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 2023

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 2023

Contents

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

31 December 2023

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 2023.
- 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 2023, its' financial performance and its' cash flows for the year then ended in accordance with IFRS accounting standereds as issued by the intrnational accounting sandeerds board (IFRS accounting standerds).

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 8.5 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.

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 (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 cases filed against the Company, amounting to about 305 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 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 8 million and 800 thousand as at 31 December 2023 which represents 74% 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 2023

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 2023 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.

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

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.

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)
31 December 2023

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

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)

25 March 2024
Amman - Jordan

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

Statement of financial position
As at 31 December 2023

	Note	2023	2022
		JD	JD
ASSETS			
Cash at banks		113,809	196,053
Deposits at banks		544,000	200,000
Financial assets at fair value through profit or loss	(6)	17,816	31,756
Financial assets at amortized cost	(7)	2,497,802	3,183,316
Other receivables	(8)	85,287	108,548
Property and equipment	(9)	245,418	251,905
Properties seized against debts	(10)	2,607,856	2,563,405
Investment property-Land		389,534	389,534
Deferred tax assets	(15)	1,997,542	2,846,631
TOTAL ASSETS		8,499,064	9,771,148
LIABILITIES AND SHAREHOLDERS EQUITY			
LIABILITIES			
Other payables	(11)	674,112	316,302
SHAREHOLDERS EQUITY	(12)		
Subscribed capital		16,000,000	16,000,000
Statutory reserve		122,605	122,605
Voluntary reserve		220,512	220,512
Accumulated losses		(8,518,165)	(6,888,271)
NET SHAREHOLDERS EQUITY		7,824,952	9,454,846
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		8,499,064	9,771,148

The financial statements from page [1] to [21] were approved and authorized for issue by the Board of Directors on 24 March 2024 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 2023

	Note	2023	2022
		JD	JD
Murabaha financing revenues - net		96,784	41,007
Other revenues		8,622	57,579
Profits on disposal of investment in the associate	(21)	-	272,420
Valuation losses of Financial assets	(6)	(13,940)	(10,835)
Expected credit losses for financial assets at amortized cost	(7)	(585,063)	(833,712)
Employees benefits expenses	(13)	(108,105)	(119,183)
Administrative expenses	(14)	(179,103)	(164,826)
Loss for the year before income tax		(780,805)	(757,550)
Income tax expense	(15)	(849,089)	-
Comprehensive loss		(1,629,894)	(757,550)
Basic and diluted loss per share for the period JD / share	(16)	(0.102)	(0.047)

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

Statement of changes in equity
For the year ended 31 December 2023

	Subscribed capital	Statutory reserve	Voluntary reserve	Accumulated losses	Total
	JD	JD	JD	JD	JD
2023					
1 January 2023	16,000,000	122,605	220,512	(6,888,271)	9,454,846
Comprehensive loss	-	-	-	(1,629,894)	(1,629,894)
31 December 2023	16,000,000	122,605	220,512	(8,518,165)	7,824,952
2022					
1 January 2022	16,000,000	122,605	220,512	(6,130,721)	10,212,396
Comprehensive loss	-	-	-	(757,550)	(757,550)
31 December 2022	16,000,000	122,605	220,512	(6,888,271)	9,454,846

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

Statement of cash flows
For the year ended 31 December 2023

	Note	2023	2022
		JD	JD
Operating activities			
Loss of the year before tax		(780,805)	(757,550)
Adjustments for:			
Profits on disposal of investment in associate company		-	(272,420)
Depreciations & Amortizations		6,487	6,219
Valuation losses of Financial assets	(6)	13,940	10,835
Expected credit losses for financial assets at amortized cost	(7)	585,063	833,712
		(175,315)	(179,204)
Financial assets at amortized cost		56,000	367,817
Other receivables		23,261	(10,037)
Other payables		357,810	(70,061)
Net cash flows from operating activities		261,756	108,515
Investing activities			
Purchase of property and equipment	(9)	-	(300)
Investment property		-	(18,844)
Net cash flows from investing activities		-	(19,144)
Net change in cash at banks during the year		261,756	89,371
Cash at banks - Beginning of the year		396,053	306,682
Cash at banks - Ending of the year		657,809	396,053
Non-cash transactions			
Investment properties versus debt/investment in the associate	(10)/(21)	44,451	370,690

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 2023

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 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-Harahsheh	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 24 March 2024. The Shari'a Supervisory Board did not find any legal violation of the Company's financial statements for the year ended 31 December 2023.

The financial statements for the year ended 31 December 2023 were approved by the Company's Board of Directors on 24 March 2024. 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 2023:**
- IFRS 17 "Insurance Contracts";
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12); and
- International Tax Reform - Pillar Two Model Rules (Amendment to IAS 12) (effective immediately upon the issue of the amendments and retrospectively).

IFRS 17 "Insurance Contracts"
IFRS 17 was issued by the IASB in 2017 and replaces IFRS 4 for annual reporting period beginning on or after 1 January 2023.
IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to IFRS 17, significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous accounting approaches to be followed.

Disclosure of Accounting Policies (Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2 "Making Materiality Judgements")
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

Definition of Accounting Estimates (Amendments to IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors")
The amendments to IAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 "Income Taxes")
In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16).

International Tax Reform - Pillar Two Model Rules (Amendment to IAS 12 Income Taxes)
In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework for a global minimum tax that is expected to be used by individual jurisdictions. The goal of the framework is to reduce the shifting of profit from one jurisdiction to another in order to reduce global tax obligations in corporate structures.

The above standard, 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 which is consistent with the Company current accounting policies.

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 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 "Leases");
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1 "Presentation of Financial Statements");
- Non-current Liabilities with Covenants (Amendments to IAS 1 "Presentation of Financial Statements"); and
- Supplier finance arrangements (Amendments to IAS 7 "Statement of cash flows" and IFRS 7 "Financial instruments: Disclosures").

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

- lack of exchangeability (Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates")

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.

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) <u>Accounting policies</u>

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.

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.

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 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.

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
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.

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.
- Deposits at banks
- Other credit balances.

(II) Financial instruments by category

	2023	2022
	JD	JD
Financial assets at amortized cost		
Financial assets at amortized cost	2,497,802	3,183,316
Cash at banks	113,809	196,053
Deposits at banks	544,000	200,000
Others	35,816	42,623
	3,191,427	3,621,992
Financial assets at fair value		
Financial assets at fair value through profit or loss	17,816	31,756
Total financial assets	3,209,243	3,653,748
Financial liabilities at amoritzed cost		
Other payables	105,708	214,233

(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.

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 7 million granted to the 8 largest customers as of 31 December 2023, representing 58% of the finance receivables after deducting deferred revenue (31 December 2022, approximately JD 9 million representing 60% 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 2023 against JD 1,588 for the year 2022.

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

	2023	2022
	JD	JD
Balance at 1 January	31,756	42,591
Revaluation losses	(13,940)	(10,835)
Balance of 31 December	17,816	31,756

7) **Financial assets at amortized cost**

	2023	2022
	JD	JD
Finance receivables	11,882,405	15,011,316
Deduct:		
Deferred revenues	(52,896)	(22,859)
	11,829,509	14,988,457
Deduct:		
Expected credit loss provision	(8,810,855)	(11,258,254)
Suspended revenues	(520,852)	(546,887)
	2,497,802	3,183,316

The company has note receivables and cheques under collection, out of the financial position, at a value of approximately JD 11.050 million, against finance receivables as at 31 December 2023 (2022: approximately JD 10.350 million).Finance receivables in terms of types are as follows:

	2023			2022
	Finance receivbales	Defferred revenues	Net finance receivbales	Net finance receivbales
	JD	JD	JD	JD
Murabaha financing	11,442,755	52,896	11,389,859	11,619,109
Term financing sale	439,650	-	439,650	3,369,348
	11,882,405	52,896	11,829,509	14,988,457

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

	2023		2022	
	Amount	Expected loss	Amount	Expected loss
	JD	JD	JD	JD
First stage: from 0 to 30 days	1,021,417	36,264	1,846,434	18,828
Second stage: from 31 to 90 days	1,284,712	48,880	-	-
Third stage: more than 90 days	9,576,276	8,725,711	13,164,882	11,239,426
	11,882,405	8,810,855	15,011,316	11,258,254

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

	2023	2022
	JD	JD
Balance at 1 January	11,258,254	10,424,542
Component during the year	585,063	833,712
Execution of debts *	(3,032,462)	-
Balance at 31 December	8,810,855	11,258,254

* In its first meeting held on February 5, 2024, the Board of Directors approved the decisions of the Audit Committee dated January 9, 2024 and the decisions of the Risk Management Committee dated January 29, 2024, which included the adoption of the proposed company's management plan, which represented the cancellation of some old debts belonging to five clients, whose total balance reached 3,032,462 Jordanian dinars. The allowance for credit losses for these receivables amounted to 3,032,462 Jordanian dinars as of December 31, 2023. Accordingly, the allowance for credit losses was reduced by the same amount, which in turn led to a reduction in the amount of deferred tax assets by an amount of 849,089 Jordanian dinars.

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

	2023	2022
	JD	JD
Balance 1 Jaunary	22,859	24,148
Deferred revenues during the year	101,069	20,683
Revenues during the year	(71,032)	(21,972)
Balance 31 December	52,896	22,859

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

	2023	2022
	JD	JD
Balance at 1 January	546,887	566,991
Suspended revenues during the year	5,600	11,832
Deduct: Suspended revenues was recognized during the year	(31,635)	(31,936)
Balance at 31 December	520,852	546,887

8) Other receivables

	2023	2022
	JD	JD
Others	45,952	62,326
Refundable deposits	33,622	38,737
Prepaid expenses	3,519	3,599
Employees receivables	2,194	3,886
	85,287	108,548

9) Property and equipment

	Office	Car	Computer hardwares and softwars	Total
	JD	JD	JD	JD
Cost				
At 1 January 2022	262,479	21,000	242,486	525,965
Additions	-	-	300	300
At 31 December 2022	262,479	21,000	242,786	526,265
Additions	-	-	-	-
At 31 December 2023	**262,479**	**21,000**	**242,786**	**526,265**
Accumulated Depreciation				
At 1 January 2022	6,562	21,000	240,579	268,141
Depreciation	5,249	-	970	6,219
At 31 December 2022	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**
Net Book Value				
At 1 January 2022	255,917	-	1,907	257,824
At 31 December 2022	250,668	-	1,237	251,905
At 31 December 2023	**245,418**	-	-	**245,418**

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 3.330 million Jordanian dinars according to reviews of real estate experts.
On August 27, 2023, the company signed a memorandum of understanding with one of the buyers stating the sale of plot No. 74, Umm Rajum Basin, from the Salt / Fuheis lands, with an area of 7,895 M^2, at a price of 375 Jordanian dinars / M^2 (and a total amount of 2,960,625 Jordanian dinars), noting that what was received As of the date of the financial statements, it is 444 thousand Jordanian dinars - Note No. (11).
The movement in real estate expropriated against debts is as follows:

	2023	2022
	JD	JD
Balance at 1 January	2,563,405	2,563,405
Acquired during the year	44,451	-
Balance at 31 December	**2,607,856**	2,563,405

11) Other payables

	2023	2022
	JD	JD
Cash deposits against financing receivables	37,439	40,125
Accrued expenses	68,269	58,108
Vision International Law Company	-	116,000
Total financial liabilities at amortized cost	105,708	214,233
Received in advance for the sale of land - Note (10)	444,000	-
Customers deposits	102,168	84,257
Shareholders deposits	6,665	6,650
Others	15,571	11,162
	674,112	316,302

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

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

	2023	2022
	JD	JD
Salaries, wages and bonuses	95,580	100,566
Social security	8,379	13,509
Health insurance and treatment	4,146	5,108
	108,105	119,183

14) Administrative expenses

	2023	2022
	JD	JD
Professional and consulting fees	51,960	64,727
Board of Directors transportation	42,000	42,000
Judicial expenses	41,494	12,437
Subscriptions and fees	17,256	21,184
Legitimate fees	8,460	8,460
Depreciation	6,487	6,219
Maintenance and cleaning	3,870	4,173
Electricity and water	1,606	1,566
Others	5,970	4,060
	179,103	164,826

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 are as follows:

	Movement in the allowance for expected credit losses				Deferred tax assets at December 31	
Items covered	At 1 January 2023	Component during the year	Execution of debts	At 31 December 2023	2023	2022
	JD	JD	JD	JD	JD	JD
Provision for expected credit losses for financial assets at amortized cost	11,258,254	585,063	(3,032,462)	8,810,855	1,997,542	2,846,631

The transaction in deferred tax assets is as follows:

	2023	2022
	JD	JD
Balance 1 Jaunary	2,846,631	2,846,631
Reducing the portion related to writing off receivables - Note (7)	(849,089)	-
Balance 31 December	1,997,542	2,846,631

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

	2023	2022
	JD	JD
Comprehensive loss	(1,629,894)	(757,550)
Weighted average number of shares	16,000,000	16,000,000
	(0.102)	(0.047)

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 58 thousand Jordanian dinars as of December 31, 2023.

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:

	2023	2022
	JD	JD
Salaries and other benefits	48,000	51,600
Social security	1,710	6,840
Board of Directors transportation	42,000	42,000
	91,710	100,440

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 cases filed against the Company, amounting to about 305 thousand Jordanian dinars, which are still pending.

19) <u>Segment reporting</u>

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 2023 amounting to 868,569 Jordanian dinars, most of which was financing the purchase of motors and factory spare parts in Jordan.

20) <u>Accumulated losses and the Company's future plan</u>

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 (8,518,165) as of the financial position date, which represents 53% of the capital. These events are considered an indications of material uncertainty related to going concern.

The company took several steps to confront this, and the requirements of the Securities Commission were completed, and the company's shares were re-traded in the second market (listed companies) on July 21, 2020. The company's management is also looking forward to improving the company's financial situation in the coming period, as it began granting new financing during the year 2023, the number of which reached 16. Financing, totaling 868,569 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 has signed a memorandum of understanding to sell Plot No. (74) Umm Rajum Basin No. (8) as shown in Note No. (10) to the financial statements.

21) <u>Investment in associate company</u>

On 17 May 2022, the Company transferred its shares in the associate company (the Jordanian Saudi Emirati Financial Investment Company) amounting to 750,000 shares based on the decision of the General Assembly in its extraordinary meeting on 14 April 2022, for Al-Mai General Trading Company in exchange for land No. 215 of Naour lands, which has an area of nine dunams and seven hundred and fifty-five square metres, the total value of the land was assessed at 370,690 Jordanian dinars and the book value of the investment was 98,270 Jordanian dinars, as the company achieved profits worth 272,420 Jordanian dinars