



## COMPANY ANNOUNCEMENT

**The following is a Company Announcement issued by Hili Finance Company p.l.c. (the “Company”) in terms of Listing Rule 5.16.20**

### QUOTE

The Company hereby announces that the Board of Directors approved the Company’s half yearly financial report and unaudited Interim Financial Statements for the period ending 30 June 2020.

The Financial Statements are attached herewith and are also available for viewing on the Company’s website: [www.hilifinance.com](http://www.hilifinance.com)

### UNQUOTE

By order of the Board

A handwritten signature in blue ink, appearing to read 'Melanie Demajo', with a horizontal line underneath.

**Dr. Melanie Miceli Demajo**  
Company Secretary

20 August 2020



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

Interim Financial Report (Unaudited)

For the period 1 January 2020 to 30 June 2020

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

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



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

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**



|  | <b>Share<br/>capital<br/>Eur</b> | <b>Retained<br/>earnings<br/>Eur</b> | <b>Total<br/>Eur</b> |
|--|----------------------------------|--------------------------------------|----------------------|
| Balance at 1 January 2019                      | 2,000,000                        | 55,183                               | 2,055,183            |
| Total comprehensive<br>income for the period   | -                                | 84,316                               | 84,316               |
| <b>Balance at 30 June 2019<br/>(unaudited)</b> | <b>2,000,000</b>                 | <b>139,499</b>                       | <b>2,139,499</b>     |
| Balance at 1 January 2020                      | 2,000,000                        | 293,836                              | 2,293,836            |
| Total comprehensive<br>income for the period   | -                                | 243,252                              | 243,252              |
| <b>Balance at 30 June 2020<br/>(unaudited)</b> | <b>2,000,000</b>                 | <b>537,088</b>                       | <b>2,537,088</b>     |

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



|   | Period from<br>1 January to<br>30 June 2020<br>Eur<br>(unaudited) | Period from<br>1 January to<br>30 June 2019<br>Eur<br>(unaudited) |
|---|---|---|
| <b>Cash flows from operating activities</b>                     |   |   |
| 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                  | <b>(69,082)</b>   | <b>(33,772)</b>   |
| <br>  |   |   |
| 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>              | <b>(10,589)</b>   | <b>(45,529)</b>   |
| <br>  |   |   |
| <b>Net movement in cash and cash equivalents</b>                | <b>(10,589)</b>   | <b>(45,529)</b>   |
| <br>  |   |   |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b>17,930</b>   | <b>60,232</b>   |
| <br>  |   |   |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>7,342</b>  | <b>14,703</b>   |



## **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:

|   | <b>Six-months<br/>ended 30 June<br/>2020<br/>Eur</b> |
|---|--|
| <b>Finance income</b>                                   |  |
| Interest receivable on loans advanced to parent company | <u><b>2,743,447</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 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 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> 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**

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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 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**