

دار الأمان للتمويل الإسلامي ش.م.ع
Dar Al-Aman for Islamic Finance

Date: 13/08/2020

Ref: 3286/2020

To: M/s. Jordan Securities Commission
M/s. Securities Depository Center
M/s. Amman Stock Exchange

Subject: Quarterly Report as of 31/03/2020

Attached the Quarterly Report of Dar Al Aman for Islamic Finance P.L.C (Al Israa for Islamic Finance & Investment P.L.C prior) as of 31/03/2020

Kindly accept our highly appreciation and respect.

Dar Al Aman for Islamic Finance P.L.C (Al Israa for Islamic Finance & Investment P.L.C prior)

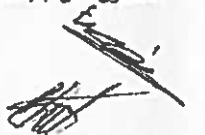
Deputy Chairman of the Board Signature



بورصة عمان
الدائرة الإدارية والمالية
الديوان
١٩ آب ٢٠٢٠
3209
رقم المتصل:
31282
رقم الملف:
21100611
الجهة المختصة:

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**AL ISRAA FOR ISLAMIC FINANCE AND INVESTMENT COMPANY
(LIMITED PUBLIC SHAREHOLDING)
AMMAN - JORDAN**

**INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
TOGETHER WITH REVIEW REPORT
FOR THE THREE MONTHS ENDED 31 MARCH 2020**

AL ISRAA FOR ISLAMIC FINANCE AND INVESTMENT COMPANY
(LIMITED PUBLIC SHAREHOLDING)
AMMAN - JORDAN

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
TOGETHER WITH REVIEW REPORT
FOR THE THREE MONTHS ENDED 31 MARCH 2020

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REVIEW REPORT

To the Board of Directors of Al Israa For Islamic Finance and Investment Company (Limited Public Shareholding) Amman - Jordan

Introduction

We have reviewed the interim condensed statement of financial position of **Al Israa for Islamic Finance and Investment Company (Limited Public Shareholding)** as at 31 March 2020 and the interim condensed statements of profit or loss and other comprehensive income, the interim condensed statements of changes in equity and the interim condensed statements of cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us believe that the interim condensed financial statements do not present fairly from all material respects the interim condensed financial position for the Company as at 31 March 2020 and its interim condensed financial performance and its interim condensed cash flows for the three months then ended in accordance with IAS (34)"Interim Financial Reporting".

REVIEW REPORT

To the Board of Directors of Al Israa For Islamic Finance and Investment Company
(Limited Public Shareholding)
Amman - Jordan

Material uncertainty related to going concern

Without modifying our opinion, we draw attention to Note (8) to the financial statements which indicates that the accumulated losses of the company amounted to 50% of the capital. Also, the granting of funds remains suspended until the date of the interim condensed financial statements. These events or circumstances, in addition to the other matters mentioned in the Note, are considered an indication of a material uncertainty that may cast significant doubt on the Company's ability to continue, as the Note shows the Company's actions and its future plan to counter that

Samman & Co.



Ahmad Ramahi
License No. (868)

27 July 2020
Amman - Jordan



Al Israa for Islamic Finance and Investment Company
(Limited Public Shareholding)
Amman - Jordan

Interim condensed statement of financial position
As at 31 March 2020

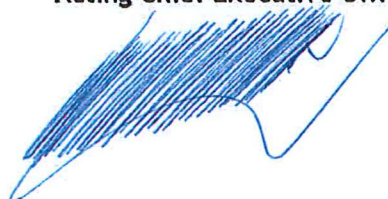
	Note	31 March 2020 (Unaudited) JD	31 December 2019 (Audited) JD
<u>ASSETS</u>			
Cash and cash equivalents		631,817	282,511
Financial assets at fair value through profit or loss		18,840	37,632
Financial assets at amortized cost	(4)	5,739,342	5,856,649
Other debit balances		104,571	92,473
Right-of-use asset		77,462	82,866
Investment in associate company		157,515	210,020
Property and equipment		3,293	3,598
Lands seized against debts	(5)	3,205,467	3,473,849
Deferred tax assets		2,773,616	2,773,616
TOTAL ASSETS		12,711,923	12,813,214
<u>LIABILITIES AND SHAREHOLDERS EQUITY</u>			
<u>LIABILITIES</u>			
Islamic sukuk investment portfolios (Modarabah)		1,850,000	1,850,000
Lease liability		78,970	77,351
Other credit balances		299,308	224,419
Provisions	(6)	58,003	-
Total Liabilities		2,286,281	2,151,770
<u>SHAREHOLDERS EQUITY</u>			
Subscribed capital		20,000,000	20,000,000
Statutory reserve		122,605	122,605
Voluntary reserve		220,512	220,512
Accumulated losses		(9,917,475)	(9,681,673)
Net Equity		10,425,642	10,661,444
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		12,711,923	12,813,214

The interim condensed financial statements on pages [1] to [8] were approved and authorized for issue by the Board of Directors on 27 July 2020 and were signed by:

Dr. Farooq Mohammad Murad
Deputy chairman of the board



Nabil Muzuk
Acting Chief Executive Officer



Al Israa for Islamic Finance and Investment Company
(Limited Public Shareholding)
Amman - Jordan

Interim condensed statement of profit or loss and other comprehensive income (Unaudited)
For the three months ended 31 March 2020

	<u>Note</u>	<u>2020</u>	<u>2019</u>
		<u>JD</u>	<u>JD</u>
Revenues - net		15,298	43,182
Other revenues		1,987	72,572
Financial assets losses at fair value through profit or loss		(18,792)	(21,875)
Losses from selling lands seized against debts	(5)	(30,045)	-
Employees benefits expenses		(52,030)	(41,257)
Administrative expenses		(40,093)	(40,720)
End-of-service compensation expense	(6)	(18,563)	-
Lawyer fees	(6)	(39,440)	-
Operation (loss) gain		(181,678)	11,902
Impairment of investment in the associate		(52,505)	-
Finance costs		(1,619)	(1,816)
(loss) income before tax		(235,802)	10,086
Prior year income tax		-	(490)
Total comprehensive (loss) income for the period		(235,802)	9,596
(Loss) gain per share for the period JD / share		(0.0118)	0.0005

Al Israa for Islamic Finance and Investment Company
(Limited Public Shareholding)
Amman - Jordan

Interim condensed statement of changes in equity (Unaudited)
For the three months ended 31 March 2020

	Subscribed capital	Statutory reserve	Voluntary reserve	Accumulated losses	Total
	JD	JD	JD	JD	JD
<u>2020</u>					
1 January 2020	20,000,000	122,605	220,512	(9,681,673)	10,661,444
Comprehensive loss for the period	-	-	-	(235,802)	(235,802)
31 March 2020	<u>20,000,000</u>	<u>122,605</u>	<u>220,512</u>	<u>(9,917,475)</u>	<u>10,425,642</u>
<u>2019</u>					
1 January 2019	20,000,000	114,706	220,512	(10,035,354)	10,299,864
Comprehensive gain for the period	-	-	-	9,596	9,596
31 March 2019	<u>20,000,000</u>	<u>114,706</u>	<u>220,512</u>	<u>(10,025,758)</u>	<u>10,309,460</u>

Al Israa for Islamic Finance and Investment Company
(Limited Public Shareholding)
Amman - Jordan

Interim condensed statement of cash flows (Unaudited)
For the three months ended 31 March 2020

	<u>Note</u>	<u>2020</u>	<u>2019</u>
		JD	JD
<u>Operating activities</u>			
(Loss) gain of the period before tax		(235,802)	10,086
<i>Adjustments for:</i>			
Impairment of investment in the associate		52,505	-
Depreciation and amortization		455	5,906
Amortization right of use assets		5,404	-
Finance costs		1,619	1,816
Losses financial assets designated at fair value through profit or loss		18,792	21,875
Losses from selling lands seized against debts	(5)	30,045	-
Gains on sale of property and equipments		-	(100)
		<u>(126,982)</u>	<u>39,583</u>
Financial assets at amortized cost		117,307	170,803
Other debit balances		(12,098)	(17,536)
Islamic sukuk investment portfolios (Modarabih)		-	(324,000)
Other credit balances		74,889	28,836
Provisions		<u>58,003</u>	<u>-</u>
		111,119	(102,314)
Income tax paid		<u>-</u>	<u>(276,073)</u>
Net cash flows from operating activities		<u>111,119</u>	<u>(378,387)</u>
<u>Investing activities</u>			
Purchase of property and equipment		(150)	(200)
Proceeds from sales of lands seized against debts	(5)	238,337	-
Proceeds from sales of property and equipment		-	100
Net cash flows from investing activities		<u>238,187</u>	<u>(100)</u>
Net change in cash and cash equivalents during the period		349,306	(378,487)
Cash and cash equivalents - Beginning of the period		<u>282,511</u>	<u>439,370</u>
Cash and cash equivalent - Ending of the period		<u>631,817</u>	<u>60,883</u>

Al Israa for Islamic Finance and Investment Company
(Limited Public Shareholding)
Amman - Jordan

Notes forming part of the interim condensed financial statements
For the three months ended 31 March 2020

1) General

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 according to the provisions of Islamic law.

The address of the company in Amman - wadi saqra - Arar Street.

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

<u>Name</u>	<u>Position</u>
Saeed Mohammad Hasan Al-Masoud	Chairman
Dr. Farooq Mohammad Murad	Deputy Chairman
Aal Al-Bayt University represented by Adnan Yousef Al-Atoom	Board Member
Al-Rifaat Investment and Real Estate Development Company represented by Mohammed Taha Al-Harabsheh	Board Member
Eng. Mohammad Ismael Attieh	Board Member
Kefah Ahmad Maharmeh	Board Member
Mohammad Ahmad Musa Al-azb	Board Member

2) Basis of preparation

The interim condensed financial statements have been prepared in accordance with IAS (34) "Interim Financial Reporting" and in accordance with local standard. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2019 annual report.

3) Significant accounting policies

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

Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

Notes forming part of the interim condensed financial statements
For the three months ended 31 March 2020 (continued)

4) Financial assets at amortized cost

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
	JD	JD
Finance receivables	16,493,726	16,627,194
Deduct:		
Deferred revenue from financing contracts	(120,869)	(154,522)
	16,372,857	16,472,672
Deduct:		
Expected credit loss provision	(10,072,045)	(10,072,045)
Suspended revenues	(561,470)	(543,978)
	<u>5,739,342</u>	<u>5,856,649</u>

Finance receivables represented by the following:

	31 March 2020 (Unaudited)			31 December 2019 (Audited)
	Finance receivables	Deffered revenue	Finance receivables net	JD
	JD	JD	JD	JD
Murabaha financing	13,114,514	120,393	12,994,121	13,093,067
Long term financing sale	3,371,462	-	3,371,462	3,372,305
Istisna'a financing	7,750	476	7,274	7,300
	<u>16,493,726</u>	<u>120,869</u>	<u>16,372,857</u>	<u>16,472,672</u>

The movement on suspended revenues is as follows:

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
	JD	JD
Balance as at 1 January	543,978	426,584
Net changes during the period / year	17,492	117,394
	<u>561,470</u>	<u>543,978</u>

Notes forming part of the interim condensed financial statements
For the three months ended 31 March 2020 (continued)

5) Lands 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 5 million as according to the latest ratings of real estate experts.

The movement in lands seized against debts is as follows

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
	JD	JD
Balance as at 1 January	3,473,849	4,139,065
Land sold during the year	(268,382)	(268,316)
Reverse the value of a land number (727)	-	(396,900)
	<u>3,205,467</u>	<u>3,473,849</u>

During the period, the Company sold lands of value of JD 238,337, as a result of which the sale resulted in a loss of JD 30,045, which was recorded in the statement of profit or loss for the three months ended 31 March 2020.

6) Provisions

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
	JD	JD
Lawyer fees	39,440	-
End-of-service compensation	18,563	-
	<u>58,003</u>	<u>-</u>

7) Lawsuits

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

8) 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 (9,917,475) as of the financial position date, which represents 50% of the capital, but that The Company's management is making efforts to address the Company's situation as it works to fulfill the requirements of the Securities Commission to re-circulate the shares of the Company to the second market. The Company also during the year 2019 paid a large part of its obligations towards the Islamic sukuk investment portfolios and made settlements with non-performing loans as the future management plan is summarized by either extinguishing part or all of the accumulated losses or through increasing the Company's capital through the available tools, through public subscription or entering a strategic partner.