



Hili Finance Company p.l.c.

Interim Financial Report (Unaudited)

For the period 1 January 2021 to 30 June 2021

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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 2021



These condensed interim financial statements for the six months ended 30 June 2021 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 2021, the Company registered a profit before tax of *Eur392,089* (2020: profit of *Eur384,360*). The net assets of the Company at the end for the period amounted to *Eur3,032,573* compared to *Eur2,784,993* as at 31 December 2020.

The published figures have been extracted from the unaudited management financial statements for the six-month period ending 30 June 2021, and the audited accounts for the period ending 31 December 2020.

During the period under review, Hili Ventures Ltd registered a profit before tax of *Eur4,436,467* (June 2020: *Eur1,035,472*) on investment income of *Eur8,377,001* (June 2020: *Eur5,000,016*). The Group's profit/(loss) before tax for the same period amounted to *Eur14,625,865* (June 2020: (*Eur1,025,941*)) on revenues of *Eur261,679,934* (June 2020: *Eur215,102,090*). Following the outbreak of the COVID-19 pandemic and its negative effect on the profitability in the year 2020, the group managed to improve its results for the first six months of the year under review. Whilst the situation remains fluid, the outlook for the rest of 2021 remains cautiously optimistic.

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 2021 and signed on its behalf by:


Geoffrey Camilleri
Chairman


Dorian Desira
Director

Hili Finance Company p.l.c.
Condensed Statements of Profit or Loss
and Other Comprehensive Income
Period ended 30 June 2021



	Period from 1 January to 30 June 2021 Eur (unaudited)	Period from 1 January to 30 June 2020 Eur (unaudited)
Finance income	2,754,555	2,743,447
Finance costs	<u>(2,336,951)</u>	<u>(2,339,602)</u>
Net interest earned	417,604	403,845
Administrative expenses	<u>(25,515)</u>	<u>(19,485)</u>
Profit before tax	392,089	384,360
Income tax expense	(144,509)	(141,108)
Profit after tax and total comprehensive income for the period	<u><u>247,580</u></u>	<u><u>243,252</u></u>

Hili Finance Company p.l.c.
Condensed Statements of Financial Position
for the period ended 30 June 2021



	As at 30 June 2021	As at 31 December 2020
	Eur	Eur
ASSETS AND LIABILITIES		
Non-current assets		
Loans and receivables	122,410,958	122,480,958
	122,410,958	122,480,958
Current assets		
Loans and receivables	4,999,347	2,254,849
Other receivables	10,071	43,709
Cash and cash equivalents	16,452	2,608
	5,025,870	2,301,166
Total assets	127,436,828	124,782,124
Current liabilities		
Other payables	4,046,189	1,758,873
Other financial liabilities	4,509	-
Current tax liability	353,556	238,258
	4,404,255	1,997,131
Non-current liabilities		
Debt securities in issue	120,000,000	120,000,000
	120,000,000	120,000,000
Total liabilities	124,404,255	121,997,131
Net assets	3,032,573	2,784,993
EQUITY		
Share capital	2,000,000	2,000,000
Retained earnings	1,032,573	784,993
Total equity	3,032,573	2,784,993

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 2021 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 2021



	Share capital Eur	Retained earnings Eur	Total Eur
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)	<u>2,000,000</u>	<u>537,088</u>	<u>2,537,088</u>
Balance at 1 January 2021	2,000,000	784,993	2,784,993
Total comprehensive income for the period	-	247,580	247,580
Balance at 30 June 2021 (unaudited)	<u>2,000,000</u>	<u>1,032,573</u>	<u>3,032,573</u>

Hili Finance Company p.l.c.
Condensed Statements of Cash Flows
for the period ended 30 June 2021



	Period from 1 January to 30 June 2021 Eur (unaudited)	Period from 1 January to 30 June 2020 Eur (unaudited)
Cash flows from operating activities		
Operating profit before working capital movement	392,089	384,360
<i>Adjustments for:</i>		
Interest Income	(2,754,555)	(2,743,447)
Interest expense on debt securities issued	2,290,003	2,290,006
Operating loss before working capital movement	(72,464)	(69,082)
Movement in other receivables	33,695	33,738
Movement in other payables	52,613	24,755
<i>Net cash flows used in operating activities</i>	13,844	(10,589)
Net movement in cash and cash equivalents	13,844	(10,589)
Cash and cash equivalents at the beginning of the period	2,608	17,930
Cash and cash equivalents at the end of the period	16,452	7,342

1. Basis of preparation

The condensed interim financial statements for the half year ended 30 June 2021 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 2020, 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 2020, 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 2020.

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 2021 Eur
Finance income	
Interest receivable on loans advanced to parent company	<u>2,754,555</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 *Eur40,796,000*. 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 *Eur80,000,000*. 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 2021



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 2021, 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 2021 and signed on its behalf by:


Geoffrey Camilleri
Chairman


Dorian Desira
Director