

Best Deal Properties Holding p.l.c.
Unaudited Consolidated Financial Statements
for the period ended 30 June 2019

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Interim directors' report pursuant to Listing Rule 5.75.2 and Prospectus Rule 4.11.12

The condensed interim report is published in terms of Chapter 5 of the Listing Rules listed by the Listing Authority, Chapter 4 of the Prospectus Rules of the Malta Stock Exchange and the Prevention of Financial Markets Abuse Act, 2005. The interim condensed financial statements included in this report has been extracted from Best Deal Properties Holding p.l.c.'s unaudited consolidated financial information as at 30 June 2019 and has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. In accordance with the terms of Listing Rule 5.75.5 and Prospectus Rule 4.11.12, this interim report has not been audited or reviewed by the Company's independent auditors.

Principal Activity

The Group is mainly engaged in property development. Best Deal Properties Holding p.l.c. has been incorporated on 23 October 2018 and is the parent company of the entities listed in Note 3.

Business Review

The Profit on the Group's activities for the period amounted to € 193,743. During the period under review the Company issued a secured bond of €16 million to raise sufficient capital to purchase property and land for development. The proceeds from the bond were used in December to purchase land in Pembroke, Mellieha and Zabbar. During the period under review the Group had another three developments in progress, two in Marsascala and another project in Mqabba. One of the projects in Marsascala was finalized at the end of 2018 with a few remaining units sold during the period January to June 2019 and the last two units being sold in the third quarter of 2019. The second project in Marsascala is estimated to be finalized and sold during the last quarter of 2019 while the development in Mqabba is in its initial stages.

Dividends and Reserves

The directors do not recommend the payment of a dividend.

Post Balance Sheet Events

On 22 August 2019, 2,500,000 existing ordinary shares and 625,000 new ordinary shares having a nominal value of €0.10 each were admitted to Prospectus MTF.

Future Developments

The directors intend to continue to operate in line with their current business plan.

Directors

The following have served as directors of the Group during the period under review :

| | |
|--------------------|-------------------------------|
| Christopher Attard | Appointed on 23 October 2018 |
| Pierre Bartolo | Appointed on 23 October 2018 |
| James Bullock | Appointed on 13 November 2018 |
| John Buttigieg | Appointed on 23 October 2018 |
| Mario P Galea | Appointed on 13 November 2018 |
| Marlene Seychell | Appointed on 13 November 2018 |
| Erskine Vella | Appointed on 23 October 2018 |

Directors' statement pursuant to Listing Rule 5.75.3 and Prospectus Rule 4.11.12

We hereby confirm that to the best of our knowledge:

1. The consolidated condensed financial statements attached herewith, which have been prepared in accordance with IAS 34 Interim Financial Reporting, give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in this consolidation taken as a whole, as at 30 June 2019.

2. The Directors' report includes a fair review of the information required in terms of Listing Rule 5.81 and 5.84 and Prospectus Rule 4.11.12.

These consolidated condensed financial statements have not been audited or reviewed by the Group's auditors.

This statement was approved by the Board of Directors on 23 August 2019 and signed on its behalf by:



John Buttigieg
Director



Christopher Attard
Director

Registered office:
No. 63, J.L.Building, Office 5
Luqa Road
Paola PLA9045

Consolidated Condensed Statement of Comprehensive Income
for the period ended 30 June 2019

| | Notes | 23 Oct - 30 Jun (Unaudited) € |
|--|-------|-------------------------------------|
| Revenue | | 688,659 |
| Cost of sales | | (601,431) |
| Gross profit | | <u>87,228</u> |
| Administrative expenses | | (369,575) |
| Operating loss | | <u>(282,347)</u> |
| Finance costs | | (25) |
| Gain on Bargain Purchase | 3 | 520,140 |
| Profit before taxation | | <u>237,768</u> |
| Income tax expense | | (44,025) |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | <u><u>193,743</u></u> |

The notes on pages 7 to 11 form an integral part of these financial statements.

**Consolidated Condensed Statement of Financial Position
as at 30 June 2019**

| | Notes | 23 Oct - 30 Jun (Unaudited) € |
|-------------------------------------|--------------|--|
| ASSETS | | |
| Non-Current Assets | | 45,207 |
| Current Assets | | |
| Inventories | 4 | 22,238,721 |
| Trade and other receivables | | 345,015 |
| Cash and cash equivalents | | 1,480,216 |
| | | 24,063,952 |
| Total Assets | | 24,109,159 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | | 250,000 |
| Shareholders' loans | | 2,324,750 |
| Retained earnings | | 193,743 |
| Total equity | | 2,768,493 |
| Liabilities | | |
| Non-Current Liabilities | 5 | 16,738,549 |
| Current Liabilities | | |
| Borrowings | 5 | 2,673,805 |
| Trade and other payables | | 1,928,312 |
| Total Current Liabilities | | 4,602,117 |
| Total Liabilities | | 21,340,666 |
| Total equity and liabilities | | 24,109,159 |

The consolidated condensed financial statements found on pages 3 to 11 were authorised for issue by the Board of Directors on 23 August 2019 and signed on its behalf by:



John Buttigieg
Director



Christopher Attard
Director

The notes on pages 7 to 11 form an integral part of these financial statements.

**Consolidated Condensed Statement of Changes in Equity
for the period ended 30 June 2019**

| | Share Capital | Retained Earnings | Shareholders' Loans | Total |
|---------------------------------|------------------|----------------------|------------------------|------------------|
| | € | € | € | € |
| At 23 October 2018 | - | - | - | - |
| Comprehensive Income | | | | |
| Profit for the period | - | 193,743 | - | 193,743 |
| Other movements | | | | - |
| Issue of shares | 250,000 | - | - | 250,000 |
| Increase in Shareholders' Loans | - | - | 2,324,750 | 2,324,750 |
| At 30 June 2019 | <u>250,000</u> | <u>193,743</u> | <u>2,324,750</u> | <u>2,768,493</u> |

The notes on pages 7 to 11 form an integral part of these financial statements.

**Consolidated Condensed Statement of Cash Flows
for the period ended 30 June 2019**

| | 30 June '19 (Unaudited) € |
|--|--|
| Net cash flows used in operating activities | (20,387,258) |
| Net cash flows generated from investing activities | 204,174 |
| Net cash flows generated from financing activities | 21,663,300 |
| Net Increase in cash & cash equivalents in the period | <u>1,480,216</u> |
| Cash and equivalents at beginning of period | - |
| Cash and equivalents at end of period | <u><u>1,480,216</u></u> |

The notes on pages 7 to 11 form an integral part of these financial statements.

1. General Information

Best Deal Properties Holding p.l.c. is a public limited liability company incorporated and domiciled in Malta. The registered office of the Company is 63, J.L. Buildings, Office 5, Luqa Road, Paola PLA 9045. The Company's presentation as well as functional currency are denominated in €.

2. Basis of Consolidation

These consolidated condensed financial statements have been prepared under the historical cost convention and in accordance with IAS 34, 'Interim Financial Reporting'.

This consolidated condensed financial information has been extracted from the unaudited accounts of the Group formed part of the entities listed in Note 3. These financial statements have not been audited nor reviewed by the Group's independent auditors and are the first set of financial information available in view of the business combination taking place on the 13 November 2018. The consolidated condensed financial information does not include all the notes of the type normally included in the annual financial statements. Accordingly, this report should be read in conjunction with the annual financial statements of the entities of which the Group forms part, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. Information on such entities of which the Group forms part can be found in Note 3.

The accounting policies applied in the preparation of these consolidated condensed financial statements are consistent with those applied in the unaudited interim financial statements, for the period 30 June 2019, of the entities to which this consolidation forms part and as set out below.

New or revised standards adopted in the current period

On 24 July 2014, the IASB issued IFRS 9 Financial Instruments. The finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement has become mandatory for annual periods beginning on or after 1 January 2018. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

- Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.

- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

New or revised standards adopted in the current period (Cont.)

On 28 May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows: Identify the contract with the customer; Identify the performance obligations in the contract; Determine the transaction price; Allocate the transaction price to the performance obligations in the contracts; & Recognise revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

New or revised Interpretations adopted:

On 8 December 2016, the IASB issued IFRIC 22 Foreign Currency Transactions and Advance Consideration. The interpretation addresses foreign currency transactions or parts of transactions where: (1) There is consideration that is denominated or priced in a foreign currency; (2) The entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and (3) the prepayment asset or deferred income liability is non-monetary. The Interpretation states, that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. The interpretation also states that if there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

New or revised Amendments adopted:

- Clarifications to IFRS 15 'Revenue from Contracts with Customers'. Amends IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.
- Annual Improvements to IFRS Standards 2014-2016 Cycle. Makes amendments to the following standards: (1) IFRS 1 - Deletes the short-term exemptions in paragraphs E3-E7 of IFRS 1, because they have now served their intended purpose. (2) IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

New and revised IFRSs adopted by the EU that are not mandatorily effective for the period ending 30 June 2019 and have not been applied during the period under review:

Below is a list of new or revised standards, as well as interpretations and amendments to IFRSs adopted by the EU, that are not yet mandatorily effective (but allow early application) for the period ending 30 June 2019:

- IFRS 16 Leases - IFRS 16 was issued on 13 January 2016 to specify how an IFRS reporter will recognise, measure, present and disclose leases. The standard becomes applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2019.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9) - Issued 12 October 2017. Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The amendment becomes applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2019.

Standards and Interpretations issued by the IASB but not yet adopted by the EU:

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the IASB except for the following standards and amendments to the existing standards, which were not endorsed for use in the EU as at 30 June 2019 and cannot be applied by the entities preparing their financial statements in accordance with IFRS as adopted by the EU:

- IFRS 17 Insurance Contracts (issued 18 May 2017)
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures (issued 12 October 2017)
- Annual Improvements to IFRS Standards 2015-2017 Cycle (issued 12 December 2017)
- Amendments to References to the Conceptual Framework in IFRS Standards (issued 29 March 2018)
- Amendment to IFRS 3 Definition of a Business (issued 22 October 2018)
- Amendments to IAS 1 and IAS 8 Definition of Material (issued 31 October 2018)

The Directors are assessing the impact that the adoption of these International Financial Reporting Standards will have on the financial statements in the period of initial application. The Directors anticipate that the adoption of other International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective will have no material impact on the financial statements in the period of initial application.

3. Interests in subsidiaries

An investor determines whether it is a parent by assessing whether it controls one or more investees. An investor considers all relevant facts and circumstances when assessing whether it controls an investee. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

An investor controls an investee if, and only if, the investor has all of the following elements: power over the investee, i.e. the investor has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns) exposure, or rights, to variable returns from its involvement with the investee the ability to use its power over the investee to affect the amount of the investor's returns.

The parent company Best Deal Properties Holding p.l.c. included in this consolidation holds 100% of the share capital of the following companies:

| Subsidiary undertaking | Registered or principal office | Date of Incorporation |
|-------------------------------------|---------------------------------------|------------------------------|
| Elite Developments Ltd (C74282) | 63, J.L.Building, Luqa Road, Paola | 9 February 2016 |
| PJCE Properties Ltd (C85050) | 63, J.L.Building, Luqa Road, Paola | 22 February 2018 |
| Best Deal Developments Ltd (C89191) | 63, J.L.Building, Luqa Road, Paola | 31 October 2018 |

3. Interests in subsidiaries (Cont.)

Elite Developments Ltd was acquired by the Group on 13 November 2018 by exchange of shares. In this respect, a bargain purchase gain of €520,140 was made in view of the net asset value at date of acquisition of the company being more than the purchase consideration. The bargain purchase gain made was included in the statement of comprehensive income, in line with IFRS 3 'Business Combinations'.

PJCE Properties Ltd was acquired by the Group on 13 November 2018 by exchange of shares. In this regard, goodwill of €43,367 was recognised and recorded as an intangible asset in the statement of financial position, in view of the net asset value at date of acquisition of the company being less than the purchase consideration.

Best Deal Developments Ltd was incorporated by the parent company on 31 October 2018. This subsidiary acts as guarantor of Best Deal Properties Holding p.l.c. and shall be undertaking further property development for the group.

4. Inventories

| | 2019 |
|------------------------------|-------------|
| | € |
| Properties under development | 22,238,721 |

5. Borrowings

| | | 2019 |
|---------------------------------------|-------------|-------------------|
| | | € |
| Non-current | | |
| 160,000 4.25% Secured Bonds 2024 | <i>Note</i> | 15,638,549 |
| Bank borrowings | <i>Note</i> | 1,100,000 |
| | | <u>16,738,549</u> |
| Current | | |
| Amounts owed to other related parties | <i>Note</i> | 73,804 |
| Bank borrowings | <i>Note</i> | 2,600,001 |
| | | <u>2,673,805</u> |

Bank borrowings

The current portion of bank loan is made up of amounts secured by a charge over the fixed assets of Elite Developments Limited and guarantees by the ultimate beneficial owners of the group. It bears interest at 4.75% per annum and is repayable upon the sale of developed property in 2019.

The non-current portion of bank loan is made up of amounts secured by a charge over the fixed assets of PJCE Developments Limited and guarantees by the ultimate beneficial owners of the group. It bears interest at 5% per annum and is repayable by March 2021.

5. Borrowings (Cont.)*Amounts owed to other related parties*

Amounts are unsecured, interest-free and repayable upon demand.

Bonds issued

Best Deal Properties Holding p.l.c. issued 160,000 bonds with a face value of €100 each, for an aggregate amount of €16 million. The bonds have an interest of 4.25% per annum, payable annually in arrears on 12 December. The nominal value of the secured bonds is repayable in full upon maturity on 12 December 2024. The bonds are guaranteed by Best Deal Developments Ltd, which has bound itself jointly and severally liable for the payment of the bonds and interest thereon. The bonds are measured at the amount of the bond issue of €16 million net of the bond issue costs which are being amortised over the lifetime of the bonds, as follows:

| | 30 June '19 |
|---|--------------------|
| | € |
| Original face value of bonds issued | 16,000,000 |
| | <hr/> |
| Bond issue costs | (400,376) |
| Accumulated amortisation | 38,925 |
| | <hr/> |
| Closing net book amount of bond issue costs | (361,451) |
| | <hr/> |
| Amortised cost and closing carrying amount of the bonds | <u>15,638,549</u> |