

Kafa'a for Financial & Economical Investments

(Public Limited Company)

Amman Jordan

Financial Statements for

The year ended December 31, 2022

With Auditors' report

Kafa'a for Financial & Economical Investments

(Public Limited Company)

Amman Jordan

December 31, 2022

Table of contents

Auditors' report

Notes

Balance Sheet

A

Income Statements

B

Statement of Cash Flows

C

Changes in shareholders' equity

D

Notes to Financial Statements

1- 9

Independent Auditors' Report

To the Shareholders of Kafa'a for Financial & Economical Investments PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kafa'a for Financial & Economical Investments PLC, which comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and 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 of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' 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) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements [of the current period]. The auditor's procedures relating to these matters were designed in the context of the audit of the financial statements as a whole, and the auditor's opinion on the financial statements is not modified with respect to any of the key audit matters, and the auditor does not express an opinion on these individual matters. After conducting our audit, we have concluded the key audit matters listed below:-

Real estate

Real estate has been given exceptional importance since it consists of 99.8% of the company's assets.

- **How key audit matters have been examined**

We have verified that the real estate properties are owned by the company through having a stamped document of transfer of the shareholders ownership of the land.

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 IFRS, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Kafa'a for Financial & Economical Investments has proper accounting records which are, in all material respects, consistent with the accompanying financial statements, accordingly, we recommend to approve these financial statements.

Khalifeh & Rayyan Auditors and Financial Consultants

Imad Al-Rayyan

License No. 719

Imad Rayyan
KHALIFEH & RAYYAN,
Auditors And Financial Consultants

Amman – Jordan

As on: 19th March 20223

KAFA'A FOR FINANCIAL & ECONOMICAL INVESTMENTS P L C

STATEMENT OF FINANCIAL POSITION AS AT 31 DEC 2022

Assets	Notes	31-Dec-22	31-Dec-21
		JOD	JOD
Non-Current assets			
Properties and equipments	9	424	3
Real-estate investments		3,507,590	3,507,590
Financial assets at fair value (Comprehensive income)	4	51,085	123,783
		<u>3,559,099</u>	<u>3,631,376</u>
Current assets			
Receivables & promissory notes		-	13
Financial assets at fair value (FVTPL)	4	-	-
Cash in hands and at banks	3	5,702	7,024
		<u>5,702</u>	<u>7,037</u>
TOTAL ASSETS		<u><u>3,564,801</u></u>	<u><u>3,638,413</u></u>
EQUITY AND LIABILITIES			
EQUITY			
AUTHORIZED CAPITAL(4,000,000share/Jod)			
Paid in capital		4,000,000	4,000,000
Statutory reserve		4,681	4,681
Retained earnings		-667,191	-643,839
Accumulated evaluation in fair value of financial assets		-301,009	-228,311
		<u>3,036,481</u>	<u>3,132,531</u>
LIABILITIES			
Current liabilities			
Accounts payables	5	439,789	429,350
Other payables	6	88,531	76,532
		<u>528,320</u>	<u>505,882</u>
TOTAL EQUITY AND LIABILITIES		<u><u>3,564,801</u></u>	<u><u>3,638,413</u></u>

(The accompanying notes are an integral part of these financial statements)

KAFA'A FOR FINANCIAL & ECONOMICAL INVESTMENTS P L C

COMPREHENSIVE INCOME STATEMENT FOR THE PERIOD ENDED AT 31 DEC 2022

	<u>Notes</u>	<u>31-Dec-22</u> JOD	<u>31-Dec-21</u> JOD
Profit (loss) of invesments		-	-
Capital gains		-	-
Gross profit(loss)		-	-
Administrative expenses	8	-23,340	-24,694
Other Revenues		-	155
<u>Loss of the period</u>		-23,340	-24,539
Changes in fair value of financial assets		-72,698	117,494
Comprehensive Income (Loss)		-96,038	92,954
Total number of shares		4,000,000	4,000,000
EPS		-0.024	0.023

(The accompanying notes are an integral part of these financial statements)

KAFA'A FOR FINANCIAL & ECONOMICAL INVESTMENTS P L C

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED AT 31 DEC 2022

	<u>Notes</u>	<u>31-Dec-22</u>	<u>31-Dec-21</u>
		JOD	JOD
Operating activities			
Loss of the period		-23,340	-24,539
Adjustments for:			
Depreciation		345	-
Capital Loss		-	3,362
Changes in working capital			
Accounts payables		10,439	12,168
Other payables		12,000	8,000
Net cash used in operating activities		<u>-556</u>	<u>-1,010</u>
Investing activities			
Sale (purchase) of fixed asset		-766	1,554
Net cash from operating activities		<u>-766</u>	<u>1,554</u>
Net changes in cash and cash equivalent		-1,322	544
Cash and cash equivalent at beginning of period		<u>7,024</u>	<u>6,479</u>
Cash and cash equivalent at end of period		<u><u>5,702</u></u>	<u><u>7,024</u></u>

(The accompanying notes are an integral part of these financial statements)

KAFA'A FOR FINANCIAL & ECONOMICAL INVESTMENTS P L C
Statements of changes in equity for the period ended at 31 DEC 2022

	<u>Paid in capital</u>	<u>Statutory reserve</u>	<u>Accumulated changes in fair value</u>	<u>Retained earnings (losses)</u>	<u>Total equity</u>
	JOD	JOD	JOD	JOD	JOD
Balance as at 01/01/2022	4,000,000	4,681	-228,311	-643,839	3,132,531
Adjustments	-	-	-	-12	-12
Total comprehensive income for the period	-	-	-	-23,340	-23,340
Accumulated changes in fair value	-	-	-72,698	-	-72,698
Balance as at 31/12/2022	4,000,000	4,681	-301,009	-667,190	3,036,481
Balance as at 01/01/2021	4,000,000	4,681	-345,804	-619,300	3,039,577
Total comprehensive income for the period	-	-	-	-24,539	-24,539
Accumulated changes in fair value	-	-	117,494	-	117,494
Balance as at 31/12/2021	4,000,000	4,681	-228,311	-643,839	3,132,531

KAFA'A FOR FINANCIAL & ECONOMICAL INVESTMENTS P L C
NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

1- GENERAL

KAFA'A FOR FINANCIAL & ECONOMICAL INVESTMENTS P.L.C was registered on 7th March 2007 as public limited company at the Ministry of Industry and Trade under registration number(431) with an issued share capital of 4,000,000 share at a par value of JOD 1 each.

The company's main objectives are:

- * Obsession of companies and projects fully and partially in different business sectors
- * Establishing new projects and providing consultancy services for arranging the necessary finance through capital markets by issuance of shares ,bond and securities
- * Evaluation , capital restructure of companies and increase their capital in addition of merging and acquisition operations.
- * Trading and possession of shares and bonds through financial market brokers.

2- Summary of significant accounting polices

The principle accounting policies applied in the preparation of these financial statements are set out below. These polices have been consistently applied to all the years presented, unless otherwise stated.

: Basic of preparation

The financial statements of the company have been prepared based on the historical cost .

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates .It also requires management to exercise its judgment in the process of applying the company's accounting policies .

Cash in hands and at banks

Represent cash in hands and at banks with maturity of three months or less

Trade and other receivables

Trade receivables are recognized initially at cost value less doubtful provision for uncollectible amounts

Properties and equipment's

Properties and equipment's are shown at historical cost, less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation on assets is calculated using the straight -line method to allocate their cost over their estimated useful life .

Trade and other payables

Trade payables are obligation to pay for goods or services that have been acquired in the ordinary course of business from suppliers . Trade payables are recognized at fair value.

Financial Instruments

The fair value of company's assets and liabilities at the date of financial statements are not significantly differs from its carrying value.

KAFA'A FOR FINANCIAL & ECONOMICAL INVESTMENTS P L C
NOTES TO THE FINANCIAL STATEMENTS
31 December 2022

Financial risk management

Capital risk management

The company's objectives when managing its capital are to safeguard the company's ability to continue as a going concern in order to provide returns for its shareholders and to maintain an optimal structure to reduce the cost of capital.

Credit risk

The company has no significant risk concentration. The company applies a consistent credit policy to all its customers who has acceptable credit ratings.

Liquidity risk

The management monitors the company's liquidity requirements to ensure that it has sufficient cash to meet its operational needs and obligations.

Foreign exchange risk

The company transactions mainly in Jordanian dinars and US dollar. The US dollar foreign exchange is fixed to the Jordanian dinar. Hence ,foreign exchange risk is considered to be immaterial.

3- CASH IN HANDS AND AT BANKS

	<u>31-Dec-22</u>	<u>31-Dec-21</u>
Cash at banks	5,702	6,479
Petty Cash	-	544
	<u>5,702</u>	<u>7,024</u>

4- Financial assets at fair value through P&L statement

	<u>31-Dec-22</u>	<u>31-Dec-21</u>
Financial assets at fair value through P&L statement	-	-
Sale of financial assets	-	-
Financial assets re evaluation provision	-	-
	<u>-</u>	<u>-</u>
Financial assets at fair value through comprehensive income	352,094	352,094
Impairment losses of financial assets	-301,009	-228,311
Total	<u>51,085</u>	<u>123,783</u>

* Investment in the company were valued by number of shares of 196,481 share as per a statement issued from the securities depository center.

* The difference in the valuation of financial investment of 301,009 resulted from the re-evaluation of financial investment at fair value in accordance with accounting standard No.9.

KAFKA FOR FINANCIAL & ECONOMICAL INVESTMENTS P L C
 NOTES TO THE FINANCIAL STATEMENTS
 31 December 2022

5- Payables		
	<u>31-Dec-22</u>	<u>31-Dec-21</u>
Vendors		
Others	20,532	18,127
Employees payable	418,557	409,491
	700	1,733
	<u>439,789</u>	<u>429,350</u>
6- Other payables		
	<u>31-Dec-22</u>	<u>31-Dec-21</u>
Accrued expenses (note7)	84,333	72,333
Shareholders deposits	4,176	4,176
Education support provision	22	22
	<u>88,531</u>	<u>76,532</u>
7- Accrued expenses		
	<u>31-Dec-22</u>	<u>31-Dec-21</u>
Board of directors transportation	84,333	72,333
	<u>84,333</u>	<u>72,333</u>
8- Administrative expenses		
	<u>31-Dec-22</u>	<u>31-Dec-21</u>
Salaries	105	-
Rent	1,596	1,746
Phone ,water and electricity	224	135
Fees and permits	711	658
Stationary	35	25
Previous years expense	435	-
Entertainment	169	5
Professional fees	2,970	1,740
Advertising	120	120
subscriptions	4,400	4,400
Board of directors transportation	10,000	10,000
Transportation and fuels	4	602
Shares sale losses	-	3,517
Bank charges	78	15
Daily workers	-	1,733
Internet	213	-
Managerial services	1,685	-
Fines	250	-
Depreciation	345	-
	<u>23,340</u>	<u>24,694</u>

9- Properties and equipments

	Furniture	Computers and accessories	Electrical equipments	Computer softwares	Total
Cost as at 1/1/2022	812	2,241	1,020	-	4,073
Additions(deletions)	-	154	-	612	766
Cost as at 31/12/2022	812	2,395	1,020	612	4,839
Accumulated depreciation as at 1/1/2022	811	2,240	1,019	-	4,070
Depreciation expense	-	39	-	306	345
Accumulated depreciation as at 31/12/2022	811	2,279	1,019	306	4,415
Net book value at 31/12/2022	1	116	1	306	424