

**BABELON INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)**

**FINANCIAL STATEMENTS AND INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020**

BABELON INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)

**FINANCIAL STATEMENTS AND INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S
REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020
(EXPRESSED IN JORDANIAN DINAR)**

INDEX	PAGE
Independent certified public accountant's report	1 – 3
Statement of financial position	4
Statement of Comprehensive income	5
Statement of changes in Owner's equity	6
Statement of cash flows	7
Notes to the financial statements	8 – 15

CERTIFIED PUBLIC ACCOUNTANT'S REPORT

To the shareholders
Babelon Investments P.L.C

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Babelon Investments P.L.C, which comprise of the statement of financial position as of December 31, 2020, and the related statements of income, statement of Comprehensive income, Statement of owners' equity and statement of cash flows, for the year that ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the statement of financial position of Babelon Investments P.L.C as of December 31, 2020, and its financial performance and cash flows for the year that ended are in accordance with International Financial Reporting Standards.

Basis for Opinion

We conduct our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in Auditor's Responsibilities for the audit of the financial statements. We are independent of the company in accordance with International Standard Board Code of Ethics for professional accountants ("the code") and we have fulfilled our other ethical responsibilities in accordance with the code.

We believe that the audit evidence we have obtained are sufficient and appropriate to provide basis for our audit opinion.

Key audit matters

Key audit matters, according to our professional judgment are matters that had the significant importance in our auditing procedures that we performed to the financial statement. The basic auditing matters have been addressed in our auditing workflow to financial standards as we do not express separate opinions.

Basic auditing matters

Financial assets designated at fair value through statement of other comprehensive income:

In accordance with International Financial Reporting Standards, the Company is required to classify the Company's listed shares that are traded in an active market as available-for-sale financial assets and are stated at fair value. If the Company has investments in unlisted shares that are not traded in active markets but are also classified as available-for-sale financial assets and are carried at fair value, management believes that fair value can be reliably measured.

The following is a description of our auditing procedures

Financial assets designated at fair value through statement of other comprehensive income:

The audit procedures included examining the control procedures used in the process of verification of existence and completeness. It was ascertained that the financial assets were recorded at fair value through the verification of the closing price of the ASE and the number of shares was confirmed by the Securities Depository Center.

Other information

The management is responsible for other information. Which includes other information reported in the final report, but not included in the financial statements and our audit report on it.

Our opinion does not include these other information, and we do not express any assertion over it regarding our financial statement we are obliged to review these other information, and while that, we consider the compatibility of these information with their s financial statement. If we detected based on our audit, the existence of significant errors in the information, we are obliged to report this fact. Regarding this, we have nothing to report.

Management and individuals responsible of governance about the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. And for such internal control, management is determined to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 the management either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

Individuals responsible of governance are responsible of supervising the preparation of financial statements.

Certified public accountant responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require us to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

As part of an audit in accordance with The International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the initial 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 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 the Management.
- Conclude on the appropriateness of the 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 initial financial statements, including the disclosures, and whether the initial Financial Statements represent the underlying transactions and events in a manner that achieves Fair Presentation.
- We communicated with audit committee 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.

Legal requirements report

The Company maintains proper books of accounting records which are in agreement with the accompanying financial statements and with the financial information included in the Board of Directors report, and we recommend the Board of directors to approve the financial statements.

Modern Accountants

Walid M. Taha
License No.(703)

Amman-Jordan
January 28, 2021

Modern Accountants

 A member of
Nexia
International
المحاسبون العصريون

BABELON INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020
(EXPRESSED IN JORDANIAN DINAR)

	Note	2020	2019
ASSETS			
Non-current assets			
Financial assets designated at fair value through other comprehensive income	4	855,563	768,301
Total non-current assets		855,563	768,301
Current assets			
Accounts receivable and other receivables	5	13,071	49,005
Cash and cash equivalents		1,187,335	1,321,752
Total current assets		1,200,406	1,370,757
TOTAL ASSETS		2,055,969	2,139,058
LIABILITIES AND OWNERS' EQUITY			
Owners' equity			
Share capital	1	2,000,000	2,000,000
Statutory reserve	6	189,942	179,367
Fair value reserve		(473,549)	(430,775)
Retained earnings		314,262	372,115
Total owners' equity		2,030,655	2,120,707
Current liabilities			
Accrued expenses and other liabilities	7	25,314	18,351
Total current liabilities		25,314	18,351
TOTAL LIABILITIES AND OWNERS' EQUITY		2,055,969	2,139,058

BABELON INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT of COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020
(EXPRESSED IN JORDANIAN DINAR)

	Note	2020	2019
Profit investment distribution revenues		55,895	39,519
Deposits interest revenue		59,433	81,077
General and administrative expenses	8	(29,450)	(26,977)
Income before tax		85,878	93,619
Income tax provision and national contribution	9	(13,025)	(11,361)
NET INCOME		72,853	82,258
Other comprehensive income :			
Realized losses from sale of financial assets designated at fair value through statement of other comprehensive income		19,869	3,824
Total comprehensive income transferred to retained earnings		92,722	86,082
Change in fair value reserve		(42,774)	(310,508)
Total comprehensive income for the year		49,948	(224,426)
Earning per share			
Earning per share- JD/ share		0,046	0,043
Weighted average of outstanding shares		2,000,000	2,000,000

The accompanying notes are an integral part of these financial statements

BABELON INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020
(EXPRESSED IN JORDANIAN DINAR)

	Note	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Total Owners' equity
Balance at January 1, 2019		2,000,000	169,623	(120,267)	575,777	2,625,133
Dividends paid		-	-	-	(280,000)	(280,000)
Comprehensive income for the year		-	-	(310,508)	86,082	(224,426)
Transfer to statutory reserves		-	9,744	-	(9,744)	-
Balance at December 31, 2019		2,000,000	179,367	(430,775)	372,115	2,120,707
Dividends paid	6	-	-	-	(140,000)	(140,000)
Comprehensive income for the year		-	-	(42,774)	92,722	49,948
Transfer to statutory reserves		-	10,575	-	(10,575)	-
Balance at December 31, 2020		2,000,000	189,942	(473,549)	314,262	2,030,655

The accompanying notes are an integral part of these financial statements

BABELON INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(EXPRESSED IN JORDANIAN DINAR)

	2020	2019
OPERATING ACTIVITIES		
Income before tax for the year	105,747	97,443
Adjustments on income before tax for the year		
Realized gains from sale of financial assets designated at fair value through statement of other comprehensive income	(19,869)	(3,824)
Changes in operating assets and liabilities:		
Accounts receivable and other receivables	35,934	(22,735)
Accrued expenses and other liabilities	(6,062)	(53,220)
Net cash available from operating activities	115,750	17,664
INVESTING ACTIVITIES		
Dividends paid	(140,000)	(280,000)
Financial assets designated at fair value through statement of other comprehensive income	(110,167)	(186,762)
Net cash used in investing activities	(250,167)	(466,762)
Net change in cash and cash equivalents	(134,417)	(449,098)
Cash and cash equivalents, Januaray 1	1,321,752	1,770,850
Cash and cash equivalents, December 31	1,187,335	1,321,752

BABELON INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(EXPRESSED IN JORDANIAN DINAR)

1. ORGANIZATION AND ACTIVITIES

Babelon Investments is a Jordanian public shareholding Company ("the Company"), registered on July 11, 2006 to the companies controller in ministry of industry and trade under number (411) with an authorized capital of JD 10,000,000 and a paid-up capital of JD 2,000,000 divided into 2,000,000 shares with a Par value of JD 1 per share.

The main activity of the company is dealing in securities listed on the Amman Stock Exchange, including buying and selling securities for the company's account and others.

The Company headquarter is in Amman.

2. NEW AND AMENDED IFRS STANDARDS

2.1 New and amended IFRS Standards that are effective for the current year.

There are a lot of a new standards and editions and explanations to the standards that now are effective from January 1, 2020 :

Amendments to IFRS 3 Business Combinations

Amendments to IAS 1 Presentation of Financial Statements

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Amendments to IFRS 7 Financial Instruments : Disclosures

Amendments to IFRS 9 Financial Instruments

Amendments to conceptual framework

2. 2. NEW AND AMENDED IFRSS IN ISSUE BUT NOT YET EFFECTIVE AND EARLY ADOPTED:-

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

New Standards

**Effective for annual periods
beginning on or after**

Amendments to IAS 1 Presentation of Financial Statements
liabilities classification

January 1, 2022

IFRS No.17 Insurance Contracts

January 1, 2023

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpolations and amendments, may have no material impact on the financial statement of the Company in the period of initial application.

BABELON INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020(Continued)
(EXPRESSED IN JORDANIAN DINAR)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of the financial statements

The preparation of the financial statements in accordance with International Financial Reporting Standards.

Basis of preparation

The financial statements are presented in Jordanian Dinar (JD) as this is the currency in which the majority of the Company's transactions are recorded.

The financial statements have been prepared on historical cost basis, However financial assets and financial liabilities are stated at fair value. The following is a summary of significant accounting policies applied by the Company :-

Equity instruments at FVTOCI

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the cumulative changes in fair value of securities reserve: The cumulative changes or loss will not be reclassified investments. But reclassified to retained earnings. The Company has designated all instruments that are not held for trading as at FVTOCI

Dividends on these investments in equity instruments are recognized in profit or loss when the Company right to receive the dividends is established, unless the dividends clearly represent a recovery of a part of the cost of the investments. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Debt instruments at amortized cost or at FVTOCI

The Company assesses the classification and measurement of the cash flow characteristics of the contractual asset and the Company's business model for managing the asset.

For an asset to classified and measured at amortized cost or at FVTOCI, is contractual terms should give rise to cash flows that are solely represent payments of principal and interest on the principal outstanding (SPPI).

At initial recognition of a financial asset, the Company determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business models.

When a debt instrument measured a FVTOCI is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured FVTOCI, the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss but transferred within equity. Debt instruments that are subsequently measured at amortized cost or FVTOCI are subject to impairment.

BABELON INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020(Continued)
(EXPRESSED IN JORDANIAN DINAR)

Reclassifications

If the business model under which the Company holds financial assets changes. The financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. During the current financial year and previous accounting period, there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made

Impairment

IFRS 9 replaces the "incurred loss" model in IAS 39 with an expected credit loss model (ECLs). The Company recognizes loss allowance for expected credit losses on the following financial instruments that are not measured at FVTPL

- Cash and bank balances;
- Trade and other receivables;
- Due from related party.

With the exception of purchased or originated credit impaired (POCI) financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12 Month ECL, i.e. lifetime ECL that results from those default events on the financial instrument that are possible within 12 months after the reporting date(referred to as stage1); or
- Full lifetime ECL, i.e. Lifetime ECL that results from all possible default events over the life of the financial instruments, (referred to as stage2 and stage3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Company has elected to measure loss allowances of cash and bank balances, Trade and other receivables, and due from a related party at an amount equal to life time ECLs.

ECLs are probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flow to the Company under the contract and the cash flows that the Company expects to receive arising from weighting of multiple future economic scenarios. Discounted at the asset's EIR.

Loss allowance for financial investments measured at amortized costs are deducted from gross carrying amount of assets. For debt securities at FVTOCI, the loss allowance is recognized in the OCI, instead of reducing the carrying amount of the asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue costs or effort. This includes both quantitative and qualitative including forward-looking information.

BABELON INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020(Continued)
(EXPRESSED IN JORDANIAN DINAR)

For certain categories of financial assets, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio as well as observable changes in national or local economic conditions that correlate with default on receivables.

Impairment losses related to cash and bank balances, trade and other receivables and due from a related party, are presented separately in the statement of income and other comprehensive income.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of the grade of the investment.

Measurement of ECL

The Company employs statistical models for ECL calculations. ECLs are a probability-weighted estimate of credit losses. For measuring ECL under IFRS 9, the key input would be the term structure of the following variables.

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD).

These parameters will be derived from our internally developed statistical models and other historical data. They will be adjusted to reflect forward – looking information.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred. Credit-impaired financial assets are referred to stage 3 assets. At each reporting date, the Company assesses whether financial assets carried at amortized costs and debt securities at FVTOCI at credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact in the estimated future cash flows of the financial asset have occurred.

DE-recognition of financial assets

The Company de-recognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On DE recognition of a financial asset measured at amortized cost or measured at FVTPL, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On DE recognition of a financial asset that is classified as FVTOCI, the cumulative gain or loss previously accumulated in the cumulative changes in fair value of securities reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

BABELON INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020(Continued)
(EXPRESSED IN JORDANIAN DINAR)

Presentation of allowance for ECL are presented in the financial information

Loss allowances for ECL are presented in the financial information as follows:

For financial assets measured at amortized cost (loans and advances, cash and bank balances): as a deduction from the gross carrying amount of the assets.

for debt instruments measured at FVTOCI no loss allowance is recognized in the statement of financial position as the carrying amount is at fair value. However, the less allowance is included as part of the revaluation amount in re-evaluation reserve and recognized in other comprehensive income.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these financial statements, the significant Judgments made by management in applying the Company accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements.

revenues and expenses recognition

Revenue is recognized when it is probable that economic benefits will flow to the company as a result of an exchange that can be reliably measured

Rental income is calculated on the basis of the value of the consideration received or expected to be received on a straight-line basis and over the lease contract.

Expenses are recognized on an accrual basis

Accounts receivable

Accounts receivable are stated at the fair value of the consideration given and are carried at amortized cost after provision for doubtful debts. Allowance for doubtful account made after doubts to collect a certain debt.

Accounts payable and accruals

Accounts payable are recognized against the value of obligation for services or goods received, whether billed or not billed by the supplier.

Expenses

General and administrative expenses include direct and indirect costs not specifically part of cost of revenues as required under generally accepted accounting principles. General and administrative expenses include direct and indirect costs which are not specifically part of production costs as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of sales are made on a consistent basis when required.

Segment reporting

A business segment is a group of assets and operation engaged in providing products or services that are subject to risks and returns that are different from those of other business segments, and segment is engaged in providing products or services within a particular economic environment

and Company include significant business sectors in the purchase, develop and trade of lands and real estate in addition to investing in securities and bonds, the company operates only in the Hashemite Kingdom of Jordan.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is reflected in the statement of financial position only when there are legal rights to offset the recognized amounts, the Company intends to settle them on a net basis, or assets are realized and liabilities settled simultaneously.

BABELON INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020(Continued)
(EXPRESSED IN JORDANIAN DINAR)

4-FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH STATEMENT OF OTHER COMPREHENSIVE INCOME

	2020	2019
Investments in Al-Amal financial investments by 42,470 shares (2019: 42,470 shares)	27,181	31,852
Investments in Afaq Energy by 465,791 shares (2019: 465,791 shares)	498,396	540,318
Investments in Arab Bank by 22,032 shares (2019: 10,008 shares)	90,772	57,546
Investments in Al – Fares National Company for Investment and Export Company by 47,565 shares (2019: 32,102 shares)	94,179	45,585
Investments in Specialized Investment Compounds Company by 62,000 shares (2019: 62,000 shares)	71,920	93,000
investments in Injaz for Development and Projects Company by 42,500 shares	56,100	-
Investments in Jordanian Industrial Resources Company by 19,500 shares	7,215	-
Investments in Capital Bank by 10,000 shares	9,800	-
	855,563	768,301

5. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLE

	2020	2019
Account receivables	3,159	35,690
Income interest payable on deposits	5,642	7,221
Income tax deposit \ bank interest	4,270	6,094
	13,071	49,005

6. STATUTORY RESERVE

In accordance with the Companies' Law in the Hashemite Kingdom of Jordan and the Company's Article of Association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 25% of the capital. However, the Company may, with the approval of the General Assembly continue deducting this annual ratio until this reserve is equal to the subscribed capital of the Company in full. This reserve is not available for dividends distribution.

DIVIDEND

The general assembly of the company decided in its meeting held on June 10, 2020 to distribute 7% cash dividends for the year 2020.

7. ACCRUED EXPENSES AND OTHER PAYABLES

	2020	2019
accrued expenses	3,722	3,639
Shareholders deposits	8,567	5,699
Income tax deposits (Note – 9)	13,025	9,013

BABELON INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020(Continued)
(EXPRESSED IN JORDANIAN DINAR)

8. GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
Governmental fees and subscriptions	751	935
Remuneration of the board directors	2,400	2,400
Managerial fees	14,400	12,600
Professional fees	5,800	5,800
General assembly meeting expenses	2,580	2,400
Subscriptions	2,450	2,450
Bank charges and others	1,069	392
	29,450	26,977

9. INCOME TAX

	2020	2019
Balance on January 1	9,013	29,951
Payments during the year	(9,013)	(32,299)
Allocated for the year	12,405	10,820
National Contribution Account	620	541
Balance on December 31	13,025	9,013

	2020	2019
Accounting profit	105,747	97,443
Decrease: refund taxable expenses	(43,720)	(43,343)
Controlled income	62,027	54,100

	2020	2019
Income tax 20%	12,405	10,820
National contribution tax 1%	620	541
	13,025	11,361

The Company ended its tax status with the Income and Sales Tax Department until 2015, but for the year 2016, 2017 and 2018 the self-assessment of the income and sales tax department was presented. The company's accounting records were not reviewed by the department until the date of preparing the company's financial statements. As year 2019, the self-assessment statement was accepted by department through the sampling system.

10. FINANCIAL INSTRUMENTS

Management of Share Capital Risks

The Company manages its capital to make sure that the Company will continue when it takes the highest return by the best limit for debts and shareholder's equity balances. The Company's strategy doesn't change from 2019.

Debt Ratio

The board of directors is reviewing the share capital structure periodically. As a part of this reviewing, the board of directors consider the cost of share capital and the risks that is related in each faction from capital and debt factions. The Company capital structure includes debts from the borrowing. The Company doesn't determine the highest limit of the debt rate and it doesn't expect increase in the typical debt rate.

BABELON INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020(Continued)
(EXPRESSED IN JORDANIAN DINAR)

The management of the financial risks

The Company's activities might be exposing mainly to the followed financial risks:

Management of the foreign currencies risks

The Company doesn't exposed to significant risks related with the foreign currencies changing, so there is no need to effective management for this exposure.

Management of the interest price risks

The risks related to the interest rate mainly resulting from the money borrowings in changeable (float) interest rates and from short-term deposits in fixed interest rates.

Sensitivity of the statement of comprehensive income is impacted of the assumed possible changes in prices of interest on the profit of the Company for one year and it is calculated based on the financial liabilities which carry variable interest rates at the end of the year.

Credit risk management

The credit risks represented if one part of the financial instruments contracts has not obligated to pay the contractual obligations and cause of that the Company is exposing financial losses. The Company classify the parts which have similar specifications as a related parties. Except the amounts which are related to the cash money. Credit risks that are resulting from the cash money are specific because the parts that are dealing with it are local banks which have good reputations and controlled by control parties.

Management of liquidity risks

Board of directors is responsible for management of liquidity risks to manage the cash requirements, short, medium and long term liquidity. The Company managed the liquidity risks through controlling the future cash flow that evaluated permanently and correspond the due dates of cash assets and liabilities.

11. THE IMPACT OF THE SPREAD OF CORONA VIRUS (COVID-19) ON THE COMPANY

The spread of the new Corona virus (Covid-19) occurred at the beginning of 2020 and its outbreak in several geographical regions around the world causing disruptions to economic activities and business. The company believes that this event does not affect any fundamental changes in the financial position of the company, and accordingly, the company does not expect material effects to occur on its operations in the Kingdom, which represent the total of its operations, in the event that things return to normal after the (Covid-19) phase.

The administration and those responsible for governance will continue to monitor the situation in all geographical areas in which the company operates and provide stakeholders with developments in accordance with the requirements of regulations and regulations. In the event of any material changes in the current conditions, additional disclosures will be submitted or amendments will be approved in the company's financial statements.

12. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company management on January 28, 2021 and have been authorized for issuance by the Board of Directors.