

**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 2021**

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REVIEW REPORT

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 2021, the interim statement of profit or loss and other comprehensive income, interim statement of changes in equity and the 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.

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 Dar Al Aman for Islamic Finance Company as at 30 September 2021 and its interim financial performance and its interim cash flows for the nine months then ended in accordance with IAS (34) "Interim Financial Reporting".

REVIEW REPORT (Continued)

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

Material uncertainty related to going concern

We draw attention to Note (4) to the financial statements which indicates that the accumulated losses of the company represent 39% of the capital. Also, the granting of funds remains suspended until the date of the interim 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. Our opinion has not been modified in respect of this matter.

Samman & Co.



Ahmad Ramahi
License No. (868)



27 October 2021
Amman - Jordan

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

Interim statement of financial position

	Note	30 September 2021	31 December 2020
		JD	JD
<u>ASSETS</u>			
Cash and cash equivalents		177,948	39,824
Financial assets at fair value through profit or loss		49,573	34,668
Financial assets at amortized cost	(5)	4,203,001	4,986,643
Other debit balances		47,680	89,849
Investment in associate company		98,270	98,270
Property and equipment		259,214	264,361
Properties seized against debts	(6)	2,650,773	2,909,723
Deferred tax assets		2,947,051	2,846,631
TOTAL ASSETS		10,433,510	11,269,969
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES</u>			
Other credit balances		323,668	372,898
Loans		-	260,000
Total Liabilities		323,668	632,898
<u>SHAREHOLDERS' EQUITY</u>			
Subscribed capital	(4)	16,000,000	20,000,000
Statutory reserve		122,605	122,605
Voluntary reserve		220,512	220,512
Accumulated losses		(6,233,275)	(9,706,046)
Net Shareholders' Equity		10,109,842	10,637,071
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		10,433,510	11,269,969

The interim financial statements on pages [1] to [7] were approved and authorized for issue by the Board of Directors on 27 October 2021 and were signed by:

Dr. Farouq 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 statement of profit or loss and other comprehensive income
For the nine months ended 30 September 2021

	2021		2020	
	JD		JD	
	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	13,068	28,309	(15,454)	12,439
Other revenues	138	540	1,237	3,904
Financial assets profit at fairvalue through profit or loss	33,046	14,906	37,703	8,359
Losses from selling properties seized against debts	-	-	(1,767)	(31,812)
Expected credit losses	-	(467,136)	-	-
Employees benefits expenses	(29,455)	(91,132)	(36,224)	(143,650)
Administrative expenses	(36,856)	(113,136)	(53,777)	(133,840)
End-of-service compensation expense	-	-	-	(18,563)
Lawyer fees	-	-	-	(46,400)
Operation loss	(20,059)	(627,649)	(68,282)	(349,563)
Impairment of investment in the associate	-	-	(52,505)	(157,515)
Finance costs	-	-	(1,419)	(4,658)
Loss before tax for the period	(20,059)	(627,649)	(122,206)	(511,736)
Income tax surplus	-	100,420	-	-
Total comprehensive loss for the period	(20,059)	(527,229)	(122,206)	(511,736)
Loss per share for the period- JD / share		(0.033)		(0.0256)

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 2021

	Subscribed capital	Statutory reserve	Voluntary reserve	Accumulated losses	Total
	JD	JD	JD	JD	JD
<u>2021</u>					
1 January 2021	20,000,000	122,605	220,512	(9,706,046)	10,637,071
Losses amortization-Note (4)	(4,000,000)	-	-	4,000,000	-
Total Comprehensive loss for the period	-	-	-	(527,229)	(527,229)
30 September 2021	<u>16,000,000</u>	<u>122,605</u>	<u>220,512</u>	<u>(6,233,275)</u>	<u>10,109,842</u>
<u>2020</u>					
1 January 2020	20,000,000	122,605	220,512	(9,681,673)	10,661,444
Total 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>

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

Interim statement of cash flows
For the nine months ended 30 September 2021

	<u>2021</u>	<u>2020</u>
	JD	JD
<u>Operating activities</u>		
Loss before tax for the period	(627,649)	(511,736)
<i>Adjustments for:</i>		
Impairment of investment in the associate	-	157,515
Depreciation and amortization	5,432	17,511
Finance costs	-	4,658
Financial assets profit at fairvalue through profit or loss	(14,906)	(8,359)
Losses from selling properties seized against debts	-	31,812
	<u>(637,123)</u>	<u>(308,599)</u>
Financial assets at amortized cost	783,642	576,628
Lands seized against debts	258,950	-
Other debit balances	42,169	(19,642)
Other credit balances	(49,230)	43,788
Loans	(260,000)	-
Provisions	-	71,923
Net cash flows from operating activities	<u>138,408</u>	<u>364,098</u>
<u>Investing activities</u>		
Purchase of property and equipment	(284)	(100,685)
Proceeds from sales of properties seized against debts	-	252,336
Net cash flows from investing activities	<u>(284)</u>	<u>151,651</u>
<u>Financing activities</u>		
Finance costs paid	-	(4,658)
Rent payments	-	(8,167)
Net cash flows from financing activities	<u>-</u>	<u>(12,825)</u>
Net change in cash and cash equivalents during the period	138,124	502,924
Cash and cash equivalents - Beginning of the period	<u>39,824</u>	<u>282,511</u>
Cash and cash equivalents - Ending of the period	<u><u>177,948</u></u>	<u><u>785,435</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 2021**

1) General

Dar Al Aman for Islamic Finance 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 investing and financing consumer durable products and financing real estate in accordance with the provisions of Islamic Sharia. The address of the company in Amman - Abdullah Ghosheh Street - Al Husseini Complex No. (53). The following are the names of the Board of Director's members:

<u>Name</u>	<u>Position</u>
Mr. Saeed Mohammad Hasan Al-Masoud	Chairman
Dr. Farooq Mohammad Murad	Deputy chairman
Aal Al-Bayt University represented by Mr. Omar Falah Alotean	Board Member
Al-Rifaiat Investment and Real Estate Development Company represented by Mohammed Taha Al-Harashseh	Board Member
Eng. Mohammad Ismael Attieh	Board Member
Mr. Kefah Ahmad Maharmeh	Board Member
Mr. 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" 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 2020 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 2020 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 2020 financial statements.

4) Significant events

On 11 March 2020, the World Health Organization declared the emerging corona virus (Covid-19) as a global epidemic and recommended several measures to contain the epidemic, as the (Covid-19) virus disrupted the movement of people and goods around the world, which affected profitability and the ability to continue in the long term for many companies. As a result of the pandemic, the Company is facing difficulties in selling some lands and completing financial settlements with the owners of troubled loans. On the other hand, the pandemic did not have a significant impact on the Company because its activities were already suspended based on the Board of Directors decision during 2017. The company's accumulated losses amounted JD (6,233,275) as of 30 September 2021 which represent 39% of the capital. 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 going concern.

Notes forming part of the interim financial statements
For the nine months ended 30 September 2021 (continued)

to counter this, the Company restructured its capital, and based on the approval of the General Assembly in an extraordinary meeting, it amortized 4 million Jordanian Dinars from the accumulated losses by reducing the capital so that the Company's authorized and subscribed capital became 16 million shares / Jordanian Dinars, and the legal procedures were completed at official authorities on 13 January 2021. The Company is still striving to provide the necessary liquidity to resume its activities by trying to sell some of the lands seized against debts and also to complete financial settlements with the holders of troubled loans.

5) Financial assets at amortized cost

	<u>30 September 2021</u>	<u>31 December 2020</u>
	JD	JD
Finance receivables	15,479,909	15,850,046
Deduct:		
Deferred revenue from financing contracts	<u>(31,407)</u>	<u>(56,888)</u>
	15,448,502	15,793,158
Deduct:		
Provision for expected credit losses	(10,681,611)	(10,214,475)
Suspended revenues	<u>(563,890)</u>	<u>(592,040)</u>
	<u><u>4,203,001</u></u>	<u><u>4,986,643</u></u>

Finance receivables represented by the following:

	<u>30 September 2021</u>		<u>31 December 2020</u>	
Finance receivables	Deferred revenue	Net finance receivables	Net finance receivables	
JD	JD	JD	JD	
Murabaha financing	12,110,561	31,407	12,079,154	12,416,395
Long term financing sale	3,369,348	-	3,369,348	3,369,347
Istisna'a financing	-	-	-	7,416
	<u>15,479,909</u>	<u>31,407</u>	<u>15,448,502</u>	<u>15,793,158</u>

The movement on suspended revenues is as follows:

	<u>30 September 2021</u>	<u>31 December 2020</u>
	JD	JD
Balance as at 1 January	592,040	543,978
Net changes during the period / year	<u>(28,150)</u>	<u>48,062</u>
	<u><u>563,890</u></u>	<u><u>592,040</u></u>

Notes forming part of the interim financial statements
For the nine months ended 30 September 2021 (continued)

The Movement on the provision for expected credit loss is as follows:

	<u>30 September 2021</u>	<u>31 December 2020</u>
	JD	JD
Balance as at 1 January	10,214,475	10,072,045
Credit losses during the period/Year	467,136	211,480
Customers balances adjustments	-	(69,050)
	<u>10,681,611</u>	<u>10,214,475</u>

6) Properties seized against debt

This item represents balance of Lands seized against non-performing finance receivables which has been recorded according to the competent court's assessment of seized property in addition to the related registration and legal fees. The fair value of those seized properties approximately amounted to JD 3.3 million as according to the latest ratings of real estate experts.

The movement in Lands seized against debts is as follows:

	<u>30 September 2021</u>	<u>31 December 2020</u>
	JD	JD
Balance at 1 January	2,909,723	3,473,849
Lands sold during the period/year	(302,038)	(299,915)
Lands owned during the period/year	41,742	-
Other expenditures	1,346	-
Impairment during the period/Year	-	(110,566)
Reverse the value of land number (634) against office	-	(153,645)
	<u>2,650,773</u>	<u>2,909,723</u>