DIZZ FINANCE P.L.C.
(formerly known as Dizz Rentals Limited)

REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2016

DIZZ FINANCE P.L.C.

Company Information

Directors :	Ms Laragh Cassar (appointed on 15 January 2016) Mr Francis Gouder (appointed on 18 July 2016) Mr Joseph Caruana Curran (appointed on 15 January 2016) Mr Joseph Caruana Curran (resigned on 15 July 2016) Ms Diane Izzo Mr Karl Izzo Mr Edward Pisani (appointed on 15 January 2016) Mr Nigel Scerri (appointed on 15 January 2016) Mr Joseph C Schembri (appointed on 15 January 2016)
Secretaries :	Ms Diane Izzo (resigned on 15 January 2016) Mr Sam Abela (appointed on 15 January 2016)
Company number :	C 71189
Registered office :	Dizz Buildings Carob Street St. Venera
Auditors :	KSi Malta Villa Gauci Mdina Road Balzan BZN 9031 Malta
Banker :	Bank of Valletta plc Constitution Street Mosta

DIZZ FINANCE P.L.C.

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DIZZ FINANCE P.L.C.

Report of the Directors
For the year ended 31 December 2016

The directors present their report and the audited financial statements for the year ended 31 December 2016.

Incorporation

The Company was incorporated on 24 June 2015. On 15 January 2016 the Company passed an extraordinary resolution to covert the status of the Company from a private exempt limited company into a public limited company and change its name from Dizz Rentals Limited to Dizz Finance P.L.C.

Principal activity

The principal activity of the Company is to act as a finance, investment and property-holding company for lease to third parties and related companies. The activities of the Company are expected to remain consistent for the foreseeable future.

Principal risks and uncertainties

The Company is mainly dependant on the business prospects of the Dizz group of companies (the "Group"), and consequently, the operating results of the Group have a direct effect on the Company's financial position and performance, including the ability of the Company to services its payment obligations under the issued bonds.

The Company's main assets consist of debtors for loans issued to related companies forming part of the Group. Therefore, the ability of these companies to effect payments to the Company under such loans will depend on their respective cash flows and earnings which may be restricted by:

- changes in applicable laws and regulations;
- the terms contained in the agreements to which they are or may become party, including the indenture governing their existing indebtedness, if any; or
- other factors beyond the control of the Company.

Additionally, the Company is directly exposed to the risks associated with the local property market. The property market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, or the exercise by tenants of their contractual rights.

Review of business

During the year under review the Company registered a profit before taxation of Euro 696,552 (2015 restated – Euro 841,604).

Review of business (continued)

Profits are primarily attributable to gains on revaluation of investment property that were carried out in line with the Company's policy. From 1 January 2016, the Company started generating revenue from rental income, amounting to Euro 186,920 for the year under review. This is expected to increase steadily over the next financial period.

Dividends and reserves

The directors do not recommend the payment of a dividend and propose to transfer the profit for the year to retained earnings.

Post Balance Sheet Events

The Directors evaluated subsequent events from 1 January 2017 through 12 April 2017, the date the financial statements are approved. The Company concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

Directors

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

Ms Diane Izzo	
Mr Karl Izzo	
Ms Laragh Cassar	- Appointed on 15 January 2016
Mr Francis Gouder	- Appointed on 18 July 2016
Mr Edwin Pisani	- Appointed on 15 January 2016
Mr Nigel Scerri	- Appointed on 15 January 2016
Mr Joseph C Schembri	- Appointed on 15 January 2016
Mr Joseph Caruana Curran	- Appointed on 15 January 2016; resigned 15 July 2016

In accordance with the Company's Articles of Association the present directors remain in office.

Directors' interest

The directors' beneficial interest in the shares of the Company at 31 December 2016 is limited to 1 ordinary share having a nominal value of €1 held by Ms Diane Izzo.

Statement of directors' responsibilities pursuant to Listing Rule 5.68

The Companies Act, 1995 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year in accordance with the requirements of International Financial Reporting Standards as adopted by the EU. In preparing these financial statements, the directors are required to:

- 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 from one accounting period to another;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on accruals basis; and
- value separately the components of asset and liability items on a prudent basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1995. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors, through oversight of management are responsible to ensure that the Company establishes and maintains internal control to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

In view of the above information, we declare that to the best of our knowledge, the financial statements were prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and that this report includes a fair review of the performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Going concern statement pursuant to Listing Rule 5.62

After making enquiries and having taken into consideration the future plans of the Company, the directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they adopt the going concern basis in the preparation of the financial statements.

Report of the Directors (continued)
For the year ended 31 December 2016

Auditors

KSi Malta have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the forthcoming annual general meeting.

BY ORDER OF THE BOARD

Mr Joseph C Schembri	Ms Diane Izzo
Director	Director

12 April 2017

Corporate Governance - Statement of Compliance
For the year ended 31 December 2016

The Listing Rules issued by the Listing Authority of the Malta Financial Services Authority, require listed companies to observe The Code of Principles of Good Corporate Governance (the "**Code**"). Although the adoption of the Code is not obligatory, Listed Companies are required to include, in their Annual Report, a Directors' Statement of Compliance which deals with the extent to which the Company has adopted the Code of Principles of Good Corporate Governance and the effective measures that the Company has taken to ensure compliance with the Code, accompanied by a report of the auditors thereon.

The directors report that since the Company is a company that only issues debt securities and has not issued equity securities which are traded in a multilateral trading facility, it is exempt from disclosing the information prescribed in Listing Rules 5.97.1, 5.97.2, 5.97.3, 5.97.6 and 5.97.7 in this corporate governance statement. It is in the light of these factors that the directors are herein reporting on the corporate governance of the Company.

Part 1: Compliance with the Code

The Board of Directors (the "**Board**") of Dizz Finance P.L.C. (the "**Company**") believe in the adoption of the Code and has endorsed them except where the size and/or particular circumstances of the Company are deemed by the Board not to warrant the implementation of specific recommendations. In this context it is relevant to note that the Company has issued bonds to the public and has no employees. Accordingly some of the provisions of the Code are not applicable whilst others are applicable to a limited extent.

Prior to the issuance of bonds in September 2016, the Company was not regulated by the Listing Rules and accordingly was not required to comply with the Code. As a consequence, this statement of compliance is being made limitedly for the period between September and December 2016.

Principle 1: The Board

The Board of Directors is responsible for devising a strategy and setting policies of the Company. It is also responsible for reviewing internal control procedures, financial performance and business risks facing the Company. The Board is also responsible for decisions relating to the redemption of the Bond, and for monitoring that its operations are in conformity with the Prospectus and all relevant rules and regulations.

The Board is composed of Diane Izzo (Executive Director and Chairperson), Nigel Scerri (Executive Director), Karl Izzo (Executive Director), Edwin Pisani (Executive Director), Francis Gouder (Non-Executive Director), Joseph Schembri (Non-Executive Director) and Laragh Cassar (Non-Executive Director). All of the directors were nominated and appointed by the shareholders in general meeting.

The Board delegates specific responsibilities to an Audit Committee, details of which are found in Principle 5 hereunder.

Corporate Governance - Statement of Compliance (continued)
For the year ended 31 December 2016

Part 1: Compliance with the Code (continued)

Principle 1: The Board (continued)

The directors and Restricted Persons (as defined in the Listing Rules) are informed and are aware of their obligations on dealings in securities of the Company within the established parameters of the law and the Listing Rules. Each such Director and Senior Officer (as defined in the Listing Rules) has been provided with the Code of Dealing required in terms of Listing Rule 5.106 and training in respect of their obligations arising thereunder.

Principle 2: Chairperson and Chief Executive Officer

The functions of the Chairperson and Chief Executive Officer are vested in the same individual. The Chairperson's main function is to lead the Board, set the agenda and ensure that all board members partake in discussions of complex and contentious issues.

The Chief Executive Officer has specific authorities from the Board to manage the Company's operational activities within the strategy and parameters set by it.

Principle 3: Composition of the Board

The Board considers that the size of the Board, whilst not being large as to be unwieldy, is appropriate, taking into account the size of the Company and its operations. The combined and varied knowledge, experience and skills of the Board members provides the balance of competences that are required, and adds value to the functioning of the Board and gives direction to the Company.

The Board is composed of 4 executive and 3 non-executive directors. During the period under review, Mr Joe Caruana Curran was a non-executive director however he resigned on 15 July 2016. Following his resignation, Mr Francis Gouder was appointed to the Board on 18 July 2016. The non-executive directors, that is, Mr Joseph Schembri, Mr Francis Gouder and Dr Laragh Cassar are considered to be independent within the meaning provided by the Code. Each non-executive director has submitted a declaration to the Board declaring their independence as stipulated under the Code Provision 3.4.

Directors are appointed during the Company's Annual General Meeting for period of one year, at the end of which term they may stand again for re-election. The Articles of Association of the Company clearly set out the procedures to be followed in the appointment of directors.

Part 1: Compliance with the Code (continued)

Principle 4: The Responsibilities of the Board

The Board has the first level responsibility for executing the four basic roles of Corporate Governance, namely accountability, monitoring, strategy formulation and policy development. The Board seeks to monitor effectively the implementation of strategy and policy by management.

Clear internal and external reporting lines are established with a view to ensuring that the Board can properly discharge its obligation to take decisions in the best interests of the Company. An audit committee has been set up with clear terms of reference in line with the Listing Rules.

Principle 5: Board Meetings

Board meetings concentrate mainly on strategy, operational performance and financial performance of the Company. After each Board meeting and before the next, Board minutes that faithfully record attendance, key issues and decisions are sent to the directors. Meetings were attended as follows:

Members	*Meetings Attended out of total held during tenure*
Diane Izzo	5 out of 5
Karl Izzo	5 out of 5
Edwin Pisani	5 out of 5
Nigel Scerri	5 out of 5
Francis Gouder[1]	1 out of 1
Joseph Schembri	5 out of 5
Laragh Cassar	5 out of 5
Joe Caruana Curran[2]	2 out of 3

The Board also delegates specific responsibilities to the management team of the Company.

Board Committees

Audit Committee
The Board delegates certain responsibilities to the Audit Committee, the terms of reference of which reflect the requirements stipulated in the Listing Rules and under applicable law. In addition, unless otherwise dealt with in any other manner prescribed by the Listing Rules, the Audit Committee has the responsibility to, *inter alia*, monitor and scrutinise, and, if required, approve Related Party Transactions, if any, falling within the ambits of the Listing Rules and to make its recommendations to the Board of any such proposed Related Party Transactions.

[1] Appointed on the 18 July 2016
[2] Resigned on the 15 July 2016

Corporate Governance - Statement of Compliance (continued)
For the year ended 31 December 2016

Part 1: Compliance with the Code (continued)

Principle 5: Board Meetings (continued)

Board Committees (continued)

Audit Committee (continued)
The Audit Committee establishes internal procedures and monitors these on a regular basis. The terms of reference for the Audit Committee are designed both to strengthen this function within the Company and to widen the scope of the duties and responsibilities of this Committee. The Committee also has the authority to summon any person to assist it in the performance of its duties, including the Company's external auditors.

During the year under review, the Audit Committee was composed of Mr Joseph Schembri (independent non-executive director and Chairman of the Audit Committee), Mr Francis Gouder (non-executive director) and Dr Laragh Cassar (independent non-executive director). Mr Joseph Caruana Curran resigned from the Audit Committee in conjunction with his resignation from the Board. Furthermore, on 24 October 2016, Mr Nigel Scerri resigned from his post as a member of the Audit Committee in order for the Company to adhere to the rule prescribing that the Committee should be entirely composed of non-executive directors.

The Board considers the Chairman of the Audit Committee to be independent and competent in accounting and/or auditing. Such determination was based on Mr Joseph Schembri's substantial experience in various audit, accounting and risk management roles throughout his career.

Senior Management
In view of the Company being primarily a finance and investment company, the Company does not have any employees. However, the overall management of the Group comprises: Diane Izzo, as Group CEO, together with Karl Izzo, are at the helm of the reporting structure having senior management comprising of Nigel Scerri and Edwin Pisani reporting directly to them. Denise Bonello (brand manager for Terranova and Calliope), Daniela Bonello (Liu Jo brand manager) and Matthew Zammit (Pascucci brand manager) all report directly to Edwin Pisani, Group Chief Operations Officer, responsible for operations management.

Principle 6: Information and Professional Development

Each director is made aware of the Company's on-going obligations in terms of the Companies Act, the Listing Rules and other relevant legislation. Directors have access to the advice and services of the Company Secretary and to legal counsel. The Company is also prepared to bear the expense incurred by the directors requiring independent professional advice should they judge it necessary to discharge their responsibilities as directors.

Corporate Governance - Statement of Compliance (continued)
For the year ended 31 December 2016

Part 1: Compliance with the Code (continued)

Principle 7: Evaluation of the Board's Performance

With respect to the period under review, the Company has not carried out a performance review of the Board. However the Board expects to carry out the said review within the current financial year through the submission and evaluation of a questionnaire completed by the directors.

Principle 8: Committees

The directors are paid on the basis of a fixed remuneration, the aggregate of which is approved in general meeting by the shareholders. In view of there being no executive positions within the Company, the Board has not fixed a remuneration policy senior executives. Furthermore, the Board has not set up a remuneration and nomination committee due to limited size and exigencies of the operations of the Company.

Principle 9: Relations with Shareholders and with the Market and Principle 10: Institutional Shareholders

The Company has communicated effectively with the market through company announcements and financial information published by the Company.

Principle 11: Conflicts of Interest

The directors are aware that their primary responsibility is always to act in the interest of the Company and its shareholders as a whole irrespective of who appointed them to the Board. Acting in the interest of the Company includes an obligation to avoid conflicts of interest. In such instances, the Company has strict policies in place which allow it to manage such conflicts, actual or potential, in the best interest of the Company.

Principle 12: Corporate Social Responsibility

The Dizz group of companies understands the importance of contributing to society at large, both in terms of the wellbeing of its staff as well as the contribution towards society at large. This contribution has manifested itself in a number of initiatives of the Group, including the organisation of events aimed at increasing the awareness of mental health and other noteworthy charities. Further activities of this nature are being organised in 2017.

Corporate Governance - Statement of Compliance (continued)
For the year ended 31 December 2016

Part 2: Non-Compliance with the Code

Principle 2: Chairman and Chief Executive
The roles of Chairman and Chief Executive Officer of the Group are both occupied by Ms Diane Izzo. Although the Code recommends that the role of Chairman and Chief Executive Officer are kept separate, the Directors believe that Ms Diane Izzo should occupy both positions, particularly in view of the experience she brings to both the Board and executive management team of the Company. In terms of Principle 3.1, which calls for the appointment of a senior independent Director where the roles of Chairman and Chief Executive Officer are carried out by the same person, the Board has appointed Mr Joseph Schembri as the indicated senior independent Director.

Principle 4: Responsibilities of the Board
The Board has not yet developed a succession policy for the future composition of the Board of Directors, this in view of the limited scope of business of the Company.

Principle 7: Evaluation of the Board's Performance
At present, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is evaluated on an ongoing basis by, and is subject to the constant scrutiny of, the Board itself, the Issuer's shareholders, the market and the rules by which the Issuer is regulated.

Principle 8: Committees
The Issuer does not have a Remuneration Committee as recommended by this principle because it is not deemed as necessary in view of the very limited number of directors engaged by the Issuer. Furthermore, the Issuer does not have a Nomination Committee as recommended in Principle 8. Appointments to the Board of Directors are determined by the shareholders of the Company in accordance with the Memorandum and Articles of Association. The Issuer considers that the members of the Board provide the level of skill, knowledge and experience expected in terms of the Code.

Internal Controls

The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to achieve business objectives and to manage rather than to eliminate the risk of failure to achieve business objectives and can only provide reasonable assurance against material error, losses or fraud.

Authority to manage the business of the Group, including the Company is delegated to the Group Chief Executive Officer within the limits set by the Board of Directors. Systems and procedures are in place for the Company to control, report, monitor and assess risks and their financial implications, and to take timely corrective actions where necessary. Regular financial budgets and strategic plans are prepared, and performance against these plans is actively monitored and reported to the directors on a regular basis.

Part 2: Non-Compliance with the Code (continued)

Remuneration Statement

In terms of the Company's Memorandum and Articles of Association, it is the shareholders of the Company in the General Meeting who determine the maximum annual aggregate remuneration of the directors. The aggregate amount approved for this purpose during the last Annual General Meeting was Euro 26,026.

No part of the remuneration paid to the directors is performance based, and the Chief Executive Officer receives no additional remuneration in relation to this role. None of the directors, in their capacity as a Director of the Company, is entitled to profit sharing, share options or pension benefits with respect to Dizz Finance P.L.C.

Signed on behalf of the Board of Directors on 12 April 2017 by:

Mr Joseph C Schembri
Director and Chairman of Audit Committee

DIZZ FINANCE P.L.C.

Independent Auditors' Report

To the shareholders of Dizz Finance P.L.C.

Report on the Audit of the Financial Statements

We have audited the financial statements of Dizz Finance P.L.C. (the Company), set out on pages 18 to 47, which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been prepared in accordance with the requirements of the Companies Act (Cap. 386).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the 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 (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other 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 opinion.

Other Matter

The financial statements of the Company for the year ended 31 December 2015, were audited by another auditor who expressed an unmodified opinion on those statements on 12 January 2016.

DIZZ FINANCE P.L.C.

Independent Auditors' Report (continued)

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.

Investment property

As at 31 December 2016 the Company held Investment Property of Euro 3,883,665. As described in the Accounting Policies in note 2 to the financial statements, investment property is carried at fair value. As a result, the directors obtain valuations of the property on a systematic basis so that the accounts show the fair value of the property as per valuations carried out by a reputable firm of architects on an open market value basis.

The results of our testing were satisfactorily and we concur that the Investment Property valuation is appropriate.

Amounts due from related companies

As at 31 December 2016 the Company held Euro 6,263,420 as receivables from related companies. Part of the proceeds of the public bond issue made in 2016 by Dizz Finance P.L.C. was used to forward loans to related companies for their business operations.

During the audit process we ascertained ourselves that the related company's audited financial statements disclose such amounts due to Dizz Finance P.L.C. The results of our testing were satisfactorily and we concur that the amounts due from related companies are disclosed in the audited accounts of each individual company.

Other Information

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

DIZZ FINANCE P.L.C.

Independent Auditors' Report (continued)

Report on Corporate Governance

The Listing Rules issued by the Malta Listing Authority 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 the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Listing 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 included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the annual return.

We are not required to, and we do not, consider whether the board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Statement of Compliance set out on pages 4 to 7 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority.

We also read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. Our responsibilities do not extend to any other information.

With respect to the Directors' Report, we also considered whether the Directors' Report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386). Based on the work we have performed, in our opinion:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

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

In addition, in light of the knowledge and understanding of the Company 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. We have nothing to report in this regard.

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Partners Joseph Gauci Dennis Mark Gauci Bernard Charles Gauci

DIZZ FINANCE P.L.C.

Independent Auditors' Report (continued)

Responsibilities of the Directors

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company 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 Company's internal control.

DIZZ FINANCE P.L.C.

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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.

Report on Other Legal and Regulatory Requirements

We have responsibilities under the Companies Act, 1995 enacted in Malta to report to you if, in our opinion:

- The information given in the directors' report is not consistent with the financial statements.

- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.

- The financial statements are not in agreement with the accounting records and returns.

- We have not received all the information and explanations we require for our audit.

DIZZ FINANCE P.L.C.

Independent Auditors' Report (continued)

Report on Other Legal and Regulatory Requirements (continued)

- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.

Joseph Gauci (Partner) for and on behalf of
KSi Malta
Certified Public Accountants

Balzan
Malta

12 April 2017

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Statement of Comprehensive Income
For the year ended 31 December 2016

	Notes	2016 €	2015 (restated) (6 months) €	2015 (6 months) €
Revenue	3	186,920	15,000	15,000
Administrative expenses		(106,567)	(9,766)	(9,766)
Operating profit		80,353	5,234	5,234
Gains on revaluation of Investment Property	5	600,605	836,417	-
Finance income	6	115,736	-	-
Finance costs	7	(100,142)	(47)	(47)
Profit before tax	4	696,552	841,604	5,187
Income tax	8	(103,629)	(156,084)	(4,744)
Profit for the year/period		€ 592,923	€ 685,520	€ 443
Other comprehensive income				
Property revaluation		-	-	836,417
Deferred tax thereon		-	-	(151,340)
Other comprehensive income for the year/period net of tax		-	-	685,077
Total comprehensive income for the year/period		€ 592,923	€ 685,520	€ 685,520
Earnings per share	20	0.31	0.76	-

The notes on pages 18 to 47 are an integral part of these financial statements.

DIZZ FINANCE P.L.C.

Statement of Financial Position
As at 31 December 2016

	Notes	2016 €	2015 (restated) €	2015 €
Assets				
Property, plant and equipment	9	368,928	409,920	409,920
Investment property	10	3,883,665	2,118,400	2,118,400
Other financial assets	11	100,092	-	-
Loans owed by related companies	12	6,263,420	-	-
Deposits on property	24	792,942	131,650	131,650
Total non-current assets		11,409,047	2,659,970	2,659,970
Trade and other receivables	13	198,547	32,381	32,381
Cash and cash equivalents		220,351	-	-
Total current assets		418,898	32,381	32,381
Total assets		€ 11,827,945	€ 2,692,351	€ 2,692,351
Equity				
Issued capital	14	1,910,000	900,000	900,000
Reserves	15	-	-	685,077
Retained earnings	16	1,278,443	685,520	443
Total equity		3,188,443	1,585,520	1,585,520
Liabilities				
Borrowings	17	7,762,844	930,000	930,000
Deferred tax	18	194,183	151,340	151,340
Total non-current liabilities		7,957,027	1,081,340	1,081,340
Trade and other payables	19	202,342	1,400	1,400
Borrowings	17	419,983	19,347	19,347
Current tax		60,150	4,744	4,744
Total current liabilities		682,475	25,491	25,491
Total liabilities		8,639,502	1,106,831	1,106,831
Total equity and liabilities		€ 11,827,945	€ 2,692,351	€ 2,692,351

The financial statements on pages 18 to 47 were approved by the board of directors on 12 April 2017 and were signed on its behalf by:

Mr Joseph C Schembri
Director

Ms Diane Izzo
Director

Statement of Changes in Equity
For the year ended 31 December 2016

	Issued capital €	Retained earnings €	Revaluation reserve €	Total €
Changes in equity for 2015				
Comprehensive income				
Profit for the period	-	443	-	443
Other comprehensive income				
Property revaluation, net of tax	-	-	685,077	685,077
Total comprehensive income	-	443	685,077	685,520
Transaction with owners, recorded directly in equity				
Issue of share capital	900,000	-	-	900,000
Total transactions with owners	900,000	-	-	900,000
Balance as at 31 December 2015	900,000	443	685,077	1,585,520
Prior year adjustment (note 23)				
Balance as at 31 December 2015	900,000	443	685,077	1,585,520
Revaluation of Investment property	-	685,077	(685,077)	-
Balance as at 31 December 2015 (restated)	900,000	685,520	-	1,585,520
Changes in equity for 2016				
Balance at 1 January 2016	900,000	685,520	-	1,585,520
Comprehensive income				
Profit for the year	-	592,923	-	592,923
Other comprehensive income				
Property revaluation, net of tax	-	-	-	-
Total comprehensive income	900,000	1,278,443	-	2,178,443
Transaction with owners, recorded directly in equity				
Issue of share capital	1,010,000	-	-	1,010,000
Total transactions with owners	1,010,000	-	-	1,010,000
Balance at 31 December 2016	€ 1,910,000	€ 1,278,443	€ -	€ 3,188,443

Statement of Cash Flows
For the year ended 31 December 2016

	Notes	2016 €	2015 (restated) (6 months) €	2015 (6 months) €
Cash flows from operating activities				
Cash generated from operations	21(a)	197,444	14,953	14,953
Tax paid		(5,380)	-	-
Interest paid		(539)	-	-
Net cash generated from operating activities		191,525	14,953	14,953
Cash flows from investing activities				
Acquisition of property, plant and equipment		-	(418,286)	(418,286)
Payment for investment property		(1,164,660)	(1,281,983)	(1,281,983)
Acquisition of financial assets		(100,092)	-	-
Deposits on property		(661,291)	(131,650)	(131,650)
Net cash used in investing activities		(1,926,043)	(1,831,919)	(1,831,919)
Cash flows from financing activities				
Loans (to)/from related companies		(7,245,339)	930,000	930,000
Loans from/(to) related parties		452,366	(32,381)	(32,381)
Net proceeds from bond issue		7,757,189	-	-
Proceeds from issue of share capital		1,010,000	900,000	900,000
Net cash generated from financing activities		1,974,216	1,797,619	1,797,619
Net movement in cash and cash equivalents		239,698	(19,347)	(19,347)
Cash and cash equivalents at beginning of year/period		(19,347)	-	-
Cash and cash equivalents at end of year/period	21(b)	€ 220,351	€ (19,347)	€ (19,347)

Notes to the Financial Statements
For the year ended 31 December 2016

1 NEW AND REVISED STANDARDS

The following new and revised Standards issued by the International Accounting Standards Board (IASB) have been adopted (where applicable) in the current year financial statements:

Standard	**Subject of amendment**	**Effective date**
IFRS 1 First-time Adoption of International Financial Reporting Standards	Amendments resulting from *Annual Improvements 2016–2016 Cycle* (removing short-term exemptions)	1 January 2018
IFRS 2 Share-based Payment	Amendments to clarify the classification and measurement of share-based payment transactions	1 January 2018
IFRS 4 Insurance Contracts	Amendments regarding the interaction of IFRS 4 and IFRS 9	1 January 2018
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	Amendments resulting from September 2016 Annual Improvements to IFRSs	1 January 2016
IFRS 7 Financial Instruments: Disclosures	Amendments resulting from September 2016 Annual Improvements to IFRSs	1 January 2016
IFRS 9 Financial Instruments	Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	1 January 2018
IFRS 10 Consolidated Financial Statements	Amendments regarding the application of the consolidation exception Amendments deferring the effective date of the September 2016 amendments	1 January 2016 1 January 2016
IFRS 11 Joint Arrangements	Amendments regarding the accounting for acquisition of an interest in a joint operation	1 January 2016

1 NEW AND REVISED STANDARDS (continued)

IFRS 12 Disclosure of Interests in Other Entities	Amendments regarding the application of the consolidation exception Amendments resulting from *Annual Improvements 2016–2016 Cycle* (clarifying scope)	1 January 2016 1 January 2017
IFRS 14 Regulatory Deferral Accounts	Original Issue	1 January 2016
IFRS 15 Revenue from Contracts with Customers	Original Issue Amendments to defer the effective date to January 2018 Clarifications to IFRS 15	1 January 2018 1 January 2018 1 January 2018
IFRS 16 Leases	Original Issue	1 January 2019
International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs)	Amendments as the result of the first comprehensive review	1 January 2017
IAS 1 Presentation of Financial Statements	Amendments resulting from the disclosure initiative	1 January 2016
IAS 7 Statement of Cash Flows	Amendments as result of Disclosure initiative	1 January 2017
IAS 12 Income Taxes	Amendments regarding the recognition of deferred tax assets for unrealised losses	1 January 2017
IAS 16 Property, Plant and Equipment	Amendments regarding the clarification of acceptable methods of depreciation and amortisation Amendments bringing bearer plants into scope of IAS 16	1 January 2016 1 January 2016
IAS 19 Employee Benefits	Amendments resulting from September 2016 Annual Improvements to IFRSs	1 January 2016

1 NEW AND REVISED STANDARDS (continued)

IAS 27 Separate Financial Statements	Amendments reinstating the equity method as an accounting option for investments in in subsidiaries, joint ventures and associates in an entity's separate financial statements	1 January 2016
IAS 28 Investments in Associates and Joint Ventures	Amendments regarding the application of the consolidation exception	1 January 2016
	Amendments deferring the effective date of the September 2016 amendments	1 January 2016
	Amendments resulting from *Annual Improvements 2016–2016 Cycle* (clarifying certain fair value measurements)	1 January 2018
IAS 34 Interim Financial Reporting	Amendments resulting from September 2016 Annual Improvements to IFRSs	1 January 2016
IAS 38 Intangible Assets	Amendments regarding the clarification of acceptable methods of depreciation and amortisation	1 January 2016
IAS 40 Investment Property	Amendments to clarify transfers or property to, or from, investment property	1 January 2018
IAS 41 Agriculture	Amendments bringing bearer plants into the scope of IAS 16	1 January 2016

The directors are of the opinion that the adoption of these Standards (where applicable) did not have a material impact on the financial statements.

2 ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and comply with the Companies Act, 1995. The financial statements have been prepared under the historical cost convention, except for those assets and liabilities that are measured at fair value.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

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

2.2 REVENUE

2.2.1 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities.

2.2.2 Rental Income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease or on the annual income received.

2.2.3 Interest revenue

Interest revenue is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue 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 estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2 ACCOUNTING POLICIES (continued)

2.3 FOREIGN CURRENCY AMOUNTS

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

2.4 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.5 CURRENT AND DEFERRED TAX

The tax expense for the period comprises current and deferred tax. Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

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

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the end of the reporting period.

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

2 ACCOUNTING POLICIES (continued)

2.6 PROPERTY, PLANT AND EQUIPMENT

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed.

A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties' revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The annual rates used, which are consistent with those applied in previous period is:

	%
Improvements to premises	10

2 ACCOUNTING POLICIES (continued)

2.6 PROPERTY, PLANT AND EQUIPMENT (continued)

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.7 INVESTMENT PROPERTY

Investment property, which is property held to earn rental income and/or for capital appreciation, is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the directors. Investment property being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

2.8 IMPAIRMENT

The carrying amounts of the Company's assets, other than investment property, inventories and deferred tax assets are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

2 ACCOUNTING POLICIES (continued)

2.8 IMPAIRMENT (continued)

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.9 FINANCIAL ASSETS

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL); 'held-to-maturity' investments; 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

2.10 LOANS WITH NO FIXED MATURITY DATE

Loans receivable by the Company, which do not have a fixed maturity date, but which are repayable after more than twelve months from the end of the reporting period, are measured at the fair value of the consideration given less impairment losses and are included with non-current assets.

2 ACCOUNTING POLICIES (continued)

2.11 TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited in the statement of profit and loss.

2.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash in hand, bank overdraft or any call deposits. Cash equivalents are short-term, high liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Company cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2.13 SHARE CAPITAL

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

2.14 BORROWINGS

Borrowings are recognised as liabilities at fair value less attributable transactions costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings at an effective interest rate.

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

2.15 PROVISIONS

A provision is recognised when the Company has legal or constructive obligations as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

2 ACCOUNTING POLICIES (continued)

2.15 PROVISIONS (continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

2.16 TRADE AND OTHER PAYABLES

Trade and other payables are stated at cost.

3 REVENUE

	2016	2015 (restated) (6 months)	2015 (6 months)
	€	€	€
Rental income	186,920	-	-
Management fees	-	15,000	15,000
	€ 186,920	€ 15,000	€ 15,000

4 PROFIT BEFORE TAX

	2016	2015 (restated) (6 months)	2015 (6 months)
	€	€	€
Operating profit is stated after charging:			
Auditors' remuneration	18,000	1,200	1,200
Directors' remuneration	26,181	-	-
Depreciation of property, plant and equipment	40,992	8,366	8,366

5 GAINS ON REVALUATION OF INVESTMENT PROPERTY

As per accounting policies of the Company, investment property is carried into the accounts at the fair value model and any profit or losses are accounted for through the statement of profit and loss.

6 FINANCE INCOME

	2016	2015 (restated) (6 months)	2015 (6 months)
	€	€	€
Dividends received	1,816	-	-
Interest receivable	113,920	-	-
	€ 115,736	€ -	€ -

7 FINANCE COSTS

	2016	2015 (restated) (6 months)	2015 (6 months)
	€	€	€
Interest payable on bonds	93,150	-	-
Amortisation of bond expenses (note 17)	5,655	-	-
Bank charges	539	47	47
Bank interest	798	-	-
	€ 100,142	€ 47	€ 47

8 INCOME TAX

The tax expense for the year/period consists of:

	2016	2015 (restated) (6 months)	2015 (6 months)
	€	€	€
Malta Income Tax at 35% on taxable income for the year/period	52,548	4,744	4,744
Final withholding tax at 15% on finance income	8,238	-	-
Deferred tax expense in respect of the year/period	42,843	151,340	-
	€ 103,629	€ 156,084	€ 4,744

Tax on profit for the year/period differs from the theoretical tax expense that would apply on the company's profit for the year/period before tax using the applicable tax rate in Malta of 35% as follows:

	2016	2015 (restated) (6 months)	2015 (6 months)
	€	€	€
Profit before tax	696,552	841,604	5,187
Theoretical tax at 35%	243,793	294,561	1,816
Tax effect of expenses not subject to tax:			
Depreciation on property, plant and equipment	14,347	2,928	2,928
Effect of allowance deductible from rental income	(9,240)	-	-
Disallowable expenses	58,002	-	-
Investment property revaluations	(167,369)	(141,405)	-
Tax effect of income that is deductible in determining taxable profit:			
Rental income	(10,984)	-	-
Tax effect on interest payable	(24,920)	-	-
Income tax expense recognised in profit or loss	€ 103,629	€ 156,084	€ 4,744

Notes to the Financial Statements (continued)
For the year ended 31 December 2016

9 PROPERTY, PLANT AND EQUIPMENT

	Improvements to buildings €	Total €
Cost/revalued amount		
Additions	418,286	418,286
At 31 December 2015	418,286	418,286
At 1 January 2016	418,286	418,286
Additions	-	-
At 31 December 2016	418,286	418,286
Depreciation		
Charge for the period	8,366	8,366
At 31 December 2015	8,366	8,366
At 1 January 2016	8,366	8,366
Charge for the year	40,992	40,992
At 31 December 2016	49,358	49,358
Carrying amounts		
At 31 December 2016	€ 368,928	€ 368,928
At 31 December 2015	€ 409,920	€ 409,920

Notes to the Financial Statements (continued)
For the year ended 31 December 2016

10 INVESTMENT PROPERTY

	Land and buildings €
<u>Cost/revalued amount</u>	
Additions	1,281,983
Revaluation	836,417
At 31 December 2015	2,118,400
At 1 January 2016	2,118,400
Additions	1,164,660
Revaluation	600,605
<u>Carrying amounts</u>	
At 31 December 2016	€ 3,883,665
At 31 December 2015	€ 2,118,400

The land and buildings owned by the Company consists of land and buildings transferred from a related company and additions from related parties and third parties. Investment property by the Company is rented out to related companies and third parties in order to generate rental income.

The carrying amount of investment property is the fair value of the property as determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Fair values were determined on market value. Such fair value is carried out on an annual basis and the directors have also assessed that the carrying value of investment property as at 31 December 2016 approximates fair value.

11 OTHER FINANCIAL ASSETS

	2016	2015 (restated)	2015
Available for sale investments	€ 100,092	€ -	€ -

The Company has acquired investments on the Malta Stock Exchange during the year under review. The Company holds 2,130 ordinary shares in Bank of Valletta plc (having a nominal value of Euro1 per share) and 26,761 ordinary shares in HSBC Bank Malta plc (having a nominal value of Euro 0.30 per share). Such investments were disposed of in the beginning of 2017.

Notes to the Financial Statements (continued)
For the year ended 31 December 2016

12 LOANS OWED BY RELATED COMPANIES

	2016	2015 (restated)	2015
Amounts due from related companies	€ 6,263,420	€ -	€ -

As per the terms of agreement included in the contracts dated 30 November 2016 entered into with the related companies, the amounts due therefrom are repayable at the end of the 10 year period and are subject to an interest rate of 8% per annum.

13 TRADE AND OTHER RECEIVABLES

	2016	2015 (restated)	2015
	€	€	€
Trade receivables and other receivables	191,423	-	-
Amounts due from related party	-	32,381	32,381
Prepayments and accrued income	7,124	-	-
	€ 198,547	€ 32,381	€ 32,381

The amounts due from related party are all unsecured, interest free and repayable on demand.

14 ISSUED CAPITAL

	2016	2015 (restated)	2015
Authorised			
1,910,000 (900,000-2015) ordinary shares of €1 each	€ 1,910,000	€ 900,000	€ 900,000
Called-up, issued and fully paid			
1,910,000 (900,000-2015) ordinary shares of €1 each	€ 1,910,000	€ 900,000	€ 900,000

The holders of ordinary shares are entitled to receive dividends as declared by time to time and are entitled to one vote per share at shareholders' meetings of the Company.

15 RESERVES

15.1 Revaluation Reserve

The revaluation reserve of the Company relates to land and buildings and represents the cumulative increase in the fair value of such property at the date of its reclassification as investment property in excess of any related previous impairment losses. This reserve is non distributable.

As detailed in note 23 to these accounts, the Company affected a prior year adjustment and transferred all the revaluation reserve to the statement of profit or loss. This is in accordance with the requirements of IAS 40 - Investment Property upon property revaluations.

16 RETAINED EARNINGS

The profit and loss account represents accumulated retained distributable profits.

17 BORROWINGS

	2016	2015 (restated)	2015
	€	€	€
Amounts falling due within one year:			
Bank overdraft	-	19,347	19,347
Amounts due to related party (note a)	419,983	-	-
Total borrowings due within one year	€ 419,983	€ 19,347	€ 19,347
Amounts falling due between two and five years:			
Related company loan (note b)	-	930,000	930,000
Amounts falling after more than five years:			
5% Bonds 2026 (note c)	7,762,844	-	-
Total borrowings due after one year	€ 7,762,844	€ 930,000	€ 930,000
Total borrowings	€ 8,182,827	€ 949,347	€ 949,347

17 BORROWINGS (continued)

The exposures to interest rates of the Company's borrowings were as follows:

	2016	2015 (restated)	2015
At variable rates	9.25%	9.25%	9.25%
At fixed rates	5.00%	-	-

The average interested rates on the Company's borrowings were as follows:

	2016	2015 (restated)	2015
Bank overdrafts	9.25%	9.25%	9.25%
Bonds	5.00%	-	-

(a) Amounts due to related party

The amounts owed to related party are all unsecured, interest free and repayable on demand.

(b) Amounts due to related company

The amount due to related company is unsecured, interest-free and has no fixed date of repayment.

(c) Bonds

	2016	2015 (restated)	2015
5% Bonds 2026	€ 7,762,844	€ -	€ -

17 BORROWINGS (continued)

(c) Bonds (continued)

	2016	2015 (restated)	2015
	€	€	€
Proceeds	€ 8,000,000	-	-
Gross amount of bond issue costs	€ 242,811	-	-
Amortisation of gross amount of bond issue costs:			
At 1 January 2016	-	-	-
Amortisation for the year/period	5,655	-	-
Accumulated amortisation at end of year/period	5,655	-	-
Unamortised bond issue costs	€ 237,156	-	-
Amortised cost and closing carrying amount	€ 7,762,844	€ -	€ -

On 16 September 2016, the Company issued a prospectus for the issue of Euro 8,000,000 5% Unsecured Bonds having a nominal value of Euro 100 each. The Bonds were issued in one tranche of Euro 8,000,000 on 28 September 2016 and were fully subscribed. The bond issue was admitted to the Official List of the Malta Stock Exchange plc with effect from 13 October 2016. Trading on the bond issue commenced on 14 October 2016.

The Bonds are redeemable at par on 7 October 2026. Interest on the bond issued is payable annually in arrears on 7 October.

The net proceeds from the bond issue have been advanced by the Company to the respective related Group companies to:

- settle outstanding payments on the acquisition of brands active in the fashion industry; the refurbishment and roll-out of new outlets; to acquire other high-end retail franchises; and to acquire the inventories and equipment pertaining thereto;

- advances by the Company to the related companies forming part of the Group to reduce their bank indebtedness through the refinancing of outstanding loans and general banking facilities;

- advances by the Company to Dizz Manufacturing Limited for the purpose of part funding the construction and development of immovable property; and

17 BORROWINGS (continued)

(c) Bonds (continued)

- advances by the Company to the related companies forming part of the Group for general corporate funding purposes.

The Bonds constitute the general, direct, unconditional, unsecured, unsubordinated obligations of the Company, and rank equally without any priority or preference with other present and future unsecured and unsubordinated obligations of the Company.

18 DEFERRED TAX

	2016	2015 (restated)	2015
Deferred tax	€ 194,183	€ 151,340	€ 151,340

The deferred tax relates to the investment property held by the Company. As at 31 December 2016 the effective rate of tax applicable on the sale of investment property amounts to a 5% final tax on the property's transfer value.

19 TRADE AND OTHER PAYABLES

	2016	2015 (restated)	2015
	€	€	€
Amounts falling due within one year:			
Trade payables	34,388	-	-
Other payables	5,001	-	-
Accruals	162,953	1,400	1,400
	€ 202,342	€ 1,400	€ 1,400

20 EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	2016	2015 (restated)	2015
Profit for the year/period	€ 592,923	€ 685,520	€ 443
Weighted number of ordinary shares	1,910,000	900,000	900,000
Earnings per shares	€ 0.31	€ 0.76	€ -

21 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash generated from operations:

	2016	2015 (restated) (6 months)	2015 (6 months)
	€	€	€
Profit before tax	696,552	841,604	5,187
Adjustments for:			
Depreciation	40,992	8,366	8,366
Revaluation of investment property	(600,605)	(836,417)	-
Bank interest expense	539	-	-
Bond interest expense	93,150	-	-
Interest income	(113,920)	-	-
Amortisation of bond issue costs	5,655	-	-
Operating profit before working capital changes	122,363	13,553	13,553
Increase in receivables	(32,709)	-	-
Increase in payables	107,790	1,400	1,400
Cash generated from operations	€ 197,444	€ 14,953	€ 14,953

(b) Cash and cash equivalents

Cash and cash equivalents consists of balances with banks. Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

	2016	2015 (restated)	2015
	€	€	€
Cash at bank	220,351	-	-
Bank overdraft	-	(19,347)	(19,347)
	€ 220,351	€ (19,347)	€ (19,347)

The cash and cash equivalents are disclosed net of unrealised differences on exchange.

22 RELATED PARTIES

22.1 Parent Company

The Company is a partially-owned subsidiary of Dizz Group of Companies Limited, the group's parent Company. The registered office of the parent Company is situated at Dizz Buildings, Carob Street St.Venera.

It is the responsibility of the parent Company to prepare consolidated financial statements of the group. If financial statements are prepared, these should be filed and available for public inspection at the Registrar of Companies in Malta.

22.2 Key management personnel and director transactions

The share capital of the Company is subscribed as to 1 share held by Diane Izzo (director and ultimate beneficiary owner) and 1,909,999 shares held by Dizz Group of Companies Limited. Key management personnel have control over the financial and operating policies of the Company.

Balances with related parties are set out in notes 12, 13 and 17 to these financial statements. Other transactions with related parties are included in the statement of cash flows.

22.3 Related party transactions and balances

	Note	Transaction value Year ended 31 December		Balance outstanding As at 31 December	
		2016	2015	2016	2015
		€	€	€	€
Revenue					
Rental income		132,000	-	-	-
Interest income		113,920	-	-	-
Management fees		-	15,000	-	-
Financing transaction					
Loan due from related companies	22.4	6,263,420	930,000	6,263,420	930,000
Loan to related party (shareholder's loan)	22.5	419,983	-	419,983	-

22.4 The amounts owed by the related companies in relation to advances forwarded by the Company are unsecured, bear interest at 8% and repayable at the end of the 10 year agreement made between the parties concerned.

22.5 The amounts due to related party are unsecured, interest free and repayable on demand.

23 PRIOR YEAR ADJUSTMENT

In the period 2015 the Company accounted for deferred tax on investment property through the equity and other comprehensive income. Such treatment was revised in the year 2016 and deferred tax on investment property was accounted through the income statements accordingly.

24 CAPITAL COMMITMENTS

	2016	2015
Commitments contracted for	€ 2,507,291	€ 1,044,000

During the year under review the Company had contracted capital commitments with regards to purchase of immovable property for the aggregate amount of Euro 2,507,291. During the year under review the Company had Euro 792,942 (2015 - Euro 131,650) as deposits paid on account on such immovable property.

25 REPORTING ENTITY

Dizz Finance P.L.C. is a limited liability Company domiciled and incorporated in Malta. The Company was incorporated on 24 June 2015. On 15 January 2016 the Company passed an extraordinary resolution to convert the status of the Company from a Private Exempt Limited Company into a Public Limited Company and change its name from Dizz Rentals Limited to Dizz Finance P.L.C. Comparative information figures cover the period from 24 June 2015 to 31 December 2015.

26 FINANCIAL INSTRUMENTS

The Company's activities potentially expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk); credit risk; and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board provides principles for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The Company did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial period.

26 FINANCIAL INSTRUMENTS (continued)

26.1 Market risk

(i) Foreign exchange risk

The Company's operating revenues, operating expenditure and financing are mainly denominated in euro. Accordingly, the Company's exposure to foreign exchange risk is not significant and a sensitivity analysis for foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

(ii) Cash flow and fair value interest rate risk

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of the market interest rates on its financing position and cash flows.

As at the reporting date, the Company has fixed and variable rate interest bearing liabilities. Fixed interest-bearing liabilities consist of 5% bonds issued to the general public whilst variable-bearing liabilities consist of bank overdrafts.

As at the statement of financial position date, the Company's exposure to changes in interest rates on bank overdraft held with financial institutions was limited as the level of borrowings with variable interest-bearing liabilities is immaterial with the level of borrowing with a fixed rate interest rate.

Based on the above, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial.

26.2 Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount. The Company does not hold any collateral as security in this respect. The majority of the Company's income streams are derived from related companies and the directors have control over the related company's operations.

26 FINANCIAL INSTRUMENTS (continued)

26.2 Credit risk (continued)

The maximum credit risk exposure to risk at the end of the reporting period in respect of these financial assets was as follows –

	2016	2015 (restated) (6 months)	2015
	€	€	€
Trade and other receivables	198,547	32,381	32,381
Cash and cash equivalents	220,351	-	-
	€ 418,898	€ 32,381	€ 32,381

The Company banks only with financial institutions with high quality standing or rating.

The Company manages credit limits and exposures actively in a practicable manner such that there are no material past due amounts receivable from customers as at the end of the reporting period.

26.3 Liquidity risk

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables and borrowings from third parties. Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Company's obligations.

The Company's liquidity risk is managed actively by the Company in view of the fact that the Company's financial assets and liabilities mainly consist of balances with group undertakings.

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the tables below are the contractual undiscounted contractual cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Notes to the Financial Statements (continued)
For the year ended 31 December 2016

26 FINANCIAL INSTRUMENTS (continued)

26.3 Liquidity risk (continued)

	Carrying amounts €	Contractual cash flows €	1-12 months €	1-5 years €	After 5 years €
At 31 December 2016					
Bank borrowings	-	-	-	-	-
Related party loan	419,983	419,983	419,983	-	-
Trade and other payables	202,342	202,342	202,342	-	-
Bonds	7,762,844	12,000,000	400,000	1,600,000	10,000,000
	€ 8,385,169	€12,622,325	€1,022,325	€ 1,600,000	€ 10,000,000
At 31 December 2015					
Bank borrowings	19,347	19,347	19,347	-	-
Related company loan	930,000	930,000	-	930,000	-
	€ 949,347	€ 949,347	€ 19,347	€ 930,000	€ -

26.4 Fair value of financial instruments

At 31 December 2016 and 2015 the carrying amounts of cash at bank, receivables, payables, and accrued expenses approximated their fair values in view of the nature of the instruments or their short-term maturity.

26.5 Capital risk management

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders;
- to maintain an optimal capital structure to reduce the cost of capital; and
- to comply with requirements of the Prospectus issued in relation to the 5% bonds.

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence to sustain future development of business. The board of directors monitor the return on capital, which the Company defines as the profit for the year divided by total equity. The board of directors also monitors the level of dividends that may be available to ordinary shareholders.

26 FINANCIAL INSTRUMENTS (continued)

26.6 Categories of financial instruments

	2016	2015
	€	€
Financial assets-		
Cash and bank balances	220,351	-
Available for sale financial assets	100,092	-