>	<b>Office Equipment</b>	<b>Right of Use Asset</b>	<b>Total</b>
<b>Cost</b>				
Balance as at 1 April 2020	4,172,565	3,116,493	2,391,412	9,680,470
Additions during the year	--	--	--	--
<b>Balance as at 31 March 2021</b>	<b>4,172,565</b>	<b>3,116,493</b>	<b>2,391,412</b>	<b>9,680,470</b>
<b>Accumulated depreciation</b>				
Balance as at 1 April 2020	208,628	323,404	531,425	1,063,457
Depreciation for the year	417,256	623,299	531,425	1,571,980
<b>Balance as at 31 March 2021</b>	<b>625,884</b>	<b>946,703</b>	<b>1,062,850</b>	<b>2,635,437</b>
<b>Net book value as at 31 March 2021</b>	<b>3,546,681</b>	<b>2,169,790</b>	<b>1,328,562</b>	<b>7,045,033</b>

**10. ACCRUED EXPENSES AND OTHER PAYABLES**

Accrued and other payables as at 31 March comprise of the following:

	<b>Note</b>	<b>As at 31 March 2022</b>	<b>As at 31 March 2021</b>
Payable to sub-contractor	9.1	2,186,200	--
Accrued consultancy fee		157,294	147,296
Accrued bonus		331,140	191,834
Retention money payable		--	143,445
Accrued audit fee		130,000	130,000
Provision for employees end of services benefits	10	111,988	76,665
VAT payable		132,888	--
Other payable		137,508	87,235
		<b>3,187,018</b>	<b>776,475</b>

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

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**11. PROVISION FOR EMPLOYEES END OF SERVICE BENEFITS**

	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	76,665	73,454
Current service cost	82,830	45,222
Benefits reversed	(47,507)	(42,011)
<b>Balance at the end of the year</b>	<b>111,988</b>	<b>76,665</b>

Provision for employees' benefits has been computed as per Saudi Labor Regulations and is not measured under projected unit credit method. The Company believes that the impact of this is immaterial.

During the current year, the Company has booked reversal against provision for end of service benefits relating to resigned employees whose vesting period has not been met as per the Saudi Labor Regulations.

**12. PROVISION FOR INCOME TAX**

	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	--	--
Provision during the year	654,092	--
Payment	--	--
<b>Balance at the end of the year</b>	<b>654,092</b>	<b>--</b>

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.

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**13. 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:

Category / Transaction	Year	Note	Amount of the transaction	Due from related party	Due to Related party	Terms and conditions
<b>Sumitomo Mitsui Banking Corporation</b> (Parent Company)						
• Reimbursement of various expenses	2022	a	585,881	-	-	
	2021		547,939	-	-	
<b>SMBC Bank International PLC</b> (entity under common control)						
• Reimbursement of various expenses	2022	b	71,481	-	-	
	2021		173,628	-	-	
<b>Sumitomo Mitsui Banking Corporation - DIFC Dubai</b> (entity under common control)						
• Recharge of various operating expense	2022	c	2,056,184	--	24,186	Unsecured and on demand
	2021		16,513	-	1,783,974	Unsecured and on demand
• Payment for purchase of fixed assets	2022	d	7,366,790	-	--	Unsecured and on demand
	2021		-	-	7,366,790	Unsecured and on demand
• Office expenses - SLA	2022	e	1,361,972		353,458	Unsecured and on demand
	2021		1,168,364	-	552,156	Unsecured and on demand
• Revenue - SLA	2022	f	6,250,089	2,059,805	-	Unsecured and on demand
	2021		2,661,567	1,008,952	-	Unsecured and on demand
Total	2022			2,059,805	377,644	
Total	2021			1,008,952	9,702,920	

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**13. RELATED PARTY TRANSACTIONS (CONTINUED)**

- a. Staff related expense paid by the Parent Company during the year and has been reimbursed by the Company during the year.
- 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 for the year.
- d. Payments for purchase of fixed assets acquisition & leasehold improvements are advanced by Sumitomo Mitsui Banking Corporation - DIFC Dubai Branch and are recharged to the Company as due to related party for the previous 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 having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

The key management personnel includes the company's Chief Executive Officer. The following are the key management personnel remuneration and benefits for the year ended 31 March 2022 and 31 March 2021.

	<u>2022</u>	<u>2021</u>
Salaries and other benefits	809,511	681,053
Housing allowance	300,000	352,885
End of service benefits	17,079	3,281
	<u>1,126,590</u>	<u>1,037,219</u>

**14. LEASE LIABILITY**

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

	<u>As at 31 March 2022</u>	<u>As at 31 March 2021</u>
<b>Lease liability at the beginning of the year</b>	<b>1,085,836</b>	<b>1,606,295</b>
Finance cost on lease liability	23,110	37,941
Payment during the year	<u>(558,400)</u>	<u>(558,400)</u>
<b>Lease liability at the end of the year</b>	<b><u>550,546</u></b>	<b><u>1,085,836</u></b>
	<u>As at 31 March 2022</u>	<u>As at 31 March 2021</u>
<b>Maturity analysis</b>		
Less than one year	550,546	535,291
One year to five years	<u>--</u>	<u>550,545</u>
	<u>550,546</u>	<u>1,085,836</u>

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**15. EQUITY**

Share capital

As at 31 March 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.

Statutory reserve

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 2022, no such transfer is made as the Company still has accumulated losses carried forward from prior years.

**16. REVENUE**

Revenue comprises of the following.

	<b>For the year ended 31 March 2022</b>	<b>For the year ended 31 March 2021</b>
Revenue from arranging services	<u>6,699,665</u>	<u>2,543,527</u>
Revenue from SLA	<u>6,250,089</u>	<u>2,661,567</u>
Total for the year	<u><b>12,949,754</b></u>	<u><b>5,205,094</b></u>

**17. OTHER GENERAL AND ADMINISTRATIVE EXPENSES**

Other general and administrative expenses as at 31 March comprise of the following:

	<b>For the year ended 31 March 2022</b>	<b>For the year ended 31 March 2021</b>
Office expenses	<u>1,836,357</u>	<u>1,691,247</u>
Staff expense	<u>411,807</u>	<u>507,720</u>
Travel expenses	<u>28,866</u>	<u>13,876</u>
Taxes	<u>303,180</u>	<u>738,382</u>
Memberships	<u>34,414</u>	<u>71,760</u>
Other expenses	<u>396,845</u>	<u>429,791</u>
	<u><b>3,011,469</b></u>	<u><b>3,452,776</b></u>

Other expenses mainly include expenses relating to car rental, repairs and maintenance of computer equipment, stationery 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.

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**18. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**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:

		As at 31 March 2022	As at 31 March 2021
	<i>Note</i>		
Cash and cash equivalents		3,061,255	8,264,298
Contract asset	6	562,500	3,131,696
Accounts receivable	5	5,554,369	1,011,435
Due from a related party	13	2,059,805	1,008,952
Security deposits*		65,840	65,840
		<b>11,303,769</b>	<b>13,482,221</b>

\*presented under other assets

**Cash and cash equivalents**

The Company kept its operating funds with Riyadh Bank, having 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. Hence, the impact of any ECL is considered to be immaterial.

**Due from 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 funds 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.

**19. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

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 SUBSEQUENT TO THE REPORTING PERIOD**

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.

**22. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were approved by Sumitomo Mitsui Banking Corporation, the Parent Company, on 23 June 2022 and signed on their behalf by the Chief Executive Officer of the Company.