



Hili Finance Company p.l.c.

Interim Financial Report (Unaudited)

For the period 1 January 2020 to 30 June 2020

Half-yearly Directors' Report Pursuant to Listing Rules 5.75.2	2
Condensed Statements of Profit or Loss and Other Comprehensive Income	3
Condensed Statements of Financial Position	4
Condensed Statement of Changes in Equity	5
Condensed Statements of Cash Flows	6
Notes to the Condensed Interim Financial Statements	7 - 8
Statement pursuant to Listing Rule 5.75.3	9

These condensed interim financial statements for the six months ended 30 June 2020 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* and that of August 2019 of *Eur80,000,000* 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 2020, the Company registered a profit before tax of *Eur384,360* (2019: profit of *Eur140,641*). The net assets of the Company at the end for the period amounted to *Eur2,537,088* compared to *Eur2,139,499* as at 31 December 2019.

The published figures have been extracted from the unaudited management financial statements for the six-month period ending 30 June 2020, and the audited accounts for the period ending 31 December 2019.

During the period under review, Hili Ventures Ltd registered a profit before tax of *Eur1,035,472* (June 2019: *Eur7,032,804*) on investment income of *Eur5,000,016* (June 2019: *Eur10,333,335*). The Group's loss before tax for the same period amounted to *Eur1,025,941* (June 2019: profit *Eur6,522,112*) on revenues of *Eur215,102,090* (June 2019: *Eur221,007,389*). Following the outbreak of the COVID-19 pandemic, the lower sales activity has led to a cascading effect on profitability leading to the results for the current period being lower than the comparative period.

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 20 August 2020 and signed on its behalf by:



Carmelo sive Melo Hili
Director



Geoffrey Camilleri
Director

Hili Finance Company p.l.c.
Condensed Statements of Profit or Loss
and Other Comprehensive Income
Period ended 30 June 2020



	Period from 1 January to 30 June 2020	Period from 1 January to 30 June 2019
	Eur (unaudited)	Eur (unaudited)
Finance income	2,743,447	948,688
Finance costs	(2,339,602)	(787,759)
Net interest earned	403,845	160,929
Administrative expenses	(19,485)	(20,288)
Profit before tax	384,360	140,641
Income tax expense	(141,108)	(56,325)
Profit after tax and total comprehensive income for the period	243,252	84,316

Hili Finance Company p.l.c.
Condensed Statements of Financial Position
for the period ended 30 June 2020



	As at 30 June 2020	As at 31 December 2019
	Eur	Eur
ASSETS AND LIABILITIES		
Non-current assets		
Loans and receivables	121,930,958	121,930,958
	121,930,958	121,930,958
Current assets		
Loans and receivables	5,094,822	2,361,375
Other receivables	10,139	43,877
Cash and cash equivalents	7,342	17,930
	5,112,302	2,423,182
Total assets	127,043,260	124,354,140
Current liabilities		
Other payables	4,026,200	1,728,816
Other financial liabilities	199,488	183,423
Current tax liability	280,484	148,065
	4,506,172	2,060,304
Non-current liabilities		
Debt securities in issue	120,000,000	120,000,000
	120,000,000	120,000,000
Total liabilities	124,506,172	122,060,304
Net assets	2,537,088	2,293,836
EQUITY		
Share capital	2,000,000	2,000,000
Retained earnings	537,088	293,836
Total equity	2,537,088	2,293,836

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 20 August 2020 and were signed by:

Carmelo sive Melo Hili
Director

Geoffrey Camilleri
Director

Hili Finance Company p.l.c.
Condensed Statement of Changes in Equity
for the period ended 30 June 2020



	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
Balance at 1 January 2020	2,000,000	293,836	2,293,836
Total comprehensive income for the period	-	243,252	243,252
Balance at 30 June 2020 (unaudited)	2,000,000	537,088	2,537,088

Hili Finance Company p.l.c.
Condensed Statements of Cash Flows
for the period ended 30 June 2020



	Period from 1 January to 30 June 2020 Eur (unaudited)	Period from 1 January to 30 June 2019 Eur (unaudited)
Cash flows from operating activities		
Operating profit before working capital movement	384,360	140,641
<i>Adjustments for:</i>		
Interest Income	(2,743,447)	(948,688)
Interest expense on debt securities issued	2,290,006	774,276
Operating loss before working capital movement	(69,082)	(33,772)
Movement in other receivables	33,738	(47,112)
Movement in other payables	24,755	35,355
<i>Net cash flows used in operating activities</i>	(10,589)	(45,529)
Net movement in cash and cash equivalents	(10,589)	(45,529)
Cash and cash equivalents at the beginning of the period	17,930	60,232
Cash and cash equivalents at the end of the period	7,342	14,703

1. Basis of preparation

The condensed interim financial statements for the half year ended 30 June 2020 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 2019, 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 2019, 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 2019.

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.

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 2020 Eur
Finance income	
Interest receivable on loans advanced to parent company	<u>2,743,447</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 *Eur39,996,000*. 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.

Furthermore, in August 2019, the company issued *Eur80,000,000* 3.80% 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 27th August 2029. The bonds are listed on the Official List of the Malta Stock Exchange. The carrying amount of the bonds is *Eur80,000,000*. The market value of debt securities on the last day before the statement of financial position date was *Eur79,200,000*. Interest is repayable on the 27 August of each year at the rate of 3.80% per annum, payable annually in arrears on each interest payment date.

8. Subsequent events

There are no salient post balance sheet events.

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 2020



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 2020, 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 20 August 2020 and signed on its behalf by:

A handwritten signature in blue ink, appearing to read 'Carmelo sive Melo Hili'.

Carmelo sive Melo Hili
Director

A handwritten signature in blue ink, appearing to read 'Geoffrey Camilleri'.

Geoffrey Camilleri
Director