

**DAR AL AMAN FOR ISLAMIC FINANCE COMPANY
(LIMITED PUBLIC SHAREHOLDING)
AMMAN - JORDAN**

**CONDENSED INTERIM FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER
2023**

DAR AL AMAN FOR ISLAMIC FINANCE COMPANY
(LIMITED PUBLIC SHAREHOLDING)
AMMAN - JORDAN

INTERIM FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

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REVIEW REPORT

30 September 2023

To the Management of Dar Al Aman for Islamic Finance Company
(Limited Public Shareholding)
Amman - Jordan

Introduction

We have reviewed the interim statement of financial position of Dar Al Aman for Islamic Finance Company (Limited Public Shareholding) as at 30 September 2023 and the interim statement of profit or loss and other comprehensive income, interim statement of changes in equity and interim statement of cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Material uncertainty related to going concern

As set out in note (6) to the financial statement, the accumulated losses of the Company represent 47% of the capital. Also, the granting of funds remains suspended since 2017 until the date of the interim financial statements, also, the Company is facing difficulties in selling some lands and completing financial settlements with the owners of troubled loans. These events or circumstances are considered an indication of a material uncertainty that may cast significant doubt on the Company's ability to continue, also the note indicates the company's future plan to address this, and our conclusion has not been modified in this matter.

REVIEW REPORT (CONTINUED)

30 September 2023

To the Management of Dar Al Aman for Islamic Finance Company
(Limited Public Shareholding)
Amman - Jordan

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements do not present fairly from all material respects the interim financial position for the Company as at 30 September 2023 and its interim financial performance and its interim cash flows for the nine months then ended in accordance with IAS (34) "Interim Financial Reporting".

Samman & Co.



Ahmad Ramahi
License No. (868)

29 October 2023
Amman - Jordan

**Dar Al Aman for Islamic Finance Company
(Limited Public Shareholding)
Amman - Jordan**

Interim statement of financial position

	Note	30 September 2023	31 December 2022
		JD	JD
<u>ASSETS</u>			
Cash and cash equivalents		419,170	396,053
Financial assets at fair value through profit or loss		27,110	31,756
Financial assets at amortized cost	(4)	2,544,183	3,183,316
Other debit balances		86,474	108,548
Property and equipment		247,358	251,905
Properties seized against debts	(5)	2,507,855	2,563,405
Investment properties		389,534	389,534
Deferred tax assets		2,846,631	2,846,631
TOTAL ASSETS		9,068,315	9,771,148
<u>LIABILITIES AND SHAREHOLDERS EQUITY</u>			
<u>LIABILITIES</u>			
Other credit balances		281,393	316,302
<u>SHAREHOLDERS EQUITY</u>			
Subscribed capital		16,000,000	16,000,000
Statutory reserve		122,605	122,605
Voluntary reserve		220,512	220,512
Accumulated losses		(7,556,195)	(6,888,271)
Net Equity		8,786,922	9,454,846
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		9,068,315	9,771,148

The interim financial statements on pages [1] to [7] were approved and authorized for issue by the Board of Directors on 29 October 2023 and were signed by:


Dr. Farooq Mohammad Murad
Deputy chairman of the board


Nabil Muzuk
Acting Chief Executive Officer

Dar Al Aman for Islamic Finance Company
(Limited Public Shareholding)
Amman - Jordan

Interim statement of profit or loss and other comprehensive income
For the nine months ended 30 September 2023

	2023		2022	
	From 1 July till 30 September	From 1 January till 30 September	From 1 July till 30 September	From 1 January till 30 September
	JD	JD	JD	JD
Revenues - net	25,785	71,123	9,950	24,417
Other revenues	1,664	6,502	40	57,454
Valuation losses of financial assets at fair value through profit or loss	(3,876)	(4,647)	(3,876)	(8,523)
Expected credit loss	-	(523,379)	-	(434,273)
Employees benefits expenses	(26,772)	(81,332)	(28,954)	(89,753)
Administrative expenses	(51,539)	(136,191)	(38,233)	(125,224)
Operational Loss	(54,738)	(667,924)	(61,073)	(575,902)
Profit on disposal of investment in associate	-	-	-	272,420
Total comprehensive loss for the period	(54,738)	(667,924)	(61,073)	(303,482)
Loss per share for the period JD / share		(0.042)		(0.019)

Dar Al Aman for Islamic Finance Company
(Limited Public Shareholding)
Amman - Jordan

Interim statement of changes in equity
For the nine months ended 30 September 2023

	Subscribed capital	Statutory reserve	Voluntary reserve	Accumulated losses	Total
	JD	JD	JD	JD	JD
<u>2023</u>					
1 January 2023	16,000,000	122,605	220,512	(6,888,271)	9,454,846
Comprehensive loss for the period	-	-	-	(667,924)	(667,924)
30 September 2023	16,000,000	122,605	220,512	(7,556,195)	8,786,922
<u>2022</u>					
1 January 2022	16,000,000	122,605	220,512	(6,130,721)	10,212,396
Comprehensive loss for the period	-	-	-	(303,482)	(303,482)
30 September 2022	16,000,000	122,605	220,512	(6,434,203)	9,908,914

Dar Al Aman for Islamic Finance Company
(Limited Public Shareholding)
Amman - Jordan

Interim statement of cash flows
For the nine months ended 30 September 2023

	<u>2023</u>	<u>2022</u>
	JD	JD
<u>Operating activities</u>		
Loss of the period before tax	(667,924)	(303,482)
<i>Adjustments for:</i>		
Profit on disposal of investment in associate	-	(272,420)
Depreciation and amortization	4,546	4,687
Expected credit loss	523,379	434,273
Valuation losses of financial assets at fair value through profit or loss	4,647	8,523
	<u>(135,352)</u>	<u>(128,419)</u>
Financial assets at amortized cost	115,754	283,196
Properties seized against debts	55,550	(425)
Other debit balances	22,074	(5,447)
Other credit balances	(34,909)	(79,814)
Net cash flows from operating activities	<u>23,117</u>	<u>69,091</u>
<u>Investing activities</u>		
Purchase of property and equipment	-	(300)
Investment Properties	-	(18,418)
Net cash flows from investing activities	<u>-</u>	<u>(18,718)</u>
 Net change in cash and cash equivalents during the period	 23,117	 50,373
Cash and cash equivalents - Beginning of the period	<u>396,053</u>	<u>306,682</u>
Cash and cash equivalent - Ending of the period	<u><u>419,170</u></u>	<u><u>357,055</u></u>

**Dar Al Aman for Islamic Finance Company
(Limited Public Shareholding)
Amman - Jordan**

**Notes forming part of the interim financial statements
For the nine months ended 30 September 2023**

1) General

Dar Al Aman for Islamic Finance Company (previously: Al Israa for Islamic Finance and Investment Company) was established on 20 April 2008 as a Limited Public Shareholding Company in the Register of Public Shareholding Companies under No. (451).

The Company's main activity are financing consumable products and financing real estate in accordance with the provisions of Islamic Sharia. The address of the company in Amman - Abdullah Ghosheh Street - Al Hussein Complex.

The following are the names of the Board of Director's members:

<u>Name</u>	<u>Position</u>
Saeed Mohammad Hasan Al-Masoud	Chairman
Dr. Farooq Mohammad Murad	Deputy chairman
Aal Al-Bayt University represented by Prof. Dr. Osama Khaled Ibrahim Nusair	Board Member
Al-Rifaiat Investment and Real Estate Development Company represented by Mohammed Taha Al-Harashsheh	Board Member
Eng. Mohammad Ismael Attieh	Board Member
Kefah Ahmad Maharmeh	Board Member
Mohammad Ahmad Musa Al-azb	Board Member

2) Basis of preparation

The interim financial statements have been prepared in accordance with IAS (34) "Interim Financial Reporting" in accordance with local standard. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2022 annual report.

3) Significant accounting policies

The Company has applied the same accounting policies and methods of computation in its interim financial statements as in its 2022 annual financial statements.

The preparation of interim financial statements in accordance with Standard (34) "Interim Financial Reporting" requires the use of significant and limited accounting estimates, and it also requires management to use its own estimates in the process of applying the Company's accounting policies.

None of the new standards, interpretations and amendments have any material impact on the interim financial statements.

Use of estimates and assumptions

There are no material changes to the nature and values of the estimates and assumptions used in the 2023 financial statements.

Notes forming part of the interim financial statements (Continued)
For the nine months ended 30 September 2023

4) Financial assets at amortized cost

	30 September 2023	31 December 2022
	JD	JD
Finance receivables	14,883,201	15,011,316
Deduct: Deferred revenue from financing contracts	(32,841)	(22,859)
	14,850,360	14,988,457
Deduct: Expected credit loss provision	(11,781,633)	(11,258,254)
Suspended revenues	(524,544)	(546,887)
	2,544,183	3,183,316

The company has note receivables and cheques under collection, outside the financial position, at a value of approximately JD 10,745 million, against financing receivables as at 30 September 2023 (2022: approximately JD 10,350 million).

Financing receivables in terms of types are as follows:

	30 September 2023		31 December 2022	
	Finance receivables	Deferred revenue	Net finance receivables	Net finance receivables
	JD	JD	JD	JD
Murabaha financing	11,513,853	32,841	11,481,012	11,619,109
Long term financing sale	3,369,348	-	3,369,348	3,369,348
	14,883,201	32,841	14,850,360	14,988,457

Analysis of expected credit loss for each stage are as follow:

	30 September 2023	31 December 2022
	JD	JD
First stage: from 0 to 30 days	27,320	18,828
Third stage: more than 90 days	11,754,313	11,239,426
	11,781,633	11,258,254

The transaction on financing receivables expected credit loss provision is as follows:

	30 September 2023	31 December 2022
	JD	JD
Balance as at 1 January	11,258,254	10,424,542
Credit losses during the period / year	523,379	833,712
	11,781,633	11,258,254

Notes forming part of the interim financial statements (Continued)
For the nine months ended 30 September 2023

The transaction on suspended revenue is as follows:

	30 September 2023	31 December 2022
	JD	JD
Balance as at 1 January	546,887	566,991
Net changes during the period / year	(22,343)	(20,104)
	<u>524,544</u>	<u>546,887</u>

5) Properties seized against debts.

This item represents the value of the lands that have been seized by the company in exchange for defaulting customers, which have been recognized according to the estimation of seizure by the competent courts, in addition to the legal fees and registration expenses related to them. The fair value of these properties amounted to around 3.330 million Jordanian dinars, according to the latest evaluations by real estate experts.

6) Accumulated losses and management future plan

The company's board of directors decided during 2017 to suspend all types of financing. In 2018, the Securities Commission's Board of Commissioners decided to transfer trading in the company's shares to the unlisted stock market. In addition, the company's accumulated losses amounted to JD (7,556,195) as at the date of the financial position, which constitutes 47% of the capital.

In the coming period, the company's management looks forward to improving the company's financial situation by continuing its efforts to collect its debts through making the necessary settlements and reconciliations to find solutions for defaulting customers and reduce the severity of severe default in the credit portfolio. The company also seeks to liquidate its owned plots of lands and to achieve benefits for shareholders, in addition, the company continues to duly follow up all cases in the courts.