

**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 2020**

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FOR THE YEAR ENDED 31 DECEMBER 2020

<u>Contents</u>	<u>Page</u>
Independent Auditor's Report	-
Statement of Financial Position	1
Statement of Profit or Loss and Other Comprehensive Income	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes Forming Part of the Financial Statements	5-22



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256 King Abdullah II 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 2020.
- 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 2020, 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

Without qualifying our opinion, we draw attention to Note (25) to the financial statements which indicates that the accumulated losses of the Company amounted to 49% 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.



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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of Dar Al Aman for Islamic Finance Company
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Emphasis of Matter

Without qualifying our opinion, we draw attention to Note (23) to the financial statements and as stated in the Company's lawyer letter, the credit portfolio includes facilities which 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 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.

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 in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Financial Assets at Amortized Cost

Key Audit Matter

The impairment provision of financial assets at amortized cost was amounted to approximately JD 10 million as at 31 December 2020 which represents 64% 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 [8] of the accompanying financial statements.

Audit Response

The audit procedures included an understanding 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.



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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of Dar Al Aman for Islamic Finance Company
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Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report of 2020 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 that we have not been provided with yet 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 that - we have not been provided with yet-, 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.



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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of Dar Al Aman for Islamic Finance Company
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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.



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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of Dar Al Aman for Islamic Finance Company
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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.

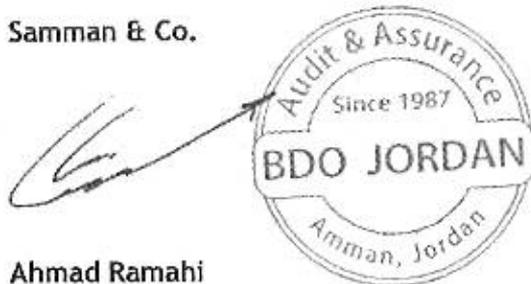
We also provided those in charge of the governance with a statement that we have complied with relevant ethical requirements regarding independence and informed them of all relationships and other matters that may reasonably be thought to affect our independence, in addition to preventive procedures,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



Ahmad Ramahi
License No. (868)

24 March 2021
Amman - Jordan

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

Statement of financial position
As at 31 December 2020

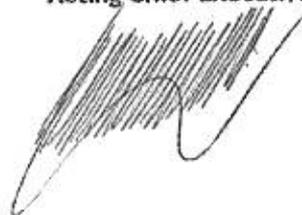
	Note	2020 JD	2019 JD
ASSETS			
Cash and cash equivalents	(6)	39,824	282,511
Financial assets at fair value through profit or loss	(7)	34,668	37,632
Financial assets at amortized cost	(8)	4,986,643	5,856,649
Other debit balances	(9)	89,849	92,473
Right of use asset	(10)	-	82,866
Investment in associate company	(11)	98,270	210,020
Property and equipment	(12)	264,361	3,598
Properties seized against debts	(13)	2,909,723	3,473,849
Deferred tax assets	(20)	2,846,631	2,773,616
TOTAL ASSETS		11,269,969	12,813,214
LIABILITIES AND SHAREHOLDERS EQUITY			
LIABILITIES			
Islamic sukuk investment portfolios (Modarabah)	(14)	-	1,850,000
Lease liability	(10)	-	77,351
Other credit balances	(15)	372,898	224,419
Loans	(22)	260,000	-
		632,898	2,151,770
SHAREHOLDERS EQUITY			
	(16)		
Subscribed capital		20,000,000	20,000,000
Statutory reserve		122,605	122,605
Voluntary reserve		220,512	220,512
Accumulated losses		(9,706,046)	(9,681,673)
		10,637,071	10,661,444
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		11,269,969	12,813,214

The financial statements from page [1] to [22] were approved and authorized for issue by the Board of Directors on 22 March 2021 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 2020

	Note	2020 JD	2019 JD
Revenues - net	(17)	47,263	100,689
Settlement revenue of islamic sukuk investment portfolios (Modarabah)	(14)	750,000	-
Other revenues and expenses		5,768	72,100
Commissions revenues		-	11,809
Valuation (losses) of Financial assets at fair value through profit or loss	(7)	(2,964)	(56,495)
Expected credit loss (reversal of loss) of financial assets at amortized cost	(8)	(211,480)	478,633
Impairment of properties seized against debts	(13)	(110,566)	-
Losses from sale of properties seized against debts	(13)	(33,579)	(34,564)
Employees benefits expenses	(18)	(200,454)	(168,077)
Administrative expenses	(19)	(224,968)	(162,215)
Income from operation		19,020	241,880
Impairment of associate company	(11)	(111,750)	(155,824)
Lease financing costs	(10)	(4,658)	(7,067)
(Loss) income before tax		(97,388)	78,989
Income tax surplus	(20)	73,015	282,591
Comprehensive (loss) income		(24,373)	361,580
Basic and diluted (loss) income per share for the period JD / share	(21)	(0.001)	0.018

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

Statement of changes in equity
For the year ended 31 December 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	-	-	-	(24,373)	(24,373)
31 December 2020	<u>20,000,000</u>	<u>122,605</u>	<u>220,512</u>	<u>(9,706,046)</u>	<u>10,637,071</u>
<u>2019</u>					
1 January 2019	20,000,000	114,706	220,512	(10,035,354)	10,299,864
Comprehensive income	-	-	-	361,580	361,580
Transfer to statutory reserve	-	7,899	-	(7,899)	-
31 December 2019	<u>20,000,000</u>	<u>122,605</u>	<u>220,512</u>	<u>(9,681,673)</u>	<u>10,661,444</u>

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

Statement of cash flows
For the year ended 31 December 2020

	Note	2020 JD	2019 JD
<u>Operating activities</u>			
(Loss) profit of the year before tax		(97,388)	78,989
<i>Adjustments for:</i>			
Depreciation and amortization		3,091	1,498
Losses from valuation of financial assets designated at fair value through profit or loss	(7)	2,964	56,495
Amortization of right of use asset	(10)	16,213	21,617
Lease financing costs	(10)	4,658	7,067
Impairment of associate company	(11)	111,750	155,824
Impairment of properties seized against debts	(13)	110,566	-
Loss from sale of properties seized against debts	(13)	33,579	34,564
Expected credit loss of financial assets at amortized cost		211,480	-
Replacement losses of property and equipment for real estate		3,715	-
Revenue from sale of property and equipments		-	(100)
		<u>400,628</u>	<u>355,954</u>
Financial assets at amortized cost		800,956	499,193
Other debit balances		7,593	(5,409)
Islamic sukuk investment portfolios (Modarabih)		(1,850,000)	(974,000)
Other credit balances		<u>148,479</u>	<u>2,800</u>
Cash flows from operating activities		(492,344)	(121,462)
Income tax paid	(20)	-	(276,074)
Net cash flows from operating activities		(492,344)	(397,536)
<u>Investing activities</u>			
Purchase of property and equipment	(12)	(263,854)	(350)
Proceeds from disposal of property and equipment		-	100
Proceeds from sales of properties seized against debts	(13)	266,336	238,252
Proceeds from sales of car against debts		-	15,500
Net cash flows from investing activities		2,482	253,502
<u>Financing activities</u>			
Lease liability payments	(10)	(8,167)	(5,758)
Finance expense paid on lease liability	(10)	(4,658)	(7,067)
Loans	(22)	260,000	-
Net cash flows from financing activities		247,175	(12,825)
Net change in cash and cash equivalents during the year		(242,687)	(156,859)
Cash and cash equivalents - Beginning of the year		<u>282,511</u>	<u>439,370</u>
Cash and cash equivalent - Ending of the year	(6)	39,824	282,511

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 2020

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). On 27 July 2020, the name of the Company was amended to become Dar Al Aman for Islamic Finance.

The Company's main objectives are financing consumable products and financing real estate in accordance with the provisions of Islamic Sharia. The address of the company in Amman - Abdullah Ghosheh Street - Al Hussein Complex.

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

<u>Name</u>	<u>Position</u>
Saeed Mohammad Hasan Al-Masoud	Chairman
Dr. Farooq Mohammad Murad	Deputy Chairman
Al Al-Bayt University Represented by Adnan Yousef Mahmoud Al-Atoom	Board Member
Al-Rifaiat Investment and Real Estate Development Company Represented by Taha Muhammad 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 January 2021. The Shari'a Supervisory Board did not find any legal violation of the Company's financial statements for the year ended 31 December 2020.

The financial statements for the year ended 31 December 2020 were approved by the Company's Board of Directors on 22 March 2021. 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, amendments and Improvements adopted from 1 January 2020:

- Definition of a Business (Amendments to IFRS 3 "Business Combinations");
- Interest Rate Benchmark Reform - IBOR 'phase 2' (Amendments to IFRS 9 "Financial instruments", IAS 39 and IFRS 7 "Disclosure");
- COVID-19 Related Rent Concessions (Amendments to IFRS 16 "Leases");
- IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (Amendment - Disclosure Initiative - Definition of Material) and
- Revisions to the Conceptual Framework for Financial Reporting.

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 which is consistent with the Company's current accounting policies.

b) New standards, interpretations amendments not yet effective:

There are a number of standards, amendments to standards, interpretations and Improvements 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 2022:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets");
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 "Property, Plant and Equipment");
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1 "Adopting international financial reporting standards for the first time," IFRS 9 "Financial instruments", IFRS 16 "Leases" and IAS 41 "Agriculture");
- References to Conceptual Framework (Amendments to IFRS Business Combinations") and
- IFRS 17 "Insurance Contracts" (effective on 1 January 2023).

The amendments to standards, interpretations and Improvements mentioned above are not expected to have a material impact on the company's future 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 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.

Notes forming part of the financial statements
For the year ended 31 December 2020 (Continued)

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

The level of inputs used to determine the fair value measurement of properties seized against debts is the 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 the 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.

Provision for expected credit loss of financial asset 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 an 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.

Notes forming part of the financial statements
For the year ended 31 December 2020 (Continued)

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

Notes forming part of the financial statements
For the year ended 31 December 2020 (Continued)

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:

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

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

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

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

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.

Notes forming part of the financial statements
For the year ended 31 December 2020 (Continued)

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 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 the 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 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 sets the asset in a condition that enables it to achieve the purpose which it was purchased for.

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

<u>Asset</u>	<u>Depreciation %</u>
Office	2
Cars	20
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 a financial liability or financial asset, the Company's ordinary shares are classified as equity instruments.

Notes forming part of the financial statements
For the year ended 31 December 2020 (Continued)

Employees Benefits

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

Leases

All leases are accounted for by recognizing a right of use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of (12 months or less).

On adoption of IFRS (16) the Company recognized right of use assets and lease liabilities as follows:

Lease liabilities:

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless as is typically the case this is not readily determinable, in which case the Company's incremental borrowing rate (8.5%) on commencement of the lease is used. The Company's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions.

Right of use assets

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease,
- initial direct costs incurred; and
- the amount of any provision recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as 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.

Notes forming part of the financial statements
For the year ended 31 December 2020 (Continued)

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 and cash equivalents.
- Islamic sukuk investment portfolios (Modarabah).
- Other credit balances.

(II) Financial instruments by category

	2020	2019
	JD	JD
<u>Financial assets at amortized cost</u>		
Financial assets at amortized cost	4,986,643	5,856,649
Others	4,111	6,125
Cash and cash equivalents	39,824	282,511
	<u>5,030,578</u>	<u>6,145,285</u>
<u>Financial assets at fair value through profit or loss</u>		
Financial assets at fair value through statement of profit or loss	34,668	37,632
Total financial assets	<u>5,065,246</u>	<u>6,182,917</u>
<u>Financial liabilities at amortized cost</u>		
Islamic sukuk investment portfolios (Modarabah)	-	1,850,000
Other credit balances	138,434	77,648
Total financial liabilities	<u>138,434</u>	<u>1,927,648</u>

(III) Financial instruments not measured at fair value

A financial instrument not measured at fair value includes cash and cash equivalents, financial assets at amortized cost, others, Islamic sukuk investment portfolios (Modarabah) 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 9 million granted to the 10 largest customers as of 31 December 2020, representing 58% of the finance receivables after deducting deferred revenue (31 December 2019, approximately JD 10 million representing 61% of finance receivables after deducting deferred revenue).

The credit portfolio includes facilities 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 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 risks 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 risk

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 1,733 for year 2020 against JD 1,882 for the year 2019.

Notes forming part of the financial statements
For the year ended 31 December 2020 (Continued)

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:

	2020	2019
	JD	JD
Islamic sukuk investment portfolios (Modarabah)	-	1,850,000
Deduct: Cash and cash equivalents	-	(282,511)
Net debt	-	1,567,489
Net shareholders equity	-	10,661,444
Ratio of debt to capital	-	15%

6) Cash and Cash equivalents

	2020	2019
	JD	JD
Cash on hand	-	1,780
Cash at banks	39,824	280,731
	39,824	282,511

7) 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:

	2020	2019
	JD	JD
Balance at 1 January	37,632	94,127
Losses from evaluation of financial assets at fair value through profit or loss	(2,964)	(56,495)
Balance of 31 December	34,668	37,632

Notes forming part of the financial statements
For the year ended 31 December 2020 (Continued)

8) Financial assets at amortized cost

	2020	2019
	JD	JD
Finance receivables	15,850,046	16,627,194
Deduct:		
Deferred revenue from financing contracts	(56,888)	(154,522)
	<u>15,793,158</u>	<u>16,472,672</u>
Deduct:		
Expected credit loss provision	(10,214,475)	(10,072,045)
Suspended revenues	(592,040)	(543,978)
	<u><u>4,986,643</u></u>	<u><u>5,856,649</u></u>

The company has note receivables and cheques under collection, out of the financial position, at a value of approximately JD 14.5 million, against finance receivables as at 31 December 2020 (2019: approximately JD 15 million). Finance receivables in terms of types are as follows:

	2020		2019	
	Finance receivables	Deffered revenue	Finance receivables net	Finance receivables net
	JD	JD	JD	JD
Murabaha financing	12,473,099	(56,704)	12,416,395	13,093,067
Long term financing sale	3,369,347	-	3,369,347	3,372,305
Istisna'a financing	7,600	(184)	7,416	7,300
	<u>15,850,046</u>	<u>(56,888)</u>	<u>15,793,158</u>	<u>16,472,672</u>

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

	2020		2019	
	Amount	Expected loss	Amount	Expected loss
	JD	JD	JD	JD
First stage: from 0 to 30 days	49,157	910	834,246	19,017
Second stage: from 30 to 90 days	501,513	19,211	103,650	14,828
Third stage: more than 90 days	15,299,376	10,194,354	15,689,298	10,038,200
	<u>15,850,046</u>	<u>10,214,475</u>	<u>16,627,194</u>	<u>10,072,045</u>

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

Notes forming part of the financial statements
For the year ended 31 December 2020 (Continued)

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

	2020	2019
	JD	JD
Balance January 1	10,072,045	10,550,678
Expected credit loss (reverse of loss) during the year	211,480	(478,633)
Settlement of customer balances	(69,050)	-
Balance at 31 December	10,214,475	10,072,045

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

	2020	2019
	JD	JD
Balance at 1 January	543,978	426,584
Net movements during the year	48,062	117,394
Balance at 31 December	592,040	543,978

9) Other debit balances

	2020	2019
	JD	JD
Prepaid income tax	52,954	52,954
Prepaid expenses	3,665	2,362
Refundable deposits	3,411	3,911
Employees receivables	700	2,214
Others	29,119	31,032
	89,849	92,473

10) Leases

	2020	2019
	JD	JD
<u>Right of use asset</u>		
Balance at 1 January	82,866	104,483
Amortization	(16,213)	(21,617)
Disposal	(66,653)	-
Balance at 31 December	-	82,866
<u>Lease liability</u>		
Balance at 1 January	77,351	83,109
Finance expense	4,658	7,067
Rent payment	(12,825)	(12,825)
Disposal	(69,184)	-
Balance at 31 December	-	77,351

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 2020 (Continued)

The following table shows contractual maturities (which represent undiscounted contractual cash flows) for lease liability:

	2020	2019
	JD	JD
Up to 3 months	-	6,412
From 3 to 12 months	-	19,238
From 1 to 2 years	-	25,650
Between 2 and 4 years	-	51,300
	-	102,600

11) 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:

<u>Legal form</u>	<u>Country of establishment</u>	<u>Capital</u>	<u>Percentage of ownership</u>	<u>Company Objectives</u>
Limited Liability Company	Jordan	3,000,000	25%	Financial Brokerage

The Company has recognized that impairment in the associate by an amount of JD 111,750 for the year ended 31 December 2020, 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.

12) Property and equipment

	<u>Office</u>	<u>Cars</u>	<u>Others</u>	<u>Total</u>
	JD	JD	JD	JD
<u>Cost</u>				
At 1 January 2019	-	21,000	240,753	261,753
At 31 December 2019	-	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
<u>Accumulated depreciation</u>				
At 1 January 2019	-	21,000	235,657	256,657
Depreciation	-	-	1,498	1,498
At 31 December 2019	-	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
<u>Net Book Value</u>				
At 1 January 2019	-	-	5,096	5,096
At 31 December 2019	-	-	3,598	3,598
At 31 December 2020	261,167	-	3,194	264,361

On 9 September 2020, the Company purchased an office in Um Al-Summaq Al-Janoubi for JD 100,000 in cash and land No. (634), amounting to JD 153,645, within properties seized against debts.

Notes forming part of the financial statements
For the year ended 31 December 2020 (Continued)

13) 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 3.8 million as according to the latest ratings of real estate experts. The movement in properties seized against debts is as follows:

	2020	2019
	JD	JD
Balance at 1 January	3,473,849	4,139,065
Sold during the year	(299,915)	(268,316)
Impairment during the year	(110,566)	-
Reverse the value of a land number (727)	-	(396,900)
Reverse plot of land number (634) against office	(153,645)	-
Balance at 31 December	2,909,723	3,473,849

During the year, the Company sold lands in the amount of JD 266,336. The sale resulted in a loss of JD 33,579, which was recorded in profit or loss for the year ended 31 December 2020 (2019: losses of JD 34,564). The Company also assigned a land No. (634) in exchange for the Company's management office as shown in note (12) in addition to paying 100 thousand Jordanian dinars.

14) Islamic Sukuk Investment portfolios (Modarbah)

This item represents the value of investment portfolios received from customers. The profit from the investment is calculated and distributed every six months and based on the proportions agreed upon in the contracts provided that the Company should not engage in any Murabaha with an annual return less than 8% of its contact.

On 9 September 2020, the Company made a settlement and final reconciliation with the Libyan Trade and Development Bank, whereby it was agreed to reduce the debt to JD 1,100,000 instead of JD 1,850,000 and exempt the Company from the rest of the debt as the company paid JD 1,100,000 in full in 2020, the amount of JD 750,000 was reflected in the statement of profit or loss.

15) Other credit balances

	2020	2019
	JD	JD
Cash deposits against financing receivables	59,964	68,712
Accrued expenses	78,470	8,936
Total financial liabilities at amortized cost	138,434	77,648
Customers deposits	151,117	105,216
Transportation allowance of members of the Board of Directors	47,918	26,760
End of service remuneration	20,076	-
Shareholders deposits	6,650	6,650
Other	8,703	8,145
	372,898	224,419

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

Notes forming part of the financial statements
For the year ended 31 December 2020 (Continued)

16) Equity

Capital

The authorized capital is (20) million JD divided into (20) million shares where the value is 1 JD per share.

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 provided 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.

17) Net Revenues

	2020	2019
	JD	JD
Revenues from murabaha financing	47,054	100,061
Revenues from istisna'a financing	200	628
Revenues from mudaraba investing (long term financing sale)	9	-
	<u>47,263</u>	<u>100,689</u>

18) Employees benefits expenses

	2020	2019
	JD	JD
Salaries, wages and bonuses	155,368	140,341
End of service remuneration	20,076	-
Social security	14,290	15,040
Health insurance and treatment	10,720	12,696
	<u>200,454</u>	<u>168,077</u>

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

Notes forming part of the financial statements
For the year ended 31 December 2020 (Continued)

19) Administrative expenses

	<u>2020</u>	<u>2019</u>
	JD	JD
Professional fees	90,613	46,940
Board of Directors transportation	45,500	-
Judicial expenses	22,733	49,698
Subscriptions and fees	20,795	19,424
Depreciation and amortisation	19,304	23,115
Legitimate fees	8,460	8,460
Electricity and water	3,897	4,025
Maintenance and cleaning	2,701	1,009
Others	10,965	9,544
	<u>224,968</u>	<u>162,215</u>

20) Income Tax

Deferred tax assets movements are as following:

	<u>2020</u>	<u>2019</u>
	JD	JD
Balance at 1 January	2,773,616	2,490,535
Income tax surplus	73,015	283,081
Balance at 31 December	<u>2,846,631</u>	<u>2,773,616</u>

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 2020.

The sales tax was settled with the Income and Sales Tax Department until 2016 and the following years are subject to audit by the Income and Sales Tax Department. Income tax that stated in profit or loss represents:

	<u>2020</u>	<u>2019</u>
	JD	JD
Accrued income tax from prior years	-	(490)
Income tax surplus	73,015	283,081
	<u>73,015</u>	<u>282,591</u>

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

Notes forming part of the financial statements
For the year ended 31 December 2020 (Continued)

Details of deferred tax assets are as follows:

Items included				Deferred tax assets As at 31 December		
	Balance at 1 January	Withheld amounts	Settlement of customer balances	2020	2020	2019
	JD	JD	JD	JD	JD	JD
Expected credit loss of financial assets at amortized cost	10,072,045	211,480	(69,050)	10,214,475	2,846,631	2,773,616
Impairment provision of properties seized against debts	-	110,566	-	110,566	-	-

Deferred tax assets for impairment are calculated using 24% (Income tax percentage) and 4% (National contribution percentage).

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

	2020	2019
	JD	JD
Comprehensive (loss) income	(24,373)	361,580
Weighted average number of shares	20,000,000	20,000,000
	(0.001)	0.018

22) Related Parties

Name	Balance as at 31 December	
	2020	2019
	JD	JD
<u>Items of statement of financial position</u>		
Funding owed by members and relatives of the board of directors	265,348	266,692
Executive management	-	5,951
Loans from the Chairman of the Board of Directors	250,000	-

The loans obtained by the Company are loans without profits in order to fulfill the payment of the Company's obligations towards the Libyan Trade and Development Bank, provided that the loans are paid within one year and if sufficient liquidity is available from the date of signing the agreement. 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:

	2020	2019
	JD	JD
Salaries and other benefits	52,000	48,000
Social security	6,840	6,840
Board of Directors transportation	45,500	-
	104,340	54,840

23) 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.

24) Segment reporting

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

25) 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 (9,706,046) as of the financial position date, which represents 49% 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 was also able to make a settlement with the holders of Islamic sukuk investment portfolios and pay off its obligations towards them, the Company is still working on settlements with bad loan holders. In addition to the above, the Company has amortized part of the accumulated losses as indicated in Note (26) to the financial statements.

26) Subsequent events

Based on the extraordinary general assembly meeting held on 20 October 2020, the Company reduced the capital of 20 million shares / Jordanian dinars by amortizing part of the accumulated losses as of 31 December 2019, with an amount of 4 million Jordanian dinars, and accordingly, the authorized, subscribed and paid capital becomes 16 million shares / Jordanian Dinars. Capital reduction procedures have been completed based on the letter issued by the Companies Control Department No. M/1/451 on 13 January 2021.

27) Coronavirus (Covid-19)

On 11 March 2020, the World Health Organization declared the emerging corona virus (Covid-19) as a global epidemic, and recommended several procedures to contain the epidemic, as the (Covid-19) virus disrupted the movement of people and goods around the world, which affected profitability and the ability to continue in the long run for many companies.

On 18 March 2020, the Hashemite Kingdom of Jordan announced a health ban to face the pandemic that lasted for about two months, however, and due to the suspension of all types of financing from 2017 to date, there is no significant impact on the financial statements as a result of this epidemic.