

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

**INTERIM CONDENSED FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT
FOR THE THREE MONTHS ENDED 31 MARCH 2024**

DAR AL AMAN FOR ISLAMIC FINANCE COMPANY
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REVIEW REPORT

31 March 2024

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

Introduction

We have reviewed the interim condensed statement of financial position of Dar Al Aman for Islamic Finance Company (Limited Public Shareholding) as at 31 March 2024 and the interim condensed statement of profit or loss and other comprehensive income, the interim condensed statement of changes in equity, the interim condensed statement of cash flows for the three 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 condensed financial statements in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed 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 mentioned to in Note No. (6) to the interim condensed financial statements, which indicates that the Company's accumulated losses amounted to approximately JD 8.5 million, which represents 53% of the capital, also the Company's activity is still almost suspended. These events or circumstances are considered an indication of a material uncertainty that may cast significant doubt on the Company's ability to continue as the note shows the Company's actions and its future plans to counter that. Our conclusion has not been modified in respect to this matter.

REVIEW REPORT (CONTINUED)


31 March 2024

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 believe that the interim condensed financial statements do not present fairly from all material respects the interim condensed financial position for the Company as at 31 March 2024 and its interim financial performance and its interim cash flows for the three months then ended in accordance with IAS (34) "Interim Financial Reporting".

Samman & Co.


Ahmad Ramahi
License No. (868)



30 April 2024

Amman - Jordan

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

Interim condensed statement of financial position

	<u>Note</u>	<u>31 March 2024</u>	<u>31 December 2023</u>
		JD	JD
<u>ASSETS</u>			
Cash at banks		180,278	113,809
Deposits at banks		544,000	544,000
Financial assets at fair value through statement of profit or loss		18,587	17,816
Financial assets at amortized cost	(4)	1,930,970	2,497,802
Other receivables		90,725	85,287
Property and equipment		244,106	245,418
Properties seized against debts	(5)	3,086,104	2,607,856
Investment property - Land		389,534	389,534
Deferred tax assets		<u>1,997,542</u>	<u>1,997,542</u>
TOTAL ASSETS		<u><u>8,481,846</u></u>	<u><u>8,499,064</u></u>
<u>LIABILITIES AND SHAREHOLDERS EQUITY</u>			
<u>LIABILITIES</u>			
Other payables		<u>685,390</u>	<u>674,112</u>
<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		<u>(8,546,661)</u>	<u>(8,518,165)</u>
NET SHAREHOLDERS EQUITY		<u><u>7,796,456</u></u>	<u><u>7,824,952</u></u>
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		<u><u>8,481,846</u></u>	<u><u>8,499,064</u></u>

The interim condensed financial statements on pages [1] to [9] were approved and authorized for issue by the Board of Directors on 30 April 2024 and were signed by:

Dr. Farooq Mohammad Murad
Deputy chairman of the board

Nabil Mohammad Muzuk
Acting Chief Executive Officer

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

Interim condensed statement of profit or loss and other comprehensive income
For the three months ended 31 March 2024

	<u>2024</u>	<u>2023</u>
	JD	JD
Net Revenues	25,910	23,123
Other revenues	3,086	20
Revaluation losses of financial assets at fair value through profit or loss	771	(3,875)
Employees benefits expenses	(27,051)	(28,177)
Administrative expenses	<u>(31,212)</u>	<u>(46,352)</u>
Comprehensive loss for the period	<u>(28,496)</u>	<u>(55,261)</u>
Loss per share of the period JD / share	<u>(0.0018)</u>	<u>(0.0035)</u>

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

Interim condensed statement of changes in equity
For the three months ended 31 March 2024

	Subscribed capital	Statutory reserve	Voluntary reserve	Accumulated losses	Total
	JD	JD	JD	JD	JD
<u>2024</u>					
1 January 2024	16,000,000	122,605	220,512	(8,518,165)	7,824,952
Comprehensive loss for the period	-	-	-	(28,496)	(28,496)
31 March 2024	<u>16,000,000</u>	<u>122,605</u>	<u>220,512</u>	<u>(8,546,661)</u>	<u>7,796,456</u>
<u>2023</u>					
1 January 2023	16,000,000	122,605	220,512	(6,888,271)	9,454,846
Comprehensive loss for the period	-	-	-	(55,261)	(55,261)
31 March 2023	<u>16,000,000</u>	<u>122,605</u>	<u>220,512</u>	<u>(6,943,532)</u>	<u>9,399,585</u>

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

Interim condensed statement of cash flows
For the three months ended 31 March 2024

	<u>Note</u>	<u>2024</u>	<u>2023</u>
		JD	JD
<u>Operating activities</u>			
Loss of the Period		(28,496)	(55,261)
<i>Adjustments for:</i>			
Depreciations & Amortizations		1,313	1,522
(Profits) losses for financial assets at fair value through the statement of profit or loss		<u>(771)</u>	<u>3,875</u>
		(27,954)	(49,864)
Financial assets at amortized cost	(4)	566,832	(24,479)
Other receivables		(5,438)	(3,023)
Other payables		<u>11,278</u>	<u>(26,627)</u>
Net cash flows from (used in) operating activities		<u>544,718</u>	<u>(103,993)</u>
<u>Investing activities</u>			
Properties seized against debts	(5)	<u>(478,249)</u>	<u>(44,451)</u>
Net cash flows used in investing activities		<u>(478,249)</u>	<u>(44,451)</u>
Net change in cash and cash equivalents during the period		66,469	(148,444)
Cash and cash equivalents - beginning of the period		<u>657,809</u>	<u>396,053</u>
Cash and cash equivalents - ending of the period		<u><u>724,278</u></u>	<u><u>247,609</u></u>

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

**Notes forming part of the interim condensed financial statements
For the three months ended 31 March 2024**

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 objectives 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 Al-Masoud	Chairman
Dr. Farooq Mohammad Murad	Deputy chairman
Al Al-Bayt University represented by Osama Khaled Nusser	Board Member
Al-Rifaiat Investment and Real Estate Development Company represented by Mohammed Taha Al-Harashseh	Board Member
Eng. Mohammad Ismael Mohammad Attieh	Board Member
Kefah Ahmad Al-Maharmeh	Board Member
Mohammad Ahmad Al-Azab	Board Member

2) Basis of preparation

The interim condensed financial statements have been prepared in accordance with IAS (34) "Interim Financial Reporting" and in accordance with local standards. 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 2023 annual report.

3) Accounting policies

Dar Al Aman for Islamic Finance Company has applied the same accounting policies and methods of computation in its interim condensed financial statements as in its 2023 annual financial statements, except for the following amendments which apply for the first time in 2024. However, not all are expected to impact the company as they are either not relevant to the company's activities or require accounting which is consistent with the company's current accounting policies.

The following new standards and amendments are effective for the period beginning 1 January 2024:

- *Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7);*
- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);*
- *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1); and*
- *Non-current Liabilities with Covenants (Amendments to IAS 1).*

Supplier Finance Arrangements (Amendments to IAS 7 & IFRS 7)

On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The amendments also provide guidance on characteristics of supplier finance arrangements.

The amendments provide a transition relief whereby an entity is not required to provide the disclosures, otherwise required by the amendments, for any interim period presented within the annual reporting period in which the entity first applies those amendments.

Notes forming part of the interim condensed financial statements (Continued)
For the three months ended 31 March 2024

The company carried out an assessment of its contracts and operations and concluded that these amendments have had no effect on the interim condensed financial statements, regardless of the transition relief provided.

On 22 September 2022, the IASB issued amendments to IFRS 16 - Lease Liability in a Sale and Leaseback (the Amendments)

Prior to the Amendments, IFRS 16 did not contain specific measurement requirements for lease liabilities that may contain variable lease payments arising in a sale and leaseback transaction. In applying the subsequent measurement requirements of lease liabilities to a sale and leaseback transaction, the Amendments require a seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

These amendments had no effect on the interim condensed financial statements of the company.

The IASB issued amendments to IAS 1 in January 2020 Classification of Liabilities as Current or Noncurrent and subsequently, in October 2022 Non-current Liabilities with Covenants.

The amendments clarify the following:

- An entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period.
- If an entity's right to defer settlement of a liability is subject to covenants, such covenants affect whether that right exists at the end of the reporting period only if the entity is required to comply with the covenant on or before the end of the reporting period.
- The classification of a liability as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement.
- In case of a liability that can be settled, at the option of the counterparty, by the transfer of the entity's own equity instruments, such settlement terms do not affect the classification of the liability as current or non-current only if the option is classified as an equity instrument.

These amendments have no effect on the measurement of any items in the financial statements of the company.

Notes forming part of the interim condensed financial statements (Continued)
For the three months ended 31 March 2024

4) Financial assets at amortized cost

	31 March 2024	31 December 2023
	JD	JD
Finance receivables	11,296,147	11,882,405
Deduct:		
Deferred revenues on financing contracts	(38,256)	(52,896)
	11,257,891	11,829,509
Deduct:		
Expected credit loss provision	(8,810,855)	(8,810,855)
Suspended revenues	(516,066)	(520,852)
	1,930,970	2,497,802

The company has notes receivables and cheques under collection out of the financial position with a value of approximately JD 11,031 million for financing receivables as at 31 March 2024 (2023: amounted to approximately JD 11,050 million).

Financing receivables in terms of type are as follows:

	31 March 2024		31 December 2023	
	Finance receivables	Deferred revenues	Net finance receivables	Net finance receivables
	JD	JD	JD	JD
Murabaha financing	11,295,147	38,256	11,256,891	11,389,859
Long term financing sale	1,000	-	1,000	439,650
	11,296,147	38,256	11,257,891	11,829,509

Analysis of financing receivables aging based on expected credit loss for each stage are as follow:

	31 March 2024	31 December 2023
	Expected loss	Expected loss
	JD	JD
First stage: from 0 to 30 days	36,264	36,264
Second stage: from 31 to 90 days	48,880	48,880
Third stage: more than 90 days	8,725,711	8,725,711
	8,810,855	8,810,855

Notes forming part of the interim condensed financial statements (Continued)
For the three months ended 31 March 2024

The movement in the expected credit losses provision is as follows:

	31 March 2024	31 December 2023
	JD	JD
Balance at the beginning of the period / year	8,810,855	11,258,254
Credit losses during the period / year	-	585,063
Execution of debts	-	(3,032,462)
Balance at the end of the period / year	8,810,855	8,810,855

The movement on deferred revenues is as follows:

	31 March 2024	31 December 2023
	JD	JD
Balance at the beginning of the period / year	52,896	22,859
Deferred revenues during the period / year	6,484	101,069
Revenues during the period / year	(21,124)	(71,032)
Balance at the end of the period / year	38,256	52,896

The movement on suspended revenues is as follows:

	31 March 2024	31 December 2023
	JD	JD
Balance at the beginning of the period / year	520,852	546,887
Suspended revenues during the period / year	5	5,600
Deduct: Suspended revenues was recognized during the period / year	(4,791)	(31,635)
Balance at the end of the period / year	516,066	520,852

5) Properties seized against debts

This item represents the lands that has been acquired by the company against non-performing financing receivables that have been recognized by seizure by the judicial courts in addition to the legal rules and registration expenses thereof. The current value has reached up to JD 3.330 million according to reviews of real estate experts.

On 27 August 2023, the company signed a memorandum of understanding with one of the buyers stating the sale of plot No. 74, Umm Rajum Basin, from the Salt / Fuheis lands, with an area of 7,895 M², at a price of 375 Jordanian dinars / M² (and a total amount of JD 2,960,625), noting that what was received as of the date of the financial statements, it is JD 444 thousand.

Notes forming part of the interim condensed financial statements (Continued)
For the three months ended 31 March 2024

6) Accumulated losses and the Company's future plan

The Company's board of directors decided during 2017 to suspend all types of financing. In 2018, the Board of Commissioners of the Securities Commission decided to transfer trading in the Company's shares to the unlisted stock market, in addition to that the accumulated losses of the Company amounted to JD (8,546,661) as of the financial position date, which represents 53% of the capital. These events are considered an indications of material uncertainty related to going concern.

The company took several steps to confront this, and the requirements of the Securities Commission were completed, and the company's shares were re-traded in the second market (listed companies) on July 21, 2020. The company's management is also looking forward to improving the company's financial situation in the coming period, as it began granting new financing during the year 2023, the number of which reached 16. Financing, totaling of JD 868,569. While continuing the efforts made to collect its debts by making the necessary settlements and reconciliations to find solutions for distressed customers and reduce the severity of the severe default in the credit portfolio. The company also seeks to liquidate the plots of land owned by it and achieve benefits for shareholders, noting that the company has signed a memorandum of understanding to sell Plot No. (74) Umm Rajum Basin No. (8) as shown in Note No. (5) to the interim condensed financial statements.