



دار الأمان للتمويل الإسلامي

Dar Al-Aman for Islamic Finance

Amman in: 02/11/2020

Ref: 3389/2020

To: M/s.Jordan Securities Commission

M/s.Securities Depository Center

M/s.Amman Stock Exchange

Subject: Subject: Third Quarter Annual Report as of 30/09/2020

Attached the Third Quarter Annual Report of Dar Al Aman for Islamic Finance P.L.C

as of 30/09/2020.

Kindly accept our highly appreciation and respect

Dar Al Aman for Islamic Finance P.L.C

Deputy Chairman of the Board Signature



بورصة عمان
الدائرة الإدارية والمالية
الديوان
٢٥ تشرين الثاني ٢٠٢٠
الرقم المتسلسل: ٤١٧٢
رقم الملف: ٤١٤٨٤
الجهة المختصة: المراجعة

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

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
TOGETHER WITH REVIEW REPORT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020**

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

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
TOGETHER WITH REVIEW REPORT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

<u>Contents</u>	<u>Page</u>
Review report	-
Interim condensed statement of financial position	1
Interim condensed statement of profit or loss and other comprehensive income	2
Interim condensed statement of changes in equity	3
Interim condensed statement of cash flows	4
Notes forming part of the interim condensed financial statements	5-8



Phone: +962-6-581-6033
Fax: +962-6-581-6657
www.bdo.com.jo
info@bdo.com.jo

Samman & Co.
Public Accountants and
Business Advisors
P.O. Box 922564
Amman 11192, Jordan
256 King Abdullah II St., Jandaweel

REVIEW REPORT

To the Board of Directors 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 (Limited Public Shareholding)** as at 30 September 2020 and the interim condensed statements of profit or loss and other comprehensive income, the interim condensed statements of changes in equity and the interim condensed statements 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 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.

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 30 September 2020 and its interim condensed financial performance and its interim condensed cash flows for the nine months then ended in accordance with IAS (34) "Interim Financial Reporting".



Phone: +962-6-581-6033
Fax: +962-6-581-6657
www.bdo.com.jo
info@bdo.com.jo

Samman & Co.
Public Accountants and
Business Advisors
P.O. Box 922564
Amman 11192, Jordan
256 King Abdullah II St., Jandaweel

REVIEW REPORT (Continued)

To the Board of Directors of
Dar Al Aman For Islamic Finance Company
(Limited Public Shareholding)
Amman - Jordan

Material uncertainty related to going concern

Without modifying our opinion, we draw attention to Note (10) to the interim condensed financial statements which indicates that the accumulated losses of the company amounted to 51% of the capital. Also, the granting of funds remains suspended until the date of the interim condensed financial statements, these events or circumstances, in addition to the other matters mentioned in the Note, 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 plan to counter that .

Samman & Co.

Ahmad Ramahi
License No. (868)



28 October 2020
Amman - Jordan

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

Interim condensed statement of financial position
As at 30 September 2020

	Note	30 September 2020 (Unaudited) JD	31 December 2019 (Audited) JD
ASSETS			
Cash and cash equivalents		785,435	282,511
Financial assets at fair value through profit or loss		45,991	37,632
Financial assets at amortized cost	(4)	5,280,021	5,856,649
Other debit balances		112,115	92,473
Right-of-use asset		66,653	82,866
Investment in associate company		52,505	210,020
Property and equipment	(5)	102,985	3,598
Lands seized against debts	(6)	3,189,701	3,473,849
Deferred tax assets		2,773,616	2,773,616
TOTAL ASSETS		12,409,022	12,813,214
LIABILITIES AND SHAREHOLDERS EQUITY			
LIABILITIES			
Islamic sukuk investment portfolios (Modarabah)	(7)	1,850,000	1,850,000
Lease liability		69,184	77,351
Other credit balances		268,207	224,419
Provisions	(8)	71,923	-
		2,259,314	2,151,770
SHAREHOLDERS EQUITY			
Subscribed capital		20,000,000	20,000,000
Statutory reserve		122,605	122,605
Voluntary reserve		220,512	220,512
Accumulated losses		(10,193,409)	(9,681,673)
Net Shareholders Equity		10,149,708	10,661,444
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		12,409,022	12,813,214

The interim condensed financial statements on pages [1] to [8] were approved and authorized for issue by the Board of Directors on 28 October 2020 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
(Limited Public Shareholding)
Amman - Jordan

Interim condensed statement of profit or loss and other comprehensive income (Unaudited)
For the nine months ended 30 September 2020

	Note	2020		2019	
		From 1 July to 30 September	From 1 January to 30 September	From 1 July to 30 September	From 1 January to 30 September
		JD	JD	JD	JD
Revenues - net		(15,454)	12,439	20,336	86,906
Other revenues		1,237	3,904	4,207	77,502
Financial assets gains (losses) at fair value through profit or loss		37,703	8,359	(36,161)	(21,104)
Losses from selling lands seized against debts	(6)	(1,767)	(31,812)	-	-
Employees benefits expenses		(36,224)	(143,650)	(43,128)	(126,822)
Administrative expenses		(100,177)	(180,240)	(42,007)	(119,465)
End-of-service compensation expense	(8)	-	(18,563)	-	-
Lawyer fees		46,400	-	-	-
Reverse impairment of financial assets at amortized cost		-	-	453,903	328,968
Operation (loss) gain		(68,282)	(349,563)	357,150	225,985
Impairment of investment in the associate		(52,505)	(157,515)	-	-
Finance costs		(1,419)	(4,658)	(1,816)	(5,448)
(loss) gain of the the period before tax		(122,206)	(511,736)	355,334	220,537
Income tax		-	-	(108,938)	(79,443)
Total comprehensive (loss) income for the period		(122,206)	(511,736)	246,396	141,094
(Loss) gain per share for the period JD / share			(0.0256)		0.0071

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

Interim condensed statement of changes in equity (Unaudited)
For the nine months ended 30 September 2020

	Subscribed capital	Statutory reserve	Voluntary reserve	Accumulated losses	Total
	JD	JD	JD	JD	JD
<u>2020</u>					
1 January 2020	20,000,000	122,605	220,512	(9,681,673)	10,661,444
Comprehensive loss for the period	-	-	-	(511,736)	(511,736)
30 September 2020	<u>20,000,000</u>	<u>122,605</u>	<u>220,512</u>	<u>(10,193,409)</u>	<u>10,149,708</u>
<u>2019</u>					
1 January 2019	20,000,000	114,706	220,512	(10,035,354)	10,299,864
Comprehensive gain for the period	-	-	-	141,094	141,094
30 September 2019	<u>20,000,000</u>	<u>114,706</u>	<u>220,512</u>	<u>(9,894,260)</u>	<u>10,440,958</u>

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

**Interim condensed statement of cash flows (Unaudited)
For the nine months ended 30 September 2020**

	Note	2020 JD	2019 JD
<u>Operating activities</u>			
(Loss) gain of the period before tax		(511,736)	220,537
Adjustments for:			-
Impairment of investment in the associate		157,515	-
Depreciation and amortization		17,511	17,702
Finance costs		4,658	5,448
Gains financial assets designated at fair value through profit or loss		(8,359)	-
Losses from selling lands seized against debts	(6)	31,812	21,105
(Gains) on sale of property and equipments		-	(100)
		(308,599)	264,692
Financial assets at amortized cost		576,628	378,995
Lands seized against debts		-	(1,100)
Other debit balances		(19,642)	(11,985)
Islamic sukuk investment portfolios (Modarabih)		-	(724,000)
Other credit balances		43,788	85,209
Provisions		71,923	-
		364,098	(8,189)
Income tax paid		-	(276,073)
Net cash flows from operating activities		364,098	(284,262)
<u>Investing activities</u>			
Purchase of property and equipment	(5)	(100,685)	(348)
Proceeds from sales of property and equipment		-	100
Proceeds from sales of lands seized against debts	(6)	252,336	-
Net cash flows from investing activities		151,651	(248)
<u>Financing activities</u>			
Finance costs paid		(4,658)	-
Rent payments		(8,167)	-
Net cash flows from financing activities		(12,825)	-
Net change in cash and cash equivalents during the period		502,924	(284,510)
Cash and cash equivalents - Beginning of the period		282,511	439,370
Cash and cash equivalent - Ending of the period		785,435	154,860

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

**Notes forming part of the interim condensed financial statements
For the nine months ended 30 September 2020**

1) General

Dar al Aman for Islamic Finance and Investment, AL Israa for Islamic Finance and Investment (previously) was established on 20 April 2008 as a limited public shareholding company in the Register of Public Shareholding Companies under No. (451). On 27th of July 2020, the company's name was changed to Dar Al Aman For Islamic Finance.

The Company's main objectives are investing and financing consumable products and financing real estate according to the provisions of Islamic law.

The address of the company in Amman - wadi Al Sair, Al Rwabi District- Abdallah Ghushe street .

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
Al Al-Bayt University represented by Adnan Yousef Al-Atoom	Board Member
Al-Rifaat Investment and Real Estate Development Company represented by Mohammed Taha Al-Harabsheh	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 condensed financial statements have been prepared in accordance with IAS (34) "Interim Financial Reporting" and 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 2019 annual report.

3) Significant accounting policies

The Company has applied the same accounting policies and methods of computation in its interim Condensed financial statements as in its 2019 annual financial statements, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2020.

It is not expected that the new standard and interpretations of the new amendments and improvements will have impact on the interim condensed financial statements, which are either irrelevant to the company's activities or require accounting procedures that are consistent with the company's current accounting policies.

Notes forming part of the interim condensed financial statements
For the nine months ended 30 September 2020 (continued)

4) Financial assets at amortized cost

	30 September 2020 (Unaudited)	31 December 2019 (Audited)
	JD	JD
Finance receivables	16,011,214	16,627,194
Deduct:		
Deferred revenue from financing contracts	(73,434)	(154,522)
	15,937,780	16,472,672
Deduct:		
Expected credit loss provision	(10,072,045)	(10,072,045)
Suspended revenues	(585,714)	(543,978)
	5,280,021	5,856,649

Finance receivables represented by the following:

	30 September 2020 (Unaudited)			31 December 2019 (Audited)
	Finance receivables	Deferred revenue	Finance receivables net	
	JD	JD	JD	JD
Murabaha financing	12,634,266	73,166	12,561,100	13,093,067
Long term financing sale	3,369,348	-	3,369,348	3,372,305
Istisna'a financing	7,600	268	7,332	7,300
	16,011,214	73,434	15,937,780	16,472,672

The movement on suspense revenue is as follows:

	30 September 2020 (Unaudited)	31 December 2019 (Audited)
	JD	JD
Balance at 1 January	543,978	426,584
Net changes during the period / year	41,736	117,394
	585,714	543,978

Notes forming part of the interim condensed financial statements
For the nine months ended 30 September 2020 (continued)

5) Property and equipment

The addition amount of Property and equipment for the period about 100 thousands JD It represented of an office (part of a floor) for administration use.

6) Lands seized against debts

This item represents the value of the lands seized by the company in against non-performing finance receivables which has been recognized according to the assessment of possession by the competent courts. In addition to the related registration and legal fees. The fair value of those seized properties approximately amounted to JD 4 million as according to the latest valuation of real estate experts.

The movement in lands seized against debts is as follows

	30 September 2020 (Unaudited)	31 December 2019 (Audited)
	JD	JD
Balance at 1 January	3,473,849	4,139,065
Land sold during the year	(284,148)	(268,316)
Reverse the value of a land number (727)	-	(396,900)
	<u>3,189,701</u>	<u>3,473,849</u>

During the period, the Company sold lands of JD 284,148 Which resulted in losses amounted to JD 31,812, that was recognized in the interim condensed statement of profit or loss for the nine months ended 30 September 2020.

7) Islamic sukuk investment portfolios (Modarabah)

This item represents the valued investment portfolios received from a client, where profits are calculated and distributed every six months according to the rates agreed upon in the contract, given that the company is committed not to engage with any Murabaha with an annual return of less than 8% of its contract. On 9th of October 2020, the company signed a reconciliation agreement for these portfolios to reduce JD 750,000 of the debt, so the balance due become JD 1,100,000. Providing that the company must pay the entire debt within a maximum period of 45 days from the date of signing the agreement.

Notes forming part of the interim condensed financial statements
For the nine months ended 30 September 2020 (continued)

8) Provisions

	30 September 2020 (Unaudited)	31 December 2019 (Audited)
	JD	JD
Lawyer fees	53,360	-
End-of-service compensation	18,563	-
	<u>71,923</u>	<u>-</u>

9) Lawsuits

As stated in the company's lawyer letter, the credit portfolio includes facilities that were granted without tangible guarantees to a group of customers in the amount of approximately JD 5,5 million. The Company has filed a complaint to the Integrity and Anti-Corruption Commission against these customers and against some of the Company's previous employees. The complaint is still pending with the Anti-corruption Attorney General.

10) Accumulated losses and the Company's future plan

The Company's board of directors decided during 2017 to suspend all types of financing and the company's activity is still suspended until the date of the interim condensed financial statements. In 2018, the Board of Commissioners of 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 (10,193,409) as of the interim condensed financial position date, which represents 51% of the capital .

The company's management is making efforts to address the company's situation, which resulted in the approval of Securities Commission to re-trade the company's shares to the second market at a floating price starting from 21 July 2020. The Company has also paid a major part of its obligations towards investment bond portfolios as explained in Note No.(7) about the interim condensed financial statements. In addition, The Company is working on making settlements with non-performing granted loans. Also, the extraordinary general assembly has approved on their meeting held on 20 October 2020 to reduce the capital of JD 20 Million through amortizing accumulate losses as of 31 December 2019 amounted to JD 4 Million, accordingly , the authorized and subscribed capital will be 16 million Jordanian dinars. This resolution is still under process in companies control department.