FIM PARTNERS KSA COMPANY

(A Saudi Closed Joint Stock Company)

FINANCIAL STATEMENTS

For the year ended 31 December 2020

together with

Independent Auditors' Report

FINANCIAL STATEMENTS
For the year ended 31 December 2020
together with Independent Auditors' Report

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 FIM Partners KSA

Opinion

We have audited the financial statements of FIM Partners KSA ("the Company"), which comprise the statement of financial position as at 31 December 2020, the statements 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 December 2020, 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 Certified Public 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 and the Company's By-Laws; 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.

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.

Independent auditor's report

To the shareholder of FIM Partners KSA (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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 Hamzah A. Bedairi
License no.: 460

Riyadh: 16 Sha'ban 1442H
Corresponding to: 30 March 2021

كي بي إم جي للإستشارات المهنية
Lic No. 46
C.R. 1010425494
R : 1
KPMG
ترخيص رقم ٤٦
KPMG Professional Services

FIM PARTNERS KSA COMPANY
(A CLOSED JOINT STOCK COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020
(Saudi Arabian Riyals)

	Notes	**31 December 2020**	31 December 2019
ASSETS			
Cash and cash equivalents	4	**2,966,998**	2,957,093
Due from related party	5	**448,794**	184,963
Prepaid expenses and other current assets	6	**88,800**	68,420
Computer equipment, net	7	**11,556**	13,558
Total assets		**3,516,148**	3,224,034
LIABILITIES AND EQUITY			
Liabilities			
Accrued expenses and other current liabilities	8	**331,864**	115,693
Employees' benefits obligations	9	**17,315**	23,384
Total liabilities		**349,179**	139,077
Equity			
Share capital	10	**5,000,000**	5,000,000
Proposed share capital increase		**1,500,000**	-
Accumulated losses		**(3,333,031)**	(1,915,043)
Total Shareholders' Equity		**3,166,969**	3,084,957
Total liabilities and equity		**3,516,148**	3,224,034

The accompanying notes from (1) to (15) form an integral part of these Financial Statements.

Mark Heaney
30 March 2021

FIM PARTNERS KSA COMPANY
(A CLOSED JOINT STOCK COMPANY)
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020
(Saudi Arabian Riyals)

	Notes	**For the year ended 31 December 2020**	For the period from 7 November 2018 to 31 December 2019
Management fees		**1,080,187**	792,580
Other income		**30,776**	33,798
Total operating income		**1,110,963**	826,378
Salaries and other benefits		**(1,609,702)**	(1,839,271)
Depreciation		**(8,764)**	(7,663)
Rent		**(180,800)**	(223,500)
Other expenses	11	**(729,685)**	(670,987)
Total operating expenses		**(2,528,951)**	(2,741,421)
Net loss before income tax		**(1,417,988)**	(1,915,043)
Income tax		--	--
Net loss for the year / period		**(1,417,988)**	(1,915,043)
Other comprehensive income for the year / period		--	--
Total comprehensive loss for the year / period		**(1,417,988)**	(1,915,043)

The accompanying notes from (1) to (15) form an integral part of these Financial Statements.

FIM PARTNERS KSA COMPANY
(A CLOSED JOINT STOCK COMPANY)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020
(Saudi Arabian Riyals)

	Share capital	**Proposed share capital increase**	**Accumulated losses**	**Total shareholders' equity**
Issuance of share capital	5,000,000	--	--	5,000,000
Total comprehensive loss for the period	--	--	(1,915,043)	(1,915,043)
Balance as at 31 December 2019	5,000,000	--	(1,915,043)	3,084,957
Balance as at 1 January 2020	**5,000,000**	**--**	**(1,915,043)**	**3,084,957**
Share capital received in advance	**--**	**1,500,000**	**--**	**1,500,000**
Total comprehensive loss for the year	**--**	**--**	**(1,417,988)**	**(1,417,988)**
Balance as at 31 December 2020	**5,000,000**	**1,500,000**	**(3,333,031)**	**3,166,969**

The accompanying notes from (1) to (15) form an integral part of these Financial Statements.

FIM PARTNERS KSA COMPANY
(A CLOSED JOINT STOCK COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Saudi Arabian Riyals)

	For the year ended 31 December 2020	For the period from 7 November 2018 to 31 December 2019
Loss before tax expense	**(1,417,988)**	(1,915,043)
Cash flows from operating activities		
Adjustment for non-cash items:		
Depreciation	**8,764**	7,663
Employees' benefits obligations	**(6,069)**	23,384
Changes in current assets and liabilities:		
Increase in prepaid expenses and other current assets	**(20,380)**	(68,420)
Increase in due from related party	**(263,831)**	(184,963)
Increase in accrued expenses and other current liabilities	**216,171**	115,693
Net cash used in operating activities	**(1,483,333)**	(2,021,686)
Cash flows from an investing activity		
Purchase of computer equipment	**(6,762)**	(21,221)
Net cash used in an investing activity	**(6,762)**	(21,221)
Cash flows from a financing activity		
Proceeds from share capital received in advance	**1,500,000**	5,000,000
Net cash generated from financing activities	**1,500,000**	5,000,000
Net increase in cash and cash equivalents during the year/ period	**9,905**	2,957,093
Cash and cash equivalents at the beginning of the year / period	**2,957,093**	-
Cash and cash equivalents at the end of the year / period	**2,966,998**	2,957,093

The accompanying notes from (1) to (15) form an integral part of these Financial Statements.

1. GENERAL INFORMATION

FIM Partners KSA Company ("the Company") is a closed Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia with the Capital Market Authority ("CMA") under license No. Y/1/6/5118/18 dated 23 Dhul Qa'dah 1439H (corresponding to 5 August 2018). The Company operates under Commercial Registration No.1010475987 issued in the Kingdom of Saudi Arabia on 29 Safar 1440H (corresponding to 7 November 2018). The Company is wholly owned subsidiary of Frontier Investment Management Partners (a company incorporated in United Arab Emirates) ("the Parent").

The Company's objectives are managing private non-real estate investment funds, managing portfolios of experienced investors, providing advice on securities, and arranging securities under the license of the Saudi Arabian General Investment Authority No. 10211391284378 dated 01 Dhul Hijjah 1439H (corresponding to 12 August 2018).

The Company's head office is located in Riyadh, Kingdom of Saudi Arabia at the following address:

FIM Partners KSA Company
Bahrain Tower, 5th Floor, King Fahad Road
P.O. Box 100732, Riyadh 11645
Kingdom of Saudi Arabia

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

2.2 Basis of measurement

These financial statements have been prepared on a going concern basis under historical cost convention. These financial statements are presented in Saudi Arabian Riyals ("SR"), which is the presentation and functional currency of the Company.

2.3 Critical accounting judgments and estimates

The preparation of these financial statements in conformity with IFRS requires management to make judgments, 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.

Useful lives of computer equipment
The management reviews the estimated useful lives of computer equipment based on the period over which the assets are expected to be available for use, and there are revised if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence. It is possible that future results of operations could be materially affected by changes in the factors mentioned.

2. BASIS OF PREPARATION (CONTINUED)

2.4 Standards issued but not yet effective

The following are the new standards and amendments to standards, which are effective for annual periods beginning on, or after 1 January 2021 and earlier application is permitted however, the Company has not early adopted them in preparing these financial statements. The following standards are not expected to have a significant impact on the financial statements of the Company.

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Classification of liabilities as current or non-current (Amendments to IAS 1)

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied by the Company in the preparation of these financial statements are set out below:

Cash and cash equivalents

Cash in bank comprises of balance in a current account.

Computer equipment

Computer equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any.

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

	No. of years
Computer equipment	3 years

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

An item of computer equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.

Normal repair and maintenance are charged to the statement of profit or loss as and when incurred.

Financial instruments

Classification 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”).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Asset at amortised cost

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

- the asset is held within a business model whose objective is to hold assets 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 profit on the principal amount outstanding.

Financial Asset at FVOCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

On initial recognition, for an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income (“OCI”). This election is made on an investment-by-investment basis.

The Company does not have any debt or equity instruments classified at FVOCI and thus this does not apply to the Company.

Financial Asset at FVTPL

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

The Company does not have any debt or equity instruments classified at FVTPL and thus this does not apply to the Company.

Business model assessment

The Company makes an assessment of the objective of the business model under which a financial asset is held, including the nature of information provided to management. The information considered includes:

- the stated policies and objectives for the asset or group of assets and the operation of those policies in practice;
- how the performance of the assets is evaluated;
- how managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assessments about whether contractual cash flows are solely payments of principal and profit
For the purposes of this assessment, 'principal' is the fair value of the financial asset on initial recognition. 'Profit' is the consideration for the time value of money, the credit and other basic lending risk associated with the principal amount outstanding during a particular period and other basic lending costs (e.g. liquidity risk and administrative costs), along with profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Company considers the contractual terms of the instrument.

Classification of financial liabilities

The Company classifies its financial liabilities, as measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium to issue the funds, and other costs that are an integral part of the effective profit rate.

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 (i) the consideration received (including any new asset obtained less any new liability assumed); and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in statement of profit or loss.

Any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in profit or loss on derecognition of such securities. The Company does not have any equity instrument classified as FVOCI, and thus this does not apply to the Company.

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 or cancelled or expired.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial 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);
- 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Write-off

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGUs) fair value less costs to sell and its value-in-use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset’s or CGU’s recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Accrued expenses and other liabilities

Accrued expenses and other liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Statutory reserve

In accordance with the Companies Regulations in the Kingdom of Saudi Arabia, the Company shall transfer 10% of its annual net income to the statutory reserve until such reserve reaches 30% of the capital. This reserve is not available for distribution to shareholders.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employees' benefits obligations

End of service benefits are calculated using the expected credit unit method at the end of each reporting year. Net defined benefit obligations that have been re-measured, including actuarial gains and losses, are recognized immediately in the Statement of Financial Position, with an expense or credit balance recognized in the Statement of other Comprehensive Income in the year in which they occur. Recalculation recognized in Other Comprehensive Income is immediately recognized in retained earnings and is not included in the statement of profit or loss in subsequent years. Changes in the present value of defined benefit obligations arising from changes and reductions in plans are recognized directly in the statement of profit or loss as previously unrecorded service costs.

Interest is calculated by applying the discount rate at the beginning of the year over the net defined liabilities or assets. Defined benefit costs are classified as follows:

- Service costs (including the cost of the current and previous service, as well as gains and losses from reductions and adjustments);
- Interest expense;
- Re-measurement.

The Company presents the service costs and interest expense in the statement of profit or loss, while it presents re-measurement in the statement of Comprehensive Income.

Short-term obligations

The short-term obligations are liabilities related to wages, salaries and other short-term benefits that are fully payable within 12 months after the end of the year in which the employees provide the related service. The Company measures the amount of short-term obligations by the undiscounted amount of short-term employee benefits expected to be paid against such services. The Company presents this amount as a current employees' liability in the statement of Financial Position.

Revenue – contracts with customers

The Company recognises revenue as and when the performance obligations are met under IFRS 15 using the five step model. The Company has following stream of revenue:

Asset management fees
Asset management fees are recognised based on a fixed percentage of net assets under management ("asset-based"), subject to applicable terms and conditions mentioned in contracts with customers. The asset management fees are not subject to any clawbacks.

Leases

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Foreign currencies

Transactions in foreign currencies are translated into the functional currencies of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in statement of profit or loss

Contingent assets and liabilities

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be measured with reasonable reliability. Contingent assets are not recognized but are disclosed where an inflow of economic benefits is probable.

Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is an enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank balance in a current account with a commercial bank operating in the Kingdom of Saudi Arabia.

5. RELATED PARTY TRANSACTIONS AND BALANCES

The Company transacts with its related parties in the ordinary course of business. Related parties include the parent company, affiliate companies and the board of directors. Related party transactions are undertaken at mutually agreed terms and approved by the Company’s management.

Below are the related party transactions for the period.

Name	**Relationship**	**Nature of transactions**	**31 December 2020**	**31 December 2019**
Frontier Investment Management Partners	Shareholder	Operating expenses	**1,028,845**	754,908
		Consulting services revenues	**1,080,187**	792,580

5. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Due from related party balance is as follow:

	As at 31 December 2020	As at 31 December 2019
Frontier Investment Management Partners	**448,794**	184,963

Key management personnel

	For the year ended 31 December 2020	**Period ended 31 December 2019**
Salaries and benefits	**420,000**	540,000

6. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets include:

	31 December 2020	31 December 2019
Employees' advances	**71,800**	55,000
Insurance	**16,252**	12,787
Other	**748**	633
	88,800	68,420

7. COMPUTER EQUIPMENT, NET

	31 December 2020	31 December 2019
Cost:		
Balance at beginning of the year / period	**21,221**	-
Additions during the year / period	**6,762**	21,221
Balance at end of the year / period	**27,983**	21,221
Accumulated depreciation:		
Balance at beginning of the year / period	**7,663**	-
Charge for the year / period	**8,764**	7,663
Balance at end of the year / period	**16,427**	7,663
Net book value	**11,556**	13,558

8. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities are as follows:

	31 December 2020	31 December 2019
Professional fees	**256,873**	78,350
VAT payable	**66,869**	21,944
GOSI payable	**8,122**	15,399
	331,864	115,693

9. EMPLOYEES' BENEFEIT OBLIGATION

Movement for employee's benefits obligation is as follows:

	31 December 2020	31 December 2019
Balance at beginning of the period	**23,384**	-
(Reversal) / charge for the period	**(6,069)**	23,384
As at 31 December	**17,315**	23,384

10. SHARE CAPITAL

At 31 December 2020, the capital of the Company is divided into 500,000 shares of SAR 10 each.

	As at 31 December	**Holding %**	**No. of shares**	**Amount**
Frontier Investment Management Partners Ltd	**2020**	**100%**	**500,000**	**5,000,000**
	2019	100%	500,000	5,000,000

11. OTHER EXPENSES

	For the year ended 31 December 2020	Period from inception to 31 December 2019
Professional fees	**404,611**	259,250
Registration and other regulatory fees	**163,300**	189,526
Subscriptions	**88,943**	96,724
Other	**72,831**	125,487
	729,685	670,987

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability.

The Parent company's Risk Committee has overall responsibility for the establishment and oversight of the Company's risk management framework. These risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Financial instruments included in the statement of financial position compromise cash and cash equivalents and due from related party.

These financial instruments are exposed to the following financial risks:

12.1 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. Cash at bank is placed with a bank having a sound rating. Due from related party is a balance receivable from the Parent, which is settled on a periodic basis.

12.2 Market risk

a) Profit rate risk

Profit rate risk is the risk that the profit rate change is not commensurate with financing costs due to changes in the market commission rate. The Company has no fixed rate financial instruments, hence is not exposed to any profit rate risk.

b) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. As at 31 December 2020, the Company had no financial instruments which were exposed to price risk.

c) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Arabian Riyals. The Company has not entered into transactions denominated in foreign currency, and is therefore not exposed to currency risk.

12.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. To guard against this risk, management performs regular reviews of available funds and present and future commitments. All financial assets and liabilities of the Company at the statement of financial position are having contractual maturity of within 1 year.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

12.4 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. As these financial statements are prepared under the historical cost method, differences may arise between the book values and the fair value estimates.

The fair value hierarchy is described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

		As at 31 December 2020			
		------------------------Fair value--------------------			
	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	**2,966,998**	**2,966,998**	**--**	**--**	**2,966,998**
Due from related party	**448,794**	**--**	**--**	**448,794**	**448,794**
Other current assets	**71,800**	**--**	**--**	**71,800**	**71,800**
Other current liabilities	**(206,869)**	**--**	**--**	**(206,869)**	**(206,869)**
Total	**3,280,723**	**2,966,998**	**--**	**313,725**	**3,280,723**

		As at 31 December 2019			
		------------------------Fair value--------------------			
	Carrying value	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	2,957,093	2,957,093	--	--	2,957,093
Due from related party	184,963	--	--	184,963	184,963
Other current assets	55,000	--	--	55,000	55,000
Other current liabilities	(28,350)	--	--	(28,350)	(28,350)
Total	3,168,706	2,957,093	--	211,613	3,168,706

Management believes that the fair values of the Company's financial assets and liabilities are not materially different from their carrying values. As of 31 December 2020, the financial assets and liabilities of the Company are classified as level 3 except for cash and cash equivalents which is classified as level 1.

13. COVID – 19

The COVID-19 pandemic continues to disrupt global markets as many geographies are experiencing a "second wave" of infections despite having previously controlled the outbreak through aggressive precautionary measures such as imposing restrictions on travel, lockdowns and strict social distancing rules. The Government of Kingdom of Saudi Arabia ("the Government") however has managed to successfully control the outbreak to date, owing primarily to the unprecedented yet effective measures taken by the Government, following which the Government has ended the lockdowns and has taken phased measures towards normalization.

The Company's operations have not been affected materially during the pandemic and the Company was able to offer uninterrupted services to its clients and in maintaining day-to-day business operations. The management believes that the Company's liquidity and capital position will continue to be supported by the Parent Company to deal with any disruptions and uncertainties in the future. The management is closely assessing the ongoing situation and any potential impact it could have on its financial performance in 2021, and is taking necessary steps to deal with the challenges.

14. SUBSEQUENT EVENTS

There are no material events subsequent to the reporting date that require adjustment or disclosure in these financial statements.

15. AUTHORIZATION OF FINANCIAL STATEMENTS

The Financial Statements were authorized by the Board of Directors on 16 Sha'ban 1442H (corresponding to: 30 March 2021).