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 2021

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 2021

Contents	Page

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

Samman & Co.
Public Accountants & Business Advisors
P.O. Box 922564
Amman 11192, Jordan
25 Um Metawee Al Aslameyeh St. Jandaweel

INDEPENDENT AUDITOR'S REPORT

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 (Limited Public Shareholding) "The Company" which comprise of:

- The statement of financial position as at 31 December 2021.
- 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position as at 31 December 2021, its' financial performance and its' cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 (22) to the financial statements which indicate that the accumulated losses of the Company represent 38% 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.

BDO

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

Samman & Co.
Public Accountants & Business Advisors
P.O. Box 922564
Amman 11192, Jordan
25 Um Metawee Al Aslameyeh St. Jandaweel

Emphasis of Matter

We draw attention to Note (20) 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 cases filed against the Company, amounting to about 535 thousand Jordanian dinars, which are still pending. 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 period. 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.

Financial Assets at Amortized Cost

Key Audit Matter

The ECL provision of financial assets at amortized cost was amounted to approximately JD 10 million and 400 thousands as at 31 December 2021 which represents 68% 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.

BDO

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

Samman & Co.
Public Accountants & Business Advisors
P.O. Box 922564
Amman 11192, Jordan
25 Um Metawee Al Aslameyeh St. Jandaweel

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 2021 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 when it becomes available and, 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.

BDO

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

Samman & Co.
Public Accountants & Business Advisors
P.O. Box 922564
Amman 11192, Jordan
25 Um Metawee Al Aslameyeh St. Jandaweel

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.

BDO

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

Samman & Co.
Public Accountants & Business Advisors
P.O. Box 922564
Amman 11192, Jordan
25 Um Metawee Al Aslameyeh St. Jandaweel

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 & Co.

Audit & Assurance Since 1987 BDO JORDAN Amman, Jordan

Ahmad Ramahi
License No. (868)

14 March 2022
Amman - Jordan

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

Statement of financial position
As at 31 December 2021

	Note	2021	2020
		JD	JD
ASSETS			
Cash at banks		306,682	39,824
Financial assets at fair value through profit or loss	(6)	42,591	34,668
Financial assets at amortized cost	(7)	4,384,845	4,986,643
Other debit balances	(8)	98,511	89,849
Investment in associate company	(9)	98,270	98,270
Property and equipment	(10)	257,824	264,361
Properties seized against debts	(11)	2,563,405	2,909,723
Deferred tax assets	(17)	2,846,631	2,846,631
TOTAL ASSETS		10,598,759	11,269,969
LIABILITIES AND SHAREHOLDERS EQUITY			
LIABILITIES			
Other credit balances	(12)	386,363	372,898
Loans	(19)	-	260,000
		386,363	632,898
SHAREHOLDERS EQUITY	(13)		
Subscribed capital		16,000,000	20,000,000
Statutory reserve		122,605	122,605
Voluntary reserve		220,512	220,512
Accumulated losses		(6,130,721)	(9,706,046)
NET SHAREHOLDERS EQUITY		10,212,396	10,637,071
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		10,598,759	11,269,969

The financial statements from page [1] to [20] were approved and authorized for issue by the Board of Directors on 14 March 2022 and were signed on its behalf 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

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

	Note	2021	2020
		JD	JD
Revenues - net	(14)	34,360	47,263
Settlement revenue of islamic sukuk investment portfolios (Modarabah)		-	750,000
Other revenues and expenses		580	5,768
Valuation profit (losses) of Financial assets	(6)	7,923	(2,964)
Expected credit loss of financial assets at amortized cost	(7)	(212,667)	(211,480)
Impairment of properties seized against debts	(11)	-	(110,566)
Profit (losses) from sale of properties seized against debts	(11)	26,990	(33,579)
Employees benefits expenses	(15)	(119,984)	(200,454)
Administrative expenses	(16)	(161,877)	(224,968)
(Loss) income from operation		(424,675)	19,020
Impairment of associate company	(9)	-	(111,750)
Lease financing costs		-	(4,658)
Loss for the year before tax		(424,675)	(97,388)
Income tax surplus	(17)	-	73,015
Comprehensive loss		(424,675)	(24,373)
Basic and diluted loss per share for the period JD / share	(18)	(0.027)	(0.001)

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

Statement of changes in equity
For the year ended 31 December 2021

	Subscribed capital	Statutory reserve	Voluntary reserve	Accumulated losses	Total
	JD	JD	JD	JD	JD
2021					
1 January 2021	20,000,000	122,605	220,512	(9,706,046)	10,637,071
Amortization of losses - Note (13)	(4,000,000)	-	-	4,000,000	-
Comprehensive loss	-	-	-	(424,675)	(424,675)
31 December 2021	16,000,000	122,605	220,512	(6,130,721)	10,212,396
2020					
1 January 2020	20,000,000	122,605	220,512	(9,681,673)	10,661,444
Comprehensive loss	-	-	-	(24,373)	(24,373)
31 December 2020	20,000,000	122,605	220,512	(9,706,046)	10,637,071

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

Statement of cash flows
For the year ended 31 December 2021

	Note	2021	2020
		JD	JD
Operating activities			
Loss of the year before tax		(424,675)	(97,388)
Adjustments for:			
Depreciation		6,895	3,091
(Profit) losses from valuation of financial assets	(6)	(7,923)	2,964
Amortization of right of use asset		-	16,213
Lease financing costs		-	4,658
Impairment of associate company	(9)	-	111,750
Impairment of properties seized against debts	(11)	-	110,566
(Profit) losses from sale of properties seized against debts	(11)	(26,990)	33,579
Expected credit loss of financial assets at amortized cost		212,667	211,480
Replacement losses of property & equipment for real estate		-	3,715
		(240,026)	400,628
Financial assets at amortized cost		389,131	800,956
Other debit balances		1,617	7,593
Islamic sukuk investment portfolios (Modarabh)		-	(1,850,000)
Other credit balances		13,465	148,479
Net cash flows from operating activities		164,187	(492,344)
Investing activities			
Purchase of property and equipment	(10)	(358)	(263,854)
Proceeds from sales of properties seized against debts	(11)	405,914	266,336
Properties acquired during the year		(42,885)	-
Net cash flows from investing activities		362,671	2,482
Financing activities			
Lease liability payments		-	(8,167)
Finance expense paid on lease liability		-	(4,658)
Loans	(19)	(260,000)	260,000
Net cash flows from financing activities		(260,000)	247,175
Net change in cash at banks during the year		266,858	(242,687)
Cash at banks - Beginning of the year		39,824	282,511
Cash at banks - Ending of the year		306,682	39,824

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 Husseini Complex.

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

Name	Position
Saeed Mohammad Hasan Al-Masoud	Chairman
Dr. Farooq Mohammad Murad	Deputy Chairman
Al Al-Bayt University Represented by Omar Falah Bakhit Al-Atin	Board Member
Al-Rifaiat Investment and Real Estate Development Company Represented by Muhammad Taha Al-Qassim Al-Harahsheh	Board Member
Eng. Mohammad Ismael Mohammad Attieh	Board Member
Kefah Ahmad Moustafa 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 14 March 2022. The Shari'a Supervisory Board did not find any legal violation of the Company's financial statements for the year ended 31 December 2021.

The financial statements for the year ended 31 December 2021 were approved by the Company's Board of Directors on 14 March 2022. 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.

Changes in accounting policies

a) **New standards, interpretations, and amendments adopted from 1 January 2021:**
- Interest Rate Benchmark Reform - IBOR 'phase 2' (Amendments to IFRS (9) Financial instruments, IAS (39), IFRS (7), IFRS (4), IFRS (16));
- COVID-19 Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS (16) Leases ").

The above standards, amendments, improvements, and Interpretations issued by the IASB are not expected to impact the Company as they are either not relevant to the Company activities or require accounting that is consistent with the Company's current accounting policies.

b) **New standards, interpretations and amendments not yet effective:**
There are a number of standards, amendments to standards, and interpretations that 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 2022:
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant, and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- References to Conceptual Framework (Amendments to IFRS 3); and
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS (16), and IAS 41).

The following amendments are effective for the period beginning 1 January 2023:
- IFRS 17 "Insurance Contracts";
- Disclosure of Accounting Policies (Amendments to IAS 1) (Classification of Current and Non-Current Liabilities);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The Company is currently assessing the impact of these new accounting standards and amendments.

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.
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) Summary of significant accounting policies

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.

Financial Instruments
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.

Details of the most important items of the accounting policy are as follows:
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.
Second: Five models were prepared, and the weighted weights were used to calculate the loss given default (LGD) as follows:

Stages	Default Loss %
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.
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 credit balances
Other credit balances 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.

Investment in associate company
Where the Company has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognized in the statement of financial position using the equity method. The equity method is an accounting method whereby the investment is recorded at cost and the profit or loss statement reflects the profit from the investment in the amount of the Company's share of the net results of the investee company arising after the acquisition and the share of the Company in the profit or loss of the investee company after the acquisition and the amount received by the Company as dividends of the net retained earnings of the investee company arising after the acquisition. Dividends received in excess of these gains are considered as a refund of the investment and are recognized as a reduction of the cost of the investment.
Any premium paid for an associate above the net fair value of the Company's share of the assets, identifiable liabilities, and contingent liabilities acquired as the date of acquiring is recognized as goodwill and presented as a part of the carrying amount of the investment in an associate account and its subject to revaluation as a part of the investment to determine any impairment in its carrying amount. If the acquiring cost was less than the Company's share of the assets, identifiable liabilities, and contingent liabilities, the difference is recognized directly in the statement of profit or loss.

In the absence of a significant influence on the associates, the Company measures and recognizes any investments held at fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the investment held in addition to the proceeds from the sale is recognized in the profit or loss.
The Company determines whether it is necessary to record impairment losses on the investment of the Company in its associates. The Company determines at each reporting date whether there is objective evidence that the investment in the associate has decreased. If such evidence exists, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount and recognizes that amount in the statement of profit or loss.

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:

Asset	Depreciation %
Office	2
Cars	20
Others	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.

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.

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 at banks.
- Other credit balances.

(II) Financial instruments by category

	2021	2020
	JD	JD
Financial assets at amortized cost		
Financial assets at amortized cost	4,384,845	4,986,643
Cash at banks	306,682	39,824
Others	33,621	4,111
	4,725,148	5,030,578
Financial assets at fair value		
Financial assets at fair value through profit or loss	42,591	34,668
Total financial assets	4,767,739	5,065,246
Financial liabilities at amoritzed cost		
Other credit balances	140,345	138,434

(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 credit balances.

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

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 10 million granted to the 10 largest customers as of 31 December 2021, representing 64% of the finance receivables after deducting deferred revenue (31 December 2020, approximately JD 9 million representing 58% of finance receivables after deducting deferred revenue).

The credit portfolio includes facilities granted without tangible guarantees to a group of customers 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.

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 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 2,130 for year 2021 against JD 1,733 for the year 2020.

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.

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 are:

- 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.
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

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. The debt-to-adjusted-capital ratios at 31 December are as follows:

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). Details of the transaction on this investment are as follows:

	2021	2020
	JD	JD
Balance at 1 January	34,668	37,632
Profit (losses) from evaluation of financial assets	7,923	(2,964)
Balance of 31 December	42,591	34,668

7) Financial assets at amortized cost

	2021	2020
	JD	JD
Finance receivables	15,400,526	15,850,046
Deduct:		
Deferred revenue	(24,148)	(56,888)
	15,376,378	15,793,158
Deduct:		
Expected credit loss provision	(10,424,542)	(10,214,475)
Suspended revenues	(566,991)	(592,040)
	4,384,845	4,986,643

The company has note receivables and cheques under collection, out of the financial position, at a value of approximately JD 10.9 million, against finance receivables as at 31 December 2021 (2020: approximately JD 14.5 million).

Finance receivables in terms of types are as follows:

	2021			2020
	Finance receivbales	Deffered revenue	Net finance receivbales	Net finance receivbales
	JD	JD	JD	JD
Murabaha financing	12,031,178	24,148	12,007,030	12,416,395
Long term financing sale	3,369,348	-	3,369,348	3,369,347
Istisna'a financing	-	-	-	7,416
	15,400,526	24,148	15,376,378	15,793,158

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

	2021		2020	
	Amount	Expected loss	Amount	Expected loss
	JD	JD	JD	JD
First stage: from 0 to 30 days	-	-	49,157	910
Second stage: from 30 to 90 days	-	-	501,513	19,211
Third stage: more than 90 days	15,400,526	10,424,542	15,299,376	10,194,354
	15,400,526	10,424,542	15,850,046	10,214,475

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

	2021	2020
	JD	JD
Balance at 1 January	10,214,475	10,072,045
Expected credit loss during the year	212,667	211,480
Settlement of customer balances	(2,600)	(69,050)
Balance at 31 December	10,424,542	10,214,475

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

	2021	2020
	JD	JD
Balance at 1 January	592,040	543,978
Net movements during the year	(25,049)	48,062
Balance at 31 December	566,991	592,040

8) Other debit balances

	2021	2020
	JD	JD
Others	61,595	29,119
Refundable deposits	33,621	3,411
Prepaid expenses	3,295	3,665
Prepaid income tax	-	52,954
Employees receivables	-	700
	98,511	89,849

9) Investment in associate company

This item represents the value of the investment in Jordan Saudi and Emarati Company for financial investment. The investment in the associate appears in the financial statements based on the equity method, details of the investment are as follows:

Legal form	Country of establishment	Capital	Percentage of ownership	Company's objectives
Limited Liability Company	Jordan	3,000,000	25%	Financial Brokerage

as the associate ceased operating on 5 July 2018 until the date of the financial statements, based on the decision of the Securities Commissioners Authority No. 3/1/074710/18.
The transaction on Investment in associate company during the year is as follows:

	2021	2020
	JD	JD
Balance at 1 January	98,270	210,020
Impairment of associate company	-	(111,750)
Balance at 31 December	98,270	98,270

10) Property and equipment

	Office	Cars	Others	Total
	JD	JD	JD	JD
Cost				
At 1 January 2020	-	21,000	240,753	261,753
Additions	262,479	-	1,375	263,854
At 31 December 2020	262,479	21,000	242,128	525,607
Additions	-	-	358	358
At 31 December 2021	262,479	21,000	242,486	525,965
Accumulated Depreciation				
At 1 January 2020	-	21,000	237,155	258,155
Depreciation	1,312	-	1,779	3,091
At 31 December 2020	1,312	21,000	238,934	261,246
Depreciation	5,250	-	1,645	6,895
At 31 December 2021	6,562	21,000	240,579	268,141
Net Book Value				
At 1 January 2020	-	-	3,598	3,598
At 31 December 2020	261,167	-	3,194	264,361
At 31 December 2021	255,917	-	1,907	257,824

11) Properties seized against debts

This item represents balance of real estate 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 3,280 million as according to the latest ratings of real estate experts. The movement in properties seized against debts is as follows:

	2021	2020
	JD	JD
Balance at 1 January	2,909,723	3,473,849
Sold during the year	(378,924)	(299,915)
Acquired during the year	42,885	-
Reclassification	(10,279)	-
Impairment during the year	-	(110,566)
Reverse plot of land number (634) against office	-	(153,645)
Balance at 31 December	2,563,405	2,909,723

During the year, the Company sold lands in the amount of JD 405,914. The sale resulted in a profit of JD 26,990, which was recorded in profit or loss for the year ended 31 December 2021 (2020: losses of JD 33,579). The Company also acquired land No. 1041 of Muammar Basin No. 2 of the lands of Umm Rumana village from the lands of Zarqa during the year at a value of JD 42,885, including referral fees.

12) Other credit balances

	2021	2020
	JD	JD
Cash deposits against financing receivables	43,873	59,964
Accrued expenses	96,472	78,470
Total financial liabilities at amortized cost	140,345	138,434
Customers deposits	197,731	151,117
Transportation allowance of members of the Board of Directors	28,853	47,918
End of service remuneration	-	20,076
Shareholders deposits	6,650	6,650
Others	12,784	8,703
	386,363	372,898

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

13) Equity

Capital

The authorized capital is (16) million JD divided into (16) million shares where the value is 1 JD per share.

Based on the extraordinary General Assembly meeting held on 20 October 2020, the Company reduced the capital, which was 20 million shares/JD, by amortizing part of the accumulated losses as at 31 December 2019 in the amount of JD 4 million, and accordingly the Company's authorized, subscribed and paid-up capital becomes 16 million shares/JD, as the capital reduction procedures were completed based on the letter issued by the Companies Control Department No. MSM/1/451 on 13 January 2021.

Statutory reserves

This item represents the accumulated reserves from prior years at annual rate 10% of year profits before tax and fees as per Companies Law. This amount is not for distribution to shareholders, however, after exhausting the other reserves, the General Assembly may, at an extraordinary meeting, decide to quench its losses from the amounts accumulated in the statutory reserve account pprovided that it is rebuilt. The Company may stop deducting statutory reserves when it reaches 25% of the capital. However, the Company may with the approval of the General Assembly, continue to deduct this annual ratio until this reserve equals the Company's authorized capital.

Voluntary reserves

The accumulated amounts in this reserve represents 20% of annual profits before tax and fees during the years. This reserve may be used for the purposes determined by the Board of Directors, and the General Assembly has the right to distribute it in whole or in part as dividend to shareholders.

Accumulated losses

This item contains only profits, losses and dividends.

14) Net Revenues

	2021	2020
	JD	JD
Revenues from murabaha financing	33,866	47,054
Revenues from istisna'a financing	494	200
Revenues from mudaraba investing (long term financing sale)	-	9
	34,360	47,263

15) Employee's benefits expenses

	2021	2020
	JD	JD
Salaries, wages and bonuses	100,322	155,368
Social security	14,080	14,290
Health insurance and treatment	5,582	10,720
End of service remuneration	-	20,076
	119,984	200,454

16) Administrative expenses

	2021	2020
	JD	JD
Professional fees	60,292	90,613
Board of Directors transportation	42,000	45,500
Judicial expenses	10,131	22,733
Subscriptions and fees	21,409	20,795
Depreciation and amortisation	6,895	19,304
Legitimate fees	8,460	8,460
Electricity and water	1,443	3,897
Maintenance and cleaning	4,365	2,701
Others	6,882	10,965
	161,877	224,968

17) Income Tax

Deferred tax assets movements are as following:

	2021	2020
	JD	JD
Balance at 1 January	2,846,631	2,773,616
Income tax surplus	-	73,015
Balance at 31 December	2,846,631	2,846,631

The Company's income tax was settled until 2016 except for 2015. On 11 February 11, 2020, the Income Tax Appeal Court issued a decision to accept the rotation of the Company's accumulated losses for the year 2010, amounted to JD 857,243, as of the fiscal year 2015, and at a later time of the current year, the Company recovered the value of the income tax paid for the year 2015, amounting to JD 56,528.

The Company is committed to provide income tax declaration to the Income and Sales Tax Department for the results of the Company's annual business. According to the management and the tax advisor opinion, there is no need for a provision where the fact that the company achieved tax losses for the year 2021.

The sales tax was settled with the Income and Sales Tax Department until 2017 and the following years are subject to audit by the Income and Sales Tax Department. Income tax that stated in profit or loss represents.

Deferred tax assets for impairment are calculated using 24% (Income tax percentage) and 4% (National contribution percentage). The Company did not adjust the deferred tax assets related to the realization of losses for the current year until the clarity of vision regarding the issue related to the reactivation of the company.

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

	2021	2020
	JD	JD
Comprehensive loss	(424,675)	(24,373)
Weighted average number of shares	16,000,000	20,000,000
	(0.027)	(0.001)

19) **Related Parties**

	Balance as at 31 December	
Name	2021	2020
	JD	JD
Items of statement of financial position		
Funding owed by members and relatives of the board of directors	263,164	265,348
Loans from the Chairman of the Board of Directors	-	250,000

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:

	2021	2020
	JD	JD
Salaries and other benefits	48,000	52,000
Social security	6,840	6,840
Board of Directors transportation	42,000	45,500
	96,840	104,340

20) 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 cases filed against the Company, amounting to about 535 thousand Jordanian dinars, which are still pending.

21) Segment reporting

The Company's main activities are financing consumable products and financing real estate within the Hashemite Kingdom of Jordan.

22) 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 (6,130,721) as of the financial position date, which represents 38% of the capital.

The Company took several steps to face this, as the requirements of the Securities Commission were completed, and the Company's shares were re-traded in the second market (listed companies) on 21 July 2020.

The Company's management is looking forward in the coming period to improve the Company's financial position by continuing its efforts to collect its debts through making the necessary settlements and reconciliations to find solutions for defaulting customers and reduce the severity of severe default in the credit portfolio. The Company also seeks to liquidate its owned lands and achieve benefits for shareholders. Moreover, the Company continues to duly follow up all cases with the courts. Also, the Company has settled Islamic investment sukuk portfolios and paid all its obligations towards the holders, which amounted to JD 4,430,000. In addition to the above, the Company has amortized part of the accumulated losses as shown in note (13) to the financial statements.