

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

**FINANCIAL STATEMENTS  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2024**

DAR AL AMAN FOR ISLAMIC FINANCE COMPANY  
(LIMITED PUBLIC SHAREHOLDING)  
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FINANCIAL STATEMENTS  
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## INDEPENDENT AUDITOR'S REPORT

31 December 2024

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Dar Al Aman for Islamic Finance Company "The Company" which comprise of:

- The statement of financial position as at 31 December 2024.
- The statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended.
- Notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2024, its' financial performance and its' cash flows for the year then ended in accordance with IFRS accounting standards as issued by the international accounting standards board (IFRS accounting standards).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with "The International Ethics Standards Board for Accountants" Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Related to Going Concern

We draw attention to Note (20) to the financial statements which indicate that the accumulated losses amounted to approximately 8.4 Million JD, which constitute 53% of the capital. Also, the granting of funds remains suspended until the date of the 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.



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

31 December 2024

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

### Emphasis of Matter

We draw attention to Note (18) to the financial statements and as stated in the Company's lawyer letter, the credit portfolio includes facilities that were granted without tangible guarantees to a group of customers that reached 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, where the case was transferred to the competent court. There are also no cases filed against the Company, Our opinion has not been modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material Uncertainty About Going Concern" paragraph, we have determined the matter below to be the key audit matter to be communicated in our report.

#### Financial Assets at Amortized Cost

##### Key Audit Matter

The ECL provision of financial assets at amortized cost was amounted to approximately JD 6 million and 900 thousand as at 31 December 2024 which represents 77% of the total financing receivables, and the determination of the existence of impairment and an estimate of the provision required in accordance with the expected credit loss model and in accordance with IFRS (9) requires a great degree of diligence and professional judgment.

##### Related Notes

Refer to Note (7) of the accompanying financial statements.

##### Audit Response

The audit procedures included an understanding of the nature of the receivables portfolio and the procedures used to collect them and reviewing the reasonableness of the estimation made by the management using an expert in the calculation of the allowance in accordance with IFRS (9), whom we met and discussed the findings with. Also, we reviewed the ages of those receivables, all the lawsuits, correspondences, and subsequent collections, if any. As a result, we evaluated the sufficiency of this provision and the related disclosures.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

31 December 2024

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

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report of 2024 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

31 December 2024

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, 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 ISAs will always detect a material misstatement 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 the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 the purpose of 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 management.
- Conclude on the appropriateness of 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



**INDEPENDENT AUDITOR'S REPORT (CONTINUED)****31 December 2024****To the Shareholders of Dar Al Aman for Islamic Finance Company  
(Limited Public Shareholding)  
Amman - Jordan****Auditor's Responsibilities for the Audit of the Financial Statements -Continued**

We communicated with those charged with governance regarding other matters, the planned scope, timing of the audit, and significant audit findings, including any significant deficiencies in the internal control that have been identified during our audit.

We also provided those in charge of the governance with a statement that we have complied with relevant ethical requirements regarding independence and informed them of all relationships and other matters that may reasonably be thought to affect our independence, in addition to preventive procedures, if any.

From the matters communicated with those in charge of governance, we determined if any of those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

The Company maintains proper accounting records, and the audited financial statements and the financial information stated in the board of directors' report are in agreement therewith, we recommend the general assembly to approve them.

Samman &amp; Co.


**Ahmad Ramahi**  
**License No. (868)****25 March 2025**  
**Amman - Jordan**

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

Statement of financial position  
As at 31 December 2024

	Note	2024 JD	2023 JD
<b><u>ASSETS</u></b>			
Cash at banks		154,087	113,809
Deposits at banks		3,300,000	544,000
Financial assets at fair value through profit or loss	(6)	17,816	17,816
Financial assets at amortized cost	(7)	1,567,558	2,497,802
Other receivables	(8)	66,708	85,287
Property and equipment	(9)	241,150	245,418
Properties seized against debts	(10)	1,159,130	2,607,856
Investment property-Land		389,534	389,534
Deferred tax assets	(15)	1,444,887	1,997,542
<b>TOTAL ASSETS</b>		<b>8,340,870</b>	<b>8,499,064</b>
<b><u>LIABILITIES AND SHAREHOLDERS EQUITY</u></b>			
<b><u>LIABILITIES</u></b>			
Other payables	(11)	234,622	674,112
<b><u>SHAREHOLDERS EQUITY</u></b>			
Subscribed capital	(12)	16,000,000	16,000,000
Statutory reserve		206,000	122,605
Voluntary reserve		387,302	220,512
Accumulated losses		(8,487,054)	(8,518,165)
<b>NET SHAREHOLDERS EQUITY</b>		<b>8,106,248</b>	<b>7,824,952</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>		<b>8,340,870</b>	<b>8,499,064</b>

The financial statements from page [1] to [21] were approved and authorized for issue by the Board of Directors on 24 March 2025 and were signed on its behalf by:

  
Dr. Farooq Mohammad Murad  
Deputy chairman of the board

  
Nabil Mohammad Muzuk  
Chief Executive Officer



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

Statement of profit or loss and other comprehensive income  
For the year ended 31 December 2024

	Note	2024 JD	2023 JD
Murabaha financing revenues - net		62,826	96,784
Other revenues		25,346	8,622
Profits on sale of properties seized against debts	(10)	1,139,924	-
Valuation losses of Financial assets	(6)	-	(13,940)
Expected credit losses for financial assets at amortized cost	(7)	(127,078)	(585,063)
Employees benefits expenses	(13)	(111,890)	(108,105)
Administrative expenses	(14)	(155,177)	(179,103)
Profit (loss) for the year before income tax		833,951	(780,805)
Income tax expense	(15)	(552,655)	(849,089)
Comprehensive profit (Comprehensive loss)		281,296	(1,629,894)
Basic and diluted loss per share for the period JD / share	(16)	0.018	(0.102)

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

Statement of changes in equity  
For the year ended 31 December 2024

	Subscribed capital	Statutory reserve	Voluntary reserve	Accumulated losses	Total
	JD	JD	JD	JD	JD
<u>2024</u>					
At 1 January 2024	16,000,000	122,605	220,512	(8,518,165)	7,824,952
Comprehensive profit	-	-	-	281,296	281,296
Transfer to statutory reserve	-	83,395	-	(83,395)	-
Transfer to voluntary reserve	-	-	166,790	(166,790)	-
At 31 December 2024	16,000,000	206,000	387,302	(8,487,054)	8,106,248
<u>2023</u>					
At 1 January 2023	16,000,000	122,605	220,512	(6,888,271)	9,454,846
Comprehensive loss	-	-	-	(1,629,894)	(1,629,894)
At 31 December 2023	16,000,000	122,605	220,512	(8,518,165)	7,824,952



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

Statement of cash flows  
For the year ended 31 December 2024

	<u>Note</u>	<u>2024</u>	<u>2023</u>
		JD	JD
<b><u>Operating activities</u></b>			
Profit (loss) of the year before tax		833,951	(780,805)
<i>Adjustments for:</i>			
Depreciations & Amortizations		5,268	6,487
Valuation losses of Financial assets	(6)	-	13,940
Expected credit losses for financial assets at amortized cost	(7)	127,078	585,063
		<u>966,297</u>	<u>(175,315)</u>
Financial assets at amortized cost		257,659	56,000
Properties seized against debts	(10)	1,994,233	-
Other receivables		18,579	23,261
Other payables		<u>(439,490)</u>	<u>357,810</u>
Net cash flows from operating activities		<u>2,797,278</u>	<u>261,756</u>
<b><u>Investing activities</u></b>			
Purchase of property and equipment	(9)	<u>(1,000)</u>	-
Net cash flows used in investing activities		<u>(1,000)</u>	-
Net change in cash at banks during the year		2,796,278	261,756
Cash at banks - Beginning of the year		<u>657,809</u>	<u>396,053</u>
Cash at banks - Ending of the year		<u><u>3,454,087</u></u>	<u><u>657,809</u></u>
<b>Non-cash transactions</b>			
Investment properties versus debt	(10)	<u><u>545,507</u></u>	<u><u>44,451</u></u>

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

**Notes forming part of the financial statements  
For the year ended 31 December 2024**

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**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 Hasan Al-Masoud	Chairman
Dr. Farooq Mohammad Murad Murad	Deputy Chairman
Al Al-Bayt University Represented by Prof. Dr. Osama Khaled Ibrahim Nusair	Board Member
Al-Rifaiat Investment and Real Estate Development Company Represented by Muhammad Taha Al-Qassim Al-Harashseh	Board Member
Eng. Mohammad Ismael Mohammad Attieh	Board Member
Kefah Ahmad Moustafa AL - Maharmeh	Board Member
Mohammad Ahmad Musa Al-Azb	Board Member

The Company's financial statements were reviewed by the Shari'a Supervisory Board of the Company and issued its legal report on 27 January 2025. The Shari'a Supervisory Board did not find any legal violation of the Company's financial statements for the year ended 31 December 2024.

The financial statements for the year ended 31 December 2024 were approved by the Company's Board of Directors on 24 March 2025. These statements require the approval of the General Assembly of Shareholders.

**2) Basis of preparation**

The principal accounting policies adopted in the preparation of the financial statements are set out in Note (4) to the financial statements. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are presented in JD, which is also the functional currency. Amounts are rounded to the nearest JD.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) as adopted by the Jordanian laws.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note (3) to the financial statements.

*Basis of measurement*

The financial statements have been prepared on a historical cost basis, except for the financial assets at fair value through profit or loss and investment in associate company, the details of which are disclosed in their accounting policies.



Notes forming part of the financial statements (Continued)  
For the year ended 31 December 2024

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**Changes in accounting policies**

**a) New standards, interpretations and amendments adopted from 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 the characteristics of supplier finance arrangements.

These amendments had no effect on the financial statements.

***Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)***

On 22 September 2022, the IASB issued amendments to IFRS 16 - Lease Liability in a Sale and Leaseback. 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 recognize 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 financial statements.

***Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1).***

The IASB issued amendments to IAS 1 in January 2020 Classification of Liabilities as Current or Non-current 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 the 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.

Notes forming part of the financial statements (Continued)  
For the year ended 31 December 2024

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b) New standards, interpretations and amendments not yet effective:

There are a number of amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

*The following amendments are effective for the period beginning 1 January 2025:*

- Lack of Exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates);

*The following amendments are effective for the period beginning 1 January 2026:*

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7);

*The following standards are effective for the annual reporting period beginning 1 January 2027:*

- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.

The Company is assessing the impact of these new amendments. The Company does not expect that the amendments issued by IASB but not yet effective to have a material impact on the financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The company does not expect to be eligible to apply IFRS 19.

**3) Critical accounting estimates and judgments**

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The following are some significant accounting estimates used in the preparation of the financial statements:

*Fair value measurement*

Inputs used in fair value measurement are categorized into different levels based on inputs provided and how observable they are (Fair value hierarchy):

level one: observable quoted prices (unadjusted) in active markets for assets or liabilities that Company can obtain.

level two: quoted prices are not available, but the fair value is based on observable market data and inputs are observable directly or indirectly for assets or liabilities.

level three: unobservable inputs for assets or liabilities.

The level of inputs used to determine the fair value measurement of financial assets at fair value through profit or loss is level one.



Notes forming part of the financial statements (Continued)  
For the year ended 31 December 2024

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The level of inputs used to determine the fair value measurement of properties seized against debts is level two. The management estimates the impairment amount of properties seized against debt-based on recent evaluations by certified external evaluators for the purpose of calculating any impairment. The impairment is reviewed periodically.

*Property and equipment*

The Company reviews the estimated useful life of property and equipment and the depreciation method to verify that it reflects the used economic benefits and in case there is a difference it will be treated as changes in estimates (in the year of change and subsequent years).

*Legal proceedings*

The Company reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors that should be taken into consideration regarding the provisions are the nature of the proceedings and the actions taken (especially in the period between the date of the financial statements and the date of issuance of these statements). And the opinion of a legal advisor on similar lawsuits in addition to the management decision on how to respond.

*Income tax*

The Company is subject to income tax and significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due.

*Expected credit loss of financial assets at amortized cost*

The Company recognized the expected credit losses of the financial assets using the general approach according to IFRS (9), which requires the management to use important estimates and assumptions as disclosed in the accounting policy of the financial instruments in Note (4) to the financial statements.

**4) Accounting policies**

**Revenues**

Mudaraba investments are recorded in the statement of profit or loss and other comprehensive income according to the accrual basis. Revenues resulting from Murabaha are recognized using the Declining Murabaha method over the period of the Murabaha contract. The distributed profits are recorded upon realization (approved by the General Assembly of Shareholders) in the statement of profit or loss and other comprehensive income. Commissions are recognized in the statement of profit or loss and other comprehensive income when earned.

**Foreign currencies**

Transactions entered into by the Company in a currency other than the currency of the primary economic environment in which they operate (functional currency- Jordanian Dinar) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in the statement of profit or loss. Non-monetary assets and liabilities recognized at cost are translated at rates ruling at the date of transaction, where non-monetary items recognized at fair value translated at rates of valuation date, valuation of profit or loss are recognized as part of the intended fair value.



Notes forming part of the financial statements (Continued)  
For the year ended 31 December 2024

**Financial Assets**

Financial assets are classified at initial recognition in one of the following categories:

- Amortized cost.
- Fair value through profit or loss.
- Fair value through other comprehensive income.

*Financial Assets at amortized cost*

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics and if it meets both of the following conditions:

1. It's held within a business model whose objective is to hold assets for collection of future cash flows; and,
2. It arises from its contractual terms, on specified dates, principal, and Murabaha.

These assets are subsequently measured and Murabaha income at amortized cost is recognized using the effective Murabaha method (Declining Murabaha) for the duration of the Murabaha contract. Amortized cost is reduced by impairment losses, if any

The Murabah income, investment income on Mudaraba, foreign exchange gains and losses and impairment and gains or losses on disposal of financial assets are recognized in profit or loss. The Non-Islamic income, gains, expenses and losses (if any) are recognized in a special account in the statement of financial position in other credit balances, where they are disbursed or donated in accordance with decisions of the Board of Directors and the Shari'a Supervisory Board.

*Expected credit loss*

The Company recognizes the expected credit losses of financial assets classified at amortized cost using the general approach according to IFRS (9) and it classifies the portfolio to three stages based on the expected credit loss as follows:

Stage	Classification	Basis of calculation	Company's evaluation
First stage	Credit risk has not increased significantly since the initial recognition	Recognise 12-month expected credit loss from the date of the financial statements	Consider all customers have undue payments and/or have due payments for a period not exceed 30 days in this stage
Second stage	Credit risk that increased significantly after the initial recognition	Recognise lifetime expected losses being calculated based on the gross amount of the financial asset	Consider all customers have due payments for a period exceeding 30 days but not exceeding 90 days in this stage
Third stage	A significant indication of impairment in the financial asset at the reporting date	Recognise lifetime expected losses being calculated based on the gross amount of the financial asset	Consider all customers have due payments for a period exceeding 90 days

The following methods are used to calculate the impairment:

First: The probability of default (PD) of the loans classified within stage 1 was calculated by historical data for the last 5 years of defaults for each portfolio. For the second stage, the probability of default (PD) of the entire debt lifetime was calculated by converting the portfolio's probability of default to a default for the entire lifetime of the debt considering the number of remaining years of debt expiry and economic indicators (unemployment / inflation). As for the third stage, 100% was determined as a probability of default (PD) for all debts classified within this stage.



Notes forming part of the financial statements (Continued)  
For the year ended 31 December 2024

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Second: Five models were prepared, and the weighted weights were used to calculate the loss given default (LGD) as follows:

<u>Stages</u>	<u>Default Loss %</u>
First stage	20
Second stage	40
Third stage	85 - 60

Third: the present value of the expected payments as well as the guarantees, their expenses and depreciation and the period of time to liquidate the guarantee were calculated. Net cash flows from the guarantees were calculated, but the expected cash flows of a number of default customers were excluded based on the management's estimation of their situation.

In each financial period, the Company evaluates the credit rating of financial assets at amortized cost. A financial asset's credit rating is impaired when one or more events have a negative impact on the estimated future cash flows of the financial instrument.

Provisions of the financial assets measured at amortized cost are deducted from the total carrying amount of the financial asset. Losses of other financial assets are recognized in profit or loss.

Financial assets at amortised cost include cash, bank deposits, receivables from financing activities and other receivables as shown in the statement of financial position. Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

*Financial assets at fair value through profit or loss*

The Company measures all financial assets that are not classified at amortized cost or fair value through other comprehensive income at fair value through the profit or loss. These assets are initially recognized at fair value. These assets subsequently measured at fair value. Net gains and losses, including any Murabaha or dividend income, are recognized in profit or loss.

**Financial liabilities**

The Company has not classified any financial liabilities in financial liabilities at fair value through the profit or loss. The financial liabilities are as follow:

*Other payables*

Other payables are initially recognized at fair value and subsequently carried at amortized cost using the effective Murabaha method.

**Properties seized against debts**

Properties seized against debts is recognized in the statement of financial position at the lower of value in which they have been transferred or at fair value individually. Any impairment is recognized as a loss in profit or loss. Profit from revaluation is recognized to the extent that does not exceed the previously recorded impairment losses in profit or loss.

Notes forming part of the financial statements (Continued)  
For the year ended 31 December 2024

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**Property and equipment**

Items of property and equipment are initially recognized at cost. In addition to the purchase price, cost includes directly attributable costs that set the asset in a condition that enables it to achieve the purpose which it was purchased for.

Depreciation is not applicable on lands and depreciation on projects under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property and equipment so as to write off their carrying value by the estimated useful life. It is provided at the following rates:

<u>Asset</u>	<u>Depreciation %</u>
Office	2
Cars	20
Computers hardware and software	10-25

When the recoverable amount for assets is less than its book value, they will be written down to their recoverable amount. The impairment loss is recorded in the statement of profit or loss. Any gain or loss arising on derecognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount of the assets is included in the statement of profit or loss in the period in which the asset is derecognized.

**Investment properties**

Investment properties are stated at cost and any impairment is recognized in the profit or loss, the fair values of these investments are disclosed in the financial statements.

**Capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of financial liability or financial asset, the Company's ordinary shares are classified as equity instruments.

**Employees Benefits**

The Company's contribution to the defined employee's benefit schemes are recognized in the profit or loss in the year to which it relates.

**Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risk and uncertainties surrounding the obligation. When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

**Deferred tax**

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability in the statement of financial position differs from its tax base. Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilized.

**Dividends**

Dividend income from investments is recognized when Shareholders are entitled to receive payment of dividends upon approval by the General Assembly of Shareholders.



Notes forming part of the financial statements (Continued)  
For the year ended 31 December 2024

**5) Financial Instruments - Risk Management**

The Company is exposed through its operations to the following risks:

- Credit risk
- Market risk
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them unless otherwise stated in this note.

**(I) Principal financial instruments**

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Financial assets at fair value through profit or loss.
- Financial assets at amortized cost.
- Others.
- Cash and deposits at banks
- Other credit balances.

**(II) Financial instruments by category**

	<u>2024</u>	<u>2023</u>
	JD	JD
<b><u>Financial assets at amortized cost</u></b>		
Financial assets at amortized cost	1,567,558	2,497,802
Cash and deposits at banks	3,454,087	657,809
Others	23,439	35,816
	<u>5,045,084</u>	<u>3,191,427</u>
<b><u>Financial assets at fair value</u></b>		
Financial assets at fair value through profit or loss	17,816	17,816
<b>Total financial assets</b>	<u>5,062,900</u>	<u>3,209,243</u>
<b><u>Financial liabilities at amortized cost</u></b>		
Other payables	<u>88,541</u>	<u>105,708</u>

**(III) Financial instruments not measured at fair value**

A financial instrument not measured at fair value includes cash at banks, financial assets at amortized cost, others, and other payables.

Due to their nature, the carrying value of the financial instruments above approximates their fair value.

Notes forming part of the financial statements (Continued)  
For the year ended 31 December 2024

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**General objectives, policies and procedures**

The Board has overall responsibility for the determination of the Company's risk management objectives and policies, whilst retaining ultimate responsibility for determination and implementation of these objectives and policies.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company competitiveness and flexibility. Further details regarding these policies are set out below:

**Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to this type of risk mainly from financial assets at amortized cost. The Company follows the policy of obtaining facilities granted or tangible guarantees to reduce credit risk.

There are credit concentrations of approximately JD 6 million granted to the 10 largest customers as of 31 December 2024, representing 67% of the finance receivables after deducting deferred revenue (31 December 2023, approximately JD 7 million representing 58% of finance receivables after deducting deferred revenue).

Credit risk also arises from cash and cash equivalents, deposits with banks, and financial assets. The Company deals with banks with a suitable credit rating.

**Market risk**

Market risk arises from the Company's use of Murabaha bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in Murabaha rates (Murabaha rate risk), foreign exchange rates (currency risk), or other market factors (another price risk).

*Murabaha price risks*

Murabaha price risk is the risk related to the change in the value of financial instruments due to changes in Murabaha market rates. Moreover, the Company continuously manages the exposure to Murabaha price risk. It evaluates different options such as financing, renewing current positions, and carrying out alternative financing.

*Currency risk*

Currency risk arises when the Company has financial transactions in a currency other than their functional currency. The Company is not exposed to this type of risk since it does not deal in foreign currencies in its activities.

*Other market price risks*

The Company is exposed to other market price risk due to its investments in financial assets at fair value through profit or loss. The maximum amount exposed to fair value fluctuations for those investments is JD 891 for year 2024 against JD 891 for the year 2023.

**Liquidity risk**

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.



Notes forming part of the financial statements (Continued)  
For the year ended 31 December 2024

**Capital Management**

The Company monitors "Adjusted capital" which comprises all components of equity (Subscribed capital, statutory reserve, voluntary reserve and accumulated losses).

The Company's objectives when maintaining capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments to it in light of the changes in the economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets in order to reduce debt.

**6) Financial assets at fair value through profit or loss**

This item represents investment in shares of two companies in the local market (Amman Financial Market) note that trading in the shares of the two companies has been suspend and by the securities commission until further notice. Details of the transaction on this investment are as follows:

	<u>2024</u>	<u>2023</u>
	JD	JD
Balance at 1 January	17,816	31,756
Revaluation losses	-	(13,940)
Balance of 31 December	<u>17,816</u>	<u>17,816</u>

**7) Financial assets at amortized cost**

	<u>2024</u>	<u>2023</u>
	JD	JD
Finance receivables	9,049,919	11,882,405
Deduct:		
Deferred revenues	<u>(4,372)</u>	<u>(52,896)</u>
	9,045,547	11,829,509
Deduct:		
Expected credit loss provision	(6,964,165)	(8,810,855)
Suspended revenues	<u>(513,824)</u>	<u>(520,852)</u>
	<u>1,567,558</u>	<u>2,497,802</u>

Notes forming part of the financial statements (Continued)  
For the year ended 31 December 2024

The company has note receivables and cheques under collection, out of the financial position, at a value of approximately JD 11.046 million, against finance receivables as at 31 December 2024 (2023: approximately JD 11.050 million). Finance receivables in terms of types are as follows:

	2024		2023
	Finance receivables	Deferred revenues	Net finance receivables
	JD	JD	JD
Murabaha financing	9,049,919	4,372	9,045,547
Term financing sale	-	-	-
	9,049,919	4,372	9,045,547
			11,829,509

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

	2024		2023	
	Amount	Expected loss	Amount	Expected loss
	JD	JD	JD	JD
First stage: from 0 to 30 days	259,911	2,618	1,021,417	36,264
Second stage: from 31 to 90 days	1,211,757	53,139	1,284,712	48,880
Third stage: more than 90 days	7,578,251	6,908,408	9,576,276	8,725,711
	9,049,919	6,964,165	11,882,405	8,810,855

The transaction on expected credit loss provision during the year is as follows:

	2024	2023
	JD	JD
At 1 January	8,810,855	11,258,254
Component during the year	127,078	585,063
Execution of debts	(1,973,768)	(3,032,462)
At 31 December	6,964,165	8,810,855

The transaction on deferred revenues during the year is as follows:

	2024	2023
	JD	JD
At 1 January	52,896	22,859
Deferred revenues during the year	7,274	101,069
Revenues during the year	(55,798)	(71,032)
At 31 December	4,372	52,896



Notes forming part of the financial statements (Continued)  
For the year ended 31 December 2024

The transaction on suspended revenue during the year is as follows:

	2024	2023
	JD	JD
At 1 January	520,852	546,887
Suspended revenues during the year	4,142	5,600
Deduct: Suspended revenues was recognized during the year	(11,170)	(31,635)
At 31 December	513,824	520,852

8) Other receivables

	2024	2023
	JD	JD
Others	37,646	45,952
Refundable deposits	23,139	33,622
Prepaid expenses	5,623	3,519
Employees receivables	300	2,194
	66,708	85,287

9) Property and equipment

	Office	Car	Computer hardwares and softwares	Total
	JD	JD	JD	JD
<u>Cost</u>				
At 1 January 2023	262,479	21,000	242,786	526,265
At 31 December 2023	262,479	21,000	242,786	526,265
Additions	-	1,000	-	1,000
At 31 December 2024	262,479	22,000	242,786	527,265
<u>Accumulated Depreciation</u>				
At 1 January 2023	11,811	21,000	241,549	274,360
Depreciation	5,250	-	1,237	6,487
At 31 December 2023	17,061	21,000	242,786	280,847
Depreciation	5,250	18	-	5,268
At 31 December 2024	22,311	21,018	242,786	286,115
<u>Net Book Value</u>				
At 1 January 2023	250,668	-	1,237	251,905
At 31 December 2023	245,418	-	-	245,418
At 31 December 2024	240,168	982	-	241,150

Notes forming part of the financial statements (Continued)  
For the year ended 31 December 2024

**10) 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 1.590 million Jordanian dinars according to reviews of real estate experts.

The movement in real estate expropriated against debts is as follows:

	2024	2023
	JD	JD
At 1 January	2,607,856	2,563,405
Acquired during the year	545,507	44,451
Sold during the year *	(1,994,233)	-
<b>At 31 December</b>	<b>1,159,130</b>	<b>2,607,856</b>

\* The company profit from the sale of properties seized against debts amount of JD 1,139,924 for the year ended as of 31 December 2024.

**11) Other payables**

	2024	2023
	JD	JD
Cash deposits against financing receivables	35,561	37,439
Board of Directors transportation	47,392	46,987
Accrued expenses	5,588	21,282
<b>Total financial liabilities at amortized cost</b>	<b>88,541</b>	<b>105,708</b>
Customers deposits	124,634	102,168
Shareholders deposits	6,665	6,665
Received in advance for the sale of land	-	444,000
Others	14,782	15,571
	<b>234,622</b>	<b>674,112</b>

The carrying value of other payables classified as financial liabilities measured at amortized cost approximates fair value.



Notes forming part of the financial statements (Continued)  
For the year ended 31 December 2024

12) Equity

*Capital*

The authorized and subscribed capital is (16) million JD divided into (16) million shares where the value is one JD per share.

*Statutory reserves*

The amounts accumulated in this item represent the annual profits transferred before income tax and fees at a rate of 10% over the years, and it is not distributable. However, the General Authority, after exhausting the other reserves, may decide in an extraordinary meeting to extinguish its losses from the amounts accumulated in the mandatory reserve account, provided that It is rebuilt. The company can stop transferring the mandatory reserve amounts when its balance reaches 25% of the authorized capital. However, with the approval of the company's general assembly, it is permissible to continue deducting this annual percentage until this reserve reaches the amount of the company's authorized capital.

*Voluntary reserves*

The amounts accumulated in this item represent the annual profits transferred before income tax and fees at a rate of 20% over the years. The optional reserve is used for the purposes decided by the Board of Directors, and the General Authority has the right to distribute it in full or any part of it as dividends to shareholders.

*Accumulated losses*

This item contains only profits, losses and dividends.

13) Employee's benefits expenses

	<u>2024</u>	<u>2023</u>
	JD	JD
Salaries, wages and bonuses	100,360	95,580
Social security	6,891	8,379
Health insurance and treatment	4,639	4,146
	<u>111,890</u>	<u>108,105</u>

Notes forming part of the financial statements (Continued)  
For the year ended 31 December 2024

14) Administrative expenses

	2024	2023
	JD	JD
Professional and consulting fees	44,514	51,960
Board of Directors transportation	42,000	42,000
Judicial expenses	26,317	41,494
Subscriptions and fees	16,318	17,256
Sharia supervisory board	10,660	8,460
Depreciation	5,267	6,487
Maintenance and cleaning	3,046	3,870
Electricity and water	1,639	1,606
Others	5,416	5,970
	<u>155,177</u>	<u>179,103</u>

15) Income Tax

The income tax shown in the statement of profit or loss and other comprehensive income represents the amount that was reduced from deferred tax assets as a result of writing off some old debts, as shown in Note No. (7) to the financial statements.

The balance of deferred tax assets represents what was calculated in previous years for the temporary tax difference resulting from the provision for expected credit losses using a ratio of 24% (income tax rate) and 4% (national contribution rate).

The details of deferred tax assets related to the provision for expected credit losses for financial assets at amortised cost were as follows:

Movement in the allowance for expected credit losses				Deferred tax assets at December 31	
At 1 January 2024	Component during the year	Execution of debts	At 31 December 2024	2024	2023
JD	JD	JD	JD	JD	JD
8,810,855	127,078	(1,973,768)	6,964,165	<u>1,444,887</u>	<u>1,997,542</u>



Notes forming part of the financial statements (Continued)  
For the year ended 31 December 2024

The transaction in deferred tax assets is as follows:

	2024	2023
	JD	JD
At 1 January	1,997,542	2,846,631
Reducing the position related to writing off receivable - Note (7)	(552,655)	(849,089)
At 31 December	1,444,887	1,997,542

The company does not recognize an additional of deferred tax assets whether on the additional provision for expected credit losses or on the acceptable taxable accumulated losses because the company don't be probable provides taxable profits in the future can be used against those items according to the requirements of the International Accounting Standards number (12) "Income Tax".

The company is committed to submitting income tax returns (self-assessment statements) to the Income and Sales Tax Department regarding the company's annual business results, and there is no need to allocate an income tax provision because the company has taxable losses.

The company's income tax has been settled until the year 2020, and the sales tax has been settled with the Income and Sales Tax Department until the year 2020.

16) Basic and diluted (loss) income per share of the year loss-JD/share

	2024	2023
	JD	JD
Comprehensive profit (Comprehensive loss)	281,296	(1,629,894)
Weighted average number of shares	16,000,000	16,000,000
	0.018	(0.102)

17) Related Parties

The total financing due from members and relatives of the Board of Directors amounted to 122 thousand Jordanian dinars, and the provision for credit losses against financing amounted to approximately 90 thousand Jordanian dinars as of December 31, 2024.

The senior management personnel are those who have the authority and responsibility to plan, supervise and control the activities of the Company. The salaries and benefits of the senior management are as follows:

	2024	2023
	JD	JD
Salaries and other benefits	50,000	49,710
Board of Directors transportation	42,000	42,000
	92,000	91,710

Notes forming part of the financial statements (Continued)  
For the year ended 31 December 2024

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**18) 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 reached to 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 where the case was transferred to the competent court. There are also no cases filed against the Company.

**19) Segment reporting**

There is no segment analysis because the Company's activities have been suspended since 2017. However, in accordance with the decisions of the Board of Directors, several financings were exceptionally granted during the year 2024 amounting to 234,383 Jordanian dinars, most of which was financing the purchase of motors and factory spare parts in Jordan.

**20) 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 (8,451,472) 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 2024, the number of which reached 3. Financing, totaling 234,383 Jordanian dinars, and during the year 2023, the number of which reached 15. Financing, totaling 828,632 Jordanian dinars 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 during 2024 has sold two lands: Plot No. (74) Umm Rajum Basin No. (8) and Plot No. (98) Al Taher Basin No. (16) as shown in Note No. (10) to the financial statements.