Registration Number C 88974

Best Deal Properties Holding p.l.c.
Report and Consolidated Financial Statements
for the year ended 31 December 2022

Contents

Directors' Report
for the year ended 31 December 2022

The directors present their report and the audited financial statements of Best Deal Properties Holding p.l.c ("the Company") and the audited consolidated financial statements of the Company and its subsidiaries (together, "the Group") for the year ended 31 December 2022.

Principal Activity

The Company's principal activity is to act as a holding company and to raise finance and advance such financing to its subsidiaries.

The Group is engaged in property development of residential units and sale of such units.

Business Review

The Company:

During November 2022, the Company issued €15,000,000 4.75% Secured Bonds 2025 - 2027 which were subscribed in full and admitted to listing. The Company advanced such financing to Best Deal Estates Limited which entered into the respective notarial deeds of sale and acquisition pertaining to land in Siggiewi.

The Company's profit after taxation for the year amounted to €393,215 (2021: €434,047). The Company's income consisted of loan interest received from Best Deal Developments Limited and Best Deal Estates Limited as well as interim dividends received from PJCE Properties Limited which were sufficient to cover the administration expenses and bond interest.

As at 31 December 2022, the Company's total assets amounted to €27,023,150 (2021: €19,610,070) and net assets amounted to €4,545,852 (2021: €4,402,637). Net current assets amounted to €890,255 (2021: Net current liabilities of €348,528). The non-current assets of the Company include an amount of €20,185,477 (2021: €15,135,118) as financial asset which comprises of the loans provided to the subsidiary companies Best Deal Developments Limited and Best Deal Estates Limited. Non-current assets also include an amount of €5,040,503 (2021: €3,365,446) in a sinking fund reserve held by the trustee. The Company holds investments in its subsidiaries of €641,200 (2021: €640,000). The current assets of the Company mainly consist of amounts due from subsidiaries of €972,989 (2021: €322,989) as well as prepayments of €35,050 (2021: €25,290). Current liabilities amounted to €155,519 (2021: €711,661). The company's non-current liabilities are the Secured Bonds amounting to €21,121,779 (2021: €13,295,772) and shareholder's loan of €1,200,000 (2021: €1,200,000).

The Group:

During the year under review, the Group generated income from the sales of five developments, three of which were 100% completed i.e the development in Marsascala, Mqabba and Pembroke whilst the remaining two being Zabbar and Mellieha were still in progress. As at the end of the financial year, the construction of Mellieha was 100% completed and finishings were underway being 60% completed by end of year. The development in Zabbar was also 100% completed in shell form and finishes were 95% completed at year end. The Group has been selling apartments and garages from Zabbar in shell form since 2020 and continued in the current year. The Group also continued to sell apartments and garages from the Mqabba and Pembroke developments and sold the final unit from the Marsascala development. The sales of units in shell form from the Mellieha project started in 2022.

Towards the end of 2022, following the new bond issue, the Group has also purchased portions of land in Siggiewi which now forms part of the property portfolio of the Group and will be developed into residential units for resale.

The profit on the Group's activities for the year after taxation amounted to €2,538,360 (2021: Profit of €2,764,516). The profit was mainly generated from the subsidiary Best Deal Developments Limited through the sales of units from Zabbar, Pembroke and Mellieha developments.

As at 31 December 2022, the Group's total assets amounted to €34,481,709 (2021: €24,561,293) and net assets amounted to €9,180,760 (2021: €6,892,400). Net current assets amounted to €26,188,669 (2021: €17,870,290). The main current assets of the Group consist of the properties held for development and resale with a value of €26,388,762 (2021: €19,625,795) and cash and cash equivalents of €1,254,223 (2021: €246,662). The main current liabilities consisted of deposits from clients on promise of sales agreements amounting to €407,343 (2021: €940,324) as well as accruals and payables to contractors of €2,542,060 (2021: €1,564,157). Non-current liabilities totalled €22,321,779 (2021: €14,495,772) made up of the Secured Bonds amounting to €21,121,779 (2021: €13,295,772) and €1,200,000 (2021: €1,200,000) shareholder's loan.

Dividends

The directors have paid an interim dividend amounting to €250,000 and they do not recommend payment of a final dividend.

Principal risks and uncertainties

The Group is subject to the general market and economic risks that may have a significant impact on the development projects, their timely completion and budgetary constraints. These include factors such as the state of the local property market, inflation and fluctuations in interest rates, property prices and other economic and social factors affecting demand for real estate in general.

Financial risk management

The Group is exposed to credit, interest and liquidity risk. An explanation of these risks and how the Group manages these risks is found in Note 26 to these financial statements.

Future developments

The subsidiary Elite Developments Limited, has sold its final unit during 2022 and the directors intend to merge this company within the group by end of 2023.

Company secretary

The following has served as company secretary of the company during the year under review :
Dr. Stephanie Manduca

Directors

The following have served as directors of the company during the year under review :

Christopher Attard
Pierre Bartolo
James Bullock
Mario P Galea
Marlene Seychell

Erskine Vella
David Basile
Robert Buttigieg

Statement of Directors' Responsibilities

The Companies Act (Cap. 386), enacted in Malta, requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company and of the Group as at year end and of their profit or loss for the year then ended. In preparing these the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in the business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items;
- report comparative figures corresponding to those of the preceding accounting period; and
- prepare the financial statements in accordance with generally accepted accounting principles as defined in the Companies Act (Cap. 386) and in accordance with the provision of the same Act.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Companies Act, (Cap. 386). This responsibility includes designing, implementing and maintaining such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going Concern Statement pursuant to Capital Markets Rule 5.62

On the basis of the group's experience to date, and on the basis of its detailed projections for the coming 12 months and beyond, the board considers that there are no factors which may cast doubt about the ability of the Group to continue operating as a going concern and accordingly continues to adopt the going concern basis in preparing the Company's and the Group's financial statements.

Shareholder register information pursuant to Capital Markets Rule 5.64

<u>Structure of Capital</u>
The Company has an authorised share capital of 3,500,000 Ordinary Shares of ten Euro cents (€0.10) each and issued and fully paid up share capital of 3,125,000 Ordinary Shares with a nominal value of ten Euro cents (€0.10) each. The Company has five shareholders each holding 20% of the share capital namely:

Christopher Attard
Erskine Vella
Pierre Bartolo
RCJ Investments Limited
C Developments Limited

All Ordinary Shares are entitled to attend and vote at General meetings, whereupon each Ordinary Share shall be entitled to one vote. The Ordinary Shares in the Company shall rank pari passu for all intents and purposes at law. There are currently no different classes of Ordinary Shares in the Company and accordingly all Ordinary Shares have the same rights, voting rights and entitlements in connection with any distribution whether of dividends or capital. There are no restrictions in the transfer of shares.

Subject to the Maltese Companies Act (Cap. 386), the Company may purchase its own equity securities.

<u>Appointment and removal of Directors</u>
Every shareholder owning a minimum of 15% of the ordinary shares of the Company shall be entitled to appoint one director for each and every 15% of the ordinary share capital owned by such shareholder and such shareholder may remove, withdraw or replace such directors at any time provided such shareholders still owns a minimum of 15% of the ordinary issued share capital of the company. Shareholders may appoint up to three directors and may remove such directors appointed by means of an Ordinary Resolution. An election of directors shall take place every year and all directors, except managing directors, shall retire from office every three years, but shall be eligible for re-election. The company may by way of Ordinary Resolution, of which special notice has been given, remove any Director before the expiration of his period of office.

<u>Remuneration of Directors</u>
The directors received €152,122 (2021: €353,140) in aggregate for services rendered during the year 31 December 2022. It is the shareholders of the Company in General Meeting who shall determine the maximum annual aggregate remuneration of the directors. The directors are all employed by the company and have a service contract.

<u>Powers of Directors</u>

The powers and duties of the directors are outlined in the Company's Articles of Association.

Contracts with Board Members and Employees

The Company has no contract with any of its directors that includes a severance payment clause.

Mr. Robert Buttigieg is engaged by the Company as a compliance officer.

General Meetings

The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All general meetings other than annual general meetings shall be called extraordinary general meetings. The Directors may convene an extraordinary general meeting whenever they think fit. If at any time there are not sufficient Directors capable of acting to form a quorum for a meeting of the Directors, any two members of the company may convene an Extraordinary General Meeting in the same manner, as nearly possible, as that in which meetings may be convened by the directors. All shareholders shall be entitled to receive notice of, participate in and vote at general meetings provided that such shareholders are registered on the day falling thirty days immediately preceding the date set for the general meeting.

A General Meeting of the Company shall be called by not less than 21 days notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it was given and shall specify the place, the day and the hour of the meeting, and in case of special business, the general nature of that business, and shall be accompanied by a statement regarding the effect and scope of any proposed resolution in respect of such special business.

No disclosures are being made pursuant to Capital Markets Rules 5.64.4, 5.64.5, 5.64.6. 5.64.7 and 5.64.10 since these are not applicable.

Auditors

RSM Malta, have intimated their willingness to continue in office. A proposal to reappoint them as auditors of the Company and of the Group will be proposed at the Annual General Meeting.

Statement by Directors on the Financial Statements and Other Information included in the report

In pursuant to Capital Markets Rule 5.68 and Prospects MTF Rules, the directors declare that to the best of their knowledge:

- the financial statements give a true and fair view of the financial position and financial performance of the Company and of the Group and have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the Companies Act (Cap. 386); and

- this report includes a fair review of the development and performance of the business and positions of the Company and of the Group, together with a description of the principal risks and uncertainties that they face.

Signed on behalf of the Board of Directors on 17 April 2023 by Christopher Attard (Director) and Pierre Bartolo (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

Statement of Compliance with the Principles of Good Corporate Governance

Best Deal Properties Holding p.l.c. ("the Company") is hereby presenting its statement of compliance with the Code of Principles of Good Corporate Governance (the "Code") for the year ended 31 December 2022. This statement is in line with the requirements as set out by the Malta Financial Services Authority Capital Markets Rule 5.97 and also in line with Prospects MTF Rules.

The Board of Directors of the Company acknowledges that although the Code does not dictate or prescribe mandatory rules, compliance with the principles of good corporate governance recommended is in the best interests of the Company, its shareholders and other stakeholders. The Board considers compliance with the Code to be an integral part of operations so as to ensure transparency and responsible corporate governance which will in turn yield a positive reputation for the Company. Effective measures have been taken to ensure compliance to these principles and for the implementation of the Code as detailed hereunder.

Principle One - The Board

The directors report that for the financial period under review, the directors have provided the necessary leadership in the overall direction of the Company and have performed their responsibilities for the efficient and smooth running of the Company with honesty, competence and integrity. The Board is composed of members who are competent and proper to direct the business of the Company with honesty, competence and integrity. All the members of the Board are fully aware of, and conversant with, the statutory and regulatory requirements connected to the business of the Company. The Board is accountable for its performance and that of its delegates to shareholders and other relevant stakeholders.

The Company has a structure that ensures a mix of executive and non-executive directors and that enables the Board to have direct information about the Company's performance and business activities. All directors have access to independent professional advice, at the expense of the Company, should they so require.

Principle Two - Chairman and Chief Executive Officer

The Company does not have a Chief Executive Officer. The board of directors is responsible for the management of the Company.

The Chairman exercises independent judgement and is responsible to lead the Board and set its agenda, whilst also ensuring that the directors receive precise, timely and objective information so that they can take sound decisions and effectively monitor the performance of the Company. The Chairman is also responsible for ensuring effective communication with the shareholders and encouraging active engagement by all members of the Board for discussion of complex or contentious issues.

Principle Three - Composition of the Board

The Board is composed of executive and non-executive directors who have the knowledge and experience in the property development sector finance and governance to be able to oversee operations, take strategic decisions and engage in key projects for the Company and the Group as a whole.

The Articles of Association of the Company clearly set out the procedures to be followed in the appointment of directors. The Board of the Company who served during the period under review was as follows:

Directors	
Christopher Attard	Executive Director
Pierre Bartolo	Executive Director
David Basile	Executive Director
James Bullock	Non-Executive Director
Mario P Galea	Non-Executive Director
Marlene Seychell	Non-Executive Director
Erskine Vella	Executive Director
Robert Buttigieg	Executive Director

Company Secretary
Dr Stephanie Manduca

Principle Four - Responsibilities of the Board

The Board acknowledges its statutory mandate to conduct the administration and management of the Company. The Board, in fulfilling this mandate and discharging its duty of stewardship of the Company, assumes responsibility for the Company's strategy and decisions with respect to the issue, servicing and redemption of its bonds in issue, and for monitoring that its operations are in conformity with its commitments towards bondholders, shareholders, and all relevant laws and regulations.

The Board is also responsible for ensuring that the Company establishes and operates effective internal control and management information systems and that it communicates effectively with the market.

The Board is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. The Directors are aware that internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against normal business risks.

During the financial year under review the Company operated a system of internal controls which provided reasonable assurance of effective and efficient operations covering all controls, including financial and operational controls and compliance with laws and regulations. Processes are in place for identifying, evaluating and managing the significant risks facing the Company.

<u>Risk Identification</u>

The Board, with the assistance of the management team, is responsible for the identification and evaluation of key risks applicable to the areas of business in which the Group is involved. These risks are assessed on a continual basis.

<u>Information and communication</u>

Periodic strategic reviews which include consideration of long-term financial projections and the evaluation of business alternatives are regularly convened by the Board. An annual budget is prepared and performance against this plan is actively monitored and reported to the Board.

Principle Five - Board meetings

The directors meet regularly to dispatch the business of the Board. The Directors are notified of forthcoming meetings by the Company Secretary with the issue of an agenda and supporting board papers, which are circulated in advance of the meeting. Minutes are prepared during Board meetings recording faithfully attendance, and resolutions taken at the meeting. These minutes are subsequently circulated to all directors as soon as practicable after the meeting. The Chairman ensures that all relevant issues are on the agenda supported by all available information, whilst encouraging the presentation of views pertinent to the subject matter and giving all directors every opportunity to contribute to relevant issues on the agenda. The agenda on the Board seeks to achieve a balance between long-term strategic and short-term performance issues.

The Board met 8 times during the period under review. The number of board meetings attended by the directors during the year under review is as follows:

Members	Attended
Christopher Attard	8
Pierre Bartolo	8
David Basile	8
James Bullock	8
Robert Buttigieg	8
Mario P Galea	8
Marlene Seychell	8
Erskine Vella	7

Principle Six - Information and Professional Development

Each director is made aware of the Company's on-going obligations in terms of the Companies Act, Capital Markets Rules and the Prospects MTF Rules. The Company ensures that it provides directors with relevant information to enable them to effectively contribute to board decisions.

Principle Seven - Evaluation of the Board's performance

The Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of, the Board itself, the Company's shareholders, the market and the Capital Markets Rules by which the Issuer is regulated as a listed company in relation to the Secured Bonds, and the Prospects MTF Rules by which the Issuer is regulated as a company admitted on Prospects MTF in relation to the admission of the Ordinary Shares.

Principle Eight - Committees

In view of the size and type of operation of the Company, the Board does not consider the Company to require the setting up of a remuneration committee, and the Board itself carries out the functions of the remuneration committee. The Board has established a fixed remuneration for directors which is not performance related and this has been approved by the shareholders. The Board confirms that there has been a change in the Company's remuneration policy during the period under review and the Company does not intend to effect any changes in its remuneration policy for the following financial year.

In view of the size and type of operation of the Company, the Board does not consider the Company to require the setting up of a nomination committee.

Audit Committee

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The Company has an audit committee whose primary objective is to assist the Board of the Company in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The Audit Committee oversees the conduct of the external audit and acts to facilitate communication between the Board, management and the external auditors. The internal and external auditors are invited to attend the Audit Committee meetings. The Audit Committee reports directly to the Board of Directors.

The Audit Committee will always be composed of not fewer than three members, all of whom shall be non-executive directors of the Company. The quorum for the transaction of business at a meeting of the Audit Committee will be the majority of members appointed at the Committee, present in person. The Committee shall be chaired by an independent, non-executive director and the Chairperson of the Board shall not be the Chairperson of the Audit Committee.

In the case of an equality of votes during a meeting of the Board of Directors or Audit Committee, the Chairperson thereof shall have a casting vote. However, where the Chairperson is him/herself conflicted, the consideration of the relevant matter (in respect of which an interest has been declared) shall be chaired by another independent non-executive director or member (as the case may be), who shall also have a casting vote.

The terms of reference of the Audit Committee include, inter alia, its support to the Board of the Company in its responsibilities in dealing with issues of risk management, control and governance and associated assurance. The Board has set formal terms that establish its composition, role and function, the parameters of its remit as well as the basis for the processes that it is required to comply with. The Audit Committee is a sub-committee of the Board and is directly responsible and accountable to the Board. The Board reserves the right to change these terms of reference from time to time with the prior notification of the Exchange.

Briefly, the Committee is expected to deal with and advise the Board on the following matters on a Group-wide basis:

(a) its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
(b) monitoring the performance of the entity or entities borrowing funds (the subsidiaries) from the Company;
(c) maintaining communications on such matters between the Board, management and the independent auditors;
(d) facilitating the independence of the external audit process and addressing issues arising from the audit process; and
(e) preserving the Group's assets by understanding the risk environment and determining how to deal with those risks.

In addition, the Audit Committee also has the role and function of scrutinising and evaluating any proposed transaction a priori to be entered into by the Company and a related party, to ensure that the execution of any such transaction is at arm's length and on a commercial basis and ultimately in the best interests of the Company. Additionally, the Audit Committee has, pursuant to the relative terms of reference, been granted express powers to review the financial position of the Group and all other entities comprising the Group shall submit to the Audit Committee quarterly accounts, as well as quarterly comparisons of actuals against projections.

The Audit committee oversees the financial reporting of the Company and ensures the process takes place in a timely manner. The Committee is free to question any information that may seem unclear. It has the role and function of scrutinising and evaluating any proposed transaction to be entered into by the Company and a related party, to ensure that the execution of such transaction is at arm's length and on a commercial basis and ultimately in the best interests of the Company.

The Committee is made up entirely of non-executive Directors, all of whom are independent, and who are appointed for a period of three years. Mario P. Galea, an independent Director of the Company, acts as Chairman, whilst James Bullock and Marlene Seychell act as members of the Audit Committee. In compliance with the Prospects MTF Rules, Mario P. Galea is considered to be the member competent in accounting and/ or auditing matters. During the period under review, the Audit Committee has held six meetings. All members were present in all these meetings.

Principle Nine and Ten - Relations with Bondholders and with the Market and Institutional Shareholders

Pursuant to the Company's statutory obligations in terms of the Companies Act (Cap. 386) enacted in Malta, Prospects MTF Rules and the Capital Markets Rules issued by the Malta Financial Services Authority, the Annual Report and Financial Statements, the election of directors and approval of directors' fees, the appointment of the auditors and the authorisation of the directors to set the auditors' fees, and other special business, are proposed and approved at the Company's Annual General Meeting.

The Company is also committed to having an open and communicative relationship with bondholders and shareholders. The Company issues Company Announcements to keep the market informed of Group developments.

Principle Eleven - Conflicts of Interest

Directors should always act in the best interest of the Company and its shareholders and investors. Any actual, potential or perceived conflict of interest must be immediately declared by a Director to the other members of the Board and to the Audit Committee who decide on whether such a conflict exists. The Audit Committee has the task to ensure that any potential conflicts of interest are resolved in the best interests of the Company. Directors are informed and reminded of their obligations on dealing in securities of the Company within the parameters of law, the Capital Markets Rules and Prospects MTF Rules. During the financial year under review, any private interests or duties unrelated to the Company were disclosed by the directors and it has been ensured that these do not place any of them in conflict with any interests in, or duties towards, the Company.

Principle Twelve - Corporate Social Responsibility

The Company remains committed to adhere to sound Principles of Corporate Social Responsibility in its management practices, and is committed to enhance the quality of life of all stakeholders of the Company and the Group. The Company remains committed to being a responsible company and making positive contributions to society and the environment. The Group is committeed to play a leading and effective role in Malta's sustainable development also by ensuring that all developments are equipped with the best energy efficient solutions.

Signed on behalf of the Board of Directors on 17 April 2023 by Christopher Attard (Director) and Pierre Bartolo (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

Statements of Comprehensive Income
for the year ended 31 December 2022

		Group		Company	
		2022	2021	2022	2021
	Notes	€	€	€	€
Revenue	4	14,054,764	20,060,349	-	-
Cost of sales		(9,907,629)	(15,602,889)	-	-
Gross profit		4,147,135	4,457,460	-	-
Administrative expenses		(809,102)	(662,896)	(424,670)	(577,006)
Operating profit		3,338,033	3,794,564	(424,670)	(577,006)
Finance income	6	19,839	30,185	905,352	1,109,408
Finance costs	7	(276,513)	(151,968)	(734,498)	(804,879)
Finance costs - net		(256,674)	(121,783)	170,854	304,529
Investment income	5	-	-	650,000	713,617
Profit before taxation		3,081,359	3,672,781	396,184	441,140
Income tax	9	(542,999)	(908,265)	92,795	(7,093)
PROFIT FOR THE YEAR	8	2,538,360	2,764,516	488,979	434,047

Total comprehensive income attributable	to:				
Equity holders of the Company		2,538,360	2,764,516	488,979	434,047
Earnings per share:					
Basic earnings per share (in cents)	22	0.81	0.88	0.16	0.14

Statements of Financial Position
as at 31 December 2022

		Group		Company	
		2022	2021	2022	2021
	Notes	€	€	€	€
ASSETS					
Non-Current Assets					
Property, plant and equipment	12	507	760	-	-
Intangible Assets	11	47,190	43,367	3,823	-
Financial assets at amortised cost	14	-	-	20,185,477	15,135,118
Investments in subsidiaries	13	-	-	641,200	640,000
Deferred tax asset	9	225,670	108,310	202,137	106,373
Other non-current assets	15	5,040,503	3,365,446	5,040,503	3,365,446
		5,313,870	3,517,883	26,073,140	19,246,937
Current Assets					
Inventories	16	26,388,762	19,625,795	-	-
Trade and other receivables	17	1,523,405	1,147,650	1,008,039	348,279
Current income tax assets	18	1,449	23,303	-	-
Cash and cash equivalents	19	1,254,223	246,662	37,735	14,854
		29,167,839	21,043,410	1,045,774	363,133
Total Assets		34,481,709	24,561,293	27,118,914	19,610,070
EQUITY					
Capital and Reserves					
Share capital	20	312,500	312,500	312,500	312,500
Share premium		937,500	937,500	937,500	937,500
Other equity	21	2,324,750	2,324,750	2,324,750	2,324,750
Retained earnings		5,606,010	3,317,650	1,066,866	827,887
Total Equity		9,180,760	6,892,400	4,641,616	4,402,637
LIABILITIES					
Non-Current Liabilities					
Long-term borrowings	24	22,321,779	14,495,772	22,321,779	14,495,772
Current Liabilities					
Trade and other payables	23	2,958,335	2,513,121	94,684	51,661
Short-term borrowings	24	20,835	660,000	60,835	660,000
		2,979,170	3,173,121	155,519	711,661
Total Liabilities		25,300,949	17,668,893	22,477,298	15,207,433
Total Equity and Liabilities		34,481,709	24,561,293	27,118,914	19,610,070

The financial statements were approved and authorised for issue by the Board of Directors on 17 April 2023. The financial statements were signed on behalf of the Board of Directors by Christopher Attard (Director) and Pierre Bartolo (Director) as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

Statements of Changes in Equity

for the year ended 31 December 2022

	Share Capital	Share Premium	Retained Earnings	Other Equity	Total Equity
GROUP	€	€	€	€	€
At 1 January 2021	312,500	937,500	553,134	2,324,750	4,127,884
Total comprehensive income					
Profit for the year	-	-	2,764,516	-	2,764,516
At 31 December 2021	312,500	937,500	3,317,650	2,324,750	6,892,400
At 1 January 2022	312,500	937,500	3,317,650	2,324,750	6,892,400
Total comprehensive income					
Profit for the year	-	-	2,538,360	-	2,538,360
Other movements					
Dividends (Note 10)	-	-	(250,000)	-	(250,000)
At 31 December 2022	312,500	937,500	5,606,010	2,324,750	9,180,760

	Share Capital	Share Premium	Retained Earnings	Other Equity	Total Equity
COMPANY	€	€	€	€	€
At 1 January 2021	312,500	937,500	393,840	2,324,750	3,968,590
Total comprehensive income					
Profit for the year	-	-	434,047	-	434,047
At 31 December 2021	312,500	937,500	827,887	2,324,750	4,402,637
At 1 January 2022	312,500	937,500	827,887	2,324,750	4,402,637
Total comprehensive income					
Profit for the year	-	-		-	
			488,979		488,979
Other movements					
Dividends (Note 10)	-	-	(250,000)	-	(250,000)
At 31 December 2022	312,500	937,500	1,066,866	2,324,750	4,641,616

Statements of cash flows

for the year ended 31 December 2022

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Cash flow from operating activities				
Profit before taxation	3,081,359	3,672,781	396,184	441,140
Reconciliation to cash generated from operations:				
Depreciation	1,209	253	956	-
Amortisation of bond issue costs	71,287	66,729	71,287	66,729
Income tax payments	(660,359)	(948,492)	(2,969)	(4,515)
Income tax refund	21,854	-	-	-
Interest and dividend income	(19,839)	(30,185)	(669,797)	(743,716)

Interest expense	276,513	151,968	734,498	804,879
Operating profit before working capital changes	2,772,024	2,913,054	530,159	564,517
(Increase) / decrease in inventories	(6,762,967)	6,056,158	-	-
Increase in trade receivables	(299,435)	(742,403)	-	-
Increase in other receivables	(76,320)	(126,662)	(2,334,817)	(1,759,425)
Increase / (decrease) in trade payables	107,870	(154,233)	50,491	(8,422)
Increase / (decrease) in other payables	337,345	(842,374)	(7,467)	16,652
Interest paid	-	-	(457,985)	(652,911)
Interest received	19,839	30,185	19,797	30,099
Cash (used in)/generated from operating activities	(3,901,644)	7,133,725	(2,199,822)	(1,809,490)
Cash flow from investing activities				
Dividends received	-	-	650,000	713,617
Payments on acquisition of group interests	-	-	(1,200)	-
Loans to group companies	-	-	(10,954,761)	(1,079,309)
Payments in sinking fund reserve	(1,675,057)	(2,490,014)	-	-
Purchase of intangible fixed assets	(4,779)	-	(4,779)	-
Repayment of loans by group companies	-	-	5,904,402	4,983,157
Cash (used in)/generated from investing activities	(1,679,836)	(2,490,014)	(4,406,338)	4,617,465
Cash flows from financing activities				
Net proceeds from bond issue	14,653,419	-	14,653,419	-
Increase in short term bank borrowings	-	1,903,438	-	700,000
Increase in short term related party borrowings	20,835	400,000	60,835	-
Dividends paid	(250,000)	-	(250,000)	-
Interest paid	(276,513)	(151,968)	(276,513)	(151,968)
Repayment of short term bank borrowings	(660,000)	(4,731,254)	(660,000)	(1,485,000)
Repayment of short term related party borrowings	-	(462,414)	-	-
Repayment of other short term borrowings	(6,898,700)	(1,792,800)	(6,898,700)	(1,792,800)
Cash generated from/(used in) financing activities	6,589,041	(4,834,998)	6,629,041	2,729,768
Net movement in cash and equivalents in the year	1,007,561	(191,287)	22,881	78,207
Cash and cash equivalents at beginning of year	246,662	437,949	14,854	63,353
Cash and cash equivalents at end of year (Note 19)	1,254,223	246,662	37,735	14,854

Notes to the Financial Statements
for the year ended 31 December 2022

1. General Information

Best Deal Properties Holding p.l.c ("the Company") 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 PLA9045. The Company status is that of a public limited liability company. These financial statements were approved for issue by the Board of Directors on 17 April 2023.

The principal activity of the Company is to act as a holding company and to provide financing to its subsidiaries. The Group is involved in the development of property for sale.

The Company has no individual who owns or controls, through direct or indirect ownership of shares, voting rights or ownership interests more than twenty-five per cent (25%) and no individual ultimately controls the Company via other means. The executive directors through their position of senior managing officials within the Company are considered as the ultimate controlling parties.

These financial statements include the results of the Company and of its subsidiaries (together, "the Group"), for the year ended 31 December 2022.

2. Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the periods presented, unless otherwise stated.

Statement of compliance and basis of measurement

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and comply with the requirements of the Companies Act (Cap. 386), enacted in Malta.

These financial statements have been prepared under the historical cost basis and are presented in Euro (€) which is also the Group's functional currency.

The preparation of financial statements in conformity with the International Financial Reporting Standards as adopted by the EU requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the Statement of Financial Position date and the reported amounts of revenues and expenses during the reporting period. In particular, the directors have assessed the companies acquired and have concluded that in their view these acquisitions qualify under IFRS 3 Business Combinations and are therefore accounted for in terms of that standard. Furthermore, the fair value of assets acquired and liabilities assumed are initially estimated by the directors taking into consideration all available information at the acquisition date. The directors believe that these estimates and assumptions are reasonable.

Basis of consolidation

These consolidated financial statements incorporate the financial performance, cash flows and financial position of the Group. The Group is made up of the entities as listed in note 13. Subsidiaries are companies over which the Group has control either directly or indirectly. Control is defined as the right or exposure to variable returns and the ability to affect those returns through power over an investee. The subsidiaries and the Company are consolidated from the date on which control is transferred.

Intra-group transactions, balances and unrealised gains on transactions between companies within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies of the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of the subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity of the Group.

When the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary and other related component in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss. Any interest retained is measured at fair value when control is lost.

New or revised standards, interpretations and amendments adopted

The Group adopted several new or revised standards, interpretations and amendments issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and endorsed by the EU. The adoption of these new or revised standards, interpretations and amendments did not have a material impact on these financial statements.

<u>Annual Improvements to IFRS Standards 2018–2020</u>

IFRS 9 Financial Instruments - The amendment clarifies that in applying the ‘10 per cent’ test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf. The amendment is applied prospectively.

<u>Amendments to IAS 16 Property, Plant and Equipment – Proceeds before intended use</u>

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

<u>Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract</u>

The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendments to IFRS 3 Reference to the Conceptual Framework

The Group has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

New or revised standards, interpretations and amendments issued but not yet effective

At the end of the reporting period, certain new standards, interpretations or amendments thereto, were in issue and endorsed by the EU, but not yet effective for the current financial period. There have been no instances of early adoption of standards, interpretations or amendments ahead of their effective date. The directors anticipate that the adoption of the new standards, interpretations or amendments thereto, will not have a material impact on the financial statements upon initial application.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments. The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

(a) A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:

- Right-of-use assets and lease liabilities
- Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset

(b) The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The directors of the Group anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

<u>Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</u>

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Group anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of net identifiable assets acquired at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of any cash generating unit include the carrying amount of goodwill relating to that cash generating unit disposed. Goodwill is allocated to cash generating units for the purpose of impairment testing.

Intangible Fixed Assets

<u>Website</u>

Website is valued at cost and is carried at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 4 years.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses to date. Cost includes expenditure directly attributable to the acquisition of the items as well as transfers from equity of any gains/losses on qualifying cashflow hedges of foreign currency purchases of property, plant and equipment. Depreciation is provided on all items of property, plant and equipment, except freehold land and assets under construction, at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant, machinery
and equipment - 20% Straight Line

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. The residual values and useful lives of the assets are reviewed and adjusted as appropriate, at each balance sheet date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Investment in subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

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.

Investment in subsidiaries are initially recognised at cost, being the fair value of the consideration given, including acquisition costs and are subsequently carried at cost less accumulated impairment losses, if any.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less costs to sell and the value in use. Impairment losses are immediately recognised as an expense in the Statement of Comprehensive Income. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology depends on the credit risk of the counterparty whereby for accounts where the credit risk is low and there is no significant increase in credit risk since initial recognition, the Company recognises expected credit losses that are possible within the next 12 months, while expected credit losses expected over the remaining life of the exposure are recognised when there is a significant increase in credit risk since initial recognition.

No provision for expected credit losses was recognised since it was assessed to be immaterial.

Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Other receivables consist of deposits and guarantees paid by the Company in the ordinary course of business which are refundable within one year. The Company measures other receivables at amortised cost.

Inventories and work in progress

Inventories and work in progress represents the properties held for construction and sale. The cost of the work in progress includes the purchase of the land on which the development for sale will be constructed including all related direct purchase costs such as duty and professional fees. Cost also includes the development costs such as demolition, excavation and construction together with all the directly attributable costs to finish the property and bringing it to the condition necessary for it to be sold. The cost of the inventories and work in progress also include the borrowing costs that are directly attributable to the acquisition, construction and finishing of the development for resale.

The developed property held for resale is included in the financial statements at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Taxation

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income. When it relates to items recognised directly to equity, income tax is recognised as part of the other comprehensive income and in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable profits, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Finance costs

Finance costs that are directly attributable to the acquisition, construction and finishing of the development for resale are included as part of the cost of the inventories and work in progress. Other finance costs are recognised as an expense in the period in which they are incurred.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividend distribution to the Company's holders of equity is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured. The Company recognises revenue as follows:

Property related income

Property sales are recognised when the significant risks and rewards of ownership of the property being sold are effectively transferred to the buyer. This is generally considered to occur at the later of the contract of sale and the date when all the Company's obligations relating to the property are completed and the possession of the property can be transferred in the manner stipulated by the contract of sale.

Amounts received in respect of sales that have not yet been recognised in the financial statements due to the fact that the significant risks and rewards of ownership still rest with the Company, are treated as payments received in advance and are reported with current liabilities.

Finance income

Finance income comprises interest income recognised on financial assets. Interest income is recognised as it accrued in profit or loss, using the effective interest method.

Dividend Income

Dividend income is recognised when it is received or when the right to receive payment is established.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assts, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external values may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset of liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date.

Trade and other payables

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services, whether or not billed to the Company. Due to their short-term nature, these are measured at amortised cost and are not discounted.

Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at face value. For the purposes of the Statement of cash flow, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts.

Capital Disclosures

The Company and Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company and Group set the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as equity (as shown in the statement of financial position). The Company maintains its level of capital by reference to its financial obligations and commitments arising from operational requirements in relation to the development projects as well as to enable the honouring of all other liabilities including bond interest.

3. Significant judgements and critical estimation uncertainties

The preparation of financial statements in conformity with IFRS as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The Directors have considered the development, selection and disclosure of the Company's and Group's critical accounting policies and estimates and the application of these policies and estimates. Estimates and judgements are continually evaluated and are based on historical and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Company's directors the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their disclosure in terms of the requirements of IAS 1.

4. Revenue

	Group	
	2022	2021
	€	€
Revenue from contracts with customers	14,045,764	20,060,346

5. Investment Income

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Dividend income	-	-	650,000	713,617

6. Finance income

	Group		Company	
	2022	2021	2022	2021

	€	€	€	€
Bank interest	42	86	-	-
Other interest	19,797	30,099	19,797	30,099
Interest on loans to subsidiary	-	-	885,555	1,079,309
	19,839	30,185	905,352	1,109,408

7. Finance costs

		Group		Company	
		2022	2021	2022	2021
		€	€	€	€
On related party loans		30,000	80,000	30,000	80,000
Premium upon repurchase of loans		246,513	71,968	246,513	71,968
Bond interest	Note	-	-	457,985	652,911
		276,513	151,968	734,498	804,879

Bond interest

In the consolidated financial statements of the Group, the amount of bond interest payable is classified as a direct development cost in view that it is directly related to the financing of the properties purchased for development and resale. In terms of IAS 23 the interest is being capitalised as part of inventory, and then expensed as a direct cost when the properties are sold. The bond interest capitalised as part of the development cost amounts to €457,985 (2021: €652,911).

8. Profit for the year

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Profit for the year is stated after charging:				
Directors' remuneration - *Note*	162,181	362,939	162,181	362,939
Depreciation of intangible assets	956	-	956	-
Depreciation of property, plant & equipment	253	253	-	-
Auditors' remuneration	25,547	23,305	13,334	12,685

Directors' emoluments

	Group and Company	
	2022	2021
	€	€
Emoluments for services as directors	152,122	353,140
Social security costs on directors emoluments	10,059	9,799
	162,181	362,939

9. Taxation

(a) Taxation is provided for at the rate of 35% for company profits, except for certain bank interest receivable which is taxed at 15% and sales of property which are taxed 5% / 8% as a Final Witholding Tax.

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Current year taxation				
Income tax on the taxable income for the year	660,359	927,541	2,969	4,515

Deferred taxation				
Transfer from deferred taxation account	(117,360)	-	(95,764)	-
	542,999	927,541	(92,795)	4,515
Prior years				
Current Tax	-	(21,854)	-	-
Transfer to deferred taxation account	-	2,578	-	2,578
	542,999	908,265	(92,795)	7,093

(b) The accounting profit and the tax expense/(credit) for the year are reconciled as follows:

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Profit on ordinary activities before taxation	3,081,359	3,672,781	396,184	441,140
Tax on accounting profit at 35%	1,078,476	1,285,473	138,664	154,399
Tax effect on:				
Expenses disallowed for tax purposes	190,773	84,858	-	-
Different tax rate charged on interest receivable	(3,959)	(6,020)	(3,959)	(6,020)
Different tax rate on sales of property	(730,057)	(480,140)	-	-
Exempt income	-	-	(227,500)	(249,766)
Other non-temporary differences	7,766	43,370	-	105,902
Tax expense/(credit) for the year	542,999	927,541	(92,795)	4,515

(c) The asset for deferred tax is analysed as follows:

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Unabsorbed tax losses and capital allowances	225,670	108,310	202,137	106,373
Deferred tax asset	225,670	108,310	202,137	106,373

Deferred tax assets and liabilities are offset when the income tax relates to the same fiscal authority.

Provision was made for deferred tax for all temporary differences on the basis of the balance sheet liability method using a principal tax rate of 35%.

10. Dividends

	Company	
	2022	2021
	€	€
Dividends on equity shares:		
Ordinary shares - Interim paid	250,000	-
Dividends per share	0.08	-

11. Intangible Fixed Assets

	Goodwill	Website	Total
	€	€	€
Cost			

At 1 January 2022	43,367	-	43,367
Additions	-	4,779	4,779
31 December 2022	43,367	4,779	48,146
Provision for diminution in value			
Charge for year	-	956	956
At 31 December 2022	-	956	956
Net book values			
At 31 December 2022	43,367	3,823	47,190
At 31 December 2021	43,367	-	43,367

12. Property, plant and equipment

Group	Plant, machinery & equipment €
Cost	
At 1 January 2021 /	
At 31 December 2021	2,122
Depreciation	
At 1 January 2021	1,109
Charge for the year	253
At 31 December 2021	1,362
Net book values	
At 31 December 2021	760
Cost	
At 1 January 2022 /	
At 31 December 2022	2,122
Depreciation	
At 1 January 2022	1,362
Charge for the year	253
At 31 December 2022	1,615
Net book values	
At 31 December 2022	507

13. Investment in subsidiaries

		Company	
		2022	2021
		€	€
Investment at cost at beginning of year		640,000	640,000
Additions during the year	*Note*	1,200	-
Balance at end of year		641,200	640,000

Note

The additions during the financial year ended 31 December 2022 represent an investment in share capital of €1,200 in Best Deal Estates Limited.

The Group 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 Limited (C74282)	63, J.L. Building, Luqa Road, Paola	9 February 2016
PJCE Properties Limited (C85050)	63, J.L. Building, Luqa Road, Paola	22 February 2018
Best Deal Developments Limited (C89191)	63, J.L. Building, Luqa Road, Paola	31 October 2018
Best Deal Estates Limited (C102444)	63, J.L. Building, Luqa Road, Paola	31 May 2022

Details of the acquisition of the subsidiaries are as follows:

	Elite Developments Limited	PJCE Properties Limited
	€	€
Property, plant and equipment	1,662	-
Work in progress	3,973,329	1,978,825
Trade and other receivables	2,388,680	27,098
Cash and cash equivalents	(114,778)	39,485
Long-term borrowings	(2,324,750)	(1,100,000)
Trade and other payables	(1,194,057)	(131,690)
Income tax liabilities	(4,760)	-
Short-term borrowings	(2,170,282)	(707,085)
Net assets acquired	555,044	106,633
Goodwill	-	43,367
Gain on acquisition	(515,044)	-
Acquisition-date fair value of total consideration transferred	40,000	150,000
Representing:		
Exchange of shares by shareholders	40,000	150,000

The following summarizes the financial position and performance of the Company's subsidiaries as at and for the period ended 31 December 2022.

Subsidiary undertaking	Capital and reserves	Profit/(loss) for the year
	€	€
Elite Developments Limited	152,461	(10,730)
PJCE Properties Limited	388,968	13,442
Best Deal Developments Limited	5,275,847	2,718,238
Best Deal Estates Limited	(4,546)	(5,746)

14. Financial assets at amortised cost

		Company	
		2022	2021
		€	€
Non-current			
Loans to subsidiaries	*Note*	20,185,477	12,135,118

Loans to subsidiaries - Non- current
Amounts are unsecured, bear interest at 7% per annum and are repayable by the end of the year 2027.

15. Other non-current assets

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Sinking fund reserve *Note*	5,040,503	3,365,446	5,040,503	3,365,446

Sinking fund reserve

These amounts are held by the Security Trustee under trust in a local bank account. An amount of €369,109 is held in relation to the first bond issue and are so held to meet the redemption of the secured bonds on the redemption date or to re-purchase the secured bonds in the market. The remaining amount of €4,671,394 represents funds in relation to the second bond issue and will be used to finance the development costs for the Siggiewi development.

16. Inventories

	Group	
	2022	2021
	€	€
Land held for development	10,331,007	-
Property for resale and work in progress	16,057,755	19,625,795
	-	
	26,388,762	19,625,795

17. Trade & other receivables: Current

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Trade receivables	1,041,838	742,403	-	-
Amounts owed by subsidiaries - *Note*	-	-	972,989	322,989
Amounts owed by other related parties - *Note*	-	6,772	-	-
Other receivables - *Note*	433,538	373,185	-	-
Prepayments and accrued income	48,029	25,290	35,050	25,290
	1,523,405	1,147,650	1,008,039	348,279

Amounts owed by subsidiaries

These amounts are unsecured, interest-free and repayable within one year.

Amounts owed by other related parties

These amounts are unsecured, interest-free and have been repaid during 2022.

Other receivables

These amounts include a deposit of €250,000 paid on a promise of sale agreement to purchase land for future development.

18. Current Income Tax Assets

	Group	
	2022	2021
	€	€
The tax provision is made up of :-		
Balance at beginning of year	23,303	(19,502)
Provision for the year	(660,359)	(927,541)
Tax adj. re previous year	-	21,854
Settlement tax paid	-	19,474
Provisional tax paid	-	1,477
Tax repaid	(21,854)	-
Tax paid at source	660,359	927,541
Balance at end of year	1,449	23,303

19. Notes to the Statement of cash flows

Cash & cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	2022	2021	2022	2021
	€	€	€	€
Cash at bank	1,189,090	162,045	37,735	14,854
Cash in hand	65,133	84,617	-	-

	1,254,223	246,662	37,735	14,854

Liabilities arising from financing activities	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
4.25% Secured Bonds 2024				
Opening net debt	13,296,772	15,021,843	13,295,772	15,021,843
Bond issue costs amortisation	66,729	66,729	66,729	66,729
Bond buybacks	(6,898,700)	(1,792,800)	(6,898,700)	(1,792,800)
	6,463,801	13,295,772	6,463,801	13,295,772
4.75% Secured Bonds 2025-2027				
Opening net debt	-	-	-	-
Bond issue net of issuing costs	14,653,420	-	14,653,420	-
Bond issue costs amortisation	4,558	-	4,558	-
	14,657,978	-	14,657,978	-
Bank borrowings within 1 year				
Opening net debt	660,000	3,487,816	660,000	1,445,000
Increase in borrowings	-	1,903,439	-	700,000
Repayments	(660,000)	(4,731,255)	(660,000)	(1,485,000)
	-	660,000	-	660,000
Related party borrowings within 1 year				
Opening net debt	-	62,414	-	-
Increase in borrowings	20,835	400,000	60,835	-
Repayments	-	(462,414)	-	-
	20,835	-	60,835	-
Related party borrowings due after 1 year				
Opening net debt	1,200,000	1,200,000	1,200,000	1,200,000
	1,200,000	1,200,000	1,200,000	1,200,000

20. Share capital

	Group and Company	
	2022	2021
	€	€
Authorised		
3,500,000 Ordinary shares of €0.10c each	350,000	350,000
Issued		
3,125,000 Ordinary shares of €0.10c each 100% paid up	312,500	312,500

21. Other equity

This amount represents an amount owed to the shareholders of the Company. These shareholders' loans have no fixed redemption date, do not carry a right to any interest and are repayable only at the sole discretion of the Company.

22. Basic earnings per share

	Group		Company	
	2022	2021	2022	2021
Profit attributable to owners of the Company	€2,538,360	€2,764,516	€393,215	€434,047
Number of ordinary shares	3,125,000	3,125,000	3,125,000	3,125,000
Basic earnings per share	€0.81	€0.88	€0.13	€0.14

23. Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Trade payables	305,768	197,898	52,215	1,724
Other taxes and social security costs	8,934	8,640	-	8,640
Other payables	407,343	940,324	3,100	3,892
Accruals	2,236,290	1,366,259	39,369	37,405
	2,958,335	2,513,121	94,684	51,661

24. Borrowings

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Non-current				
Secured Bonds - *Note*	21,121,779	13,295,772	21,121,779	13,295,772
Related party borrowings - *Note*	1,200,000	1,200,000	1,200,000	1,200,000
	22,321,779	14,495,772	22,321,779	14,495,772
Current				
Amounts owed to directors/shareholders - *Note*	20,835	-	20,835	-
Amounts owed to group undertakings - *Note*	-	-	40,000	-
Bank borrowings - *Note*	-	660,000	-	660,000
	20,835	660,000	60,835	660,000

Amounts owed to directors/shareholders

These amounts are unsecured, interest free and are repayable on demand.

Amounts owed to group undertakings

Amounts owed to group undertakigs were unsecured, interest-free and repayable upon demand.

Bank borrowings: Current

Current bank borrowings consist of €660,000 which was obtained in 2020 through the MDB COVID-19 Guarantee Scheme. The loan was repaid in full during 2022 from sales proceeds of Zabbar project. These loans were secured by a charge over the fixed assets of Best Deal Developments Limited. The loan incurred interest at 2.5% per annum.

Related party borrowings

These relate to a loan of €1,200,000 which is unsecured and bears interest of 2.5% per annum (2021: 6.667%). The rights of the lender in respect of this loan is subordinated to the rights of the bondholders of the Company with regards to the issue of €16,000,000 4.25% Secured Bonds 2024 and accordingly any payment of the loan shall be in all respects conditional on their being certainty that dues to bondholders are secured.

Bonds issued

Bond Issue 4.25% Secured Bonds 2024

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 Limited, 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:

	2022	2021
	€	€
Original face value of bonds issued	16,000,000	16,000,000
Bond issue costs	(400,376)	(400,376)
Accumulated amortisation	272,477	205,748
Bond buy backs	(9,408,300)	(2,509,600)
	(9,536,199)	(2,704,228)
Amortised cost and closing carrying amount of the bonds	6,463,801	13,295,772

In line with Section 5.8 of the Company's Prospectus dated 3 December 2018, the company may at any time purchase back the secured bonds in the open market or otherwise at any price. During the financial year ended 31 December 2022, the company repurchased a total of €6,898,700 of its 4.25% secured bonds 2024 from its bondholders through the funds held in the sinking fund account. As at 31 December 2022 a balance of €369,108 was held in the sinking fund reserve to re-purchase further bonds in the future.

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Bond Issue 4.75% Secured Bonds 2025- 2027

Best Deal Properties Holding p.l.c issued 150,000 bonds with a face value of €100 each, for an aggregate amount of €15 million. The bonds have an interest of 4.75% per annum, payable annually in arrears on 30 November. The nominal value of the secured bonds is repayable in full upon maturity on 30 November 2027. The bonds are guaranteed by Best Deal Estates Limited, 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 €15 million net of the bond issue costs which are being amortised over the lifetime of the bonds, as follows:

	2022	2021
	€	€
Original face value of bonds issued	15,000,000	-
Bond issue costs	(346,580)	-
Accumulated amortisation	4,558	-
	(342,022)	-
Amortised cost and closing carrying amount of the bonds	14,657,978	-

25. Related party transactions

	Group		Company	
	2022	2021	2022	2021
Transactions with related parties :	€	€	€	€
Development costs paid to Best Deal Properties Ltd	363,704	609,798	-	-
Development costs paid to other related parties	29,000	238,408	-	-
Admin & advertising paid to Best Deal Properties Ltd	13,508	49,267	-	-
Commissions on sales	130,160	33,429		
Interest receivable from Best Deal Developments Ltd	-	-	848,865	1,079,309

Interest receivable from Best Deal Estates Ltd			36,690	-
Dividends from Elite Developments Ltd	-	-	-	713,617
Dividends from PJCE Properties Ltd			650,000	-
Interest paid to other related companies	30,000	80,000	30,000	80,000

	Group		Company	
	2022	2021	2022	2021
Key management compensation:	€	€	€	€
Directors' salaries	162,181	362,939	162,181	362,939

Loans to related parties

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Amounts owed by subsidiaries :				
Opening balance	-	-	322,989	1,061,369
Amounts advanced during the year	-	-	650,000	-
Loans repayments received	-	-	-	(738,380)
Closing balance	-	-	972,989	322,989
Loans to subsidiaries :				
Opening balance	-	-	15,135,118	19,038,966
Loans advanced during the year	-	-	10,069,206	-
Loans repayments received	-	-	(5,904,402)	(4,983,157)
Interest charged	-	-	885,555	1,079,309
Closing balance	-	-	20,185,477	15,135,118
Amounts due from related companies				
Opening balance	6,772	42,123	-	-
Loans repayments received	(6,772)	(35,351)	-	-
Closing balance	-	6,772	-	-
Total loans and amounts due from related parties :				
Opening balance	6,772	42,123	15,458,107	20,100,335
Loans advanced during the year	-	-	10,719,206	-
Loans repayments received	(6,772)	(35,351)	(5,904,402)	(5,721,537)
Interest charged	-	-	885,555	1,079,309
Conversion of debt to equity	-	-	-	-
Closing balance	-	6,772	21,158,466	15,458,107

Loans from related parties

	Group		Company	
	2022	2021	2022	2021
	€	€	€	€
Loans from shareholders:				
Opening balance	1,200,000	1,200,000	1,200,000	1,200,000
Loans advanced during the year	20,835	-	20,835	-
Closing balance	1,220,835	1,200,000	1,220,835	1,200,000

Amounts due to group companies				
Amounts advanced during the year	-	-	40,000	-
Total loans and amounts due to related parties :				
Opening balance	1,200,000	1,200,000	1,200,000	1,200,000
Loans/amounts advanced during the year	20,835	-	60,835	-
Closing balance	1,220,835	1,200,000	1,260,835	1,200,000

26. Financial Risk Management

At year end, the Group's main financial assets on the statement of financial position is comprised of cash at banks, trade and other receivables (excluding prepayments and accrued income) and amounts due to related companies. There were no off-balance sheet financial assets.

At year end, the Group's main financial liabilities on the statement of financial position is comprised of trade and other payables (excluding accruals), and borrowings. There were no off-balance sheet financial liabilities except as disclosed in note 24 to these financial statements.

Exposure to credit, liquidity and interest-rate risk arise from the Group's activities.

Timing of cash flows

The presentation of the financial assets and liabilities listed above under the current and non-current headings within the statement of financial position is intended to indicate the timing in which the cash flows will arise.

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern and comply with the requirements of the prospectus issued in relation to the bonds while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 24 and equity attributable to equity holders, comprising issued share capital, share premium, other equity and retained earnings as disclosed in notes 20 & 21 to these financial statements and in the statement of changes in equity.

Credit risk

Credit risk is the risk that one party to a financial instrument will default on its contractual obligations resulting in financial loss to the Group or the Company. Financial assets which potentially subject the Group to concentrations of credit risk consist principally to cash at banks, trade and other receivables (excluding prepayments and accrued income) and financial assets at amortised cost as disclosed in the statement of financial position and in the related notes. The Group does not hold any collateral.

The credit risk relating to cash at bank is considered to be low in view of the management's policy of placing it with reputable financial institutions.

Trade and other receivables are mainly due from related companies. Credit risk in this respect is deemed by the directors to be limited since they are confident that related companies will generate enough future cash flows from their operations.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The directors monitor the liquidity risk by reviewing the expected cash flows and matching of the cash inflows and cash outflows arising from the business. The following table analyses the undiscounted contractual cash flows arising from the Group's financial liabilities.

Group	Within 12 months	Between 1-5 years	More than 5 years	Total
31 December 2022	€	€	€	€
Bonds payable (including interest)	992,647	24,721,848	-	25,714,495
Related party borrowings	-	1,200,000	-	1,200,000
Trade and other payables	2,958,337	-	-	2,958,337
	3,950,984	25,921,848	-	29,872,832

Company	Within	Between	More than	
	12 months	1-5 years	5 years	Total
31 December 2022	€	€	€	€
Bonds payable (including interest)	992,647	24,721,848	-	25,714,495
Related party borrowings	-	1,200,000	-	1,200,000
Trade and other payables	94,684	-	-	94,684
	1,087,331	25,921,848	-	27,009,179

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 Group's interest rate risk arises from the bank overdraft which is subject to varying interest rates according to revisions to the bank's base rate. Interest rate on the bonds payable and related party borrowings is fixed (where applicable), while the other fianancial liabilities are interest-free, thus, interest rate risk does not apply to these financial instruments.

27. Fair value measurement

The Group measures fair value using the fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Valuation techniques based on observable input, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using; quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly observable from market data; and

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted market prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Financial instruments

The carrying amount of cash at bank, trade and other receivables (excluding prepayments), trade and other payables (excluding accruals), and other financial liabilities at amortised cost approximate their fair values as at year end in view of the nature of these financial instruments or the relatively short period of time from the year end date to their realisation.

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Best Deal Properties Holding p.l.c.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Best Deal Properties Holding p.l.c.

("the Company") and the consolidated financial statements of the Company and its subsidiaries (together "the Group"), set out on pages 10 - 41, which comprise the statements of financial position as at 31 December 2022, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).

Our report is consistent with the additional report to the audit committee in accordance with the provision of Article 11 of the EU Regulations No. 537/2014 on specific requirements on statutory audits of public-interest entities.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and of the Group in accordance with the ethical requirements of both the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Code of Ethics for Warrant Holders in Malta. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we declare that we have not provided non-audit services to the parent company and its subsidiaries.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying value of Inventories

We identified inventories as a key audit matter due to the significance of the balance to the consolidated financial statements. Inventories consist of properties held for development and sale. The cost of the inventories includes the purchase price of the land, development costs, construction costs, professional fees, borrowing costs and all costs that are directly attributable to the acquisition, development, construction and finishing of the properties held for development and sale.

The Group's inventories are stated at the lower of cost and net realisable value. At as 31 December 2022, the Group's properties held for sale and under development amounted to €26,388,762.

Our audit procedures included, amongst others, conducting site visits to observe the development progress, assessing the appropriateness and correctness of the cost allocation to the different units developed and assessing the reasonableness of the carrying value based on the stage of completion, management's budget and market information.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report and the statement of compliance with the principles of good corporate governance. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon except as explicitly stated within the Report on other legal and regulatory requirements.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Under Article 179(3) of the Companies Act (Cap. 386), we are required to consider whether the information given in the directors' report is compliant with the disclosure requirements of Article 177 of the same Act.

Based on the work we have performed, in our opinion:

- the directors' report has been prepared in accordance with the Companies Act (Cap. 386);

- the information given in the directors' report for the financial period on which the financial statements had been prepared is consistent with those in the financial statements; and

- in light of our knowledge and understanding of the Company and the Group, and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Responsibilities of the Directors and those charged with governance for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and the requirements of the Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company and/or the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and/or the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on the Statement of Compliance with the Principles of Good Corporate Governance

The Capital Markets Rules issued by the Malta Financial Services Authority requires the directors to prepare and include in their Report a Statement of Compliance providing explanation of the extent to which they have adopted the Code of Principles of Good Governance and the effective measures that they have taken to ensure compliance throughout the period with those principles. The Capital Markets Rules also require the auditors to report on the Statement of Compliance prepared by the directors.

We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures. In our opinion, the Statement of Compliance with the Principles of Good Corporate Governance set out on pages 6 – 9 has been properly prepared in accordance with the requirements of the Capital Markets Rules issued by the Malta Financial Services Authority.

Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Capital Markets Rule 5.55.6

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) - the Accountancy Profession (European Single Electronic Format) Assurance Directive (the "ESEF Directive 6") on the annual financial report of Best Deal Properties Holding p.l.c. for the year ended 31 December 2022, entirely prepared in a single electronic reporting format.

Responsibilities of the directors

The directors are responsible for the preparation of the annual financial report, including the consolidated financial statements and the relevant mark-up requirements therein, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.

Auditors' responsibilities

Our responsibility is to obtain reasonable assurance about whether the annual financial report, including the consolidated financial statements and the relevant electronic tagging therein comply in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the annual financial report, in accordance with the requirements of the ESEF RTS.

- Obtaining the annual financial report and performing validations to determine whether the annual financial report has been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.

- Examining the information in the annual financial report to determine whether all the required taggings therein have been applied and whether, in all material respects, they are in accordance with the requirements of the ESEF RTS.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the annual financial report for the year ended 31 December 2022 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

Other matters on which we have to report by exception

We also have responsibilities:

Under the Companies Act, Cap. 386 to report to you if, in our opinion:

- proper accounting records have not been kept; or
- returns have not been received from branches we have not visited; or
- the financial statements are not in agreement with the accounting records and returns; or
- we were unable to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

We also have responsibilities under the Capital Markets Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.

We have nothing to report in this regard.

Appointment

We were first appointed by the directors as auditors of the Company on 29 July 2019 for the financial period ended 31 December 2019, and we were subsequently reappointed by the shareholders at the Company's general meeting for the financial years thereafter. The period of uninterrupted engagement as statutory auditors of the Company is four financial periods.

This copy of the audit report has been signed by
Conrad Borg *(Principal)*
for and on behalf of

RSM Malta
Registered Auditors

17 April 2023