

# **Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines**

## **GIFA INC.**

Hamitkoy Junction  
Lefkosa, Northern Cyprus  
Mersin 10, Turkey 99010

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www.gifainc  
info@gifainc.net  
7370

## **Quarterly Report**

**For the period ending June 30, 2023 (the "Reporting Period")**

### **144securities**

#### **Outstanding Shares**

The number of shares outstanding of our Common Stock was:

117,071,934 as of June 30, 2023

117,071,934 as of December 31, 2022

### **Shell Status**

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

### **Change in Control**

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes: ☐ No: ☒

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<sup>1</sup> "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

**1) Name and address(es) of the issuer and its predecessors (if any)**

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

Firefish, Inc. April 29, 2008

GIFA, Inc., as of October 17, 2017

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Nevada; Active

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

The address(es) of the issuer's principal executive office:

Dr. Fazil Kukuk Boulevard

Hamitkoy Junction

Lefkosa, Northern Cyprus

Mersin 10, Turkey 99010

The address(es) of the issuer's principal place of business:

☒ *Check if principal executive office and principal place of business are the same address:*

\_\_\_\_\_

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If Yes, provide additional details below:

\_\_\_\_\_

**2) Security Information**

**Transfer Agent**

Name: Pacific Stock Transfer Co.

Phone: (800) 785-7782

Email: info@pacificstocktransfer.com

Address: 6725 Via Austi Parkway, Suite 300, Las Vegas, Nevada 89119

**Publicly Quoted or Traded Securities:**

*The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.*

|  |              |                                  |
|--|--------------|----------------------------------|
| Trading symbol:                                  | GIFX         |                                  |
| Exact title and class of securities outstanding: | Common Stock |                                  |
| CUSIP:   | 31816P 103   |                                  |
| Par or stated value:                             | \$0.001      |                                  |
| Total shares authorized:                         | 500,000,000  | <u>as of date: June 30, 2023</u> |
| Total shares outstanding:                        | 117,071,934  | <u>as of date: June 30, 2023</u> |
| Total number of shareholders of record:          | 51           | <u>as of date: June 30, 2023</u> |

*All additional class(es) of publicly quoted or traded securities (if any):*

|  |  |                    |
|--|--|--------------------|
| Trading symbol:                                  |  |                    |
| Exact title and class of securities outstanding: |  |                    |
| CUSIP:   |  |                    |
| Par or stated value:                             |  |                    |
| Total shares authorized:                         |  | <u>as of date:</u> |
| Total shares outstanding:                        |  | <u>as of date:</u> |
| Total number of shareholders of record:          |  | <u>as of date:</u> |

|  |       |                          |
|--|-------|--------------------------|
| Trading symbol:                                  | _____ |                          |
| Exact title and class of securities outstanding: | _____ |                          |
| CUSIP:   | _____ |                          |
| Par or stated value:                             | _____ |                          |
| Total shares authorized:                         | _____ | <u>as of date: _____</u> |
| Total shares outstanding:                        | _____ | <u>as of date: _____</u> |
| Total number of shareholders of record:          | _____ | <u>as of date: _____</u> |

**Other classes of authorized or outstanding equity securities:**

*The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.*

|   |   |
|---|---|
| Exact title and class of the security:                  | Series A Preferred Stock                    |
| CUSIP (if applicable):                                  | _____                                       |
| Par or stated value:                                    | \$0.001 per share                           |
| Total shares authorized:                                | 1,000,000 <u>as of date: April 19, 2022</u> |
| Total shares outstanding (if applicable):               | 1,000,000 <u>as of date: April 19, 2022</u> |
| Total number of shareholders of record (if applicable): | <u>1</u> <u>as of date: April 19, 2022</u>  |

|  |                                |
|--|--------------------------------|
| Exact title and class of the security: | _____                          |
| CUSIP (if applicable):                 | _____                          |
| Par or stated value:                   | _____                          |
| Total shares authorized:               | _____ <u>as of date: _____</u> |

Total shares outstanding (if applicable): \_\_\_\_\_ as of date: \_\_\_\_\_  
Total number of shareholders of record  
(if applicable): \_\_\_\_\_ as of date: \_\_\_\_\_

### **Security Description:**

*The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:*

**1. For common equity, describe any dividend, voting and preemption rights.**

**Voting.** The holders of our common stock are entitled to one vote for each outstanding share of common stock owned by that stockholder on every matter properly submitted to the stockholders for their vote. Stockholders are not entitled to vote cumulatively for the election of directors. Except for the election of directors, which are elected by a plurality vote, a majority vote of common stockholders is generally required to take action under our certificate of incorporation and bylaws, as amended.

**Conversion, Redemption and Preemptive Rights.** Holders of our common stock have no conversion, redemption, preemptive, subscription or similar rights.

**Dividend Rights.** Holders of our common stock shall be entitled to receive such cash dividends as may be declared thereon by our board of directors from time to time out of assets of funds of our company legally available for the payment of dividends.

**2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.**

**Dividend Rights.** The Series A Preferred Stock shall be entitled to receive cash dividends from funds legally available on a pro rata basis at and with any dividends that may be paid to the holders of the Corporation's Common Stock.

**Voting.** Except as otherwise provided by law, each share of Series A Preferred Stock shall be entitled, on all matters on which any of the shareholders are required or permitted to vote, to one thousand (1,000) votes per share. And except as provided expressly herein or as required by law, the holders of the Series A Preferred Stock shall vote together with the Common Stock shareholders and not as a separate class. So long as any shares of the Series A Preferred Stock remain outstanding, the Corporation shall not, without first obtaining the approval (by vote or written consent) of the holders of at least a majority of the total number of shares of the Series A Preferred Stock then outstanding voting separately as a class, alter or change, in any material respect, the rights, preferences or privileges or the restrictions of the shares of the Series A Preferred Stock whether by amendment of the Corporation's Certificate of Designation of Preferences or otherwise. At any meeting at which the holders of the Series A Preferred Stock are entitled to vote as a class pursuant to this provision, the holders of a majority of all outstanding shares of Series A Preferred Stock, present in person or represented by proxy, shall be necessary to constitute a quorum.

**Conversion, Redemption and Preemptive Rights.** The Shares of Series A Preferred Stock may be converted into such number of shares of the Corporation's Common Stock as shall be equal to approximately Ninety-Two Percent (92.00%) of the Corporation's then outstanding shares of the Corporation's Common Stock immediately preceding the date of said conversion but after deducting five hundred (500) shares of the Company's Common Stock from that amount.

**Liquidation Rights.** In the event of any consolidation or merger of the Corporation which is in the nature of the winding up of the Corporation's business or sale of all or substantially all of the Corporation's assets (a "Liquidation"), each holder of record of shares of Series A Preferred Stock shall be entitled to be paid in cash in respect of each such share an amount equal to and at the same time as any amount that may be paid to the

holders of the Company's Common Stock with any such amount equal, on a per share basis, to the amount paid per share to the holders of the Corporation's Common Stock.

3. Describe any other material rights of common or preferred stockholders.

None, other than listed above.

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

N/A

### 3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

#### A. Changes to the Number of Outstanding Shares

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: ☐ Yes: ☒ (If yes, you must complete the table below)

| Shares Outstanding as of Second Most Recent Fiscal Year End:<br><u>Opening Balance</u><br>Date <u>December 31, 2020</u><br>Common: <u>160,931,844</u><br>Preferred: <u>0</u> |  |  | *Right-click the rows below and select "Insert" to add rows as needed. |   |  |  |  |   |                                 |
|--|--|--|--|---|--|--|--|---|---------------------------------|
| Date of Transaction  | Transaction type (e.g., new issuance, cancellation, shares returned to treasury) | Number of Shares Issued (or cancelled) | Class of Securities  | Value of shares issued (\$/per share) at Issuance | Were the shares issued at a discount to market price at the time of issuance? (Yes/No) | Individual/ Entity Shares were issued to.<br><br>*You must disclose the control person(s) for any entities listed. | Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided | Restricted or Unrestricted as of this filing. | Exemption or Registration Type. |
| September 28, 2021   | Cancellation Shares  | 1,000,000                              | common   | \$.001  | No   | Hulya Sonmez   | Debt   | Restricted                                    | 4(a)(2)                         |
| September 28, 2021   | Cancellation Shares  | 90,000,000                             | common   | \$.001  | No   | Ilksen Yesilada  | Debt   | Restricted                                    | 4(a)(2)                         |
| October 26, 2021   | New issuance   | 40,000,000                             | common   | \$.001  | No   | Aygun Antas  | Services provided to the company as Secretary  | Restricted                                    | 4(a)(2)                         |

|                   |              |           |           |        |    |                 |   |            |                |
|-------------------|--------------|-----------|-----------|--------|----|-----------------|---|------------|----------------|
| November 11, 2021 | New Issuance | 2,000,000 | common    | \$.10  | No | Rustem Yucelen  | Private Placement                       | Restricted | <u>4(a)(2)</u> |
| April 18, 2022    | New Issuance | 1,000,000 | common    | \$.10  | No | Rustem Yucelen  | Private Placement                       | Restricted | <u>4(a)(2)</u> |
| April 18, 2022    | New Issuance | 1,000,000 | common    | \$.10  | No | Rustem Yucelen  | Private Placement                       | Restricted | <u>4(a)(2)</u> |
| April 18, 2022    | New Issuance | 1,000,000 | common    | \$.10  | No | Rustem Yucelen  | Private Placement                       | Restricted | <u>4(a)(2)</u> |
| April 19, 2022    | New Issuance | 1,000,000 | Preferred | \$.10  | No | Yusuf Kisa      | Services provided to the company as CEO | Restricted | <u>4(a)(2)</u> |
| April 20, 2022    | New Issuance | 1,000,000 | common    | \$.10  | No | Serhan Velettin | Private Placement                       | Restricted | <u>4(a)(2)</u> |
| April 20, 2022    | New Issuance | 250,000   | common    | \$.10  | No | Ozgur Gur       | Private Placement                       | Restricted | <u>4(a)(2)</u> |
| April 20, 2022    | New Issuance | 250,000   | common    | \$.10  | No | Serhat Sahin    | Private Placement                       | Restricted | <u>4(a)(2)</u> |
| April 26, 2022    | New Issuance | 250,000   | common    | \$.001 | No | Ali Sabanci     | Private Placement                       | Restricted | <u>4(a)(2)</u> |
| April 26, 2022    | New Issuance | 250,000   | common    | \$.012 | No | Aranit Jashari  | Private Placement                       | Restricted | <u>4(a)(2)</u> |
| April 26, 2022    | New Issuance | 250,000   | common    | \$.012 | No | Meliz Sabanci   | Private Placement                       | Restricted | <u>4(a)(2)</u> |
| May 12, 2022      | Cancellation | 2,000,000 | common    | \$.001 | No | Gulgun Yesilada | Private Placement                       | Restricted | <u>4(a)(2)</u> |
| May 12, 2022      | Cancellation | 1,000,000 | common    | \$.001 | No | Buke Yeshilada- | Private Placement                       | Restricted | <u>4(a)(2)</u> |
| May 12, 2022      | Cancellation | 1,000,000 | common    | \$.001 | No | Burce Yeshilada | Private Placement                       | Restricted | <u>4(a)(2)</u> |
| May 12, 2022      | Cancellation | 1,000,000 | common    | \$.001 | No | Salahi Ulubay   | Private Placement                       | Restricted | <u>4(a)(2)</u> |
| May 12, 2022      | Cancellation | 1,000,000 | common    | \$.001 | No | Meltem Guven    | Private Placement                       | Restricted | <u>4(a)(2)</u> |
| May 12, 2022      | Cancellation | 1,000,000 | common    | \$.001 | No | Mehmet Ali Oze  | Private Placement                       | Restricted | <u>4(a)(2)</u> |
| May 12, 2022      | Cancellation | 1,000,000 | common    | \$.001 | No | Omer Okan Demir | Private Placement                       | Restricted | <u>4(a)(2)</u> |
| May 12, 2022      | Cancellation | 1,000,000 | common    | \$.001 | No | Servet Asci     | Private Placement                       | Restricted | <u>4(a)(2)</u> |
| June 16, 2022     | New Issuance | 500,000   | common    | \$.012 | No | Ali Sabanci     | Private Placement                       | Restricted | <u>4(a)(2)</u> |

|  |              |           |        |         |    |                    |                   |            |                |
|--|--------------|-----------|--------|---------|----|--------------------|-------------------|------------|----------------|
| June 22, 2022                              | New Issuance | 100,000   | common | \$.012  | No | Aranit Jashari     | Private Placement | Restricted | <u>4(a)(2)</u> |
| June 22, 2022                              | New Issuance | 200,000   | common | \$.0111 | No | Savas Arifoglu     | Private Placement | Restricted | <u>4(a)(2)</u> |
| June 23, 2022                              | New Issuance | 500,000   | common | \$.10   | No | Ali Sabanci        | Private Placement | Restricted | <u>4(a)(2)</u> |
| June 24, 2022                              | New Issuance | 200,000   | common | \$.0111 | No | Ece Unsal Soyer    | Private Placement | Restricted | <u>4(a)(2)</u> |
| July 1, 2022                               | New Issuance | 90,090    | common | \$.0111 | No | Zehranur Cici      | Private Placement | Restricted | <u>4(a)(2)</u> |
| July 13, 2022                              | New Issuance | 5,000,000 | common | \$.0111 | No | Ali Yucel Pehlivan | Private Placement | Restricted | <u>4(a)(2)</u> |
| July 14, 2022                              | New Issuance | 100,000   | common | \$.0111 | No | Volkan Aslanbaba   | Private Placement | Restricted | <u>4(a)(2)</u> |
| July 14, 2022                              | New Issuance | 100,000   | common | \$.0111 | No | Dervis Eksici      | Private Placement | Restricted | <u>4(a)(2)</u> |
| July 21, 2022                              | New Issuance | 100,000   | common | \$.0111 | No | Hakki Daghan Elvin | Private Placement | Restricted | <u>4(a)(2)</u> |
| August 22, 2022                            | New Issuance | 1,000,000 | common | \$.04   | No | Cenk Vural Kose    | Private Placement | Restricted | <u>4(a)(2)</u> |
| October 19, 2022                           | New Issuance | 1,000,000 | common | \$.04   | No | Turgay Ersalici    | Private Placement | Restricted | <u>4(a)(2)</u> |
| Shares Outstanding on Date of This Report: |              |           |        |         |    |                    |                   |            |                |
| Ending Balance:                            |              |           |        |         |    |                    |                   |            |                |
| Date <u>June 30, 2023</u>                  |              |           |        |         |    |                    |                   |            |                |
| <u>117,071,934</u>                         |              |           |        |         |    |                    |                   |            |                |
| Common:                                    |              |           |        |         |    |                    |                   |            |                |
| Preferred: 1,000,000                       |              |           |        |         |    |                    |                   |            |                |

**Example:** A company with a fiscal year end of December 31<sup>st</sup>, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2021 through December 31, 2022 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

For the period ended 6/30/2023, the issued and outstanding common shares for shareholders other than the Company is 117,071,934 while the treasury common shares totaled 43,859,910.

## B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: ☒ Yes: ☐ (If yes, you must complete the table below)

| Date of Note Issuance | Outstanding Balance (\$) | Principal Amount at Issuance (\$) | Interest Accrued (\$) | Maturity Date | Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares) | Name of Noteholder.<br><br>*You must disclose the control person(s) for any entities listed. | Reason for Issuance (e.g. Loan, Services, etc.) |
|-----------------------|--------------------------|-----------------------------------|-----------------------|---------------|--|--|---|
|-----------------------|--------------------------|-----------------------------------|-----------------------|---------------|--|--|---|

Use the space below to provide any additional details, including footnotes to the table above:

N/A

#### 4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations.  
(Please ensure that these descriptions are updated on the Company's Profile on [www.otcm Markets.com](http://www.otcm Markets.com)).

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

GIFA, Inc. was incorporated in the State of Nevada on April 29, 2008 under the name "Firefish, Inc." Beginning in September 2017, the Company underwent a series of transactions that resulted in a change of control and a corporate reorganization of the Company. On September 30, 2018, the Company concluded these series of reorganizational transactions by divesting control a previous wholly-owned subsidiary of the Company (FireFish Networks Private Limited) and acquiring 100% of Gifa Holding Limited, a company organized under the laws of the Turkish Republic of Northern Cyprus.

##### ***Gifa, Inc. Business Post-Change of Control and Reorganization (Principal Products and Services)***

After the acquisition of GIFA Holding Limited ("GIFA Holding"), the business of the Company became the business of GIFA Holding. (Unless context indicated otherwise, references to "we", "us", "our", or "the Company" or "GIFA" below refer to GIFA Holding and the Company on a consolidated basis.)

GIFA Holding aims to be a pioneering firm working alongside and in collaboration with variety of international corporations across the globe. It seeks to be a major financing broker & international trading company providing financial & banking services to clients across different continents.

The Company (through GIFA Holding) works with clients to develop sustainable business strategies and to deliver innovative concepts and solutions along the entire value supply demand chain by aiming to improve our clients' performance and market position, from strategy to measurable results.

The Company is eager to accommodate and facilitate all types of supply and demands requirements, from source (any global locations) to clients, including raw and refined materials, goods and services.

GIFA Inc. (through GIFA Holding) offers a range of comprehensive products and services including, but not limited to, the following:

- i. Financial services and consultancy, brokerage, business loans, project funding, crowdfunding advice and consultancy to private clients (individual and corporate clients).
- ii. Personal and professional business development and investment advice to private clients.
- iii. End-to-End Supply and Demand Chain Management – controlling and coordinating supply of

materials to a wide range of entities that are globally involved in producing and delivering goods and services. GIFA Holding facilitates the supply and delivery of raw materials, finished products, goods, equipment and services shipping and delivery for manufacturers of gas and industrial equipment (i.e. PIPE - Generator – PUMP – Turbine – Valves – Fitting & Flange), manufacturers of agricultural equipment, industrial chemical producers, as well as many other types of businesses.



- iv. Travel & Tourism & Cargo - wide spectrum of activities and services in Transport, Travel, and Tourism, ranging from cargo transportation and logistics to shipping and chartering and from airline representation to corporate and leisure travel.
- v. Media (News and Marketing) - ownership under GIFA Holding of;
  1. Yeni Bakis Newspaper
  2. Yeni Bakis WebTV
- vi. Grandex Finance Ltd (acquired by GIFA Holding Ltd.) (<https://grandexfinance.com/>)
  1. Offers consultancy, one-to-one advice, assistance and support to local businesses as well as opportunity to access international finance.
  2. Provides local businesses and individuals small loans

The Company is currently operating and providing services to its' clients from the headquarters of GIFA Holding (Dr Fazil Kucuk Boulevard, Hamitkoy Junction, Lefkosa, Northern Cyprus, 99040). Much of our income and profits are derived from charging commissions on transactions of our clients that we have facilitated through our broad range of services. Our Company takes pride in simplification, harmonization and automation of all international trade procedures, particularly import and export procedures, transit requirements and procedures which are applied at all stages of all import and export transactions.

Along with receiving much recognition for our work in business, supporting small as well as medium to large businesses, we are renowned for having a strong moral compass, strong commitment to corporate social responsibility programs, giving back to the community and taking an environmental corporate social responsibility to reduce any damaging effects on the environment from business' processes.

Over the years, we have built close working relationship with prominent names in politics and media, and has been commended on its generous donations made to charities, fundraising events, sponsorship of athletes, civil society organizations and such activities and events.

GIFA is underpinned by has strong business ethics initiatives such as "Fair Trade" to ensure that a larger share of the final price of products GIFA is involved with provides fair returns to its producers, including farmers.

We pride ourselves in building customer relationships based on trust, respect, transparency and fairness.

**B. List any subsidiaries, parent company, or affiliated companies.**

Gifa, Inc. has one direct, wholly-owned subsidiary, which is GIFA Holding Limited. In addition, GIFA Holding Limited has a number of all majority-owned and controlled subsidiaries of the Company.

Gifa Holding Limited's consolidated subsidiaries, each of which is located in Turkish Republic of Northern Cyprus ("TRNC"), are:

- *Grandex Finance Ltd.*: Offers consultancy, one-to-one advice, assistance and support to local businesses as well as opportunity to access international finance.
- *Gifa Consulting Limited*: The principal business activity of this company is to assist its clients in the preparation of their business plans in support of their financing applications.
- *Gifaland Theme Park Limited*: The objective of this company is to construct and manage a theme park. Currently the company is completing the construction of the Group's headquarters.
- *Gifa Retirement Homes Limited*: This company is currently involved in two major projects: (i) A complex aimed at constructing and managing a complex with medical facilities for advanced aged living (ii) A children's hospital (pediatrics)
- *Gifa Nektar Import & Export Limited*: This Company is currently negotiating with a manufacturer of citrus fruit juice producer with the intent of exporting the products.
- *Grandex Finance Ltd.* as its wholly-owned subsidiary.

- *Yeni Bakis Ltd. was incorporated in TRNC on October 6, 2014 for the purpose of producing the “Yeni Bakis” daily newspaper.*
- *Gifa Air Ltd. was incorporated in TRNC on December 15, 2014 for the purpose of providing travel agency services.*
- *Gifa Green Island Finance Ltd. is a dormant entity.*
- *HSB Corporation Consultants Ltd., an entity that provides consulting services.*
- *GIFA Petroleum Ltd.*
- *Senilk Ltd.*

C. Describe the issuers’ principal products or services.

See above.

## 5) Issuer’s Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

Our principal office is located at Dr Fazil Kucuk Boulevard, Hamitkoy Junction, Lefkosa, Northern Cyprus, Mersin 10, Turkey 99010. This location serves as our principal headquarters owned by GIFA Holding and our primary operations are conducted from this location.

On October 14, 2022, the Company, paid off the total outstanding loan balance of \$2,555,876 USD against its headquarters. Concurrently, Turgay Ersalıcı Real Estate Investment Company (“TEREIC”) made an offer to purchase the property from GIFA Holding Ltd for a price value of \$10,867,000 USD, which was accepted by unanimous written consent of the Board of Directors. The closing of the sale of the property to TEREIC will be completed by October 1, 2024.

The property will remain our principal office location. We do not pay a lease to continue with our use of the property.

## 6) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more than 5% of any class of the issuers securities, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

| Names of All Officers, Directors and Control Persons | Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%) | Residential Address (City / State Only)   | Number of shares owned | Share type/class | Ownership Percentage of Class Outstanding | Names of control person(s) if a corporate entity |
|--|---|---|------------------------|------------------|---|--|
| <u>Yusuf Kisa</u>                                    | CEO, Sole Director, President, Principal Financial Officer                    | Dr Fazil Kucuk Boulevard Hamitkoy Junction Lefkosa, Northern Cyprus Mersin 10, Turkey 99010 | 1,000,000              | Preferred Stock  | 100%                                      |  |
| Aygun Antas  | Secretary   | Dr Fazil Kucuk Boulevard Hamitkoy Junction Lefkosa, Northern Cyprus Mersin 10, Turkey 99010 | 40,000,000             | Common           | 24.85%                                    |  |

## 7) Legal/Disciplinary History

A. Identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

N/A

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

N/A

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

N/A

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

N/A

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities

N/A

## 8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Securities Counsel (must include Counsel preparing Attorney Letters).

Donald R. Keer, Esq.  
3663 Greenwood Circle  
Chalfont, PA 18914 215-962-9378  
Email: [don@keeresq.com](mailto:don@keeresq.com)

Accountant or Auditor

Berman Hopkins CPAs & Associates, LLP  
8035 Spyglass Hill Rd  
Melbourne, Florida 32940  
(321) 757-2020 INFO@BERMANHOPKINS.COM

Investor Relations

N/A

Name: \_\_\_\_\_  
Firm: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

*All other means of Investor Communication:*

N/A

Twitter: \_\_\_\_\_  
Discord: \_\_\_\_\_  
LinkedIn: \_\_\_\_\_  
Facebook: \_\_\_\_\_  
[Other ] \_\_\_\_\_

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

N/A

Name: \_\_\_\_\_  
Firm: \_\_\_\_\_  
Nature of Services: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

## 9) Financial Statements

A. The following financial statements were prepared in accordance with:

- ☐ IFRS  
☒ U.S. GAAP

B. The following financial statements were prepared by (name of individual)<sup>2</sup>:

Name: **Berman Hopkins CPAs & Associates, LLP**

Title: **CPA**

Relationship to Issuer: **Outside Accounting Firm**

Describe the qualifications of the person or persons who prepared the financial statements:

**Certified Public Accounting Firm for Corporations**

Provide the following financial statements for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- a. Audit letter, if audited;
- b. Balance Sheet;
- c. Statement of Income;
- d. Statement of Cash Flows;
- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

## 10) Issuer Certification

*Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Yusuf Kisa certify that:

1. I have reviewed this Disclosure Statement for GIFA, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 15,, 2023 [Date]

/s/ Yusuf Kisa [CEO's Signature]

---

<sup>2</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

*Principal Financial Officer:*

I, Yusuf Kisa certify that:

1. I have reviewed this Disclosure Statement for GIFA, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 15,2023 [Date]

/s/ Yusuf Kisa [CFO's Signature]

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

**GIFA, INC.**

**CONSOLIDATED  
FINANCIAL STATEMENTS**

**For the three and six months  
ended June 30, 2023 and 2022  
and as of June 30, 2023 and  
December 31, 2022**



**BERMAN HOPKINS**  
— CPAs & ASSOCIATES, LLP —

255 South Orange Ave #1200  
Orlando, FL 32801

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**Gifa, Inc.**

**CONSOLIDATED BALANCE SHEETS**

**As of,**

|   | June 30,<br>2023     | December 31,<br>2022 |
|---|----------------------|----------------------|
| <b>ASSETS</b>                                       |                      |                      |
| <b>Current Assets</b>                               |                      |                      |
| Cash and cash equivalents                           | \$ 4,300,100         | \$ 5,190,975         |
| Designated use cash                                 | 750,000              | 750,000              |
| Other receivables                                   | 100,040              | 84,540               |
| Receivables from sale of property                   | 8,726,122            | 9,640,360            |
| Receivables from shareholders, current              | 815,560              | 815,560              |
| Value added tax recoverable                         | 121,122              | 76,530               |
|   | <u>14,812,944</u>    | <u>16,557,965</u>    |
| <b>Non-current assets</b>                           |                      |                      |
| Property, plant and equipment, net                  | 3,960,753            | 1,432,712            |
| Intangible assets, net                              | 153,688              | 127,712              |
| Receivables from related entities                   | 882,780              | 797,816              |
| Receivables from shareholders, less current portion | 1,301,163            | 1,301,163            |
|   | <u>6,298,384</u>     | <u>3,659,403</u>     |
| <b>Total assets</b>                                 | <u>\$ 21,111,328</u> | <u>\$ 20,217,368</u> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>         |                      |                      |
| <b>Current Liabilities</b>                          |                      |                      |
| Accounts payable and other liabilities              | \$ 374,022           | \$ 374,022           |
|   | <u>374,022</u>       | <u>374,022</u>       |
| <b>Non-current liabilities</b>                      |                      |                      |
| Payables to related entity                          | <u>1,680,934</u>     | <u>1,680,934</u>     |
| <b>Total liabilities</b>                            | <u>2,054,956</u>     | <u>2,054,956</u>     |
| <b>Stockholders' equity</b>                         |                      |                      |
| Gifa, Inc. stockholders' equity                     |                      |                      |
| Common stock \$.001 par value -                     |                      |                      |
| 160,931,844 shares issued, 117,071,934              |                      |                      |
| outstanding   | 160,932              | 160,932              |
| Series A preferred stock \$.001 par value -         |                      |                      |
| 1,000,000 shares issued and outstanding             | 1,000                | 1,000                |
| Accumulated other comprehensive loss                | (1,825,424)          | (1,825,424)          |
| Additional paid-in-capital                          | 11,657,663           | 11,657,663           |
| Retained earnings                                   | 9,062,201            | 8,168,241            |
| <b>Total stockholders' equity</b>                   | <u>19,056,372</u>    | <u>18,162,412</u>    |
| <b>Total liabilities and stockholders' equity</b>   | <u>\$ 21,111,328</u> | <u>\$ 20,217,368</u> |

We do not provide any assurance on these financial statements.

**Gifa, Inc.**

**CONSOLIDATED STATEMENTS OF INCOME**

**For the three months and six months ended June 30, 2023 and 2022**

|  | For the six<br>months ended<br>June 30, 2023 | For the three<br>months ended<br>June 30, 2023 | For the six<br>months ended<br>June 30, 2022 | For the three<br>months ended<br>June 30, 2022 |
|--|--|--|--|--|
| <b>Revenue</b>   |  |  |  |  |
| Income from third parties  | \$ 1,589,310                                 | \$ 882,780                                     | \$ 2,617,886                                 | \$ 1,478,011                                   |
| Total revenue  | 1,589,310                                    | 882,780  | 2,617,886                                    | 1,478,011                                      |
| <b>Cost of revenue</b>   |  |  |  |  |
| Cost of services   | 354,306                                      | 230,470  | 451,917                                      | 260,427  |
| Total cost of revenue  | 354,306                                      | 230,470  | 451,917                                      | 260,427  |
| <b>Gross profit</b>  | 1,235,004                                    | 652,310  | 2,165,969                                    | 1,217,584                                      |
| <b>Expenses</b>  |  |  |  |  |
| General and administrative expenses                                | 734,716                                      | 388,967  | 1,474,843                                    | 797,736  |
| Depreciation and amortization expenses                             | 32,295                                       | 22,203   | 119,956                                      | 69,129   |
| Advertising expenses   | 15,592                                       | 15,592   | 98,176                                       | 56,576   |
|  | 782,603                                      | 426,762  | 1,692,975                                    | 923,441  |
| <b>Operating income</b>  | 452,401                                      | 225,548  | 472,994                                      | 294,143  |
| <b>Other income (expense)</b>                                      |  |  |  |  |
| Other income (expense)   | 206,659                                      | 206,659  | -  | -  |
| Interest income  | 234,900                                      | -  | 1,460,583                                    | 650,583  |
|  | 441,559                                      | 206,659  | 1,460,583                                    | 650,583  |
| <b>Net Income</b>  | <u>\$ 893,960</u>                            | <u>\$ 432,207</u>                              | <u>\$ 1,933,577</u>                          | <u>\$ 944,726</u>                              |
| <b>Net income per share basic and diluted:</b>                     |  |  |  |  |
| Net income attributable to stockholders per share<br>(US Dollars): |  |  |  |  |
| Basic  | <u>\$ 0.008</u>                              | <u>\$ 0.004</u>                                | <u>\$ 0.018</u>                              | <u>\$ 0.009</u>                                |
| Diluted  | <u>\$ 0.004</u>                              | <u>\$ 0.002</u>                                | <u>\$ 0.009</u>                              | <u>\$ 0.004</u>                                |
| Weighted average shares outstanding:                               |  |  |  |  |
| Basic  | <u>117,071,934</u>                           | <u>117,071,934</u>                             | <u>109,681,844</u>                           | <u>109,681,844</u>                             |
| Diluted  | <u>224,777,653</u>                           | <u>224,777,653</u>                             | <u>210,588,680</u>                           | <u>210,588,680</u>                             |

We do not provide any assurance on these financial statements.

Gifa, Inc.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND STATEMENTS OF STOCKHOLDERS' EQUITY

For the six months ended June 30, 2023 and 2022

|                            | Common stock<br>shares | Common stock<br>amount | Treasury stock<br>shares | Series A<br>preferred<br>shares | Series A<br>preferred<br>amount | Additional<br>paid-in-capital | Accumulated<br>other<br>comprehensive<br>loss | Retained<br>earnings | Total<br>stockholders'<br>equity |
|----------------------------|------------------------|------------------------|--------------------------|---------------------------------|---------------------------------|-------------------------------|---|----------------------|----------------------------------|
| Balance at January 1, 2023 | 117,071,934            | \$ 160,932             | 43,859,910               | \$ 1,000,000                    | \$ 1,000                        | \$ 11,657,663                 | \$ (1,825,424)                                | \$ 8,168,241         | \$ 18,162,412                    |
| Net income (loss)          | -                      | -                      | -                        | -                               | -                               | -                             | -   | 461,753              | 461,753                          |
| Balance at March 31, 2023  | 117,071,934            | \$ 160,932             | 43,859,910               | \$ 1,000,000                    | \$ 1,000                        | \$ 11,657,663                 | \$ (1,825,424)                                | \$ 8,629,994         | \$ 18,624,165                    |
| Net income (loss)          | -                      | -                      | -                        | -                               | -                               | -                             | -   | 432,207              | 432,207                          |
| Balance at June 30, 2023   | <u>117,071,934</u>     | <u>\$ 160,932</u>      | <u>43,859,910</u>        | <u>1,000,000</u>                | <u>\$ 1,000</u>                 | <u>\$ 11,657,663</u>          | <u>\$ (1,825,424)</u>                         | <u>\$ 9,062,201</u>  | <u>\$ 19,056,372</u>             |

  

|                             | Common stock<br>shares | Common stock<br>amount | Treasury stock<br>shares | Series A<br>preferred<br>shares | Series A<br>preferred<br>amount | Additional<br>paid-in-capital | Accumulated<br>other<br>comprehensive<br>loss | Retained<br>earnings | Total<br>stockholders'<br>equity |
|-----------------------------|------------------------|------------------------|--------------------------|---------------------------------|---------------------------------|-------------------------------|---|----------------------|----------------------------------|
| Balance at January 1, 2022  | 111,931,844            | \$ 160,932             | 49,000,000               | \$ -                            | \$ -                            | \$ 11,517,833                 | \$ (1,825,424)                                | \$ 5,222,355         | \$ 15,075,696                    |
| Net income (loss)           | -                      | -                      | -                        | -                               | -                               | -                             | -   | 988,851              | 988,851                          |
| Balance at March 31, 2022   | 111,931,844            | \$ 160,932             | 49,000,000               | \$ -                            | \$ -                            | \$ 11,517,833                 | \$ (1,825,424)                                | \$ 6,211,206         | \$ 16,064,547                    |
| Net income (loss)           | -                      | -                      | -                        | -                               | -                               | -                             | -   | 944,726              | 944,726                          |
| Net shares issued / retired | (2,250,000)            | -                      | 2,250,000                | 1,000,000                       | 1,000                           | -                             | -   | -                    | 1,000                            |
| Balance at June 30, 2022    | <u>109,681,844</u>     | <u>\$ 160,932</u>      | <u>51,250,000</u>        | <u>1,000,000</u>                | <u>\$ 1,000</u>                 | <u>\$ 11,517,833</u>          | <u>\$ (1,825,424)</u>                         | <u>\$ 7,155,932</u>  | <u>\$ 17,010,273</u>             |

We do not provide any assurance on these financial statements.

**Gifa, Inc.**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**For the six months ended June 30, 2023 and 2022,**

|   | June 30, 2023              | June 30, 2022              |
|---|----------------------------|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                       |                            |                            |
| Net income  | \$ 893,960                 | \$ 1,933,577               |
| Adjustments to reconcile net income to net cash provided by operating activities: |                            |                            |
| Depreciation and amortization   | 32,295                     | 119,956                    |
| <b>Changes in operating assets and liabilities</b>                                |                            |                            |
| (Increase)/decrease in current assets   | 854,146                    | -                          |
| Increase/(decrease) in accounts payable and other liabilities                     | -                          | (305,733)                  |
| <b>Net cash provided by operating activities</b>                                  | <u>1,780,401</u>           | <u>1,747,800</u>           |
| <b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>                                    |                            |                            |
| Increase in intangible assets   | (25,976)                   | -                          |
| Purchases of property, plant and equipment  | (2,560,336)                | -                          |
| <b>Net cash used in investing activities</b>                                      | <u>(2,586,312)</u>         | <u>-</u>                   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                       |                            |                            |
| (Increase)/decrease in receivables from related entities                          | (84,964)                   | (399,051)                  |
| Issuance of series A preferred shares   | -                          | 1,000                      |
| (Increase)/decrease in payables from related entities                             | -                          | (1,472,512)                |
| <b>Net cash provided by (used in) financing activities</b>                        | <u>(84,964)</u>            | <u>(1,870,563)</u>         |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                       | (890,875)                  | (122,763)                  |
| Cash and cash equivalents at beginning of the period                              | <u>5,190,975</u>           | <u>7,580,197</u>           |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>                         | <u><u>\$ 4,300,100</u></u> | <u><u>\$ 7,457,434</u></u> |

We do not provide any assurance on these financial statements.

## **Gifa, Inc.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

#### **NOTE A - BACKGROUND**

Gifa, Inc. (SYMBOL: "GIFX") is a Nevada corporation incorporated on April 29, 2008 (the "Company"). On September 30, 2018, Gifa, Inc. acquired nearly all of the outstanding capital stock of the Gifa Holding Limited, a limited liability registered in the Turkish Republic of Northern Cyprus. The acquisition was accomplished via the Company's issuance of certain shares of its newly designated Series A Voting Preferred Stock in exchange for nearly all of the outstanding common stock of Gifa Holding Limited in a tax-free acquisition. As a result of the acquisition, the Gifa Holding Limited became the operating entity of the Company, and the business of the Gifa Holding Limited became the business of the Company going forward.

Gifa Holding Limited, together with its consolidated subsidiaries, is a diversified organization engaged in a wide variety of business activities and intends to provide various types of products and services on a global basis.

Gifa Holding Limited is a Turkish Republic of Northern Cyprus ("TRNC") limited liability company in accordance with the Companies Law Cap 113 of the TRNC. Gifa Holding Limited was originally established as a limited liability company on April 24, 2014 under registration number MS 016778 and the name Gifa Trading Limited. However, as Gifa Holding Limited commenced acquiring subsidiaries, on June 4, 2014, it obtained a special approval from the Council of Ministers and changed its name to Gifa Holding Limited to more accurately reflect its business objectives.

Gifa Holding Limited and its subsidiaries' main operations are in the Middle East and are subject to the legislative requirements of the state and regional authorities, where necessary.

Gifa Holding Limited's consolidated subsidiaries, each of which is located in TRNC, are:

- Gifa Consulting Limited: The principal business activity of this company is to assist its clients in the preparation of their business plans in support of their financing applications.
- Gifaland Theme Park Limited: The objective of this company is to construct and manage a theme park.
- Gifa Retirement Homes Limited: This company is currently involved in two major projects: (i) A complex aimed at constructing and managing a complex with medical facilities for advanced aged living (ii) A children's hospital (pediatrics).
- Gifa Nektar Import & Export Limited: This Company is currently negotiating with a manufacturer of citrus fruit juice producer with the intent of exporting the products.
- Grandex Consulting Ltd. ("Grandex") (formerly known as Grandex Finance Ltd.) is a 99% subsidiary of Gifa Holding Ltd. Accordingly, Gifa Holding holds 1,980 shares of the 2,000 issued share capital of Grandex. Accordingly, Grandex is a subsidiary of Gifa Inc. The change of occurred with a special resolution dated July 29, 2021.
- Yeni Bakis Ltd. was incorporated in TRNC on November 4, 2014 for the purpose of producing the "Yeni Bakis" daily newspaper.

We do not provide any assurance on these financial statements.

## **Gifa, Inc.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

#### **NOTE A - BACKGROUND (continued)**

Gifa Holding Limited's consolidated subsidiaries, each of which is located in TRNC, are (continued):

- Gifa Air Ltd. was incorporated in TRNC on December 15, 2014 for the purpose of providing travel agency services.
- Senilk Ltd.: Business acquisition made during the 4<sup>th</sup> quarter of 2022. The principal business activity of this company is to own, operate and rent income generating real estate. Senilk Ltd. was acquired as part of GIFA Inc.'s diversification strategy. The acquisition came as a result of the sale of the property as described in Note I below.

In these Notes to the Consolidated Financial Statements of Gifa, Inc., unless the context indicates otherwise, the terms "we," "our," "ours," "us," or "the Company" refer to each of Gifa, Inc., Gifa Holding Limited, and each of the subsidiaries of Gifa Holding Limited on a consolidated basis.

#### **NOTE B - BASIS OF CONSOLIDATED FINANCIAL STATEMENTS PREPARATION**

##### **1. Basis of presentation**

The Company maintains its accounting records in accordance with the legislative requirements of the TRNC. The accompanying consolidated financial statements have been prepared from those accounting records and adjusted as necessary to comply, in all material respects, with the requirements of accounting principles generally accepted in the United States of America ("US GAAP").

##### **2. Functional and reporting currency**

In accordance with the laws of the TRNC, the accounting records of the Company and each of its subsidiary companies, and their statutory financial statements for its Stockholders are prepared, in Turkish Lira.

Functional currency of the Company entities is considered to be the Turkish Lira. The Company typically calculates exchange rate variances on an annual basis. The accompanying consolidated financial statements have been prepared using the US dollar as the Company's reporting currency, utilizing prior year-end exchange rates for assets and liabilities, corresponding period yearly average exchange rates for consolidated statement of income accounts and historic rates for equity accounts in accordance with the relevant provisions of ASC No. 830, Foreign currency matters. The Company has determined that no significant change to the income statement would be posted for the six months ended June 30, 2023 and 2022 had such calculation been made.

These consolidated financial statements include all majority-owned and controlled subsidiaries of the Company. All significant intercompany accounts and transactions have been eliminated.

We do not provide any assurance on these financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE C - SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied in the preparation of the consolidated financial statements. These accounting policies have been consistently applied by the Company from one reporting period to another with the exception of newly adopted accounting pronouncements.

#### 1. Use of estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the periods reported.

Estimates are used when accounting for certain items such as allowances for doubtful accounts; employee compensation programs; depreciation and amortization lives; asset retirement obligations; legal and tax contingencies; inventory values; valuations of investments and determining when investment impairments are other than temporary; goodwill; assets and liabilities assumed in a purchase business combinations and deferred tax assets, including valuation allowances. Estimates are based on historical experience, where applicable and other assumptions that management believes are reasonable under the circumstances. Actual results may differ from those estimates under different assumptions or conditions.

#### 2. Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash on current accounts with banks, bank deposits and other highly liquid short-term investments with original maturities of less than three months.

#### 3. Accounts receivable and loans issued

Receivables and loans issued are stated at cost less an allowance for doubtful debts. Management quantifies this allowance based on current information regarding the customers' and borrowers' ability to repay their obligations. Amounts previously written off which are subsequently collected is recognized as income. As of June 30, 2023 and December 31, 2022 there was no allowance for doubtful debts.

#### 4. Value added tax (VAT)

Output value added tax related to sales of goods (work performance, services provision) is payable to the tax authorities upon delivery of the goods (work, services) or property rights to customers. Input VAT on goods and services purchased (received) is generally recoverable against output VAT. VAT related to sales/purchases and services provision/receipts which have not been settled at the balance sheet date (VAT deferred) is recognized in the balance sheet on a gross basis and disclosed separately within current assets and current liabilities.

We do not provide any assurance on these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE C - SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Value added tax (VAT) (continued)

Where a doubtful debt provision has been made, a loss is recorded for the gross amount of the debt, including VAT. As of June 30, 2023 and December 31, 2022 there was no allowance for doubtful debt provisions.

5. Property, plant and equipment

***Owned assets***

Items of property, plant and equipment are stated at acquisition cost less accumulated depreciation and adjustments for impairment losses. The cost of self-constructed assets includes the cost of materials, direct labor and an appropriate portion of production overheads directly related to construction of assets. Property, plant and equipment also include assets under construction and plant and equipment awaiting installation.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

***Subsequent expenditures***

Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, are capitalized with the carrying amount of the component subject to depreciation. Other subsequent expenditures are capitalized only when they increase the future economic benefits embodied in an item of property, plant and equipment. All other expenditures are recognized as expenses in the consolidated statement of income as incurred.

***Capitalized interest***

Interest costs are capitalized against qualifying assets as part of property, plant and equipment. Such interest costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction is interrupted for an extended period or when the asset is substantially complete. Further interest costs are charged to the statement of income.

Where funds are borrowed specifically for the purpose of acquiring or constructing a qualifying asset, the amount of interest costs eligible for capitalization on that asset is the actual interest cost incurred on the borrowing during the period.

Where funds are made available from general borrowings and used for the purpose of acquiring or constructing qualifying assets, the amount of interest costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on these assets.

We do not provide any assurance on these financial statements.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE C - SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Property, plant and equipment (continued)***Depreciation and amortization***

Depreciation is charged on a straight-line basis over the estimated remaining useful lives of the individual assets. Plant and equipment under capital leases and subsequent capitalized expenses are depreciated on a straight-line basis over the estimated remaining useful lives of the individual assets. Depreciation commences from the time an asset is put into operation. Depreciation is not charged on assets to be disposed of and land. For ease of reporting the Company has decided to calculate depreciation expense on a quarterly basis. The range of the estimated useful lives, in years, is as follows:

|                                  |         |
|----------------------------------|---------|
| Fixtures, fittings and equipment | 5 - 10  |
| Computers                        | 3 - 5   |
| Improvements                     | 10 - 15 |

6. Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired. Under ASC No. 350, Intangibles - Goodwill and Other, ("ASC No. 350") goodwill is first assessed with regard to qualitative factors to determine whether it is necessary to perform the two-step quantitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. It is required to calculate the fair value of a reporting unit only if a qualitative assessment indicates that it is more likely than not that its carrying amount is more than its fair value.

The impairment test under ASC No. 350 includes a two-step approach. Under the first step, management compares fair value of a "reporting unit" to its carrying value. A reporting unit is the level at which goodwill impairment is measured and it is defined as an operating segment or one level below it if certain conditions are met. If the fair value of the reporting unit is less than its carrying value, step two is required to determine if goodwill is impaired.

Under step two, the amount of goodwill impairment is measured by the amount, if any, that the reporting unit's goodwill carrying value exceeds its "implied" fair value of goodwill. The implied fair value of goodwill is determined by deducting the fair value of all tangible and intangible net assets of the reporting unit (both recognized and unrecognized) from the fair value of the reporting unit (as determined in the first step).

The excess of the fair value of net assets acquired over acquisition cost represents negative goodwill (or "bargain purchase") which is recognized as a gain in the consolidated statement of income on the date of the acquisition.

Intangible assets that have limited useful lives are amortized on a straight-line basis over the shorter of their useful or legal lives. For ease of reporting the Company has decided to calculate amortization expense only on an annual basis.

We do not provide any assurance on these financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE C - SIGNIFICANT ACCOUNTING POLICIES (continued)**

**7. Impairment of long-lived assets**

The Company performs tests for impairment of assets where an impairment trigger has been identified. In accordance with the requirements of US GAAP, management first compares the carrying amount with the undiscounted cash flows. If the carrying amount is lower than the undiscounted cash flows, no impairment loss is recognized. If the carrying amount is higher than the undiscounted cash flows, an impairment loss is measured as the difference between the carrying amount and fair value.

For the purposes of impairment testing, a long-lived asset or asset group represents the lowest level for which management can separately identify cash flows that are largely independent of the cash flows of other assets and liabilities. Management combines the assets of different entities which operate together performing different stages of the production of finished goods. As of June 30, 2023 the Company has determined that there is no impairment of long-lived assets.

**8. Social insurance and provident fund benefits**

The Company follows the Social Insurance and Provident Fund legislations of the TRNC where the Company operates. Contributions to the TRNC Social Insurance Scheme by the employer are calculated as a percentage of current gross salaries and to the provident Fund at 5% of the gross salaries. Such contributions are expensed as incurred.

**9. Borrowing activities**

The Company's general-purpose funding is principally obtained from short-term and long-term borrowings. Borrowings are carried at the principal amount borrowed, not of unamortized discounts or premiums.

**10. Commitments and contingencies**

Contingent liabilities, arising from claims, assessments, litigation, fines, penalties and other sources are recorded when it is probable that a liability can be assessed and the amount of the assessment and/or remediation can be reasonably estimated.

**11. Income tax**

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period when a different tax rate is enacted.

We do not provide any assurance on these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE C - SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Income tax (continued)

Pursuant to the provisions of ASC No. 740, Income Taxes, the Company provides valuation allowances for deferred tax assets for which it does not consider realization of such assets to be more likely than not. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the historical taxable income generation, projected future taxable income, the reversal of existing deferred tax liabilities and tax planning strategies in making this assessment.

The Company does not calculate deferred taxes in respect of temporary differences associated with investments in subsidiaries and associates.

The Company accounts for uncertain tax positions and reflects liabilities for unrecognized income tax benefits together with corresponding interest and penalties in the consolidated statement of income as income tax expense.

12. Preferred stock

The Company applies the accounting standards for distinguishing liabilities from equity when determining the classification and measurement of its preferred stock. Preferred shares subject to mandatory redemption are classified as liability instruments and are measured at fair value. Conditionally redeemable preferred shares (including preferred shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, preferred shares are classified as stockholders' equity.

13. Dividends

Dividends are recognized as a liability in the period in which they are declared.

14. Revenue recognition

***Goods sold and services rendered***

Revenue is recognized in accordance with the Financial Accounting Standards Board issued ASC Topic 606 *Revenue from Contracts with Customers*. The sale of goods and services rendered are recognized in the consolidated statement of income when there is a firm arrangement, the price is fixed and determinable, delivery has occurred and services have been rendered, and collectability is reasonably assured.

We do not provide any assurance on these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE C - SIGNIFICANT ACCOUNTING POLICIES (continued)

15. Recently issued accounting pronouncements

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02 (*Leases (Topic 842)*), which requires an entity to recognize a liability and corresponding asset for leases that meet certain criteria. With respect to nonpublic entities, this update is effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years, beginning after December 15, 2022, and early adoption is permitted.

The Company determined that the implementation of the standard did not have a material impact on the June 30, 2023 financial statements.

16. Interest Income

Interest income is recognized in the consolidated statement of income as it is earned.

17. Interest expense

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of interest expense, except for interest which is incurred on construction projects and capitalized.

18. Non-cash transactions

Non-cash settlements represent offset transactions between customers and suppliers, when exchange equivalents are defined and goods are shipped between the parties without exchange of cash. The related sales and purchases are recorded in the same manner as cash transactions. The fair market value for such transactions is based on the value of similar transactions in which monetary consideration is exchanged with a third party. Purchases of property, plant and equipment under capital lease arrangements are also recognized as non-cash transactions. There were no non-cash transactions as of June 30, 2023 and December 31, 2022.

19. Segment reporting

According to ASC No.280, Segment reporting, segment reporting follows the internal organizational and reporting structure of the Company. The Company's organization comprises four reportable segments.

We do not provide any assurance on these financial statements.

**Gifa, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE D - CASH AND CASH EQUIVALENTS**

|                         | June 30,<br>2023    | December 31,<br>2022 |
|-------------------------|---------------------|----------------------|
| Cash Reserves           | \$ 1,878,163        | \$ 2,025,124         |
| Cash - Turkish Lira     | 295,000             | 435,000              |
| Cash - Euro             | 402,000             | 562,504              |
| Cash - Sterling         | 1,119,575           | 1,119,575            |
| Cash - USD              | 541,644             | 985,054              |
| Deposits - Turkish Lira | 32,757              | 32,757               |
| Deposits - Sterling     | 1,182               | 1,182                |
| Deposits - Euro         | 5,666               | 5,666                |
| Deposits - US Dollars   | 24,113              | 24,113               |
|                         | <u>\$ 4,300,100</u> | <u>\$ 5,190,975</u>  |

**NOTE E - VALUE ADDED TAX**

Value Added Tax ("VAT") represents excess of input tax (tax on acquisition of assets and expenses) over output tax (tax on income). General rate of VAT in TRNC is 10%, however, on fee income and most expenses the rate is 16%. Corporate tax was not computed for an interim period.

**NOTE F - PROPERTY, PLANT AND EQUIPMENT**

|  | June 30,<br>2023    | December 31,<br>2022 |
|--|---------------------|----------------------|
| Property, office equipment and computers | \$ 4,400,134        | \$ 1,678,628         |
| Accumulated depreciation                 | <u>(439,381)</u>    | <u>(245,916)</u>     |
|  | <u>\$ 3,960,753</u> | <u>\$ 1,432,712</u>  |

**NOTE G - INTANGIBLE ASSETS**

|                                 | June 30,<br>2023  | December 31,<br>2022 |
|---------------------------------|-------------------|----------------------|
| Improvements to rented property | \$ 163,780        | \$ 137,804           |
| Accumulated amortization        | <u>(10,092)</u>   | <u>(10,092)</u>      |
|                                 | <u>\$ 153,688</u> | <u>\$ 127,712</u>    |

We do not provide any assurance on these financial statements.

**Gifa, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE H - RECEIVABLES FROM RELATED ENTITIES**

|                                  | June 30,<br>2023  | December 31,<br>2022 |
|----------------------------------|-------------------|----------------------|
| Gifa, Inc.                       | \$ -              | \$ 40,000            |
| Gifa Holding, Inc.               | 62,370            | 117,754              |
| Yeni Bakis Ltd.                  | 178,120           | 187,769              |
| Gifa Air Ltd.                    | 165,290           | 147,000              |
| HSB Corporation Consultants Ltd. | 182,000           | 287,560              |
| Senilk Trading Ltd               | 295,000           | -                    |
| Other Receivables                | -                 | 17,733               |
|                                  | <u>\$ 882,780</u> | <u>\$ 797,816</u>    |

- Yeni Bakis Ltd. was incorporated in TRNC on October 4, 2014 for the purpose of producing the "Yeni Bakis" daily newspaper.
- Gifa Air Ltd. was incorporated in TRNC on December 15, 2014 for the purpose of providing travel agency services.
- Gifa, Inc. is incorporated in the USA and certain number of its stock was purchased/financed by Gifa Holding Ltd.
- Holding holds 1,980 shares of the 2,000 issued share capital of Grandex. Accordingly, Grandex is a subsidiary of Gifa, Inc.
- Yeni Bakis Ltd. was incorporated in TRNC on November 4, 2014 for the purpose of producing the "Yeni Bakis" daily newspaper.
- Gifa Air Ltd. was incorporated in TRNC on December 15, 2014 for the purpose of providing travel agency services.

**NOTE I - CONSTRUCTION IN PROGRESS**

On October 21, 2017, the Company entered into a Sale Agreement to purchase land and buildings on approximately 2,025 square meters located in Hamitkoy, Lefkosa, for the purchase price of £2,000,000 . During 2017, £100,000 deposit was paid. However, because the subject matter real estate is mortgaged by the seller, the case is referred to the local courts and a decision was made for the mortgage to be paid at the latest by June 7, 2018 and that the Company is to pay for the purchase £2,030,000 (\$2,743,501 U.S. Dollars) inclusive of interest. The Company went to attend court again and obtained an order to compel the Seller to settle the mortgage and transfer the title deeds to the Company. Due to the legal issues with the title, the Company had not recorded any depreciation on the costs incurred.

As of December 31, 2022 the mortgage on the subject property has been settled by the 'Seller', and has transferred the title deeds of the property to the Company. The remaining balance due (\$2,555,876 USD) was settled on October 14, 2022, and the building was then free of all liens and encumbrances. After the title deeds were transferred to the Company, the Company subsequently sold the building to a local real estate investment company (\$10,867,000 USD).

We do not provide any assurance on these financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****NOTE I - CONSTRUCTION IN PROGRESS (continued)**

After an initial payment the terms are for the remaining balance (\$9,640,360 USD) to be received over a two year period to be complete by October 1, 2024. The ownership of this property has been transferred to the real estate investment company, however; the Company will continue to operate out of this building until they have built a new facility to house the operations of the company. As of June 30, 2023, the remaining balance owed to the Company is \$8,726,122.

**NOTE J - ACCOUNTS PAYABLE AND OTHER LIABILITIES**

|                               | June 30,<br>2023  | December 31,<br>2022 |
|-------------------------------|-------------------|----------------------|
| Trade accounts payable        | \$ 315,512        | \$ 315,512           |
| Social security contributions | 58,510            | 58,510               |
|                               | <u>\$ 374,022</u> | <u>\$ 374,022</u>    |

**NOTE K - CORPORATION TAX**

In TRNC the corporate profit tax rate is 10%. In addition to the Corporation Tax liability, corporations that are specified under the Corporations Tax Law have to withhold income tax at source at a standard rate of 15% on the net chargeable income after corporation tax is deducted. The effective composite tax rate becomes 23.5%.

**NOTE L - COMMITMENTS AND CONTINGENCIES**1. Litigation

The Company, in the ordinary course of business, is not subject of, or party to any pending or threatened legal action

2. Environmental matters

The Company periodically evaluates its obligations under environmental regulation. As obligations are determined, they are recognized immediately.

3. Taxation

In accordance with tax regulations in TRNC, the Company's 2022 annual financial statements were to be submitted to the tax office at the latest by December 31, 2022. These financial statements were submitted on time for each of the subsidiary entity. Upon submission, these accounts were investigated, reviewed and considered acceptable. However, the directors are of the opinion that the tax provision made in these consolidated financial statements will be sufficient.

We do not provide any assurance on these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE M - STOCKHOLDERS' EQUITY

1. Common stock

For the six months ended June 30, 2023 and for the year ended December 31, 2022, the Company's share capital consisted of 160,931,844 issued and fully paid common stock, with \$.001 par value. During the year ended December 31, 2022, the company acquired 2,250,000 shares of treasury stock at \$0 cost and re-issued 6,390,090 at \$0 price and \$1 price for a total of \$99,830 recorded as an addition to APIC. For each common share held, the stockholder has the right to one vote at the stockholders' meetings. The Company had 117,071,934 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively.

2. Series A preferred stock

In April 2022, the Company created a new class of Preferred Stock designated as Series A Preferred Stock (the "Series A Preferred"). The rights of the Series A Preferred are set forth in the Certificate of Designation of Rights, Preferences and Privileges of Series B Preferred Stock (the "Series A Certificate of Designation"). A total of 1,000,000 shares of Series A Preferred are authorized for issuance under the Certificate of Designation. The shares of Series A Preferred have a stated value of \$0.001 per share. The Shares of Series A Preferred Stock may be converted into such number of shares of the Corporation's Common Stock as shall be equal to approximately Ninety-Two Percent (92.00%) of the Corporation's then outstanding shares of the Corporation's Common Stock immediately preceding the date of said conversion but after deducting five hundred (500) shares of the Company's Common Stock from that amount.

Holders of the Series A Preferred are entitled to dividends on an as-if-converted basis in the same form as any dividends actually paid on shares of common stock.

Except as otherwise provided by law, each share of Series A Preferred Stock shall be entitled, on all matters on which any of the shareholders are required or permitted to vote, to one thousand (1,000) votes per share.

As of June 30, 2023 no shares of Series A Preferred Stock have been converted into shares of common stock.

3. Dividends

Dividends are paid on common stock at the recommendation of the Board of Directors and approval at a General Stockholders' Meeting. Profits available for distribution to stockholders in respect of any reporting period are determined by reference to the statutory financial statements of the Company.

As the Company is in its development stage, no dividends were declared for the six months ended June 30, 2023 and 2022.

We do not provide any assurance on these financial statements.



**Gifa, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE N - EARNINGS PER SHARE**

|                                   | 6-Months ended<br>June 30,<br>2023 | 3-months ended<br>June 30,<br>2023 | 6-months ended<br>June 30,<br>2022 | 3-months ended<br>June 30,<br>2022 |
|-----------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Weighted average number of shares |                                    |                                    |                                    |                                    |
| - Basic                           | 117,071,934                        | 117,071,934                        | 109,681,844                        | 109,681,844                        |
| - Dilluted                        | 224,777,653                        | 224,777,653                        | 210,588,680                        | 210,588,680                        |
| Net income (period ended)         | \$ 893,960                         | \$ 432,207                         | \$ 1,933,577                       | \$ 944,726                         |
| Net earnings per share            |                                    |                                    |                                    |                                    |
| - Basic                           | \$ 0.008                           | \$ 0.004                           | \$ 0.018                           | \$ 0.009                           |
| - Dilluted                        | \$ 0.004                           | \$ 0.002                           | \$ 0.009                           | \$ 0.004                           |

Basic net earnings per share of common stock is calculated by dividing net income by the weighted average number of shares of common stock outstanding during the reporting period.

**NOTE O - FINANCIAL INSTRUMENTS**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

The Company's management believes that the carrying values of cash, trade and other receivables, trade and other payables and short-term loans approximate to a reasonable estimate of their fair value due to their short-term maturities.

**NOTE P - RISKS AND UNCERTAINTIES**

1. Operating environment of the Company

TRNC's economy continues to display characteristics of a small island economy. These characteristics include exceptionally high inflation. The legal, tax and regulatory frameworks continue to develop and are subject to varying interpretations.

The future economic direction of the TRNC is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government, together with tax, legal, regulatory and political developments. Management believes it is taking all the necessary measures to support the sustainability and growth of the Company's business with an interest of evaluating new lines of business.

We do not provide any assurance on these financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE P - RISKS AND UNCERTAINTIES (continueud)

#### 1. Operating environment of the Company (continued)

The political and economic turmoil witnessed in the region, including the developments in the Middle East and Africa where the Company's income is substantially from, as well as global impacts, may prove to have a negative impact for the foreseeable future. Although the TRNC remains an unrecognized de-facto state, the global economic down turn is expected to have a negative impact on the economy of the TRNC. At the moment, despite global and regional concerns, the TRNC economy continues to attract foreign investment in tourism, university sectors and the 3<sup>rd</sup> age tourism in particular with an increasing amount of foreign workers arriving into the island under work permits. These and other events may have a significant impact on the Company's operations and financial position, the effect of which is difficult to predict.

The major financial risks inherent to the Company's operations are those related to market risk, credit risk and liquidity risk. The objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within acceptable limits.

#### 2. COVID-19

The re-emergence of COVID-19 continues to be at the top of the agenda in our country as in the rest of the world. It is possible to say that this deadly epidemic has had and will continue to have very important consequences not only for individuals but also for companies. Although sectors such as tourism, public transportation and air transportation have been affected severely by the epidemic, we see that there is an uncertainty in the whole business world. In this uncertain environment caused by COVID-19, which the World Health Organization declared as a pandemic, that is, a wide spread epidemic, the importance of the boards of directors which can undertake crisis management is once again understood. It is critical that business continuity is not adversely affected due to the direct effects of COVID-19 and the measures to be taken due to COVID-19. In this context, we want to draw attention to the main issues that are important in our Company management in order to minimize the impact of COVID- 19 on our Company, and businesses.

We are closely following the guidelines and Statements of Competent Authorities regarding the Coronavirus (COVID-19).

This epidemic disease, which can infect others without showing its symptoms, differs from other diseases in terms of its rate of spread. As a result, the measures and practices that have/should be taken against the virus, both nationally and internationally, are constantly renewed.

It is of great importance that the statements of the competent authorities are closely followed so that our Company's board of directors can be informed of the latest developments regarding the disease as soon as possible, and that we can take into account our own business lines, organizations and infrastructures in accordance with these developments and take action as soon as possible.

We do not provide any assurance on these financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE P - RISKS AND UNCERTAINTIES (continued)

#### 3. We take necessary precautions in the workplace

The respiratory secretion of COVID-19 requires companies to make some important changes in their workplaces. In this process, the essential steps regarding our workplace are as follows:

- We continue to make sure that managers responsible for employees have enough information about COVID-19 symptoms to identify risk groups.
- We continue to provide adequate information to employees about the disease and keep disinfectants at easy-to-access points so that employees can disinfect their hands.
- We encourage video conferencing as a preferred method of communication.
- In order to prevent the spread of the disease among employees, we continue to encourage home-office, if possible, and make sure the Company has the necessary infrastructure system for working from home, despite the continuity of business and information security risks.

#### 4. Our Board of Directors takes decisions by remote meetings

In order to maintain our business continuity, it is of great importance that our board of directors meet regularly and take the necessary decisions in this process. During the period that COVID-19 continues to affect, our board of directors prefers to meet electronically instead of meeting physically in order to make the decisions we need.

#### 5. Financial planning of the Company is under review

The economic recession, which will be felt more with the increase of the impact of COVID 19, may lead to significant disruptions in the supply chain and cause cash flows to remain below the expected levels. For this reason, our Company reviews the budgets foreseen for 2023 in the pre-epidemic period and sets targets in accordance with the epidemic conditions.

In this process, due to the uncertainty of the cash flow during the period during which the effect of COVID-19 continues, large investment projects that may aggravate the liabilities of the Company have been postponed and we are focused on short-term goals.

#### 6. We receive professional legal support in terms of non-executable debts

Despite adverse effects of the COVID-19 epidemic, the Company has been fortunate enough to avoid difficulties in fulfilling the debts arising from contractual obligations. Debate continues whether the epidemic should be considered and accepted as force majeure, creating difficulty in performance or impossibility of performance in terms of contracts.

We do not provide any assurance on these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE P - RISKS AND UNCERTAINTIES (continued)

7. Other identified risks

a) Market risk

Market risk is the risk that the fair value of future cashflows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: interest rate risk, foreign currency risk and commodity price risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk of changes in market interest rates relates primarily to long-term debt obligations with floating interest rates. However, for the six months ended June 30, 2023 and 2022, the Company has no long-term debt obligations.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash-flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The operations of the Company in TRNC is in Turkish Lira and its fee income from Middle East operations in Euros are exposed to currency risks when reporting currency in US Dollars

To minimize foreign currency risks, in its Euro contracts the Company controls the balance of currency positions: payments in Euros are settled with Euro revenues.

(iii) Commodity price risk

Commodity price risk is a risk arising from possible shortage of raw materials or changes in price of raw materials and metal products, and their impact on the Company's future performance and the Company's operational results.

For the six months ended June 30, 2023 and 2022 the Company had no production activities.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE P - RISKS AND UNCERTAINTIES (continued)

#### 7. Other identified risks (continued)

##### b) Credit risk

Credit risk is the risk when counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management.

The Company structures the levels of credit risk it undertakes by assessing the degree of risk for each counterparty or groups of parties. Such risks are monitored on a revolving basis and are subject to a quarterly, or more frequent, review.

The Company's management reviews ageing analysis of outstanding trade receivables and follows up on past due balances.

##### c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to daily calls on its available cash resources.

The Company monitors its risk to a short age of funds using a regular cash flow forecast. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts. To provide for sufficient cash balances required for settlement of its obligations in time the Company uses cash flow forecasting instruments.

### NOTE Q - RELATED PARTY TRANSACTIONS

Related parties relationships are determined with reference to ASC No. 850, Related Party Disclosures. Balances as of June 30, 2023 and December 31, 2022 with related parties of the Company consist of the following:

#### a) Sales to and purchases from related parties

##### (i) *Income*

There was no Income from related parties for the six months ended June 30, 2023 and 2022.

We do not provide any assurance on these financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE Q - RELATED PARTY TRANSACTIONS (continueud)**

a) Sales to and purchases from related parties (continued)

(ii) *Advances*

Advances given to related parties were \$882,780 and \$797,816 as of June 30, 2023 and December 31, 2022, respectfully.

Advances received from related parties were \$1,680,934 and \$1,680,934 as of June 30, 2023 and December 31, 2022, respectively.

b) Financial transactions

Loans, provided to certain subsidiaries of the Company by the stockholder and accounted for under non-current assets, amounted to \$1,301,163 as of June 30, 2023 and December 31, 2022, respectively.

**NOTE R - DEVELOPMENT OF GIFA TOKEN (GIFX) PROJECT**

Mr. Kisa has been financing, and developing the GIFA Token Project (GIFX), a virtual currency Token, since September 2020 from his own personal funds and as such has owned, and always remained 100% owner of the GIFA Token Project, including the GIFA Exchange Platform and GIFA Token.

The GIFA Exchange Platform and GIFA Token were intended to be assigned by Mr. Kisa to be formed special purpose companies, which was intended to be acquired by GIFA Holding Ltd. However, as of June 1, 2022, and due to the downturn and crisis in the crypto, digital coin and the token market, Mr. Kisa decided to terminate all plans to transfer ownership or control of the GIFA Token and GIFA Exchange Platform to either the Company or GIFA Holding Ltd. Neither the Company nor GIFA Holding Ltd. Have had any ownership rights in the GIFA Exchange Platform or GIFE Token. It was previously intended for the special purpose company to be acquired by, and become a subsidiary of GIFA Holding Ltd after formation. The Company intended to use GIFA Token in financing and crowdfunding real estate projects.

Accordingly, there will no longer be any direct or indirect relationship or any business connection between GIFA Token, GIFA Exchange Platform and GIFA Holding Ltd. and the Company. As a result, neither the Company nor GIFA Holding will have direct or indirect involvement in creating, distributing, selling and circulating the GIFA Token through an initial coin offering (ICO) process.

Accordingly, since neither GIFA Inc. nor GIFA Holding Ltd. no longer plan any involvement with the GIFA Token or GIFA Exchange Platform, neither can opine at this time regarding whether the GIFA Token would be considered a security under applicable U.S. law as this is now irrelevant consideration.

We do not provide any assurance on these financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE S - EVENTS OF NOTE**

On July 9, 2021, Gifa Holding Director Yusuf Kisa was arrested by TRNC Police within the scope of the investigation launched under the Law on the Prevention of Credit Cards and Banking Law, Fraudulent Money Supply, Financial Leasing Factoring and Financing Companies and the Prevention of Usury. As a result, Mr. Kisa was requested to attend a court hearing on July 12, 2021 and was ordered to be released upon provision of surety bond.

The court order was for the correction of the matters stated in the letter of the Central Bank of Northern Cyprus dated May 27, 2021 and numbered MBA.00-754/02-21/E.101, where the activities of companies Gifa Holding Ltd and Grandex Finance constitute a violation of the laws numbered 43/2020 and 62/2017. A court order has been given to make all the applications required for this purpose within 45 days at the latest, and to suspend only the activities stated to be inconsistent until the corrections are completed, otherwise the activities of the two companies in question will be temporarily suspended until all the necessary corrections are completed. It is our understanding that the Company will conform to the changes requested and therefore, there will not be any suspension of its activities.

The Court had ordered the name of Grandex Finance Ltd. to be changed so that the change conforms to the above mentioned laws. Accordingly, the Company held a special resolution dated July 29, 2021 for the name to be changed to Grandex Consulting Ltd. and an application was made to the Companies' Registrar. This has now been completed and the name change and relevant constitutional changes have been approved.

Furthermore, as a result of changes to Turkish Republic of Northern Cyprus legislation, under the 'Law on the Prevention of Credit Cards and Banking Law' and the 'Fraudulent Money Supply, Financial Leasing Factoring and Financing Companies and the Prevention of Usury', the Company has taken the decision to relocate its financial services (offering equity and debt products to businesses, including convertible debentures, mezzanine, subordinated, and securitized debt, as well as term loans, allowing large businesses from different continents to borrow and raise capital, financing acquisitions, business expansions, financing of supply and demand chain activities and much more) and the associated subsidiaries to the United Kingdom.

As of December 31, 2022, the case against Mr. Kisa has been dismissed.

Following this legislative changes and the COVID-19 pandemic, the Company has decided to diversify its' business activities and as such has applied for and waiting approval for license to enter into the pharmaceutical manufacturing sector to establish itself as a regional pharma business providing 'Third Party/Contract Manufacturing', 'Loan License Manufacturing' and 'Pharmaceuticals products', Pharmaceutical Raw material manufacturing and more.

We do not provide any assurance on these financial statements.

**Gifa, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE S - EVENTS OF NOTE (continued)**

As part of the Company diversifying its business activities, particular focus is being given to consolidating and developing the Company's position in areas such as the pharmaceutical sector, the 3rd Age Tourism (Retirement Sectors) sector as well as acquisition of existing or developing sites for petrol stations, focusing on offering innovation and incubation opportunities for young graduates and entrepreneurs.

The Company set aside \$750,000 USD to finance the process of pursuing a listing on Nasdaq, including paying for the necessary fee structure. This amount has been recorded as Designated use cash on the accompanying balance sheet as of June 30, 2023 and December 31, 2022.

**NOTE T - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date of the financial statements, the date that the consolidated financial statements were available to be issued and has determined that no material transactions have occurred that would warrant disclosure in the consolidated financial statements.

We do not provide any assurance on these financial statements.