

Best Deal Properties Holding p.l.c.
Annual Financial Report and Consolidated
Financial Statements for the year ended 31
December 2023

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Directors' Report for the year ended 31 December 2023

The directors present their annual financial 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 2023.

Principal Activities

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.

Performance Review

The Company:

The Company's profit after taxation for the year amounted to €253,452 (2022: €488,979). 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 and Elite Developments Limited which were sufficient to cover the administration expenses and bond interest.

As at 31 December 2023, the Company's total assets amounted to €25,491,588 (2022: €27,118,914) and net assets amounted to €3,470,152 (2022: €4,641,616). Net current assets amounted to €2,058,234 (2022: €890,255). The non-current assets of the Company include an amount of €15,264,075 (2022: €20,185,477) as financial asset which comprises of the loans provided to the subsidiary companies Best Deal Estates Limited and Best Deal Developments Limited. The loan due from Best Deal Developments Limited of €5,298,237 has been reclassified as current asset during 2023 in view that it is payable by end of 2024. The comparatives in non-current assets include an amount of €5,040,503 held in a sinking fund reserve held by the trustee. The sinking fund reserve balance as at 31 December 2023 of €536,343 has been reclassified as a current asset under cash and equivalents since it will be used in 2024. The Company holds investments in its subsidiaries of €642,400 (2022: €641,200). The current assets of the Company mainly consist of amounts due from subsidiaries of €5,298,237 (2022: €972,989) as well as prepayments of €105,343 (2022: €35,050). Current assets also include an investment in short term treasury bills of €2,984,423. Current liabilities amounted to €7,299,703 (2022: €155,519). The increase mainly relates to the balance of the Secured Bonds 2024 of €6,530,530 which has been reclassified from non-current liabilities in view that the bond will be repaid by end of 2024 as well as the shareholder's loan of €1,200,000 which has been reclassified as current. The company's non-current liabilities consist of the Secured Bonds amounting to €14,721,733 (2022: €21,121,779).

The Group:

The profit on the Group's activities for the year after taxation amounted to €1,129,774 (2022: €2,538,360). The profit was mainly generated from the subsidiary Best Deal Developments Limited through the sales of units from Zabbar, Pembroke and Mellieha developments. Following the purchase of land in Siggiewi at the end of 2022, Best Deal Estates Limited also started the development of Siggiewi which continued through 2023 and is currently under construction.

As at 31 December 2023, the Group's total assets amounted to €34,267,628 (2022: €34,481,709) and net assets amounted to €8,885,618 (2022: €9,180,760). Net current assets amounted to €23,336,554 (2022: €26,188,669). The main current assets of the Group consist of the properties held for development and resale with a value of €26,114,118 (2022: €26,388,762) and cash and cash equivalents of €1,986,563 (2022: €1,254,223). Current liabilities amounted to €10,660,277 (2022: €2,979,170). The increase mainly relates to the balance of the Secured Bonds 2024 of €6,530,530 which has been reclassified from non-current liabilities in view that the bond will be repaid by end of 2024. Other current liabilities consisted of deposits from clients on promise of sales agreements amounting to €763,734 (2022: €407,343) as well as accruals and payables to contractors of €2,517,343 (2022: €2,542,058). The shareholders' loan of €1,200,000 has been reclassified from non-current liabilities to current liabilities during 2023. Non-current liabilities totalled €14,721,733 (2022: €22,321,779) made up of the Secured Bonds amounting to €14,721,733 (2022: €21,121,779).

Results and Dividends

The results for the year are set out in the statement of comprehensive income on page 11.

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

The retained earnings of the Company and of the Group amounting to €1,070,318 and €6,485,784 respectively, shall be carried forward.

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. The directors are confident that the Group has the right framework and appropriate policies and procedures in place, to mitigate the affect that the aforementioned risks might have on the business.

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.

Events after the end of the reporting period

On the 25 March 2024 the Company received regulatory approval from the MFSA for the issue of €15,000,000 5.75% Secured Bonds 2027 – 2029 of a nominal value of €100 per bond issued at par guaranteed by the subsidiary Best Deal Ghadira Limited both in terms of annual interest and capital repayment upon maturity. The proceeds will be used by Best Deal Ghadira Limited for the Group's new development at Mellieha. The Secured Bonds have been taken up in full and listed on the Malta Stock Exchange.

Future developments

The subsidiaries Elite Developments Limited and PJCE Properties Limited have no more units for sale and the directors intend to merge these companies within the group during 2024.

In fact, on 3 October 2023, PJCE Properties Limited agreed to take over the assets and liabilities of Elite Developments Limited through a merger. For accounting purposes, the transactions of Elite Developments Limited shall be treated as the transactions of PJCE Properties Limited as from 31 August 2023.

Company secretary

The following has served as company secretary of the Company during the year under review:

Dr. Stephanie Manduca

Directors

The following has 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 Vella

Statement of Directors' Responsibilities

The Maltese 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 responsible for:

- adopting the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in the business;

- selecting suitable accounting policies and applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- accounting for income and charges relating to the accounting period on the accruals basis;
- valuing separately the components of asset and liability items
- reporting comparative figures corresponding to those of the preceding accounting period; and
- preparing the financial statements in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as adopted by the EU.

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 Maltese Companies Act, (Cap. 386), enacted in Malta. 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.

The financial statements of Best Deal Properties Holding p.l.c. for the year ended 31 December 2023 are included in the Annual Financial Report 2023, which is available on the Company's website. The directors are responsible for the maintenance and integrity of the Annual Financial Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Additionally, the directors are responsible for:

- the preparation and publication of the Annual Financial Report, including the consolidated financial statements and the relevant tagging requirements therein, as required by Capital Markets Rule 5.56A, in accordance with the requirements of the European Single Electronic Format Regulatory Technical Standard as specified in the Commission Delegated Regulation (EU) 2019/815 (the "ESEF RTS");
- designing, implementing and maintaining internal controls relevant to the preparation of the Annual Financial Report that is free from material non-compliance with the requirements of the ESEF RTS, whether due to fraud or error; and
- for ensuring the accurate transfer of the information in the Annual Financial Report into a single electronic format.

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

Structure of Capital

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.

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Appointment and removal of Directors

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.

Remuneration of Directors

The directors received €154,480 (2022: €152,122) in aggregate for services rendered during the year 31 December 2023. 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.

Powers of Directors

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 Accounting Standards) as adopted by the European Union and with the Maltese 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 26 April 2024 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 2023. 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. 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

The Board considers that the non-executive directors are independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. The members of the Board have the balance of knowledge and experience as well as a strong non-executive presence to allow continued scrutiny of performance, strategy, and governance.

Each director is mindful of maintaining independence, professionalism, and integrity in carrying out his duties and responsibilities, whilst providing judgement as a director of the Company.

The Board considers that none of the independent non-executive Directors of the Company:

- is or has been employed in any capacity by the Company;
- has or has had, over the past three years, a significant business relationship with the Company;

- has received or receives significant additional remuneration from the Company in addition to their director's fee;
- has close family ties with any of the Company's executive directors or senior employees; and
- has been within the last three years an engagement partner or a member of the audit team or past external auditor of the Company.

Each of the independent Directors hereby declares that he undertakes to:

- maintain in all circumstances his independence of analysis, decision and action;
- not seek or accept any unreasonable advantages that could be considered as compromising his independence; and
- clearly express his opposition in the event that he finds that a decision of the Board may harm the Company.

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.

Risk Identification

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.

Information and communication

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

<u>Members</u>	<u>Attended</u>
Christopher Attard	6
Pierre Bartolo	6
David Basile	4
James Bullock	6
Robert Buttigieg	6
Mario P Galea	5
Marlene Seychell	6

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 have been no changes 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

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 committed 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.

Internal Control and Risk Management in relation to the Financial Reporting Process

The Board, supported by the Audit Committee is ultimately responsible for the Group's system of internal control and risk management and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide a reasonable, as opposed to absolute assurance against material misstatement or loss.

The Company operates through the Board of Directors and senior management with clear reporting lines and delegation of powers. The Board of Directors has adopted and implemented appropriate policies and procedures to manage risks and internal control. Senior management plans, executes, controls and monitors business operations in order to achieve the set objectives.

The Directors, with the assistance of senior management, are responsible for the identification, evaluation and management of the key risks to which the Company may be exposed. The Company has in place clear and consistent procedures in place for monitoring the system of internal financial controls. The Directors also receive periodic management information giving comprehensive analysis of financial and business performance including variances against the Group's set targets.

The Audit Committee, reviews and assesses the effectiveness of the internal control systems, including financial reporting, and determines whether significant internal control recommendations made by external auditors have been implemented. The Committee plays an important role in initiating discussions with the Board with respect to risk assessment and risk management and reviews contingent liabilities and risks that may be material to the Group.

General Meetings

General meetings are called and conducted in accordance with the provisions contained in the Company's Articles of Association and in accordance with any applicable laws or regulations as may be applicable from time to time. As outlined previously, information on General Meetings is found in the Directors' Report. The report above is a summary of the views of the Board on the Company's compliance with the Code. Generally, the Board is of the opinion that, in

the context of the applicability of the various principles of the Code to the Company and in the context of the Company's business operations and save as indicated herein in the section entitled "Non-Compliance" the Company has applied the principles and has complied with the Code throughout the financial year under review. The Board shall keep these principles under review and shall monitor any developments in the Company's business to evaluate the need to introduce new corporate governance structures or mechanisms as and when the need arises.

Signed on behalf of the Board of Directors on 26 April 2024 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 2023

	Notes	Group		Company	
		2023	2022	2023	2022
		€	€	€	€
Revenue	4	14,701,335	14,054,764	-	-
Cost of sales		(11,802,390)	(9,907,629)	-	-
Gross profit		2,898,945	4,147,135	-	-
Administrative expenses		(901,328)	(809,102)	(458,670)	(424,670)
Operating profit		1,997,617	3,338,033	(458,670)	(424,670)
Finance income	5	850	19,839	1,403,343	905,352
Finance costs	6	(38,171)	(276,513)	(1,024,314)	(734,498)
Finance costs - net		(37,321)	(256,674)	379,029	170,854
Investment income	7	68,475	-	318,475	650,000
Profit before taxation		2,028,771	3,081,359	238,834	396,184
Income tax	8	(898,997)	(542,999)	14,618	92,795
PROFIT FOR THE YEAR	9	1,129,774	2,538,360	253,452	488,979
Total comprehensive income is attributable to:					
Owners of the Company		1,129,774	2,538,360	253,452	488,979
Earnings per share:					
Basic earnings per share (in cents)	22	0.36	0.81	0.08	0.16

Statements of Financial Position as at 31 December 2023

	Notes	Group		Company	
		2023	2022	2023	2022
		€	€	€	€
ASSETS					
Non-Current Assets					
Intangible assets	11	45,755	47,190	2,388	3,823
Property, plant and equipment	12	254	507	-	-
Financial assets at amortised cost	15	-	-	15,264,075	20,185,477
Investments in subsidiaries	14	-	-	642,400	641,200
Deferred tax asset	8	224,788	225,670	224,788	202,137
Other non-current assets	16	-	5,040,503	-	5,040,503
		270,797	5,313,870	16,133,651	26,073,140

Current Assets					
Inventories	17	26,114,118	26,388,762	-	-
Trade and other receivables	18	2,911,728	1,523,405	5,403,580	1,008,039
Current income tax assets		-	1,449	-	-
Available-for-sale financial assets	13	2,984,423	-	2,984,423	-
Cash and cash equivalents	19	1,986,562	1,254,223	969,934	37,735
		<u>33,996,831</u>	<u>29,167,839</u>	<u>9,357,937</u>	<u>1,045,774</u>
Total Assets		<u>34,267,628</u>	<u>34,481,709</u>	<u>25,491,588</u>	<u>27,118,914</u>
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	1,149,834	2,324,750	1,149,834	2,324,750
Retained earnings		6,485,784	5,606,010	1,070,318	1,066,866
Total Equity		<u>8,885,618</u>	<u>9,180,760</u>	<u>3,470,152</u>	<u>4,641,616</u>
LIABILITIES					
Non-Current Liabilities					
Long-term borrowings	24	14,721,733	22,321,779	14,721,733	22,321,779
Current Liabilities					
Trade and other payables	23	3,415,345	2,958,335	34,338	94,684
Short-term borrowings	24	7,244,932	20,835	7,265,365	60,835
		<u>10,660,277</u>	<u>2,979,170</u>	<u>7,299,703</u>	<u>155,519</u>
Total Liabilities		<u>25,382,010</u>	<u>25,300,949</u>	<u>22,021,436</u>	<u>22,477,298</u>
Total Equity and Liabilities		<u>34,267,628</u>	<u>34,481,709</u>	<u>25,491,588</u>	<u>27,118,914</u>

The financial statements were approved and authorised for issue by the Board of Directors on 26 April 2024. 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 2023

	Share Capital	Share Premium	Retained Earnings	Other Equity	Total Equity
GROUP	€	€	€	€	€
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
At 31 December 2022	<u>312,500</u>	<u>937,500</u>	<u>5,606,010</u>	<u>2,324,750</u>	<u>9,180,760</u>
At 1 January 2023	312,500	937,500	5,606,010	2,324,750	9,180,760
Total comprehensive income					
Profit for the year	-	-	1,129,774	-	1,129,774
Transactions with owners					
Dividends (Note 10)	-	-	(250,000)	-	(250,000)

Repayment of equity	-	-	-	(1,174,916)	(1,174,916)
At 31 December 2023	312,500	937,500	6,485,784	1,149,834	8,885,618

	Share Capital	Share Premium	Retained Earnings	Other Equity	Total Equity
COMPANY	€	€	€	€	€
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
Transactions with owners					
Dividends (Note 10)	-	-	(250,000)	-	(250,000)
At 31 December 2022	312,500	937,500	1,066,866	2,324,750	4,641,616
At 1 January 2023	312,500	937,500	1,066,866	2,324,750	4,641,616
Total comprehensive income					
Profit for the year	-	-	253,452	-	253,452
Transactions with owners					
Dividends (Note 10)	-	-	(250,000)	-	(250,000)
Repayment of equity	-	-	-	(1,174,916)	(1,174,916)
At 31 December 2023	312,500	937,500	1,070,318	1,149,834	3,470,152

Statements of cash flows for the year ended 31 December 2023

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Cash flow from operating activities				
Profit before taxation	2,028,771	3,081,359	238,834	396,184
Reconciliation to cash generated from operations:				
Depreciation	1,688	1,209	1,435	956
Amortisation of bond issue costs	130,485	71,287	130,485	71,287
Income tax payments	(898,115)	(660,359)	(8,033)	(2,969)
Income tax refund	1,449	21,854	-	-
Interest and dividend income	(850)	(19,839)	(250,850)	(669,797)
Interest expense	38,171	276,513	1,024,314	734,498
Operating profit before working capital changes	1,301,599	2,772,024	1,136,185	530,159
Decrease / (increase) in inventories	274,644	(6,762,967)	-	-
Increase in trade receivables	(925,708)	(299,435)	-	-
(Increase) / decrease in other receivables	(462,615)	(76,320)	5,943,199	(2,334,817)
Increase / (decrease) in trade payables	52,747	107,870	(52,215)	50,491
Increase / (decrease) in other payables	404,263	337,346	(48,532)	(7,467)
Interest paid	-	-	(986,143)	(457,985)

Interest received	850	19,839	850	19,797
Cash generated from/(used in) operating activities	645,780	(3,901,643)	5,993,344	(2,199,822)
Cash flow from investing activities				
Dividends received	-	-	250,000	650,000
Payments on acquisition of group interests	-	-	(1,200)	(1,200)
Loans to group companies	-	-	(6,478,201)	(10,954,761)
Decrease / (Increase) in sinking fund reserve	5,040,503	(1,675,057)	-	-
Purchase of intangible fixed assets	-	(4,779)	-	(4,779)
Purchase of fixed asset investments	(8,565,949)	-	(8,565,949)	-
Proceeds from sales of fixed assets investments	5,581,526	-	11,682,892	-
Repayment of loans by group companies	-	-	-	5,904,402
Cash generated from/(used in) investing activities	2,056,080	(1,679,836)	(3,112,458)	(4,406,338)
Cash flows from financing activities				
Net proceeds from bond issue	-	14,653,419	-	14,653,419
(Decrease)/Increase in short term related party borrowings	(20,834)	20,834	-	60,835
Dividends paid	(250,000)	(250,000)	(250,000)	(250,000)
Interest paid	(38,171)	(276,513)	(38,171)	(276,513)
Repayment of equity	(1,174,916)	-	(1,174,916)	-
Repayment of short term bank borrowings	-	(660,000)	-	(660,000)
Buy back of bonds	(485,600)	(6,898,700)	(485,600)	(6,898,700)
Cash (used in)/generated from financing activities	(1,969,521)	6,589,040	1,948,687	6,629,041
Net movement in cash and equivalents in the year	732,339	1,007,561	932,199	22,881
Cash and cash equivalents at beginning of year	1,254,223	246,662	37,735	14,854
Cash and cash equivalents at end of year (Note 19)	1,986,562	1,254,223	969,934	37,735

The notes below form an integral part of these financial statements.

Notes to the Financial Statements

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. These financial statements were approved for issue by the Board of Directors on 26 April 2024 .

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 2023.

2. **Material Accounting Policies**

The material 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 Accounting Standards) as adopted by the European Union (EU) and comply with the requirements of the Maltese 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 14. 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.

Amendments to IAS 1 Presentation of financial statements

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added.

Amendments to IAS 8 Accounting Policies, changes in Accounting Estimates & Errors

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". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

Amendments to IAS 12 Income Taxes

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. Furthermore, another amendment issued on 23 May 2023 provides a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.

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 issued on 23 January 2020 aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to IFRS 16 Leases

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

Amendments to IAS 1 Presentation of financial statements

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

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.

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.

Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt investment; fair value through other comprehensive income (FVOCI) - equity investment; or fair value through profit or loss (FVTPL). Financial assets are not reclassified

subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL. (i) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The non-current financial asset held by the Company includes investment shares issued by a sub-fund Wood & Company Retail podfond I. The Company's business model is that of making decisions based on the asset's fair value and manages the asset to realise those fair values. The Company intends to neither hold on to the asset to collect contractual cash flows, nor to trade in financial assets. Therefore the asset has been classified as measured at FVTPL.

(iii) Subsequent measurement of financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

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.

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 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 assets, 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 values are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or 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.

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 Accounting Standards 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	
	2023	2022
	€	€
Revenue from contracts with customers	14,701,335	14,054,764

5. Finance income

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Bank interest	-	42	-	-
Other interest	850	19,797	850	19,797
Interest on loans to subsidiary	-	-	1,402,493	885,555
	<u>850</u>	<u>19,839</u>	<u>1,403,343</u>	<u>905,352</u>

6. Finance costs

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
On related party loans	30,000	30,000	30,000	30,000
Premium upon repurchase of loans	8,171	246,513	8,171	246,513
Bond interest	-	-	986,143	457,985
<i>Note</i>				
	<u>38,171</u>	<u>276,513</u>	<u>1,024,314</u>	<u>734,498</u>

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 during the year as part of the development cost amounts to €986,143 (2022: €457,985).

7. Investment income

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Dividend income	-	-	250,000	650,000
Increase in fair value of investments	15,775	-	15,775	-
Profit on disposal of investments	52,700	-	52,700	-
	<u>68,475</u>	<u>-</u>	<u>318,475</u>	<u>650,000</u>

8. 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 Withholding Tax.

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Current year taxation				
Income tax on the taxable income for the year	898,115	660,359	8,033	2,969
Deferred taxation				
Transfer to deferred taxation account	882	(117,360)	(22,651)	(95,764)
	<u>898,997</u>	<u>542,999</u>	<u>(14,618)</u>	<u>(92,795)</u>

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Current year taxation				
Income tax on the taxable income for the year	898,115	660,359	8,033	2,969
Deferred taxation				
Transfer to deferred taxation account	882	(117,360)	(22,651)	(95,764)
	<u>898,997</u>	<u>542,999</u>	<u>(14,618)</u>	<u>(92,795)</u>

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

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Profit on ordinary activities before taxation	<u>2,028,771</u>	<u>3,081,359</u>	<u>238,834</u>	<u>396,184</u>
Tax on accounting profit at 35%	710,070	1,078,476	83,592	138,664
Tax effect on:				
Expenses disallowed for tax purposes	335,547	190,773	-	-
Different tax rate charged on interest receivable	(170)	(3,959)	(170)	(3,959)

Different tax rate on sales of property	(302,858)	(730,057)	-	-
Exempt income	(87,500)	-	(87,500)	(227,500)
Other non-temporary differences	243,908	7,766	(10,540)	-
Tax expense/(credit) for the year	<u>898,997</u>	<u>542,999</u>	<u>(14,618)</u>	<u>(92,795)</u>

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

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Excess of capital allowances over depreciation	84	-	-	(84)
Effect of provisions	(5,521)	-	(5,521)	-
Unabsorbed tax losses and capital allowances	230,225	225,670	230,309	202,221
Deferred tax asset	<u>224,788</u>	<u>225,670</u>	<u>224,788</u>	<u>202,137</u>

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%.

9. Profit for the year

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Profit for the year is stated after charging:				
Directors' remuneration Note	164,873	162,181	164,873	162,181
Depreciation of intangible assets	1,435	956	1,435	956
Depreciation of property, plant & equipment	253	253	-	-
Auditors' remuneration	<u>29,435</u>	<u>25,547</u>	<u>14,000</u>	<u>13,334</u>

Directors' remuneration

	Group and Company	
	2023	2022
	€	€
Emoluments for services as directors	154,480	152,122
Social security costs on directors emoluments	10,393	10,059
	<u>164,873</u>	<u>162,181</u>

10. Dividends

	Company	
	2023	2022
	€	€
Dividends on equity shares:		
Ordinary shares - Interim paid	<u>250,000</u>	<u>250,000</u>
Dividends per share	<u>0.08</u>	<u>0.08</u>

11. Intangible Assets

Group	Goodwill	Website	Total
	€	€	€
Cost			
At 1 January 2023 / 31 December 2023	43,367	4,779	48,146
Provision for diminution in value			
At 1 January 2023	-	956	956
Charge for year	-	1,435	1,435
At 31 December 2023	-	2,391	2,391
Net book values			
At 31 December 2023	43,367	2,388	45,755
At 31 December 2022	43,367	3,823	47,190
Company		Website	Total
		€	€
Cost			
At 1 January 2023		4,779	4,779
At 1 January 2023 / 31 December 2023		4,779	4,779
Provision for diminution in value			
At 1 January 2023		956	956
Charge for year		1,435	1,435
At 1 January 2023 / 31 December 2023		2,391	2,391
Net book values			
At 31 December 2023		2,388	2,388
At 31 December 2022		3,823	3,823

12. Property, plant and equipment

Group	Plant, machinery & equipment
	€
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
Cost	
At 1 January 2023 /	
At 31 December 2023	2,122

Depreciation	
At 1 January 2023	1,615
Charge for the year	253
At 31 December 2023	1,868
Net book values	
At 31 December 2023	254

13. Available for Sale Financial Assets

	Government treasury bills
Company	
At fair value	€
Additions	8,565,949
Disposals	(5,565,751)
Fair value movement	(15,775)
Non-current portion	-
Current portion	2,984,423
Total at 31 December 2023	2,984,423

These financial assets have been measured at fair value using the quoted market prices of the investments held as at 31 December 2023.

14. Investment in subsidiaries

		Company	
		2023	2022
		€	€
Investment at cost at beginning of year		641,200	640,000
Additions during the year	Note	1,200	1,200
Balance at end of year		642,400	641,200

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 additions during the financial year ended 31 December 2023 represent an investment in share capital of €1,200 in Best Deal Ghadira Limited.

The Group parent company Best Deal Properties Holding p.l.c holds 100% of the share capital of the following companies, all of which are included in the consolidated financial statements:

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
Best Deal Ghadira Limited (C106260)	63, J.L. Building, Luqa Road, Paola	23 August 2023

Details of the acquisition of the subsidiaries are as follows:

	Elite Developments Limited	PJCE Properties Limited
	€	€
Property, plant & 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 2023.

Subsidiary undertaking	Capital and reserves	Profit/(loss) for the year
	€	€
Elite Developments Limited	46,263	(6,198)
PJCE Properties Limited	360,901	121,933
Best Deal Developments Limited	6,335,249	1,059,402
Best Deal Estates Limited	(174,061)	(178,607)
Best Deal Ghadira Limited	(2,277)	(3,477)

15. Financial assets at amortised cost

		Company	
		2023	2022
		€	€
Non-current			
Loan to subsidiary	Note	15,264,075	20,185,477

Loan to subsidiary

The loan is unsecured, bears interest at 7% per annum and is repayable by the end of the year 2027. The comparative balance includes amounts repayable by the end of 2024 which have been reclassified as current.

16. Other non-current assets

		Group		Company	
		2023	2022	2023	2022
		€	€	€	€
Sinking fund reserve	Note	-	5,040,503	-	5,040,503

Sinking fund reserve

These amounts are held by the Security Trustee under trust in a local bank account. The balance as at 31 December 2023 has been reclassified as current asset. The comparative amount of €5,040,503 included a balance of €369,109 in relation to the first bond issue 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 represented funds in relation to the second bond issue and were used to finance the development costs for the Siggiewi development.

17. Inventories

	Group	
	2023	2022
	€	€
Land held for development	-	10,331,007
Property for resale and work in progress	26,114,118	16,057,755
	<u>26,114,118</u>	<u>26,388,762</u>

18. Trade & other receivables: Current

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Trade receivables	1,967,546	1,041,838	-	-
Amounts owed by subsidiaries Note	-	-	5,298,237	972,989
Other receivables Note	724,659	433,538	-	-
Prepayments and accrued income	219,523	48,029	105,343	35,050
	<u>2,911,728</u>	<u>1,523,405</u>	<u>5,403,580</u>	<u>1,008,039</u>

Amounts owed by subsidiaries

The current year amounts are unsecured, bear interest at 7% per annum and are repayable by end of 2024. The comparative amounts were unsecured, interest free and have been repaid during 2023.

Other receivables

These amounts include deposits of €550,000 paid on promise of sale agreements to purchase land for future development.

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:

	2023	2022	2023	2022
	€	€	€	€
Cash at bank	1,904,223	1,189,090	969,934	37,735
Cash in hand	82,339	65,133	-	-
	<u>1,986,562</u>	<u>1,254,223</u>	<u>969,934</u>	<u>37,735</u>

Liabilities arising from financing activities	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
4.25% Secured Bonds 2024				
Opening net debt	6,463,801	13,295,772	6,463,801	13,295,772
Bond issue costs amortisation	61,169	66,729	66,729	66,729
Bond buybacks	(485,600)	(6,898,700)	(485,600)	(6,898,700)
	<u>6,039,370</u>	<u>6,463,801</u>	<u>6,044,930</u>	<u>6,463,801</u>
4.75% Secured Bonds 2025-2027				
Opening net debt	14,657,978	-	14,657,801	-
Bond issue net of issuing costs	-	14,653,420	-	14,653,420
Bond issue costs amortisation	69,316	4,558	69,316	4,558
	<u>14,727,294</u>	<u>14,657,978</u>	<u>14,727,294</u>	<u>14,657,978</u>
Bank borrowings within 1 year				
Opening net debt	-	660,000	-	660,000
Increase in borrowings	-	-	-	-
Repayments	-	(660,000)	-	(660,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Related party borrowings within 1 year				
Opening net debt	20,835	-	60,835	-
Increase in borrowings	1,450,000	20,835	1,470,434	60,835
Repayments	(270,835)	-	(310,835)	-
	<u>1,200,000</u>	<u>20,835</u>	<u>1,220,434</u>	<u>60,835</u>
Related party borrowings due after 1 year				
Opening net debt	1,200,000	1,200,000	1,200,000	1,200,000
Reclassified as current	(1,200,000)	-	(1,200,000)	-
	<u>-</u>	<u>1,200,000</u>	<u>-</u>	<u>1,200,000</u>

20. Share capital

	Group and Company	
	2023	2022
	€	€
Authorised		
3,500,000 Ordinary shares of €0.10c each	<u>350,000</u>	<u>350,000</u>
Issued		
3,125,000 Ordinary shares of €0.10c each 100% paid up	<u>312,500</u>	<u>312,500</u>

The share capital of the Company consists only of ordinary shares with a par value of €0.10c. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meetings.

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.

During 2023 an amount of €1,174,916 from this shareholders' loan has been repaid and the remaining balance of €1,149,834 will be repaid during 2024.

22. Basic earnings per share

	Group		Company	
	2023	2022	2023	2022
Profit attributable to owners of the Company	€1,129,774.00	€2,538,360.00	€253,452.00	€488,979.00
Number of ordinary shares	3,125,000	3,125,000	3,125,000	3,125,000
Basic earnings per share	€0.36	€0.81	€0.08	€0.16

23. Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Trade payables	358,515	305,768	-	52,215
Other taxes and social security costs	134,268	8,934	-	-
Other payables	763,734	407,343	3,641	3,100
Accruals	2,158,828	2,236,290	30,697	39,369
	<u>3,415,345</u>	<u>2,958,335</u>	<u>34,338</u>	<u>94,684</u>

24. Borrowings

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Non-current				
Secured Bonds 2025-2027	14,721,733	21,121,779	14,721,733	21,121,779
Loan from shareholders	-	1,200,000	-	1,200,000
	<u>14,721,733</u>	<u>22,321,779</u>	<u>14,721,733</u>	<u>22,321,779</u>
Current				
Amounts owed to shareholders	1,200,000	20,835	1,200,000	20,835
Amounts owed to group undertakings	-	-	20,433	40,000
Secured Bonds 2024	6,044,932	-	6,044,932	-
	<u>7,244,932</u>	<u>20,835</u>	<u>7,265,365</u>	<u>60,835</u>

Amounts owed to shareholders

These amounts are unsecured, interest free and repayable by end of 2024.

Amounts owed to group undertakings

Amounts owed to group undertakings are unsecured, interest-free and repayable upon demand.

Loan from shareholders

These relate to a loan of €1,200,000 which is unsecured and bears interest of 2.5% per annum. 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.

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:

	2023	2022
	€	€
Original face value of bonds issued	16,000,000	16,000,000
Bond issue costs	(400,376)	(400,376)
Accumulated amortisation	339,208	272,477
Bond buy backs	(9,893,900)	(9,408,300)
	<u>(9,955,068)</u>	<u>(9,536,199)</u>
Amortised cost and closing carrying amount of the bonds	6,044,932	6,463,801
Market price at year end	<u>101.00</u>	<u>102.50</u>

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 2023, the company repurchased a total of €485,600 of its 4.25% secured bonds 2024 from its bondholders through the funds held in the sinking fund account.

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:

	2023	2022
	€	€
Original face value of bonds issued	15,000,000	15,000,000
Bond issue costs	(346,579)	(346,580)
Accumulated amortisation	68,312	4,558
	<u>(278,267)</u>	<u>(342,022)</u>
Amortised cost and closing carrying amount of the bonds	14,721,733	14,657,978
Market price at year end	<u>100.00</u>	<u>99.99</u>

25. Related party transactions

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Transactions with related parties :				
Development costs paid to Best Deal Properties Ltd	224,198	363,704	-	-
Development costs paid to Best Deal Properties Ltd	149,162	29,000	-	-
Admin & advertising paid to Best Deal Properties Ltd	321,500	13,508	-	-
Commissions to individual estate agents related to the Group	18,619	130,160		
Interest receivable from Best Deal Developments Ltd	-	-	505,808	848,865
Interest receivable from Best Deal Estates Ltd			896,704	36,690
Dividends from Elite Developments Ltd	-	-	100,000	-
Dividends from PJCE Properties Ltd			150,000	650,000
Interest paid to shareholders	30,000	30,000	30,000	30,000
	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Key management compensation:				
Directors' salaries	164,873	162,181	164,873	162,181

Loans to related parties

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Amounts owed by subsidiaries :				
Opening balance	-	-	972,989	322,989
Amounts advanced during the year	-	-	(972,989)	650,000
Loans repayments received	-	-		-
Closing balance	-	-	-	972,989
Loans and advances to subsidiaries :				
Opening balance	-	-	20,185,477	15,135,118
Loans advanced during the year	-	-	5,075,708	10,069,206
Loans repayments received	-	-	(6,101,366)	(5,904,402)
Interest charged	-	-	1,402,493	885,555
Closing balance	-	-	20,562,312	20,185,477
Amounts due from related companies				
Opening balance	-	6,772	-	-
Loans repayments received	-	(6,772)	-	-
Closing balance	-	-	-	-

Total loans and amounts due from related parties :				
Opening balance	-	6,772	21,158,466	15,458,107
Loans advanced during the year	-	-	5,075,708	10,719,206
Loans repayments received	-	(6,772)	(7,074,355)	(5,904,402)
Interest charged Conversion of debt to equity	-	-	1,402,493	885,555
	-	-	-	-
Closing balance	-	-	20,562,312	21,158,466

Loans from related parties

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Loans and advances from shareholders:				
Opening balance	1,220,835	1,200,000	1,220,835	1,200,000
Loans advanced during the year	2,574,750	20,835	250,000	20,835
Loans repayments made	(1,445,751)	-	(270,835)	-
Closing balance	2,349,834	1,220,835	1,200,000	1,220,835
Amounts due to group companies				
Opening balance	-	-	40,000	-
Amounts advanced during the year	-	-	20,433	40,000
Loans repayments made	-	-	(40,000)	-
Closing balance	-	-	20,433	40,000
Total loans and amounts due to related parties :				
Opening balance	1,220,835	1,200,000	1,260,835	1,200,000
Loans/amounts advanced during the year	2,574,750	20,835	270,433	60,835
Closing balance	2,349,834	1,220,835	1,220,433	1,260,835

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.

The company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting year, as summarised below:

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
<i>Financial assets at amortised cost</i>				
Financial assets available for sale (Note 13)	2,984,423	-	2,984,423	-
Trade receivables (Note 18)	1,967,546	1,041,838	-	-
Loans and amounts due from subsidiaries (Note 15, 18)	-	-	20,562,312	21,158,466
Cash and cash equivalents (Note 19)	1,986,563	1,254,223	969,934	37,735
	<u>6,938,532</u>	<u>2,296,061</u>	<u>24,516,669</u>	<u>21,196,201</u>

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	Weighted average interest rate	Within 12 months	Between 1-5 years	More than 5 years	Total
		€	€	€	€
31 December 2023					
Bonds payable (including interest)	4.50%	6,044,932	14,721,733	-	20,766,665
Loans to shareholders	2.50%	1,200,000	-	-	1,200,000
Trade and other payables	-	3,415,345	-	-	3,415,345
		<u>10,660,277</u>	<u>14,721,733</u>	<u>-</u>	<u>25,382,010</u>

Company	Weighted average interest rate	Within 12 months	Between 1-5 years	More than 5 years	Total
		€	€	€	€
31 December 2023					
Bonds payable (including interest)	4.50%	6,044,932	14,721,733	-	20,766,665
Loans to shareholders	2.50%	1,200,000	-	-	1,200,000
Other related party borrowings	-	20,433	-	-	20,433
Trade and other payables	-	34,338	-	-	34,338
		7,299,703	14,721,733	-	22,021,436

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 borrowings subject to varying interest rates. Interest rate on the bonds payable and related party borrowings is fixed (where applicable), while the other financial liabilities are interest-free, thus, interest rate risk does not apply to these financial instruments.

Cash flow and fair value interest rate risk

The Group's significant instruments which are subject to fixed interest rates comprise of borrowings (Note 24). In this respect, the Group is potentially exposed to fair value interest rate risk in view of the fixed nature of these instruments, which are however measured at amortised cost.

The Group's interest rate risk principally arises from any bank borrowings issued at variable rates. The Group's borrowings in note 24 are issued at fixed rates. These borrowings do not expose the Group to cash flow interest rate risk.

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.

	Active Market Level 1	Observable Market Data Level 2	Unobservable Market Data Level 3
	€	€	€
Available for sale financial assets	2,984,423	-	-

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”), which comprise the statements of financial position as at 31 December 2023, 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 material 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 2023, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Maltese 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. As at 31 December 2023, the Group's properties held for sale and under development amounted to €26,114,118.

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, but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 Maltese 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 Maltese Companies Act (Cap. 386);
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- in light of our knowledge and understanding of the Group and the Company 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 Accounting Standards as adopted by the EU and the requirements of the Maltese 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 Group's and the Company'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 Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial

- statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal

control that we identify during our audit.

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 Market Rules issued by the Malta Financial Services Authority require the directors to prepare and include in their Annual Report a Statement of Compliance with the Code of Principles of Good Corporate Governance within Appendix 5.1 to Chapter 5 of the Capital Market Rules. The Statement's required minimum contents are determined by reference to Capital Markets Rule 5.97. The Statement provides explanations as to how the Company has complied with the provisions of the Code, presenting the extent to which the Company has adopted the Code and the effective measures the Board has taken to ensure compliance throughout the accounting period with those Principles.

The Capital Market Rules also require the auditor 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 Annual Report with respect to the information referred to in the Capital Market Rules 5.97.4 and 5.97.5. We also assessed whether the Statement of Compliance includes all the other information required to be presented as per Capital Market Rules 5.97. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual 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 has been properly prepared in accordance with the requirements of the Capital Market 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 2023, 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 2023 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

Other Matters on which we are Required to Report by Exception

Under the Maltese Companies Act (Cap. 386), we are required to report to you if in our opinion:

- proper accounting records have not been kept; or
- proper returns adequate for our audit 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 Market 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 to you in respect of these responsibilities.

Appointment

We were first appointed to act as statutory auditors of the Company by the shareholders of the Company on 29 July 2019 for the 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 five financial years.

This copy of the audit report has been signed by:

Conrad Borg (*Principal*)

for and on behalf of

RSM Malta

Registered Auditors

26 April 2024



