



Hili Finance Company p.l.c.

Interim Financial Report (Unaudited)

For the period 1 January 2019 to 30 June 2019

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Hili Finance Company p.l.c.

Half-yearly Directors' Report Pursuant to Listing Rules 5.75.2



Period ended 30 June 2019

These condensed interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with IAS 34 'Interim Financial Reporting'. They have been prepared under the historical cost convention and have been not audited or reviewed by the auditors of Hili Finance Company plc (the "Company").

Principal activities

The Company was incorporated on the 6th of April 2018 with the objective of raising funds to support and finance the subsidiaries of Hili Ventures Ltd.

Business review

The main business activity of the Company has been the issue in July 2018 of *Eur40,000,000* worth of bonds to the public that were fully subscribed. The bonds are guaranteed by Hili Ventures Limited, being the parent company of Hili Finance Company p.l.c.

During the six-month period that ended 30 June 2019, the Company registered a profit before tax of *Eur140,641* (2018: loss of *Eur8,496*). The net assets of the Company at the end for the period amounted to *Eur2,139,499* compared to *Eur2,055,183* as at 31 December 2018.

The published figures have been extracted from the unaudited management financial statements for the six-month period ending 30 June 2019, and the audited accounts for the period ending 31 December 2018.

During the period under review, Hili Ventures Ltd registered a profit before tax of *Eur7,032,804* (June 2018: *Eur2,805,556*) on investment income of *Eur10,333,335* (June 2018: *Eur5,700,002*). The Group's profit before tax for the same period amounted to *Eur6,522,112* (June 2018: *Eur3,923,853*) on revenues of *Eur221,007,389* (June 2018: *Eur191,744,315*).

The Company is mainly dependent on the business prospects of the Hili Ventures Ltd, and consequently the operating results of its subsidiaries have a direct effect on the Company's financial position and performance, including the ability of the Company to meet its obligations under the issued bonds.

Approved by the Board of Directors on 26 August 2019 and signed on its behalf by:

A black ink signature of Carmelo sive Melo Hili, consisting of several loops and a long horizontal stroke.

Carmelo sive Melo Hili
Chairman

A blue ink signature of Dorian Desira, featuring a complex, circular scribble.

Dorian Desira
Director

Hili Finance Company p.l.c.

Condensed Statements of Profit or Loss and Other Comprehensive Income

Period ended 30 June 2019



	Period from 1 January to 30 June 2019 Eur (unaudited)	Period from 6 April to 30 June 2018 Eur (unaudited)
Finance income	948,688	-
Finance costs	(787,759)	-
Net interest earned	160,929	-
Administrative expenses	(20,288)	(8,496)
Profit/ (loss) before tax	140,641	(8,496)
Income tax (expense)/ credit	(56,325)	2,974
Profit/ (loss) after tax and total comprehensive income/ (expense) for the period	84,316	(5,522)

Hili Finance Company p.l.c.

Condensed Statements of Financial Position

for the period ended 30 June 2019



	As at 30 June 2019 Eur	As at 31 December 2018 Eur
ASSETS AND LIABILITIES		
Non-current assets		
Loans and receivables	41,930,958	41,930,958
	41,930,958	41,930,958
Current assets		
Loans and receivables	1,765,414	816,727
Other receivables	59,556	12,444
Cash and cash equivalents	14,703	60,232
	1,839,673	889,403
Total assets	43,770,631	42,820,361
Current liabilities		
Other payables	1,461,018	682,397
Other financial liabilities	67,893	36,885
Current tax liability	102,222	45,897
	1,631,133	765,179
Non-current liabilities		
Debt securities in issue	40,000,000	40,000,000
	40,000,000	40,000,000
Total liabilities	41,631,133	40,765,179
Net assets	2,139,499	2,055,183
EQUITY		
Share capital	2,000,000	2,000,000
Retained earnings	139,499	55,183
Total equity	2,139,499	2,055,183

The notes on pages 7 to 8 are an integral part of this interim condensed financial information.

The condensed interim financial information on pages 3 to 6 were authorised for issue by the Board of Directors on 26 August 2019 and were signed by:


Carmelo sive Melo Hili
Chairman


Dorian Desira
Director

Hili Finance Company p.l.c.

Condensed Statement of Changes in Equity

for the period ended 30 June 2019



	Share capital Eur	Retained earnings Eur	Total Eur
Balance at 1 January 2019	2,000,000	55,183	2,055,183
Total comprehensive income for the period	-	84,316	84,316
Balance at 30 June 2019 (unaudited)	2,000,000	139,499	2,139,499

Hili Finance Company p.l.c.

Condensed Statement of Cash Flows

for the period ended 30 June 2019



	Period from 1 January to June 2019 Eur (unaudited)	Period from 6 April to 30 June 2018 Eur (unaudited)
Cash flows from operating activities		
Operating profit before working capital movement	140,641	(8,496)
<i>Adjustments for:</i>		
Interest Income	(948,688)	-
Interest expense on debt securities issued	774,276	-
Operating loss before working capital movement	<u>(33,772)</u>	<u>(8,497)</u>
Movement in other receivables	(47,112)	
Movement in other payables	35,355	8,388
<i>Net cash flows used in operating activities</i>	<u>(45,529)</u>	<u>(109)</u>
Cash flow from financing activities		
Issue of share capital	-	2,000,000
Loan to parent undertaking	-	(1,750,000)
<i>Net cash flows from financing activities</i>	<u>-</u>	<u>250,000</u>
Net movement in cash and cash equivalents	(45,529)	249,891
Cash and cash equivalents at the beginning of the period	60,232	-
Cash and cash equivalents at the end of the period	<u>14,703</u>	<u>249,891</u>

Hili Finance Company p.l.c.

Notes to the Condensed Interim Financial Statements

for the period ended 30 June 2019



1. Basis of preparation

The condensed interim financial statements for the half year ended 30 June 2019 have been extracted from the unaudited management accounts of the Company and have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

2. Summary of significant accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018, as described in those financial statements.

3. Financial risk management

The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 31 December 2018.

4. Critical accounting estimates and judgements

In the process of applying the company's accounting policies, management has made no judgements which can significantly affect the amounts recognised in these condensed financial statements and, at the end of the reporting period, there were no key assumptions concerning the future, or any 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 six month period.

5. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of operating segments has been identified as the board of directors, responsible for making strategic decisions. The Board of Directors considers the Company to be made up of one segment, that is, raising financial resources from capital markets to finance the capital projects of the Group. All of the Company's revenue and expenses are generated in Malta and revenue is mainly earned from interest earned from inter-company loans.

Hili Finance Company p.l.c.

Notes to the Condensed Interim Financial Statements

for the period ended 30 June 2019



6. Related party transactions

The Company forms part of the Hili Ventures. All companies forming part of the Group are related parties since these companies are all ultimately owned by Hili Ventures Limited. Trading transactions between these companies include items which are normally encountered in a group context.

The principal transactions carried out with related parties during the period are as follows:

	Six-months ended 30 June 2019 Eur
Finance income	
Interest receivable on loans advanced to parent company	<u><u>948,688</u></u>

7. Debt securities in issue

In July 2018, the Company issued *Eur40,000,000* 3.85% unsecured bonds of a nominal value of *Eur100* per bond. Unless previously re-purchased or cancelled, the bonds are redeemable at their nominal value on 24 July 2028. The bonds are listed on the Official List of the Malta Stock Exchange. The carrying amount of the bonds is *Eur40,000,000*. The market of debt securities on the last day before the statement of financial position date was *Eur41,600,000*. Interest is repayable on the 24th of July of each year at the rate of 3.85% per annum, payable annually in arrears on each interest payment date.

8. Subsequent events

On 18 July 2019, the Listing Authority approved the Admissibility to Listing of *Eur80,000,000* 3.8% Unsecured Bonds due 2029 of a nominal value of 100 per bond issued at par (with the joint and several guarantee of Hili Ventures Ltd). The Bond Issue will be predominantly used to finance the acquisition by HV Hospitality Ltd of Kemmuna Ltd, the owner and operator of the Comino Hotel & Bungalows. *Eur10,000,000* will be advanced to Cobalt Leasing Ltd, which was incorporated earlier this year, to finance the acquisition of containers to be leased to shipping lines long-term. The remaining balance will be used to fund group-wide investment opportunities, particularly those related to another new company, HV Marine. The Issue closed on 20 August 2019. It was fully subscribed and the basis of acceptance in respect of the issue will be communicated on 27 August 2019.

Hili Finance Company p.l.c.

Statement Pursuant to Listing Rules 5.75.3

issued by the Listing Authority

for the period ended 30 June 2019



We confirm that to the best of our knowledge:

- (a) the condensed interim financial statements give a true and fair view of the financial position of Hili Finance Company p.l.c. as at 30 June 2019, and the financial performance and cash flows of the company for the half year then ended, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 – Interim Financial Reporting); and
- (b) the interim Directors' report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.

Approved by the Board of Directors on 26 August 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'Carmelo sive Melo Hili', written in a cursive style.

Carmelo sive Melo Hili
Chairman

A handwritten signature in blue ink, appearing to be 'Dorian Desira', written in a cursive style.

Dorian Desira
Director