24th March 2020

Company Announcement

The following is a Company Announcement issued by Busy Bee Finance Plc (the "Company") bearing company registration number C87631, in terms of the rules of Prospects MTF, a market regulated as a multi-lateral trading facility and operated by the Malta Stock Exchange, pursuant to Rule 4.11.12 of the Prospects MTF Rules.

Quote

Approval of Annual Report and Audited Financial Statements

The Board of Directors of the Company has, on the 24th March 2020, resolved to approve the Company's Annual Report and the Audited Financial Statements for the year ended 30th November 2019.

A copy of the said Annual Report and Audited Financial Statements can be found at: https://busybee.com.mt/investor-relations/

The Company makes reference to Company Announcement Ref No. BSB05, wherein the Company announced that it expects to be in a position to publish and disseminate the Financial Sustainability Forecasts (FSFs) following the audit for the year ending 30th November 2019. The Company notes that given the unprecedented nature of the pandemic, it is extremely difficult to predict the impact of the COVID-19 virus on the Company's operations and as such, it is not in a position to publish and disseminate its FSFs.

The Company remains committed to publish and disseminate its FSFs once the impact of COVID-19 on the Company's operations has been properly assessed.

Unquote

Jean Carl Farrugia
Company Secretary

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Malta

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Registration Number C 87631

Busy Bee Finance plc

Annual Report and Consolidated Financial Statements

For the period ended 30 November 2019

BUSY BEE FINANCE PLC

Contents

Directors, Officers and Others Information

Directors:	Mr Brian Friggieri Mr Geoffrey Friggieri Mr Robert Ancilleri (appointed on 31 January 2019) Mr Charles Scerri (appointed on 31 January 2019)
Secretary:	Dr Jean Karl Farrugia (appointed on 1 March 2019) Ms Audrey Friggieri (resigned on 1 March 2019)
Registered office:	Busy Bee Group Zone 4, Mdina Road Mriehel, Birkirkara CBD 4010 Malta
Country of incorporation:	Malta
Company registration number:	C 87631
Auditors:	Nexia BT The Penthouse, Suite 2 Capital Business Centre, Entrance C Triq taz-Zwejt, San Gwann SGN 3000 Malta
Bankers:	Bank of Valletta plc 212/215, Triq ix-Xatt Msida PTA 9041 Malta
Legal advisors:	Deguara Farrugia Advocates Il Piazzetta A, Suite 52, Tower Road Sliema SLM 1607 Malta

Directors' Report

Principal activities

The company was incorporated on 31 July 2018. The company was formed principally to act as a finance and investment company, in particular the financing or re-financing of the funding requirements of related companies within the Busy Bee Group.

Performance review

The company's operating income is derived from service fees charged to related companies. The operating loss for the period amounted to € 78,025. The group generated operating income from rental income and royalty income charged to other related parties and also from retail income.

During the period the company had interest income from related party loans of € 103,192 and incurred bond interests of € 106,164. The group did not generate any interest income but incurred the bond interests and interest on bank loan.

During the period under review, the company registered a net loss before taxation of €80,997 while the group registered a profit before taxation of € 2,720,810 which is after the increase in fair value of investment property of € 2,015,000 and the gain on business combination of € 1,203,678.

Total equity as at period end of the company amounted to € 619,755 while that of the group was of € 6,917,590.

Financial Key Performance Indicators

	Group 2019 €	Company 2019 €
Revenue	3,927,956	397,531
Operating loss	(348,900)	(78,025)
Net finance expense	(199,353)	(2,972)
Net profit / (loss) after tax	2,635,776	(80,997)
Total equity and liabilities	14,180,833	5,724,887

The directors consider the company and the group to be a going concern. All the directors are responsible for this statement.

Principal risks and uncertainties

The company is exposed to risks inherent to its operation and can be summarized as follows:

1. Strategy Risk

Risk management falls under the responsibility of the Board of Directors. The Board is continuously analysing its risk management strategy to ensure that risk is adequately identified and managed. The Audit Committee regularly reviews the risk profile adopted by the Board of Directors.

2. Operational Risks

The company's revenue is mainly derived from interest charges and service fees charged to related parties and hence the company is heavily dependent on the performance of the Busy Bee Group. The company regularly reviews the financial performance of the Busy Bee Group of companies to ensure that there is sufficient liquidity to sustain its operations.

3. Legislative risks

The company is governed by a number of laws and regulations. Failure to comply could have financial and reputational implications and could materially affect the company's ability to operate. The company has embedded operating policies and procedures to ensure compliance with existing legislation.

Financial risk management and exposures

Note 25 to the financial statements provides a detailed analysis of the financial risk to which the company is exposed.

Diversity and inclusion

We aim to promote and embed diversity and inclusion into our culture, values and everything we do both within Busy Bee as well as in the environment in which we operate.

Health and safety

The maintenance of a safe place of work and business for our employees, customers and visitors is a key responsibility for all managers and members of staff. Busy Bee is committed to proactively manage health and safety risk through the identification. assessment and mitigation of hazards that may otherwise result in injury, fire events and operational failure.

Directors remain committed to maintaining the Group's preparedness for emerging and foreseeable risks in ensuring health and safety compliance.

Employees

We are committed to an inclusive culture where our people can be confident that their views matter, their workplace is an environment free from bias, discrimination and harassment, and where they can see that advancement is based on merit.

People are at the core of our business. The focus of our people plan is to ensure we have a workforce that is highly skilled in ensuring that the quality that Busy Bee is renowned for always remains at its highest levels and that it translates into successful outcomes for our customers and our business. Our aim is to build a strong employee value proposition that attracts the best talent with a diverse background which in turn enriches our business culture.

Dividend and reserves

The directors do not recommend the payment of a dividend and propose to transfer the profit for the period to reserves.

Directors

The directors of the company during the period were:

- Mr Brian Friggieri
- Mr Geoffrey Friggieri
- Mr Robert Ancilleri (appointed on 31 January 2019)
- Mr Charles Scerri (appointed on 31 January 2019)

In accordance with the company's articles of association, the present directors remain in office.

Auditors

The auditors, Nexia BT have intimated their willingness to remain in office and a resolution will be put before the members at the next annual general meeting.

Approved by the board of directors and signed on its behalf on 24th March 2020 by:

Mr Charles Scerri	Mr Brian Friggieri
Chairman	Director

Statement of Directors' Responsibilities

The directors are required by the Companies Act (Chap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the company at the end of each financial period and of the profit or loss of the company for the period then ended. In preparing the financial statements, the directors should:

- adopt the going concern basis unless it is inappropriate to presume that the company will continue in business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis; and
- value separately the components of asset and liability items.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and which enable the directors to ensure that the financial statements comply with the Companies Act (Chap. 386). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate Governance - Statement of Compliance

Introduction

The Prospects MTF Rules issued by the Malta Stock Exchange require qualifying companies admitted to Prospects MTF to observe relevant corporate governance standards, in this case the Code of Principles of Good Corporate Governance ("the Code").

The Board of Directors (the "Board" or the "Directors") of Busy Bee Finance plc (the "Company") acknowledges that although the Code does not dictate or prescribe mandatory rules, compliance with the principles of good corporate governance recommended in the Code is in the best interests of the Company, its shareholders and other stakeholders.

The Company's decision-making structure is designed to meet the Company requirements and to ascertain that decision making is subject to the checks and balances where this is appropriate.

General

Good corporate governance is the responsibility of the Board as a whole, and has been, and remains a priority for the Company. In deciding on the most appropriate manner in which to implement the Code, the Board took cognisance of the Company's size, nature and operations, and is of the opinion that the adoption of certain mechanisms and structures which may be suitable for companies with extensive operations may not be appropriate for the Company. The limitations of size and scope of operations inevitably impact on the structures required to implement the Code, without however diluting the effectiveness thereof.

The Board considers that, to the extent otherwise disclosed herein, the Company has generally been in compliance with the Code throughout the period under review.

This Statement shall now set out the structures and processes in place within the Company and how these effectively achieve the goals set out in the Code for the period under review. For this purpose, this Statement will make reference to the pertinent principles of the Code and then set out the manner in which the Board considers that these have been adhered to, and where it has not.

For the avoidance of doubt, reference in this Statement to compliance with the principles of the Code means compliance with the Code's main principles.

The Directors believe that for the financial period under review the Company has generally complied with the requirements for each of the Code's main principles. Further information in this respect is provided hereunder.

Principle One: The Company's Board of Directors

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 fit and proper to direct the business of the Company with honesty, competence and integrity. All the members of the Board are fully aware of, and conversant with, the statutory and regulatory requirements connected to the business of the Company. The Board is accountable for its performance and that of its delegates to shareholders and other relevant stakeholders.

The Board has throughout the period under review adopted prudent and effective systems which ensure an open dialogue between the Board and senior management.

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.

Principle Two: The Company's Chairman and Chief Executive Officer

The Chairman exercises independent judgment 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 shareholders and ensuring active engagement by all members of the Board for discussion of complex or contentious issues.

The role of the CEO is jointly carried out by the executive directors. The latter are accountable to the Board for all business operations of the Company.

Principle Three: Composition of the board

The Board is composed of 4 members, with 2 executive and 2 non-executive Directors. The non-executive Directors are independent from the Group. It is responsible for the overall long term strategy and general policies of the Company, of monitoring the Company's systems of control and financial reporting and communicating effectively with the market as and when necessary.

The Board of Directors consists of the following:

- Mr Charles Scerri - Chairman/ Non-executive Director
- Mr Robert Ancilleri - Non-executive Director
- Mr Brian Friggieri - Director
- Mr Geoffrey Friggieri - Director

In accordance with the provisions of the Company's Articles of Association, the appointment of Directors to the Board is exclusively reserved to the Company's shareholders, except in so far as appointment is made by the Board to fill a casual vacancy, which appointment would be valid until the conclusion of the next Annual General Meeting of the Company following such an appointment. In terms of the Articles of Association, a Director shall hold office for a period of three years from the date of his appointment. Mr Charles Scerri and Mr Robert Ancilleri are considered by the Board to be independent non- executive members of the Board.

None of the independent non-executive Directors:

a) is or has been employed in any capacity with the Company and/or the Group;

b) has or had a significant business relationship with the Company and/or the Group;

c) has received significant additional remuneration from the Company and/or the Group;

d) has close family ties with any of the Company's executive Directors or senior employees;

e) has served on the Board for more than twelve consecutive years; or

f) is or has been within the last three years an engagement partner or a member of the audit team of the present or former external auditor of the Company and/or the Group.

Each non-executive Director has declared in writing to the Board that he undertakes:

a) to maintain in all circumstances his independence of analysis, decision and action;

b) not to seek or accept any unreasonable advantages that could be considered as compromising his/her independence; and

c) to clearly express his/her opposition in the event that he finds that a decision of the Board may harm the Company.

Principle Four: The 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.

Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities, at the Company's expense.

The Audit Committee

The Audit Committee's primary objective is to assist the Board in fulfilling its responsibilities: in dealing with issues of risk, control and governance; and review the financial reporting processes, financial policies and internal control structure. During the financial period under review, the Audit Committee met four times.

Although the Audit Committee is set up at the level of the Company its main tasks are also related to the activities of the Group.

The Board has set formal terms of establishment and the terms of reference of the Audit Committee 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.

Furthermore, the Audit Committee 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 any such transaction is at arm's length and on a commercial basis and ultimately in the best interests of the Company.

The Audit Committee is composed of 3 members:

- Mr Robert Ancilleri - Chairman
- Mr Brian Friggieri - Member
- Mr Charles Scerri - Member

Mr Robert Ancilleri and Mr Charles Scerri are non-executive Directors and qualified accountants, who the Board considers as independent and competent in accounting.

Internal Control

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 period 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.

Other key features of the system of internal control adopted by the Company in respect of its own internal control as well as the control of its subsidiaries and affiliates are as follows:

a) Control Environment

The Group is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations. Group policies and employee procedures are in place for the reporting and resolution of fraudulent activities. The Group has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Group objectives.

b) 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 Company and its subsidiaries are involved. These risks are assessed on a continual basis.

c) Information and communication

Functional, operating and financial reporting standards are applicable to all entities of the Group. These are supplemented by operating standards set by the Board. Systems and procedures are in place to identify, control and to report on the major risks including credit risk, changes in the market prices of financial instruments, liquidity, operational error and fraud. The Board receives periodic management information giving comprehensive analysis of financial and business performance including variances against budgets.

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.

General Meetings

The general meeting is the highest decision-making body. A general meeting is called by fourteen days' notice and it is conducted in accordance with the Articles of Association.

The Annual General Meeting (AGM) deals with what is termed as "ordinary business", namely, the receiving or adoption of the annual financial statements, the declaration of a dividend, if any, the appointment of the auditors, Board authorisation to fix the auditors' emoluments and the Election of Directors. Other business which may be transacted at a general meeting (including at the AGM) will be dealt with as Special Business.

No business shall be transacted at a general meeting of the Company unless a quorum of members is present at the time the meeting proceeds to business. The quorum at any shareholder's meeting shall be any number of members holding not less than seventy-five per cent of the issued paid up shares conferring voting rights in the Company. Provided that if within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be adjourned to the same day in the next week at the same time or place or to such other day and such other time and place as all the Directors may determine and if at the adjourned meeting a quorum is not present as described above, the member/s present shall constitute a quorum providing they hold not less than fifty per cent of the issued paid up shares conferring voting rights in the Company. Each share shall entitle the holder thereof to one vote.

A shareholder who cannot participate in the general meeting can appoint a proxy by written or electronic notification to the Bank.

Every shareholder represented in person or by proxy is entitled to ask questions which are pertinent and related to items on the agenda of the general meeting and to have such questions answered by the Directors or by such persons as the Directors may delegate for that purpose.

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. 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 meets as often as frequently required in line with the nature and demands of the business of the Company. Directors attend meetings on a frequent and regular basis and dedicate the necessary time and attention to their duties as Directors of the Company. The following Directors attended Board meetings as follows:

Name	Designation	Number of meetings
Mr Charles Scerri	Chairman/Non-executive Director	3 out of 3
Mr Robert Ancilleri	Non-executive Director	3 out of 3
Mr Brian Friggieri	Director	3 out of 3

Principle Six: Information and Professional Development

As part of succession planning and employee retention, the Board and CEO ensure that the Company implements appropriate schemes to recruit, retain and motivate employees and senior management and keep a high morale amongst employees.

Principle Seven: Evaluation of the Board's Performance

Under the present circumstances, 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 always under the scrutiny of the shareholders of the Company.

Principle Eight: Remuneration and Nomination Committees

The Board of Directors considers that the size and operation of the Issuer does not warrant the setting up of nomination and remuneration committee. The Issuer will not be incorporating a nomination committee. Appointments to the Board of Directors are determined by the shareholders of the Issuer in accordance with the company's Memorandum and Articles of Association. The Issuer considers that the members of the Board possess the level of skill, knowledge and experience expected in terms of the Code. Annual Report and Financial Statements and by publishing its results on a six-monthly basis during the period, and through company announcements to the market in general.

Principle Nine and Ten: Relations with Shareholders and with the Market

Pursuant to the Company's statutory obligations in terms of the Companies Act (Cap. 386 of the Laws of Malta), 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.

With respect to the Company's bondholders and the market in general, during the financial period under review, there was no need to issue any Company announcements to the market.

Principle Eleven: Conflicts of Interest

All of the Directors of the Company, except for Mr Charles Scerri and Mr Robert Ancilleri, are executive officers of the Company. The executive Directors, Mr Geoffrey Friggieri and Mr Brian Friggieri, have a direct beneficial interest in the share capital of the Company, and as such is susceptible to conflicts arising between the potentially diverging interests of the shareholders and the Company. During the financial period under review, no private interests or duties unrelated to the Company were disclosed by the Directors which were or could have been likely to place any of them in conflict with any interests in, or duties towards, the Company.

The Audit Committee has the task to ensure that any potential conflicts of interest are resolved in the best interests of the Company. Furthermore, in accordance with the provisions of article 145 of the Companies Act (Cap. 386 of the Laws of Malta), every Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company is under the duty to fully declare his interest in the relevant transaction to the Board at the first possible opportunity and he will not be entitled to vote on matters relating to the proposed transaction and only parties who do not have any conflict in considering the matter will participate in the consideration of the proposed transaction (unless the Board finds no objection to the presence of such Director with conflict of interest).

Principle Twelve: Corporate Social Responsibility

The Company seeks 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 and of the employees of the Company and the Group.

The Board is mindful of the environment and its responsibility within the community in which it operates.

In carrying on its business, the Group is fully aware and at the forefront to preserving the environment and continuously review its policies aimed at respecting the environment and encouraging social responsibility and accountability.

In conclusion, the Board considers that the Company has generally been in compliance with the Principles throughout the period under review as befits a company of this size and nature. Non-compliance with the principles and the reasons therefor have been identified above.

Approved by the board of directors and signed on its behalf on 24th March 2020 by:

Mr Charles Scerri	Mr Brian Friggieri
Chairman	Director

Independent Auditors' Report to Busy Bee Finance plc on Corporate Governance Matters

The Prospects Rules issued by the Malta Stock Exchange require the Directors to prepare and include in their Annual Report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and effective measures that they have taken to ensure compliance throughout the accounting period with those principles.

The Prospects Rules also require the auditor to include a 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. Our responsibilities do not extend to any other information.

We are not required to perform additional work necessary to, and we do not, express an opinion on the effectiveness of either the company`s system of internal control or its corporate governance procedures.

In our opinion, the Statement of Compliance set out on pages 6 to 12 has been properly prepared in accordance with the requirements of the Prospects Rules issued by the Malta Stock Exchange.

Mr Manuel Castagna

For and on behalf of
Nexia BT
Certified Public Accountants

The Penthouse, Suite 2
Capital Business Centre, Entrance C
Triq taz-Zwejt
San Gwann SGN 3000
Malta

Date: 24th March 2020

Independent Auditors' Report to the members of Busy Bee Finance plc

Opinion

We have audited the accompanying individual financial statements of Busy Bee Finance plc ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statements of financial position as at 30 November 2019, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as of 30 November 2019 and of their financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been properly prepared in accordance with the requirements of the Companies Act, Cap 386 of the Laws of Malta.

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 entity in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession Act in Malta, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

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

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.

1. Loans and receivables

Key audit matter

The company acts as the main finance vehicle of the Busy Bee Group of companies. The loans and receivables are the largest asset category of the company.

How the key audit matter was addressed in our audit

Loans and receivables were checked and confirmed with the financial information of the respective related parties and related agreements. We also checked the financial situation of the related parties to ensure that there are no recoverability issues.

2. Investment in subsidiaries

Key audit matter

The valuation of the investment in subsidiaries depends on the financial information of the subsidiary, and are accounted for using the cost method.

How the key audit matter was addressed in our audit

The financial report of the subsidiaries were audited by us, and there were no material issues that will affect the value of the investment in subsidiaries.

3. Immovable property at fair value

Key audit matter

The valuation of the group's immovable property is inherently subjective.

How the key audit matter was addressed in our audit

The architects' valuations were reviewed and tested by accessing the reasonableness of the inputs, verifying the calculations and the appropriateness of the resulting fair value. The architects' credentials and experience in location and categories of property were also checked.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report and the Statement of Compliance. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information 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.

Based on the work we have performed, in our opinion, the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements and the Directors' report has been prepared in accordance with the Companies Act, Cap. 386 of the Laws of Malta.

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' report and other information. We have nothing to report in this regard.

Responsibilities of the directors

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance to International Financial Reporting Standards as adopted by the EU and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Independent Auditors' Report to the members of Busy Bee Finance plc

In preparing the financial statements the directors are responsible for assessing the entity'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 intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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 entity'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 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 entity'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 entity 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 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.

Independent Auditors' Report to the members of Busy Bee Finance plc

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

Mr Manuel Castagna

For and on behalf of
Nexia BT
Certified Public Accountants

The Penthouse, Suite 2
Capital Business Centre, Entrance C
Triq taz-Zwejt
San Gwann SGN 3000
Malta

Date: 24th March 2020

Statements of Profit or Loss and Other Comprehensive Income

For the period from 31 July 2018 to 30 November 2019

	Note	Group 2019 €	Company 2019 €
Revenue	4	3,927,956	397,531
Cost of sales		(2,918,480)	-
Gross profit		1,009,476	397,531
Administrative expenses		(1,358,376)	(475,556)
Operating loss		(348,900)	(78,025)
Interest income	5	-	103,192
Movement in fair value of investment property		2,015,000	-
Other income	6	1,254,063	-
Finance costs	7	(199,353)	(106,164)
Profit/ (loss) before taxation	8	2,720,810	(80,997)
Income tax	9	(85,034)	-
Profit/ (loss) for the period		2,635,776	(80,997)
Total comprehensive income / (expense) for the period		2,635,776	(80,997)
Earnings per share	10	52.72	

The notes on pages 25 to 48 form an integral part of these financial statements.

BUSY BEE FINANCE PLC

Statements of Financial Position
At 30 November 2019

	Note	Group 2019 €	Company 2019 €
ASSETS			
Non-current assets			
Investment property	11	3,615,000	-
Property, plant and equipment	12	7,123,824	-
Intangible assets	13	1,500,000	-
Investment in subsidiaries	14	-	102,400
Loans and receivables	14	-	5,460,000
Deferred tax	15	642,172	-
		12,880,996	5,562,400
Current assets			
Inventories	16	625,216	-
Trade and other receivables	17	356,564	135,729
Cash at bank and in hand	18	318,057	26,758
		1,299,837	162,487
Total assets		14,180,833	5,724,887

Statements of Financial Position
At 30 November 2019

(continued)

	Note	Group 2019 €	Company 2019 €
EQUITY AND LIABILITIES			
Capital and reserves			
Called up issued share capital	19	50,000	50,000
Share premium		50,752	50,752
Shareholders' capital contribution	20	4,181,062	600,000
Retained earnings / (accumulated losses)		955,776	(80,997)
Revaluation reserve		1,680,000	-
Total equity		6,917,590	619,755
Non-current liabilities			
Debt securities in issue	21	4,812,018	4,812,018
Long-term borrowings	22	726,601	-
		5,538,619	4,812,018
Current liabilities			
Debt securities in issue	21	17,662	17,662
Short-term borrowings	22	318,701	-
Trade and other payables	23	1,388,261	275,452
		1,724,624	293,114
Total liabilities		7,263,243	5,105,132
Total equity and liabilities		14,180,833	5,724,887

These financial statements were approved by the board of directors, authorised for issue on 24th March 2020 and signed on its behalf by:

Mr Charles Scerri
Chairman

Mr Brian Friggieri
Director

The notes on pages 25 to 48 form an integral part of these financial statements.

Statements of Changes in Equity
For the period from 31 July 2018 to 30 November 2019

Group

	Called up issued share capital €	Share premium €	Shareholders' capital contribution €	Retained earnings €	Revaluation reserve €	Total €
Profit for the period	-	-	-	2,635,776	-	2,635,776
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	2,635,776	-	2,635,776
Issue of share capital	50,000	-	-	-	-	50,000
Increase in share premium	-	50,752	-	-	-	50,752
Revaluation of investment property	-	-	-	(1,680,000)	1,680,000	-
Movement	-	-	4,181,062	-	-	4,181,062
At 30 November 2019	50,000	50,752	4,181,062	955,776	1,680,000	6,917,590

Statements of Changes in Equity
For the period from 31 July 2018 to 30 November 2019

Company

	Called up issued share capital €	Share premium €	Shareholders' capital contribution €	Accumulated losses €	Revaluation reserve €	Total €
Loss for the period	-	-	-	(80,997)	-	(80,997)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	(80,997)	-	(80,997)
Issue of share capital	50,000	-	-	-	-	50,000
Increase in share premium	-	50,752	-	-	-	50,752
Movement	-	-	600,000	-	-	600,000
At 30 November 2019	50,000	50,752	600,000	(80,997)	-	619,755

Statements of Cash Flows
For the period from 31 July 2018 to 30 November 2019

	Note	Group 2019 €	Company 2019 €
Cash flows from operating activities			
Profit / (loss) before taxation		2,720,810	(80,997)
Adjustments for:			
Gain on revaluation		(2,015,000)	-
Gain on consolidation		(1,203,678)	-
Depreciation		406,546	-
Bond issue costs amortisation		4,596	4,596
Interest expense		199,353	106,164
Interest income		-	(103,192)
Operating profit / (loss) before working capital movements		112,627	(73,429)
Movement in inventories		(625,216)	-
Movement in trade and other payables		1,107,181	169,288
Movement in trade and other receivables		(305,812)	(207,453)
Cash flow generated from / (used in) operations		288,780	(111,594)
Interest paid		(93,189)	-
Net cash generated from / (used in) operating activities		195,591	(111,594)
Cash flows from investing activities			
Movement re business combination		(6,129,622)	-
Acquisition of property, plant and equipment		(274,440)	-
Acquisition of intangible assets		(900,000)	-
Acquisition of investment property		(1,600,000)	-
Movement in loans to related parties		-	(4,860,000)
Acquisition of financial assets		-	(51,648)
Net cash used in investing activities		(8,904,062)	(4,911,648)
Cash flows from financing activities			
Movement in bank loans		636,236	-
Increase in debt securities in issue		5,000,000	5,000,000
Increase in shareholders' contribution		2,931,226	-
Movement in other related party loans		155,000	-
Issue of share capital		50,000	50,000
Net cash generated from financing activities		8,772,462	5,050,000
Net movement in cash and cash equivalents		63,991	26,758

Statements of Cash Flows

For the period from 31 July 2018 to 30 November 2019

(continued)

	Note	Group 2019 €	Company 2019 €
Net movement in cash and cash equivalents		63,991	26,758
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period	18	63,991	26,758

1. General information

Busy Bee Finance plc is a public limited liability company incorporated in Malta. The company's registered address is Busy Bee Group, Zone 4, Mdina Road, Mriehel, Birkirkara CBD 4010, Malta. The company was formed principally to act as a finance and investment company, in particular the financing or re-financing of the funding requirements of related companies within the Busy Bee Group. The company was incorporated on 31 July 2018.

2. Significant accounting policies

Accounting convention and basis of preparation

These consolidated financial statements are presented using the Euro, being the currency that reflects the economic substance of the underlying events and circumstances relevant to the company and the group. They are prepared under the historical cost convention as modified by the fair valuation convention where required by International Financial Reporting Standards, in accordance with the provisions of the Companies Act, 1995 enacted in Malta, and the requirements of International Financial Reporting Standards as adopted by the EU. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies (see Note 3 - Critical accounting estimates and judgements).

New and revised standards that are issued but not yet effective

IFRS 16, 'Leases' introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised, with the exception of short-term and low-value leases. IFRS 16 will supersede the current lease guidance of IAS 17 and the related interpretations. The standard is mandatory for periods commencing on or after 1 January 2019.

The application of IFRS 16 will have no impact on the financial statements of the company and the group.

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

2. Significant accounting policies (continued)

New and revised standards that are issued but not yet effective (continued)

Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Additional guidance is provided that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

Amendments to References to the Conceptual Framework in IFRS Standards

The IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

The directors do not expect that the adoption of the amended Standards will have a material impact on the financial statements of the company.

Basis of consolidation

These financial statements include the results of the holding company and all entities that are controlled by the parent company; Busy Bee Finance plc.

Subsidiaries

Control is presumed to exist where more than one half of the subsidiary's voting power is controlled by the parent company, or the parent company is able to govern the financial and operating policies of the subsidiary, or control the removal or appointment of a majority of the subsidiary's board of directors. Intra group balances and transactions are eliminated on consolidation.

The results of subsidiary companies acquired or sold during the period are included in the consolidated statement of comprehensive income from or to the effective date of acquisition or disposal. The acquisition of subsidiaries is accounted for by applying the purchase method. The cost of the acquisition is measured at the aggregate of the fair values at the date of exchange of assets less liabilities incurred, and equity instruments issued by the group in exchange for control plus any costs directly attributable to the business combination.

2. Significant accounting policies (continued)

Subsidiaries (continued)

Any excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of acquisition is recognised as goodwill. Goodwill is initially recognised at cost and is subsequently measured at cost less any impairment losses. Any excess of the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination, after reassessment, is recognised immediately in the statement of comprehensive income.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognised. After initial recognition, minority interest in the net assets consists of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets at amortised cost are financial assets that meet the following conditions and are not designated at fair value through profit or loss:

- They are held within a business model whose objective is to hold the financial assets and collect contractual cashflows; and
- The contractual loans of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

(i) Investments

A subsidiary is an entity that is controlled by the company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments in subsidiaries are stated at cost less any impairment loss which may have arisen. Income from investment is recognized only to the extent of distributions received by the company from post-acquisition profits. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of investment.

2. Significant accounting policies (continued)

Financial instruments (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that are held for trading or are designated upon initial recognition as at fair value through profit or loss or as available-for-sale financial assets or those for which the company may not recover substantially all of its initial investment other than because of credit deterioration.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is not material.

(ii) Other borrowings

Subsequent to initial recognition, other borrowings are measured at amortised cost using the effective interest method unless the effect of discounting is immaterial.

(iii) Trade payables

Trade payables are classified with current liabilities and are stated at their nominal value.

(iv) Shares issued by the company

Ordinary shares issued by the company are classified as equity instruments.

(v) Debt securities in issue

Debt securities in issue are stated at amortised cost. The amortisation is calculated using the effective yield method and is recognised in profit or loss over the period of the debt security.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise and the cost can be measured reliably. Investment property is initially recognised at cost, including transaction costs.

Subsequent to initial recognition, investment property is stated at fair value unless the investment property is classified or included in a disposal group that is classified as held for sale, in which case, the investment property is measured at the lower of its carrying amount and fair value less costs to sell. Gains or losses arising from changes in fair value of investment property are recognised in profit and loss in the period in which the changes arise. The fair value movement on investment property, net of tax, is reclassified in the statement of changes in equity from retained earnings to the revaluation reserve.

2. Significant accounting policies (continued)

Investment property (continued)

Investment property is derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses on derecognition represent the difference between the net disposal of proceeds, if any, and the carrying amount, and are recognised in the statement of comprehensive income in the period of derecognition.

Property, plant and equipment

The group and the company's property, plant and equipment are classified into the following classes; long leasehold property, office equipment, plant and machinery, furniture and fittings, and fixtures and fittings. Property, plant and equipment are initially recorded at cost. Except for long leasehold property they are subsequently stated at cost less accumulated depreciation and impairment losses.

Land and buildings are held for use in the production or supply of goods or services or for administrative purposes. Subsequent to initial recognition, long leasehold property are stated at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made for the entire class of long leasehold property and with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the date of the statement of financial position. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Any revaluation increase arising on the revaluation is credited to the revaluation reserve unless it reverses a revaluation decrease for the same asset previously recognised in the profit and loss, in which case, the increase is credited to profit and loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is recognised in profit and loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in the statement of comprehensive income in the period of derecognition.

Depreciation is provided at rates intended to write down the cost of the assets or revalued amounts over their expected useful lives. The annual rates used are as follows:

Long leasehold property	2% Straight line on a monthly basis
Office equipment	20% Straight line on a monthly basis
Plant and machinery	7% Straight line on a monthly basis
Furniture and fittings	10% Straight line on a monthly basis
Fixtures and fittings	5 - 10% Straight line on a monthly basis

Intangible assets

Intangible asset is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

2. Significant accounting policies (continued)

Impairment testing for intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. These assets are tested

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 asset's (or cash generating unit's) carrying amount exceeds its recoverable amount, which is higher of fair value less costs of disposal and value-in-use. These assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

Impairment of financial assets

Impairment calculations for financial assets use forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'. Instruments within the scope of this impairment model include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts that are not measured at fair value through profit or loss. In applying this forward-looking approach, a distinction is made between: financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (stage 1), financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (stage 2) and financial assets that have objective evidence of impairment at the reporting date (stage 3).

'12-month expected credit losses' are recognised for the first category and whole 'lifetime expected credit losses' are recognised for the second and third category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of the business, less the costs of completion and selling expenses.

Share capital

Ordinary shares are classified as equity. Dividends are recognised in the period in which they are declared.

2. Significant accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the company and these can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

Goods and services

Revenue represent the invoiced value of services rendered, net of taxes. Revenue from services rendered is recognised in proportion to the stage of completion of the transaction. Revenue is recognised either at a point in time or over time, when the entity satisfies performance obligations by providing the promised services to its customers.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

Rental income

Rental income is accounted for on an accrual basis.

Operating leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or services of payments the right to use an asset for an agreed period of time. A finance lease is that transfers substantially all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

Lease income from operating leases shall be recognized in income on a straight line basis over the lease term.

Taxation

Current tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

The charge for current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

2. Significant accounting policies (continued)

Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax assets and liabilities are offset when the company has a legally enforceable right to settle its current tax assets and liabilities on a net basis.

Employee benefits

The company contributes towards the state pension in accordance with local legislation. The only obligation of the company is to make the required contributions. Costs are expensed in the period in which they are incurred.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits repayable on demand less bank balances overdrawn. Bank balances overdrawn that are repayable on demand and form part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the company's accounting policies, management has made no judgements which can significantly affect the amounts recognised in the financial statements.

At the statement of financial position date, there were no key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

4. Revenue

	Group 2019 €	Company 2019 €
Service fees	-	397,531
Rental income	110,000	-
Other income	202	-
Royalty income	192,738	-
Retail income	3,625,016	-
	3,927,956	397,531

There are no direct operating costs associated with service fees.

5. Interest income

	Group 2019 €	Company 2019 €
Interest income from group companies	-	103,192

6. Other income

		Group 2019 €	Company 2019 €
Other income		22,059	-
Gain on business combination	*Note*	1,203,678	-
EBITDA recharge		28,326	-
		1,254,063	-

6. Other income (continued)

On 31 January 2019, Busy Bee Finance plc acquired Busy Bee Manufacturing Limited. On acquisition, the subsidiary had the following identifiable assets and liabilities:

	€
Assets	
Property, plant and equipment	7,406,589
Deferred tax asset	727,205
Inventories	370,967
Trade and other receivables	532,379
Cash at bank and in hand	2889
	9,040,029
Liabilities	
Borrowings	6,223,349
Payables	1,513,002
	7,736,351
Net assets	1,303,678
Consideration	(100,000)
Gain on business combination	1,203,678

7. Finance costs

	Group 2019 €	Company 2019 €
Interest on debt securities in issue	106,164	106,164
Interest on bank loan	93,189	-
	199,353	106,164

8. Profit/ (loss) before taxation

		Group 2019 €	Company 2019 €
Profit/ (loss) before taxation is stated after charging:			
Staff costs	*Note*	1,411,878	329,170
Auditors' remuneration		8,500	3,000
Directors' remuneration		123,614	123,614
Depreciation charge		406,546	-

8. Profit/ (loss) before taxation (continued)

Staff costs

	Group 2019 €	Company 2019 €
Wages and salaries	2,205,707	443,527
Social securities	162,567	24,772
Wages recharged	(956,396)	(139,129)
	1,411,878	329,170

	Group	Company
The average number of employees (based pro-rata on a 40-hour week) during the period were:		
- Administration	15	12
- Operations	120	5
	135	17

9. Income tax

	Group 2019 €	Company 2019 €
Malta Income Tax:		
Deferred taxation	85,034	-

The accounting profit and the tax charge for the period are reconciled as follows:

	Group 2019 €	Company 2019 €
Profit/ (loss) before taxation	2,720,808	(80,997)
Tax thereon at 35%	952,283	(28,349)
Tax effect of permanent differences:		
Disallowed expenses	19,503	32
Group loss surrendered at no cost	52,214	28,317
Amortisation of intellectual property	(175,000)	-
Government allowances	(15,241)	-
Revaluation of property	335,000	-
Gain on revaluation	(705,250)	-
Gain on business combination	(378,475)	-
	85,034	-

10. Earnings per share

The earnings per share has been calculated on the profit for the period of €2,635,776 divided by the weighted average number of ordinary shares in issue during the period.

	Group 2019
Weighted average number of shares in issue	50,000
	€
Earnings per share	52.72

11. Investment property

Group

	Freehold land and buildings €
Fair value	
Additions	1,600,000
Movement in fair value	2,015,000
At 30 November 2019	3,615,000
Carrying amount	
At 30 November 2019	3,615,000

The fair value of the investment property of the group as at 30 November 2019 is based on the valuations carried out by independent architects. The architects are qualified and have recent experience in the valuation of properties of similar locations and categories.

Details of the investment property and the information about the fair value hierarchy as at the end of the period is as follows:

Type of property	Level 1 €	Level 2 €	Level 3 €	Total €	Date of valuation
Commercial property	-	1,465,000	-	1,465,000	04/05/2018
Commercial property	-	-	550,000	550,000	13/11/2018
Residential	-	1,600,000	-	1,600,000	13/11/2018
Total	-	3,065,000	550,000	3,615,000	

11. Investment property (continued)

There were no transfers between the hierarchy levels during the period.

For investment property categorised under Level 2 of the fair value hierarchy, the following approaches and inputs were used:

Type of Property	Valuation Technique	Inputs
Commercial property amounting to € 1,465,000	Market approach	The value of the property was based on the selling price of similar commercial property
Residential property amounting to € 1,600,000	Market approach	The value of the property was based on market prices for comparable advertised properties taking into account the size, fit out of the subject units, location of the property and current situation of the residential property market. Valuation was based on a conservative rate of € 1,700/sq.m over the entire area

For investment property categorised under Level 3 of the fair value hierarchy, the following approaches and inputs were used:

Type of Property	Valuation Technique	Inputs	Sensitivity
Commercial property amounting to € 550,000	Income approach	Capitalisation rate at 6.5% and a yearly rental income of € 36,000	The higher the capitalisation rate, the lower the fair value. The higher the rental income the higher the fair value

12. Property, plant and equipment

Group

	Long leasehold property €	Office equipment €	Plant and machinery €	Furniture and fittings €	Fixtures and fittings €	Total €
Fair value / cost						
Acquisition from business combination	3,121,726	47,685	376,797	640,037	3,294,088	7,480,333
Additions	-	29,574	96,324	75,796	72,746	274,440
At 30 November 2019	3,121,726	77,259	473,121	715,833	3,366,834	7,754,773
Depreciation						
Acquisition from business combination	24,174	5,098	13,012	32,291	149,828	224,403
Charge for the period	52,079	12,787	26,121	58,423	257,136	406,546
At 30 November 2019	76,253	17,885	39,133	90,714	406,964	630,949
Carrying amount						
At 30 November 2019	3,045,473	59,374	433,988	625,119	2,959,870	7,123,824

Had the group's long leasehold property been measured on a historical cost basis, their carrying amount would have been € 2,454,050.

12. Property, plant and equipment (continued)

The fair value of the long leasehold property of the group as at 30 November 2019 is based on the valuations carried out by an independent architect. The architect is qualified and has experience in the valuation of properties of similar locations and categories.

Details of the long leasehold property and the information about the fair value hierarchy as at the end of the period is as follows:

Type of property	Level 1 €	Level 2 €	Level 3 €	Total €	Date of valuation
Commercial property	-	-	3,121,726	3,121,726	09/08/2018

There were no transfers between the hierarchy levels during the period.

For long leasehold property categorised under Level 3 of the fair value hierarchy, the following approaches and inputs were used:

Type of Property	Valuation Technique	Inputs	Sensitivity
Commercial property	Income approach	Capitalisation rate at 8.5%, a yearly rental income of € 586,150 and a sinking fund at the rate of 3%, net of the cost of the other property, plant and equipment at the date of valuation	The higher the capitalisation rate and the sinking fund rate, the lower the fair value. The higher the rental income the higher the fair value

13. Intangible assets

Group

	Brand €
Cost	
Additions	1,500,000
At 30 November 2019	1,500,000
Carrying amount	
At 30 November 2019	1,500,000

14. Financial assets

Company

	Investment in subsidiaries €	Loans to related parties €	Total €
Cost			
Additions	102,400	5,460,000	5,562,400
At 30 November 2019	102,400	5,460,000	5,562,400

Investment in subsidiaries

Company	Registered address	Shares held Class	Shares held Percentage
Busy Bee Properties Limited	Busy Bee Group, Zone 4, Mdina Road, Mriehel, Birkirkara CBD 4010, Malta	Ordinary	100%
Busy Bee IP Limited	Busy Bee Group, Zone 4, Mdina Road, Mriehel, Birkirkara CBD 4010, Malta	Ordinary	100%
Busy Bee Manufacturing Limited	Busy Bee Group, Zone 4, Mdina Road, Mriehel, Birkirkara CBD 4010, Malta	Ordinary	100%

Loans to related parties

Loans to related parties amounting to € 4,860,000 are unsecured, bear interest at 5% per annum and are repayable by 28 June 2029. Loans to related party amounting to € 600,000 are unsecured, interest-free and repayable at the discretion of the related party.

15. Deferred tax

	Group 2019 €	Company 2019 €
Unabsorbed tax losses and capital allowances	496,826	-
Excess of capital allowances over depreciation	(172,929)	-
Unabsorbed tax credit	860,273	-
Revaluation of property	(541,998)	-
	642,172	-

15. Deferred tax (continued)

	Group 2019 €	Company 2019 €
Recognized to profit or loss	1,187,697	-
Recognized to other comprehensive income	(210,525)	-
Recognized to profit or loss and transferred to statement of changes in equity	(335,000)	-
	642,172	-

16. Inventories

	Group 2019 €	Company 2019 €
Goods held for re-sale	625,216	-

17. Trade and other receivables

		Group 2019 €	Company 2019 €
Current			
Amounts owed from related parties	*Note*	270,963	32,537
Accrued income		-	103,192
Other receivables		6,525	-
Financial assets		277,488	135,729
Advance payments to suppliers		40,769	-
Prepayments		38,307	-
		356,564	135,729

Amounts owed from related parties

Amounts owed from related parties are unsecured, interest-free and have no fixed date of repayment.

18. Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following:

	Group 2019 €	Company 2019 €
Cash at bank and in hand	318,057	26,758
Bank balance overdrawn	(254,066)	-
	63,991	26,758

19. Called up issued share capital

	2019 €
Authorised	
50,000 ordinary shares of €1 each	50,000
Called up issued and fully paid up	
50,000 ordinary shares of €1 each	50,000

Each ordinary share gives the right to one vote, participates equally in profits distributed by the company and carries equal rights upon the distribution of assets by the company in the event of a winding up.

20. Shareholders' capital contribution

Shareholders' capital contribution is unsecured, interest-free and repayable at the discretion of the company.

21. Debt securities in issue

	Group 2019 €	Company 2019 €
Additions	5,000,000	5,000,000
Capitalization of bond issue costs	(174,916)	(174,916)
Bond issue costs amortisation for the period	4,596	4,596
Amortised cost at end of period	4,829,680	4,829,680

21. Debt securities in issue (continued)

	Group 2019 €	Company 2019 €
Falling due within one period	17,662	17,662
Falling due between two and five periods	70,648	70,648
Falling due between over five periods	4,741,370	4,741,370
	4,829,680	4,829,680

As at period-end, the company and the group had a balance of €4,829,680 from the bond issue of €5 million 5% bonds of €100 nominal value each, redeemable at par in 2029. The amount is made up of the bond issue of €5 million net of the bond issue costs which are being amortised over the lifetime of the bonds. Interest on the bonds is due and payable annually in arrears on 28 June of each period at the above-mentioned rate.

22. Borrowings

		Group 2019 €	Company 2019 €
Falling due within one year:			
Bank balance overdrawn		254,066	-
Bank loan	*Note*	64,635	-
Short-term borrowings		318,701	-
Falling due in between two and five years:			
Bank loan	*Note*	285,968	-
Amounts owed by other related parties	*Note*	155,000	-
		440,968	-
Falling due after five years:			
Bank loan	*Note*	285,633	-
Long-term borrowings		726,601	-
		1,045,302	-

Bank loan

One of the subsidiaries has a bank loan amounting to € 636,236. The loan is secured by a general hypothec over the subsidiary's assets, by a special hypothec over property owned by the subsidiary, by pledges taken over various insurance policies, by guarantees of the parent company, and by personal guarantees of the directors. It bears interest at 4% per annum and is repayable by monthly instalments of € 7,409 inclusive of interest. After expiry of a fixed-rate period of four years, the loan is repayable by monthly instalments of € 7,551.

22. Borrowings (continued)

Amounts owed by other related parties

Amounts owed by other related parties are unsecured, interest-free and have no fixed date of repayment.

23. Trade and other payables

		Group 2019 €	Company 2019 €
Current			
Trade payables		380,723	118
Amounts owed to other related parties	*Note*	156,952	128,122
Indirect taxes		117,523	9,235
Accruals		653,510	137,977
Other payables		79,553	-
		1,388,261	275,452

Amounts owed to related parties

Amounts owed to related parties are unsecured, interest-free and have no fixed date of repayment.

24. Related parties

The parent and ultimate parent company of Busy Bee Finance plc is Busy Bee Limited, which is incorporated in Malta. The individual financial statements of the company are incorporated in the group financial statements of Busy Bee Limited, the registered address of which is Busy Bee Group, Zone 4, Mdina Road, Mriehel, Birkirkara CBD 4010, Malta. No individual holds a controlling interest in the equity of the ultimate parent company.

Outstanding balances with related parties at period-end are disclosed in note 14, 17 and 23 to these financial statements.

The company entered into transactions with related parties as follows:

	2019 €
Transactions with parent company:	
Wages recharged from	40,048
Transactions with other related parties:	
Interest income	103,192
Service fees income	397,531
Wages recharged to	179,177

24. Related parties (continued)

The group entered into transactions with related parties as follows:

	2019
	€
Transactions with parent company:	
Wages recharged from	210,534
Transactions with other related parties:	
Acquisition of investment property	1,600,000
Acquisition of property, plant and equipment	79,350
Acquisition of inventories	370,967
Rental income	110,000
Acquisition of intangible asset	1,500,000
Wages recharged to	1,166,930
Revenue	4,729,212
Expenses recharged from	19,508
Expenses recharged to	20,409

25. Risk management objectives and policies

The company and the group are exposed to credit risk, liquidity risk and market risk through its use of financial instruments which result from its operating and investing activities. The company's and the group's risk management is coordinated by the directors and focuses on actively securing the company's and group's short term to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the company and the group is exposed to are described below.

Credit risk

The company's credit risk is limited to the carrying amount of financial assets recognised at the date of the Statement of Financial Position, which are disclosed in Notes 14, 17, and 18.

The company and the group continuously monitor defaults of customers and other counterparts and incorporates this information into its credit risk controls. The group's policy is to deal only with creditworthy counterparties.

None of the company's and the group's financial assets is secured by collateral or other credit enhancements.

The credit risk for liquid funds is considered to be negligible, since the counterparties are reputable institutions with high quality external credit ratings.

Liquidity risk

The company's and group's exposure to liquidity risk arises from its obligations to meet financial liabilities, which comprise debt securities, trade and other payables and other financial liabilities. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the company's obligations when they become due.

25. Risk management objectives and policies (continued)

At 30 November 2019, the contractual maturities on the financial liabilities of the company and the group were as summarized below. Contractual maturities reflect gross cash flows, which may differ from the carrying values of financial liabilities at the date of the Statement of Financial Position.

	Group 2019 €	Company 2019 €
Bank borrowings		
Less than 6 months	44,454	-
From 6 to 12 months	44,454	-
From 1 to 5 periods	355,632	-
More than 5 periods	306,239	-
Non-bank borrowings		
Less than 6 months	125,000	125,000
From 6 to 12 months	258,225	125,000
From 1 to 5 periods	1,532,900	1,000,000
More than 5 periods	9,025,631	6,143,151

Foreign currency risk

Most of the company's and group's transactions are carried out in Euro. Exposure to currency exchange rates arise from the company's transactions in foreign currencies.

The company's and group's financial assets face minimal foreign currency risk since all sales are made receivable in Euro.

Interest rate risk

The company's exposure to interest rate risk is limited to the variable interest rates on borrowings. Based on observations of current market conditions, the directors consider an upward or downward movement in interest of 1% to be reasonably possible. However, the potential impact of such a movement is considered immaterial.

26. Capital management policies and procedures

The company's and group's capital management objectives are to ensure their ability to continue as a going concern and to provide an adequate return to shareholders by pricing commensurately with the level of risk, and maintaining an optimal capital structure to reduce the cost of capital. The company and group monitors the level of debt, which includes debt securities, trade and other payables and other financial liabilities less cash and cash equivalents, against total capital on an ongoing basis.

27. Fair values

Fair value of instruments not carried at fair value

At 30 November 2019, the carrying amounts of cash at bank, trade and other receivables, trade and other payables and short-term borrowings reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

Fair value estimation in relation to financial instruments carried at fair value

The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments. The fair value of the group's and the company's non-current floating interest rate bank borrowings at the end of the reporting period is not significantly different from the carrying amounts.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The following table sets out the carrying amounts of these financial instruments:

	Group 2019 €	Company 2019 €
Trade and other receivables	356,564	135,729
Cash at bank and in hand	318,057	26,758
Financial Assets	674,621	162,487
Trade and other payables	1,388,261	275,452
Financial Liabilities	1,388,261	275,452

28. Segment reporting

The Group's operations consist of the rent, royalties, cafeterias and gelateria, outside catering and other income. The Groups business segments operate in the local market. An analysis by segment of the group's turnover and profitability is set out:

	Rent	Royalties	Cafeteria & gelateria	Outside catering	Other	Group
	€	€	€	€	€	€
Revenue	110,000	192,738	2,451,259	1,173,757	202	3,927,956
Segment results	1,614	2,828	35,975	17,226	3	57,646
Other income						1,254,063
Movement in fair value of investment property						2,015,000
Depreciation						(406,546)
Net finance costs						(199,353)
Profit before tax						2,720,810
Taxation						(85,034)
Profit for the period						2,635,776