

**BABELON INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)**

**FINANCIAL STATEMENTS AND INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022**

BABELON INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)

**FINANCIAL STATEMENTS AND INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S
REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022
(EXPRESSED IN JORDANIAN DINAR)**

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CERTIFIED PUBLIC ACCOUNTANT'S REPORT

To the shareholders
Babelon Investments
(Public Shareholding Comapny)

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, 2022, and the related statement of Comprehensive income, statement of shareholders' 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, 2022, 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 annual 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 or with knowledge that we gained through audit procedure or seems to contain significant errors. 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 objective is to obtain reasonable assurance about whether the Financial Statements are free from material misstatement whether due from error or fraud 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 International audit standards will always detect a material misstatement even when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decision of users taken on the basis of these 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 Babelon Investments maintains proper books of accounts and the accompanying consolidated financial statements contained as of December 31, 2022 in the report of the board of directors in accordance with the proper books of accounts, We recommend and approve the General Assembly.

Modern Accountants

Wahid M. Taha
License No.(703)

Amman-Jordan
February 14, 2023

Modern Accountants



A member of
Nexia
International

المحاسبون المعاصرون

BABELON INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
(EXPRESSED IN JORDANIAN DINAR)

	Note	2022	2021
ASSETS			
Non-current assets			
Financial assets designated at fair value through other comprehensive income	4	1,494,839	1,098,369
Total non-current assets		<u>1,494,839</u>	<u>1,098,369</u>
Current assets			
Accounts receivable and other receivables	5	6,398	10,113
Cash and cash equivalents	6	709,495	1,006,280
Total current assets		<u>715,893</u>	<u>1,016,393</u>
TOTAL ASSETS		<u>2,210,732</u>	<u>2,114,762</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	1	2,000,000	2,000,000
Statutory reserve	8	203,057	194,789
Fair value reserve		(246,712)	(351,020)
Retained earnings		230,774	248,069
Total shareholders' equity		<u>2,187,119</u>	<u>2,091,838</u>
Current liabilities			
Accrued expenses and other payables	7	23,613	22,924
Total current liabilities		<u>23,613</u>	<u>22,924</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>2,210,732</u>	<u>2,114,762</u>

Chairman of Board of Directors

General Director

Chief Financial Officer

The accompanying notes are an integral part of these financial statements

BABELON INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
(EXPRESSED IN JORDANIAN DINAR)

	Note	2022	2021
Dividends revenues		52,570	2,699
Bank deposits interest revenue		38,777	44,942
General and administrative expenses	10	(30,439)	(27,649)
Income before tax		60,908	19,992
Income tax provision and national contribution	11	(9,083)	(9,819)
Income tax expenses from previous years		(2,625)	-
NET INCOME		49,200	10,173
Other comprehensive income :			
Realized gain from sale of financial assets designated at fair value through statement of other comprehensive income		21,773	28,481
Total comprehensive income transferred to retained earnings		70,973	38,654
Change in fair value reserve		104,308	122,529
Total comprehensive income for the year		175,281	161,183
Earning per share :			
Earning per share- JD/ share		0,035	0,019
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 SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022
(EXPRESSED IN JORDANIAN DINAR)

	Note	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Total
Balance at January 1, 2021		2,000,000	189,942	(473,549)	314,262	2,030,655
Dividends paid		-	-	-	(100,000)	(100,000)
Comprehensive income for the year		-	-	122,529	38,654	161,183
Transfer to statutory reserves		-	4,847	-	(4,847)	-
Balance at December 31, 2021		2,000,000	194,789	(351,020)	248,069	2,091,838
Dividends paid	9	-	-	-	(80,000)	(80,000)
Comprehensive income for the year		-	-	104,308	70,973	175,281
Transfer to statutory reserves		-	8,268	-	(8,268)	-
Balance at December 31, 2022		2,000,000	203,057	(246,712)	230,774	2,187,119

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, 2022
(EXPRESSED IN JORDANIAN DINAR)

	2022	2021
OPERATING ACTIVITIES		
Income before tax for the year	82,681	48,473
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	(21,773)	(28,481)
Changes in operating assets and liabilities:		
Accounts receivable and other receivables	3,715	2,958
Accrued expenses and other payables	(11,019)	(12,209)
Net cash available from operating activities	53,604	10,741
INVESTING ACTIVITIES		
Financial assets designated at fair value through statement of other comprehensive income	(270,389)	(91,796)
Net cash used in investing activities	(270,389)	(91,796)
FINANCING ACTIVITIES		
Dividends paid	(80,000)	(100,000)
Net cash used in Financing activities	(80,000)	(100,000)
Net change in cash and cash equivalents	(296,785)	(181,055)
Cash and cash equivalents, Januaray 1	1,006,280	1,187,335
Cash and cash equivalents, December 31	709,495	1,006,280

The accompanying notes are an integral part of these financial statements

BABELON INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(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 2,000,000 JD divided into 2,000,000 shares with a Par value of 1 JD 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

The following new and revised Standards and Interpretations are not yet effective	It is valid for annual periods beginning on or after
Classification of liabilities as current or not- current (Amendments to IAS 1)	January 1, 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	January 1, 2023
Definition of Accounting Estimate (Amendments to IAS 8)	January 1, 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2)	January 1, 2023
Deferred Tax related to Assets and liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Deferred Indefinitely

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as of 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
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022(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 investments in real estate 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's right to receive the dividends is established unless the dividends 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.

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 FVTOCI, is contractual terms should give rise to cash flows that 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 reassesses 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 as 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.

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NOTES TO THE FINANCIAL STATEMENTS
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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 a 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 information and analysis based on the previous company experience and on the available credit score including forward-looking information.

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FOR THE YEAR ENDED DECEMBER 31, 2022(Continued)
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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 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022(Continued)
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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.

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.

Expenses are recognized on an accrual basis.

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.

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. 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022(Continued)
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4. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH STATEMENT OF OTHER COMPREHENSIVE INCOME

	2022	2021
Investments in Al-Amal financial investments by 42,470 shares (2021: 42,470 shares)	-	42,470
Investments in Afaq Energy by 465,791 shares (2021: 465,791 shares)	857,055	652,107
Investments in Arab Bank by 22,248 shares (2021: 22,032 shares)	108,570	107,736
Investments in Al – Fares National Company for Investmnet and Export Company by 58,614 shares (2021: 47,565 shares)	28,135	57,078
Investments in Specialized Investment Compounds Companyby 62,000 shares (2021: 62,000 shares)	51,460	69,440
Investments in Jordanian Industrial Resources Company by 3,591 shares (2021: 19,500 shares)	970	2,119
Investments in Capital Bank by 46,840 shares (2021: 5,034 shares)	114,290	24,466
Investments in Jordan Decapolis Properties Company by 50,000 shares (2021 : 50,000 shares)	15,500	24,000
Investments in Al Tajamouat for Catering and Housing Company by 48,000 shares (2021 : 48,000 shares)	17,760	35,520
Investments in Cairo Amman Bank by 224,701 shares (2021: 60,024 shares)	301,099	83,433
	1,494,839	1,098,369

5. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLE

	2022	2021
Account receivables	2,650	2,675
Accrues deposits and interest revenue	-	4,191
Income tax deposit \ bank interest	3,345	3,247
Income tax provision and national contribution	401	-
Al-Amal company	2	-
	6,398	10,113

6. CASH AND CASH EQUIVALENTS

	2022	2021
Cash at bank *	709,495	1,006,280
	709,495	1,006,280

* The Company have a bank deposit in Capital Bank at 695,841 JD.

7. ACCRUED EXPENSES AND OTHER PAYABLES

	2022	2021
accrued expenses	3,633	3,593
Shareholders deposits	10,772	9,512
Income tax deposits (Note – 11)	9,083	9,819
Income tax deposits	125	-
	23,613	22,924

BABELON INVESTMENTS
(PUBLIC SHAREHOLDING COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022(Continued)
(EXPRESSED IN JORDANIAN DINAR)

8. 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. The General Assembly is entitled to decide, in its unusual meeting, to amortize its losses by the accumulated statutory reserve if all other reserves pay off, to rebuild it again in accordance with the law.

9. DIVIDEND

The general assembly of the company decided in its meeting held on March 22, 2022 to distribute 4% cash dividends for the year 2021.

10. GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021
Governmental fees and subscriptions	791	732
Transportation	2,400	2,400
Managerial fees	14,400	14,400
Professional fees	5,800	5,800
General assembly meeting expenses	1,253	1,375
Subscriptions	2,450	2,450
Others expenses	3,345	492
	30,439	27,649

11. INCOME TAX

The transaction of income and sales department :

	2022	2021
Balance on January 1	9,819	13,025
Payments during the year	(9,819)	(13,025)
Provision for the year	8,650	9,351
National Contribution Account	433	468
Balance on December 31	9,083	9,819

A summary on the adjustment of the accounting profit and the tax profit:

	2022	2021
Accounting profit	80,056	48,473
Non-deductible expenses / non-deductible revenue (Net)	(36,802)	(1,719)
Taxable income	43,254	46,754

Income tax 20%	8,650	9,351
National contribution tax 1%	433	468
	9,083	9,819

The Company ended its tax status with the Income and Sales Tax Department until 2021.

BABELON INVESTMENTS
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022(Continued)
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12. 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 2021.

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 not includes debts from the borrowing. The Company doesn't determine the highest limit of the debt rate and it does not expect increase in the typical debt rate.

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. The company does not expose to interest's rate risks due to non-existence of borrowings until the date of financial statements.

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. There are no contracts with any other parts so the company doesn't expose to different types of the credit risks.

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.

13. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company management on February 14, 2023 and have been authorized for issuance by the Board of Directors.