



**Hili Finance Company p.l.c.**

Interim Financial Report (Unaudited)

For the period 1 January 2022 to 30 June 2022

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## Hili Finance Company p.l.c.

Half-yearly Directors' Report Pursuant to Capital Market Rules 5.75.2  
Period ended 30 June 2022



These condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 'Interim Financial Reporting'. They have been prepared under the historical cost convention and have not been audited or reviewed by the auditors of Hili Finance Company plc (the "Company").

### Principal activities

The Company was incorporated on the 6<sup>th</sup> of April 2018 with the objective of raising funds to support and finance the subsidiaries of Hili Ventures Limited.

### Business review

The main business activity of the Company has been the issue in July 2018 of *Eur40,000,000*, August 2019 of *Eur80,000,000* and March 2022 of *Eur50,000,000* 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 2022, the Company registered a profit before tax of *Eur440,144* (2021: profit of *Eur392,089*). The net assets of the Company at the end of the period amounted to *Eur3,562,759* compared to *Eur3,282,363* as at 31 December 2021.

The published figures have been extracted from the unaudited management financial statements for the six-month period ending 30 June 2022, and the audited accounts for the period ending 31 December 2021.

During the period under review, Hili Ventures Limited registered a profit before tax of *Eur2,179,259* (June 2021: *Eur4,436,467*) on investment income of *Eur6,767,503* (June 2021: *Eur8,377,001*). The Group's profit before tax for the same period amounted to *Eur17,103,217* (June 2021: *Eur14,625,865*) on revenues of *Eur351,292,309* (June 2021: *Eur261,679,934*). While the group's performance of the first 6 months of the year was very positive, the general operating and macro-economic environments are still prone to volatility. Whilst the situation remains fluid, the outlook for the rest of 2022 remains cautiously optimistic.

The Company is mainly dependent on the business prospects of Hili Ventures Limited, 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 29 August 2022 and signed on its behalf by:

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

Geoffrey Camilleri  
**Chairman**

A handwritten signature in blue ink, appearing to read 'Dorian Desira'.

Dorian Desira  
**Director**

**Hili Finance Company p.l.c.**  
**Condensed Statements of Profit or Loss**  
**and Other Comprehensive Income**  
**Period ended 30 June 2022**



	Period from 1 January to 30 June 2022	Period from 1 January to 30 June 2021
	Eur (unaudited)	Eur (unaudited)
Finance income	3,466,658	2,754,555
Finance costs	<u>(3,005,514)</u>	<u>(2,336,951)</u>
<b>Net interest earned</b>	<b>461,144</b>	<b>417,604</b>
Administrative expenses	<u>(21,000)</u>	<u>(25,515)</u>
<b>Profit before tax</b>	<b>440,144</b>	<b>392,089</b>
Income tax expense	(159,748)	(144,509)
<b>Profit after tax and total comprehensive income for the period</b>	<u><b>280,396</b></u>	<u><b>247,580</b></u>

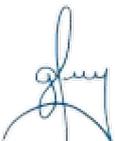
**Hili Finance Company p.l.c.**  
**Condensed Statements of Financial Position**  
**for the period ended 30 June 2022**



	As at 30 June 2022 Eur	As at 31 December 2021 Eur
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current assets</b>		
Loans and receivables	172,410,958	122,410,958
	<b>172,410,958</b>	<b>122,410,958</b>
<b>Current assets</b>		
Loans and receivables	6,015,224	2,564,838
Other receivables	31,319	83,764
Cash and cash equivalents	55,094	126,072
	<b>6,101,638</b>	<b>2,774,674</b>
<b>Total assets</b>	<b>178,512,595</b>	<b>125,185,632</b>
<b>Current liabilities</b>		
Other payables	4,703,227	1,759,932
Other financial liabilities	186	321
Current tax liability	246,423	143,016
	<b>4,949,836</b>	<b>1,903,269</b>
<b>Non-current liabilities</b>		
Debt securities in issue	170,000,000	120,000,000
	<b>170,000,000</b>	<b>120,000,000</b>
<b>Total liabilities</b>	<b>174,949,836</b>	<b>121,903,269</b>
<b>Net assets</b>	<b>3,562,759</b>	<b>3,282,363</b>
<b>EQUITY</b>		
Share capital	2,000,000	2,000,000
Retained earnings	1,562,759	1,282,363
<b>Total equity</b>	<b>3,562,759</b>	<b>3,282,363</b>

The notes on pages 7 to 9 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 29 August 2022 and were signed by:

  
 Geoffrey Camilleri  
**Chairman**

  
 Dorian Desira  
**Director**

**Hili Finance Company p.l.c.**  
**Condensed Statement of Changes in Equity**  
**for the period ended 30 June 2022**



	<b>Share capital Eur</b>	<b>Retained earnings Eur</b>	<b>Total Eur</b>
Balance at 1 January 2021	2,000,000	1,282,363	3,282,363
Total comprehensive income for the period	-	247,580	247,580
<b>Balance at 30 June 2021 ( unaudited)</b>	<b>2,000,000</b>	<b>1,529,943</b>	<b>3,529,943</b>
Balance at 1 January 2022	2,000,000	1,282,363	3,282,363
Total comprehensive income for the period	-	280,396	280,396
<b>Balance at 30 June 2022 ( unaudited)</b>	<b>2,000,000</b>	<b>1,562,759</b>	<b>3,562,759</b>

**Hili Finance Company p.l.c.**  
**Condensed Statements of Cash Flows**  
**for the period ended 30 June 2022**



	Period from 1 January to 30 June 2022 Eur (unaudited)	Period from 1 January to 30 June 2021 Eur (unaudited)
<b>Cash flows from operating activities</b>		
Operating profit before working capital movement	440,144	392,089
<i>Adjustments for:</i>		
Interest Income	(3,466,658)	(2,754,555)
Interest expense on debt securities issued	2,945,558	2,290,003
Operating loss before working capital movement	<b>(80,956)</b>	<b>(72,464)</b>
Movement in other receivables	68,717	33,695
Movement in other payables	(58,739)	52,613
<i>Net cash flows used in operating activities</i>	<b>(70,978)</b>	<b>13,844</b>
<b>Cash flows from investing activities</b>		
Loans advanced to parent company	(50,000,000)	-
<i>Net cash flows used in investing activities</i>	<b>(50,000,000)</b>	-
<b>Cash flow from financing activities</b>		
Proceeds from bond issue	50,000,000	-
<i>Net cash flows from financing activities</i>	<b>50,000,000</b>	-
<b>Net movement in cash and cash equivalents</b>	<b>(70,978)</b>	<b>13,844</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>126,072</b>	<b>2,608</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>55,094</b>	<b>16,452</b>

## **1. Basis of preparation**

The condensed interim financial statements for the half year ended 30 June 2022 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 2021, 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 2021, 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 2021.

## **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:

	<b>Six-months ended 30 June 2022 Eur</b>
<b>Finance income</b>	
Interest receivable on loans advanced to parent company	<u><b>3,466,658</b></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<sup>th</sup> of 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 *Eur39,600,000*. Interest is repayable on the 24<sup>th</sup> 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 27<sup>th</sup> of 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.

**7. Debt securities in issue (continued)**

In March 2022, the Company issued *Eur50,000,000* 4% 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 11<sup>th</sup> of March 2027. The bonds are listed on the Official List of the Malta Stock Exchange. The carrying amount of the bonds is *Eur50,000,000*. The market of debt securities on the last day before the statement of financial position date was *Eur50,495,000*. Interest is repayable on the 11<sup>th</sup> of March of each year at the rate of 4% 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 Capital Market Rules 5.75.3**  
**issued by the Malta Financial Services Authority**  
**for the period ended 30 June 2022**

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**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 2022, 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 Capital Market Rules 5.81 to 5.84.

Approved by the Board of Directors on 29 August 2022 and signed on its behalf by:

A handwritten signature in blue ink, appearing to be 'G. Camilleri', written over a faint grid.

Geoffrey Camilleri  
**Chairman**

A handwritten signature in blue ink, appearing to be 'D. Desira', written over a faint grid.

Dorian Desira  
**Director**