

BDPH 64/2022

COMPANY ANNOUNCEMENT

*The following is a company announcement issued by Best Deal Properties Holding P.L.C. (C 88974) (hereinafter the “**Company**”) pursuant to the Capital Markets Rules issued by the Malta Financial Services Authority (the “**Capital Markets Rules**”) and the rules issued by the Malta Stock Exchange regulating the Prospects MTF market (the “**Prospects Rules**”)*

QUOTE

The Board of Directors of the Company has today, the 25th of August 2022, considered and approved the Company’s consolidated financial statements (unaudited) for the period ending 30 June 2022. The said financial statements are attached herewith and are also available for viewing on the Company’s website through the following link: <https://www.bestdealholdings.com/>.

UNQUOTE

By order of the Board.



Dr Stephanie Manduca
Company Secretary

25 August 2022

Best Deal Properties Holding p.l.c.
Unaudited Interim Consolidated Financial Statements
for the period ended 30 June 2022

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Interim directors' report pursuant to Capital Markets Rule 5.75.2 and Prospects MTF Rule 4.11.12

The condensed interim report is published in terms of Chapter 5 of the Capital Markets Rules listed by the Malta Financial Services Authority, Chapter 4 of the Prospects Rules of the Malta Stock Exchange and the Prevention of Financial Markets Abuse Act, 2005. The interim condensed financial statements included in this report has been extracted from Best Deal Properties Holding p.l.c.'s unaudited consolidated financial information as at 30 June 2022 and has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. In accordance with the terms of Capital Markets Rule 5.75.5 and Prospects MTF Rule 4.11.12, this interim report has not been audited or reviewed by the Company's independent auditors.

Principal Activity

The Group is mainly engaged in property development.

Business Review

The Group has four developments in progress, in Mqabba, Zabbar, Pembroke and Mellieha. The development in Mqabba was completed during 2021 and final units are projected to be sold in 2022. As at the end of June the construction of the Zabbar development consisting of two garage levels and nine apartment blocks was completed. The finishing works have also progressed in most of the blocks as only three remain to be finished. Sales of units in shell form commenced in 2020 and continued during 2021 and 2022. The construction of Pembroke project was completed in 2021 and as at end of June the finishing works were 95% completed. From this development two units and garages have been sold in shell form during 2021. The construction of the Mellieha development was completed in the first quarter of 2022 and finishings are 10% completed as at end of June. Included in its inventories, the Group has also a garage from the development of Blue Moon Court in Marsasclala which was completed during 2020. The sales contract of this final unit will be signed in 2022.

The Profit before tax on the Group's activities for the period amounted to €1,244,112.

As at 30 June 2022, the Group's total assets amounted to €21.2 million and net assets amounted to €7.6 million. Net current assets amounted to €17.3 million. The main current assets of the Group consist of the properties held for development and resale with a value of €18.5 million and cash and cash equivalents of €992,119. The Group held a sinking fund reserve of €428,959 which is presented as a Non-Current Asset. The main current liabilities consist of deposits from clients on promise of sales agreements amounting to €559,789 as well as accruals and payables to contractors of €2.2 million. The Group had current bank borrowings of €350,000 which will be paid by end of 2022 from sales proceeds. Non-current liabilities totalled €10.2 million made up of the Secured Bonds 2024 amounting to €9 million and €1.2 million shareholder's loan.

Dividends and Reserves

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

Directors

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

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

Directors' statement pursuant to Capital Markets Rule 5.75.3 and Prospects MTF Rule 4.11.12

We hereby confirm that to the best of our knowledge:

1. The consolidated condensed financial statements attached herewith, which have been prepared in accordance with IAS 34 Interim Financial Reporting, give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in this consolidation taken as a whole, as at 30 June 2022.
2. The Directors' report includes a fair review of the information required in terms of Listing Rule 5.81 and 5.84 and Prospects MTF Rule 4.11.12.

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

This statement was approved by the Board of Directors on 25 August 2022 and signed on its behalf by:



Pierre Bartolo
Director



Christopher Attard
Director

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

Consolidated Interim Condensed Statement of Comprehensive Income
for the period ended 30 June 2022

	01.01.22 to 30.06.22 (Unaudited) €	01.01.21 to 30.06.21 (Unaudited) €
Revenue	6,340,606	5,702,500
Cost of sales	(4,649,637)	(4,232,542)
Gross profit	1,690,969	1,469,958
Administrative expenses	(239,924)	(347,703)
Operating profit	1,451,045	1,122,255
Finance income	42	86
Finance costs	(206,975)	(68,128)
Finance costs - net	(206,933)	(68,042)
Profit before taxation	1,244,112	1,054,213
Income tax expense	(249,088)	(272,346)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	995,024	781,867

The notes on pages 7 to 10 form an integral part of these financial statements.

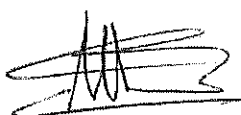
Consolidated Interim Condensed Statement of Financial Position
as at 30 June 2022

		30.06.22 (Unaudited) €	31.12.21 (Audited) €
	Notes		
ASSETS			
Non-Current Assets		581,269	3,517,883
Current Assets			
Inventories	7	18,502,236	19,625,795
Trade and other receivables		1,074,226	1,147,650
Current tax assets		1,449	23,303
Cash and cash equivalents		992,119	246,662
		<u>20,570,030</u>	<u>21,043,410</u>
Total Assets		<u>21,151,299</u>	<u>24,561,293</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		312,500	312,500
Share premium account		937,500	937,500
Shareholders' loans		2,324,750	2,324,750
Accumulated profits		4,062,674	3,317,650
Total equity		<u>7,637,424</u>	<u>6,892,400</u>
Liabilities			
Non-Current Liabilities	8	10,221,938	14,495,772
Current Liabilities			
Borrowings	8	495,834	660,000
Trade and other payables		2,796,103	2,513,121
Total Current Liabilities		<u>3,291,937</u>	<u>3,173,121</u>
Total Liabilities		<u>13,513,075</u>	<u>17,668,893</u>
Total equity and liabilities		<u>21,151,299</u>	<u>24,561,293</u>

The consolidated condensed financial statements found on pages 3 to 10 were authorised for issue by the Board of Directors on 25 August 2022 and signed on its behalf by:



Pierre Bartolo
Director



Christopher Attard
Director

The notes on pages 7 to 10 form an integral part of these financial statements.

Consolidated Interim Condensed Statement of Changes in Equity
for the period ended 30 June 2022

	Share Capital	Share premium	Accumulated profits	Other Equity	Total
	€	€	€	€	€
At 1 January 2021	312,500	937,500	553,134	2,324,750	4,127,884
Comprehensive Income					
Profit for the period			781,867		781,867
At 30 June 2021 (Unaudited)	312,500	937,500	1,335,001	2,324,750	4,909,751
At 31 December 2021	312,500	937,500	3,317,650	2,324,750	6,892,400
At 1 January 2022	312,500	937,500	3,317,650	2,324,750	6,892,400
Comprehensive Income					
Profit for the period	-		995,024	-	995,024
Dividends			(250,000)		(250,000)
At 30 June 2022 (Unaudited)	312,500	937,500	4,062,674	2,324,750	7,637,424

The notes on pages 7 to 10 form an integral part of these financial statements.

Consolidated Interim Condensed Statement of Cash Flows
for the period ended 30 June 2022

	01.01.22 to 30.06.22 (Unaudited) €	01.01.21 to 30.06.21 (Unaudited) €
Net cash flows generated from operating activities	2,883,145	1,012,537
Net cash flows from investing activities	2,936,487	(2,015,806)
Net cash flows from financing activities	(5,074,175)	769,646
Net decrease in cash & cash equivalents in the period	<u>745,457</u>	<u>(233,623)</u>
Cash and equivalents at beginning of period	<u>246,662</u>	<u>437,949</u>
Cash and equivalents at end of period	<u><u>992,119</u></u>	<u><u>204,326</u></u>

The notes on pages 7 to 10 form an integral part of these financial statements.

1. General Information

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

2. Basis of Consolidation

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

This consolidated interim condensed financial information has been extracted from the unaudited accounts of the Group formed part of the entities listed in Note 5. These financial statements have not been audited nor reviewed by the Group's independent auditors. The consolidated condensed financial information does not include all the notes of the type normally included in the annual financial statements. Accordingly, this report should be read in conjunction with the annual financial statements of the entities of which the Group forms part, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. Information on such entities of which the Group forms part can be found in Note 5.

The accounting policies applied in the preparation of these consolidated condensed financial statements are consistent with those applied in the audited financial statements, for the period 31 December 2021.

New or revised standards adopted in the current period

In 2022, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning 1 January 2022. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Group's accounting policies.

New and revised IFRSs adopted by the EU that are not mandatorily effective for the period ending 30 June 2022

The Group has not applied any of the new and revised International Financial Reporting Standards as adopted by the EU that have been issued but are not yet effective. The Group does not anticipate that the application of such standards may have significant impact on amounts reported in respect of the Group's financial statements.

3. Interest receivable and similar income

	30.06.22	30.06.21
	€	€
Bank interest	42	86

4. Dividends

	30.06.22	30.06.21
	€	€
Dividends on equity shares:		
Ordinary shares - Interim paid	250,000	-

5. Interests in subsidiaries

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

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

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

Subsidiary undertaking	Registered or principal office	Date of Incorporation
Elite Developments Ltd (C74282)	63, J.L.Building, Luqa Road, Paola	9 February 2016
PJCE Properties Ltd (C85050)	63, J.L.Building, Luqa Road, Paola	22 February 2018
Best Deal Developments Ltd (C89191)	63, J.L.Building, Luqa Road, Paola	31 October 2018
Best Deal Estates Limited	63, J.L.Building, Luqa Road, Paola	31 May 2022

Elite Developments Ltd was acquired by the Group on 13 November 2018 by exchange of shares. In this respect, a bargain purchase gain of €515,044 was made in view of the net asset value at date of acquisition of the company being more than the purchase consideration. The bargain purchase gain made was included in the statement of comprehensive income, in line with IFRS 3 'Business Combinations'.

PJCE Properties Ltd was acquired by the Group on 13 November 2018 by exchange of shares. In this regard, goodwill of €43,367 was recognised and recorded as an intangible asset in the statement of financial position, in view of the net asset value at date of acquisition of the company being less than the purchase consideration. During 2020 the share capital of PJCE Properties Ltd was increased by €200,000, the shares being 100% owned by Best Deal Properties Holding p.l.c.

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

Best Deal Estates Limited was incorporated in 2022 with the purpose of taking on new projects in the future.

Notes to the Consolidated Interim Condensed Financial Statements
for the period ended 30 June 2022

6. Trade and Other Receivables: Non-Current

	30.06.22	31.12.21
	€	€
Sinking fund reserve	428,959	3,365,446

7. Inventories

	30.06.22	31.12.21
	€	€
Properties under development	18,502,236	19,625,795

8. Borrowings

	30.06.22	31.12.21
	€	€
Non-current		
160,000 4.25% Secured Bonds 2024	Note 9,021,938	13,295,772
Related party borrowings	Note 1,200,000	1,200,000
	10,221,938	14,495,772
Current		
Amounts owed to related parties	Note 145,834	-
Bank borrowings	Note 350,000	660,000
	495,834	660,000

Amounts owed to related parties

Amounts are unsecured, interest free and are repayable on demand.

Bank borrowings

The current portion of bank borrowings amounting to €350,000 was obtained in 2020 through the MDB COVID-19 Guarantee Scheme. This loan bears interest of 2.5% per annum and it will be repaid by end of 2022 from sales proceeds.

Related party borrowings

These amounts are unsecured and bear interest of 2.5% per annum (2021: 6.667% per annum). The rights of the lender in respect of these loans are 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 loans shall be in all respects conditional on their being certainty that dues to bondholders are secured.

Bonds issued

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

	30.06.22	31.12.21
	€	€
Original face value of bonds issued	16,000,000	16,000,000
Bond issue costs	(400,376)	(400,376)
Accumulated amortisation	239,114	205,748
Bond buy backs	(6,816,800)	(2,509,600)
Closing net book amount of bond issue costs	(6,978,062)	(2,704,228)
Amortised cost and closing carrying amount of the bonds	<u>9,021,938</u>	<u>13,295,772</u>