



**HILI
PROPERTIES**

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Company Announcement

**The following is a Company Announcement issued by Hili Properties plc
(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 2019.

The Financial Statements are attached herewith and are also available for viewing on the Company’s website:

www.hiliproperties.com

UNQUOTE

BY ORDER OF THE BOARD

Dr. Melanie Miceli Demajo

Company Secretary

29 August 2019



Hili Properties p.l.c.

C 57954

Interim Financial Report (Unaudited)

**For the period 1 January 2019 to 30
June 2019**

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Hili Properties p.l.c.

Interim Directors' Report Pursuant to Listing Rules 5.75.2

For the period ended 30 June 2019

The directors present their interim report, together with the unaudited interim condensed financial statements of the Company and its subsidiaries (the “group”) (“the condensed interim financial statements”) for the period from 1 January 2019 to 30 June 2019.

Principal activities

The principal activity of the Hili Properties p.l.c. group is to hold and rent immovable property. Hili Properties p.l.c. also acts as a holding company.

Business review

During the period under review, the group has registered an operating profit of €3,011,830 (June 2018: €2,482,894) on revenues of €4,334,322 (June 2018: €3,550,622).

The improvement in the group’s revenues and operating profit was mainly a result of the additional income generated from the shopping centres Dole and Dzelzavas acquired in December 2018 and February 2019 respectively.

The Company bought land for €2.4m in Latvia and sold property in Latvia at a selling price of €2.6m. The related bank loan was repaid.

After accounting for finance costs and investment losses, the group registered a profit before tax of €1,205,042 (June 2018: €713,036), an increase of €492,329 on the profit generated from 1 January 2018 to 30 June 2018. The group’s net assets at the end of the period amounted to €53,260,848 compared to €52,241,729 as at 31 December 2018. The outlook of the operating activity of the Group is expected to remain positive.

During the period ended 30 June 2019, the Company registered a loss before tax of €1,052,198 (June 2018: €1,053,172). The net assets of the Company at the end of the period amounted to €38,027,573 compared to €38,974,125 as at 31 December 2018.

Events after the reporting period

In August 2019, the Group has sold property in Latvia for a selling price amounting to €1.3m. The related bank loan will be repaid for this amount.

Hili Properties p.l.c.

Interim Directors' Report Pursuant to Listing Rules 5.75.2 (continued)

For the period ended 30 June 2019

This report is being published in terms of the Listing Rule 5.75 issued by the Listing Authority and has been prepared in accordance with the applicable Listing Rules and International Accounting Standard 34 – Interim Financial Reporting. The financial statements published in this half yearly report have been condensed in accordance with the requirements of IAS 34. In terms of the Listing Rule 5.75.5, the Directors are stating that these condensed interim financial statements have not been audited or reviewed by the company's independent auditors.

Approved by the board of directors and signed on its behalf on 29 August 2019 by:



Richard Abdilla Castillo
Chairman



Sandra Murniece
Director

Hili Properties p.l.c.

Condensed Statement of Profit or Loss and other Comprehensive Income

For the period ended 30 June 2019

	Group		Holding company	
	1 January to 30 June 2019 Unaudited	1 January to 30 June 2018 Unaudited	1 January to 30 June 2019 Unaudited	1 January to 30 June 2018 Unaudited
	€	€	€	€
Revenue	4,334,322	3,550,622	101,904	113,616
Other operating income	128,344	107,575	-	-
Administrative expenses	(1,450,836)	(1,175,303)	(469,603)	(297,224)
Operating profit/(loss)	3,011,830	2,482,894	(367,699)	(183,608)
Investment income	-	6,089	-	-
Investment losses	(883)	(1,724)	-	-
Finance income	-	29,890	356,666	252,993
Finance costs	(1,805,905)	(1,804,113)	(1,041,165)	(1,122,557)
Profit/(loss) before taxation	1,205,042	713,036	(1,052,198)	(1,053,172)
Income tax (expense)/credit	(158,468)	(118,688)	105,646	115,399
Profit/(loss) for the period	1,046,574	594,348	(946,552)	(937,773)
Other comprehensive income for the period:				
Currency translation difference	(57,694)	(17,057)	-	-
Total comprehensive income for the period	988,880	577,291	(946,552)	(937,773)
Profit attributable to:				
Owners of the company	962,967	558,345		
Non-controlling interests	25,913	18,946		
	988,880	577,291		

Hili Properties p.l.c.

Condensed Statement of Financial Position

As at 30 June 2019

	Notes	Group		Holding company	
		30 June 2019 Unaudited	31 December 2018 Audited	30 June 2019 Unaudited	31 December 2018 Audited
		€	€	€	€
ASSETS AND LIABILITIES					
Non-current assets					
Intangible assets		16,677	16,702	15,665	15,665
Property, plant and equipment		256,350	316,492	305	2,929
Investment property	4	116,315,350	113,016,023	4,552,420	4,534,856
Right-of-use asset		44,031	-	-	-
Other assets under construction		97,025	-	18,458	-
Investment in subsidiaries		-	-	32,550,729	32,550,729
Deposit on acquisition of investment		24,500,000	26,800,000	24,500,000	24,500,000
Loans and receivables		1,230,378	1,225,790	15,506,204	13,461,617
Deferred tax asset		347,163	347,163	-	-
Restricted cash		1,146,415	831,178	-	-
		143,953,389	142,553,348	77,143,781	75,065,796
Current assets					
Loans and receivables		369,220	290,535	5,962,348	7,304,564
Trade and other receivables	5	1,157,848	1,831,892	2,244,478	154,700
Current tax asset		682,503	671,422	625,158	591,755
Cash at bank and on hand		1,675,283	2,916,690	4,747	17,759
		3,884,854	5,710,539	8,836,731	8,068,778
Property held for sale		3,877,700	6,477,700	-	-
Total assets		151,715,943	154,741,587	85,980,512	83,134,574
Current liabilities					
Trade and other payables	6	3,419,568	4,353,860	2,341,486	869,154
Other financial liabilities		-	4,204,918	3,923,323	1,626,735
Bank overdraft and loans	7	3,101,627	3,486,774	-	-
Current tax liabilities		960,665	780,095	15,257	-
		7,481,860	12,825,647	6,280,066	2,495,889
Non-current liabilities					
Other financial liabilities		1,832,802	1,730,082	4,929,032	4,959,032
Bank loans	7	48,300,052	47,179,142	-	-
Debt securities in issue	8	36,517,888	36,479,574	36,517,887	36,479,574
Other payables	6	825,146	788,066	-	-
Deferred tax liabilities		3,497,347	3,497,347	225,954	225,954
		90,973,235	89,674,211	41,672,874	41,664,560
Total liabilities		98,455,095	102,499,858	47,952,939	44,160,449
Net assets		53,260,848	52,241,729	38,027,573	38,974,125

Hili Properties p.l.c.

Condensed statement of financial position (continued)

As at 30 June 2019

	Group		Holding company	
	30 June 2019 Unaudited €	31 December 2018 Audited €	30 June 2019 Unaudited €	31 December 2018 Audited €
EQUITY				
Share capital	40,400,000	40,400,000	40,400,000	40,400,000
Legal reserve	134,159	103,920	-	-
Loss offset reserve	748,427	748,427	748,427	748,427
Foreign exchange reserve	(312,791)	(255,097)	-	-
Retained earnings/(accumulated losses)	11,957,329	10,936,668	(3,120,854)	(2,174,302)
Equity attributable to owners of the company	52,927,124	51,933,918	38,027,573	38,974,125
Non-controlling interests	333,724	307,811	-	-
Total equity	53,260,848	52,241,729	38,027,573	38,974,125

Hili Properties p.l.c.

Condensed Statement of Changes in Equity

For the period ended 30 June 2019

Group	Share Capital €	Foreign Exchange Reserve €	Loss Offset Reserve €	Legal Reserve €	Retained Earnings €	Attributable to Owners of the Company €	Non- Controlling Interests €	Total €
Balance at 1 January 2018	28,600,000	(227,855)	748,427	103,920	8,920,366	38,144,858	212,791	38,357,649
Increase in share capital	3,000,000	-	-	-	-	3,000,000	-	3,000,000
Profit for the period	-	-	-	-	575,402	575,402	18,946	594,348
Other comprehensive income (currency translation reserve)	-	(17,057)	-	-	-	(17,057)	-	(17,057)
Balance at 30 June 2018	31,600,000	(244,912)	748,427	103,920	9,495,768	41,703,203	231,737	41,934,940
Balance at 1 January 2019	40,400,000	(255,097)	748,427	103,920	10,936,668	51,933,918	307,811	52,241,729
Profit for the period	-	-	-	-	1,020,661	1,020,661	25,913	1,046,574
Other comprehensive income (currency translation reserve)	-	(57,694)	-	30,239	-	(27,455)	-	(27,455)
Balance at 30 June 2019	40,400,000	(312,791)	748,427	134,159	11,957,329	52,927,124	333,724	53,260,848

Hili Properties p.l.c.

Condensed Statement of Changes in Equity

For the period ended 30 June 2019

Holding Company

	Share capital €	Loss offset reserve €	Accumulated losses €	Total €
Balance at 1 January 2018	28,600,000	748,427	(1,964,945)	27,383,482
Increase in share capital	3,000,000	-	-	3,000,000
Loss and total comprehensive expense for the period	-	-	(937,773)	(937,773)
Balance at 30 June 2018	31,600,000	748,427	(2,902,718)	29,445,709
Balance at 1 January 2019	40,400,000	748,427	(2,174,302)	38,974,125
Loss and total comprehensive expense for the period	-	-	(946,552)	(946,552)
Balance at 30 June 2019	40,400,000	748,427	(3,120,854)	38,027,573

Hili Properties p.l.c.

Condensed Statement of Cash Flows

For the period ended 30 June 2019

	Group		Holding company	
	1 January to 30 June 2019 Unaudited	1 January to 30 June 2018 Unaudited	1 January to 30 June 2019 Unaudited	1 January to 30 June 2018 Unaudited
	€	€	€	€
Cash flows from operating activities				
Cash generated from/(used in) operations	2,453,696	3,048,397	(687,388)	(282,835)
Interest received	-	-	-	-
Interest paid	(978,772)	(839,053)	(5,738)	-
Income taxes paid	(681,612)	(58,543)	(131,595)	(3,693)
Net cash flows generated from/ (used in) operating activities	793,312	2,150,801	(824,721)	(286,528)
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,784,274)	(26,169)	-	(6,633)
Proceeds from disposal of property, plant and equipment	2,600,000	302,500	-	-
Additions to investment property	(762,887)	(1,427,535)	-	(182,766)
Loans granted to related parties	-	-	-	(390,000)
Net cash flows generated from / (used in) Investing activities	52,839	(1,151,204)	-	(579,399)
Cash flows from financing activities				
Proceeds from issue of share capital	-	3,000,000	-	3,000,000
Proceeds from bank loans	5,182,949	815,008	-	-
Proceeds from loans granted by related party	174,708	-	3,812,448	-
Repayment of bank loans	(4,047,716)	(1,189,500)	(459)	-
Repayment of related party loans	(3,000,280)	(1,225,000)	(3,000,280)	(1,225,000)
Transfers to restricted cash	(395,000)	(395,000)	-	-
Net cash flows (used in) / generated from financing activities	(2,085,339)	1,005,508	811,709	1,775,000
Net movement in cash and cash equivalents	(1,239,188)	2,005,105	(13,012)	909,073
Cash and cash equivalents at the beginning of the period	2,916,690	764,581	17,759	(11,327)
Effects of translation from functional currency to presentation currency	(2,219)	(7,637)	-	-
Cash and cash equivalents at the end of the period	1,675,283	2,762,049	4,747	897,746

Hili Properties 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 six months ending on 30 June 2019 have been extracted from the unaudited management accounts of the Group and the Company and have been prepared in accordance with IAS 34 - Interim Financial Reporting.

2. Significant accounting policies

The condensed interim financial statements have been prepared under the historic cost convention, except for financial instruments at fair value through profit or loss which are stated at their fair values. Other than as mentioned below, the accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group's and Company's annual financial statements for the year ended 31 December 2018.

Adoption of IFRS 16 'Leases'

A number of new or amended standards became applicable for the current reporting period, and the group had to change its accounting policies and make retrospective adjustments as a result of adopting IFRS 16 'Leases'. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

The group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.5%.

	€
Operating lease commitments disclosed as at 31 December 2018	62,500
Less prepaid lease	(2,500)
Less discounting at lessee's incremental borrowing rate of at the date of initial application	(1,292)
Lease liability recognised as at 1 January 2019	58,708
Of which are:	
Current lease liabilities	30,000
Non-current lease liabilities	28,708

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2019

2. Significant accounting policies (continued)

The associated right-of-use assets for property leases were measured at an amount equal to the lease liability. The recognised right-of-use assets relate to land.

The change in accounting policy affected the following items in the statement of financial position on 1 January 2019:

- Right-of-use assets – increase by €58,708
- Lease liabilities – increase by €58,708

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of lease payments.

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard at the initial date of application:

- Exclusion of initial direct costs for the measurement of the right-of-use asset.
- The absence of the necessity to reassess whether a contract is, or contains a lease.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the start date less lease incentives received
- Any initial direct costs, and
- Restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2019

2. Significant accounting policies (continued)

The change in accounting policy affected the following items in the statement of financial position on 30 June 2019:

- Right-of-use assets – increase by €44,031
- Lease liabilities – increase by €29,354
- Prepayments – decrease by €15,000
- Retained earnings - decrease of €323

The segment assets and segment liabilities of the operating segment 'Malta' were affected by the change in accounting policy. Other operating segments were unaffected.

3. Segmental Reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The segment reporting of the group is made in terms of the location which it conducts its business in, as the risks and rates of return are affected predominantly by differences in the services provided in the different locations. The group is currently organised into five main business segments: Malta, Latvia, Estonia, Lithuania and Romania. Each of these operating segments is managed separately as each of these lines requires local resources. All inter segment transfers for management services are carried out on a cost basis.

Revenue reported below represents revenue generated from external customers. There were no intersegment sales in the period. The group's reportable segments under IFRS 8 are direct sales attributable to each line of business.

Measurement of operating segment profit or loss, assets and liabilities

Segment profit represents the profit earned by each segment after allocation of central administration costs based on services provided. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The accounting policies of the reportable segments are the same as the group's accounting policies.

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities to consolidated totals are reported below:

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2019

3. Segmental Reporting (continued)

Profit before taxation

	1 January to 30 June 2019 Unaudited €	1 January to 30 June 2018 Unaudited €
Total profit for reportable segments	2,281,065	1,805,563
Elimination of inter segment profits	-	13,346
Unallocated amounts:		
Finance costs	(870,814)	(871,655)
Other unallocated amounts	(205,209)	(234,218)
	<u>1,205,042</u>	<u>713,036</u>

Assets

	30 June 2019 Unaudited €	31 December 2018 Audited €
Total assets for reportable segments	191,130,040	188,218,493
Elimination of inter segment receivables	(45,819,505)	(33,481,625)
Unallocated amounts:		
Other unallocated amounts	6,405,408	4,719
	<u>151,715,943</u>	<u>154,741,587</u>

Liabilities

	30 June 2019 Unaudited €	31 December 2018 Audited €
Total liabilities for reportable segments	93,369,745	91,868,853
Elimination of inter segment payables	(32,486,511)	(25,903,817)
Unallocated amounts:		
Debt securities in issue	36,517,888	36,479,574
Other unallocated amounts	1,053,973	55,248
	<u>98,455,095</u>	<u>102,499,858</u>

Included in revenue arising from rental of investment property is the rental income from investment property in Romania of €1,189,092. The only other property which contributed more than 10% of group revenues is the newly acquired shopping centre Dole located in Latvia and generated revenues of €475,221.

The Group's revenue and results from continuing operations and information about its net assets by reportable segment are detailed below:

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2019

3. Segmental reporting (continued)

2019

	Malta €	Latvia €	Estonia €	Lithuania €	Romania €	Total €	Unallocated €	Eliminations and Adjustments €	Consolidated €
For the period ended 30 June 2019 (unaudited)									
Revenue	1,134,677	1,987,323	54,998	136,161	1,311,416	4,624,575	-	(290,253)	4,334,322
Profit before taxation	700,922	846,663	44,161	85,958	603,361	2,281,065	(1,076,023)	-	1,205,042
Depreciation and amortisation	(65,184)	(12,824)	-	-	(409)	(78,417)	-	-	(78,417)
Investment loss (net)	-	(883)	-	-	-	(883)	-	-	(883)
Finance costs	(323,681)	(560,766)	-	(16,451)	(492,499)	(1,393,397)	(1,116,528)	704,020	(1,805,905)
Income tax credit/ (expense)	(143,481)	(48)	-	(12,840)	(2,099)	(158,468)	-	-	(158,468)
As at 30 June 2019 (unaudited)									
Segment assets	99,654,675	50,594,664	1,986,055	4,628,324	34,266,322	191,130,040	6,405,408	(45,819,505)	151,715,943
Investment property	39,854,110	41,582,904	1,700,000	4,400,000	31,538,336	119,075,350	-	(2,760,000)	116,315,350
Segment liabilities	30,966,461	35,046,961	921,730	2,820,509	23,614,085	93,369,746	37,571,860	(32,486,511)	98,455,095

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2019

3. Segmental reporting (continued)

2018

	Malta €	Latvia €	Estonia €	Lithuania €	Romania €	Total €	Unallocated €	Eliminations and Adjustments €	Consolidated €
For the period ended 30 June 2018 (unaudited)									
Revenue	1,036,307	1,379,761	54,998	132,195	1,204,231	3,807,492	-	(256,870)	3,550,622
Profit before taxation	564,915	570,865	47,877	93,997	527,909	1,805,653	(1,105,873)	13,346	713,036
Depreciation and amortisation	(55,426)	(5,007)	-	-	(12)	(60,445)	-	-	(60,445)
Investment income (net)	-	-	-	-	4,365	4,365	-	-	4,365
Finance costs	(483,795)	(306,003)	-	(18,839)	(434,181)	(1,242,818)	(1,134,973)	573,678	(1,804,113)
Income tax credit/ (expense)	(104,383)	-	-	(12,569)	(1,736)	(118,688)	-	-	(118,688)
As at 31 December 2018 (audited)									
Segment assets	93,513,407	53,847,471	1,945,275	4,655,375	34,256,965	188,218,493	4,719	(33,481,625)	154,741,587
Investment property	39,784,856	35,789,236	1,700,000	4,400,000	31,341,931	113,016,023	-	-	113,016,023
Segment liabilities	24,531,122	39,285,587	925,111	2,920,680	24,206,353	91,868,853	36,534,822	(25,903,817)	102,499,858

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2019

4. Investment property

Group

	Retail/ commercial properties €	Office properties €	Other properties €	Total €
At 1 January 2018 (audited)	61,521,055	40,609,309	1,899,999	104,030,363
Additions	6,304,554	193,577	54,679	6,552,810
Disposals	(1,315,400)	-	-	(1,315,400)
Increase in fair value	558,806	999,872	500,000	2,058,678
Decrease in fair value	(1,682,478)	(550,250)	-	(2,232,728)
Acquired on business Combination	10,400,000	-	-	10,400,000
Transfer held for sale	(6,477,700)	-	-	(6,477,700)
At 1 January 2019 (audited)	69,308,837	41,252,508	2,454,678	113,016,023
Additions	3,159,267	61,504	-	3,220,771
Disposals	(11)	-	-	(11)
Assets under construction	78,567	-	-	78,567
At 30 June 2019 (unaudited)	72,546,660	41,314,012	2,454,678	116,315,350

Holding company

	Office properties €	Other properties €	Total €
At 1 January 2018 (audited)	2,080,178	1,900,000	3,980,178
Additions	54,678	-	54,678
Increase in fair value	-	500,000	500,000
At 1 January 2019 (audited)	2,134,856	2,400,000	4,534,856
Additions	17,564	-	17,564
At 30 June 2019 (unaudited)	2,152,420	2,400,000	4,552,420

The fair value of investment properties amounting to €116,315,350 (2018: €113,016,023) has been arrived at on the basis of internal assessments to reflect market conditions at the end of the reporting period. These internal assessments also considered independent external valuations obtained for all the group's properties during 2015 together with independent external valuations obtained during 2016 and 2017 for a selection of properties in Malta and the Baltics.

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2019

4. Investment property (continued)

During 2018, external market valuations were obtained for a selection of properties, covering 48% of the property portfolio value held by the group. Based on this assessment, the directors are of the opinion that the fair value determined is an appropriate estimate of the fair value at 30 June 2019. In estimating the fair value of the property, the highest and best use of the property is its current use.

All the properties located in the Baltics amounting to €47,682,912 (2018: €44,649,236) are classified as retail commercial properties. 70% of the investment property located in Romania amounting to €31,538,326 (2018: €31,341,930) is classified as retail commercial property, the rest as office property.

5. Trade and other receivables

	Group		Holding company	
	30 June 2019 Unaudited €	31 December 2018 Audited €	30 June 2019 Unaudited €	31 December 2018 Audited €
Trade receivables	340,590	184,826	7,528	358
Other receivables	77,340	364,644	52,732	16,803
Amounts due from other related companies	-	270,996	-	-
Amounts due from parent company	-	298,479	-	-
Amounts due from subsidiaries	-	-	2,000,747	-
Prepayments and accrued income	739,918	712,947	183,471	137,539
	1,157,848	1,831,892	2,244,478	154,700

No interest is charged on trade and other receivables.

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2019

6. Trade and other payables

	Group		Holding company	
	30 June 2019 Unaudited €	31 December 2018 Audited €	30 June 2019 Unaudited €	31 December 2018 Audited €
Trade payables	1,424,906	1,054,384	898,911	72,224
Amounts due to other related companies	-	396,715	11,496	86,869
Lease liabilities	29,354	-	-	-
Other payables	382,306	1,453,418	-	213,258
Accruals and deferred income	2,408,148	2,237,409	1,431,079	496,803
	4,244,714	5,141,926	2,341,486	869,154
Less: amount due for settlement within 12 months (shown under current liabilities)	(3,419,568)	(4,353,860)	(2,341,486)	(869,154)
	825,146	788,066	-	-

No interest is charged on trade and other payables.

7. Bank overdraft and loans

	Group		Holding company	
	30 June 2019 Unaudited €	31 December 2018 Audited €	30 June 2019 Unaudited €	31 December 2018 Audited €
Bank overdraft	-	31,571	-	-
Bank loans	51,401,679	50,634,345	-	-
	51,401,679	50,665,916	-	-
Less: amount due for settlement within 12 months (shown under current liabilities)	(3,101,627)	(3,486,774)	-	-
Amount due for settlement after 12 months	48,300,052	47,179,142	-	-

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2019

7. Bank overdraft and loans (continued)

Bank overdraft and loans are payable as follows:

	Group		Holding company	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	Unaudited	Audited	Unaudited	Audited
On demand or within one year	3,101,627	3,486,774	-	-
Between one and five years	41,826,719	27,883,639	-	-
After five years	6,473,333	19,295,503	-	-
	51,401,679	50,665,916	-	-

The group's bank loans facilities bear effective interest at the rates of 2.5% to 4.85% p.a. The group's bank borrowings facilities amount to €51,401,679 (2018: €50,665,916). The facilities are secured by special hypothecs over the investment property of the group, a general hypothec over the assets of the group, guarantees provided by other related party and a pledge over rent receivable from the company's tenants.

8. Debt securities in issue

	Group and holding company	
	30 June	31 December
	2019	2018
	Unaudited	Audited
	€	€
4.5% unsecured bonds redeemable 2025	36,517,888	36,479,574

In October 2015, the Company issued 370,000 4.5% unsecured bonds of a nominal value of €100 per bond. The bonds are redeemable at their nominal value in 2025.

Interest on the bonds is due and payable annually on 16 October of each year.

The bonds are listed on the Official List of the Malta Stock Exchange. The carrying amount of the bond is net of direct issue costs of €766,271 which are being amortised over the life of the bond. The market value of debt securities on the last trading day before the statement of financial position date was €38,406,000.

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2019

8. Debt securities in issue (continued)

The bonds are guaranteed by Harbour (APM) Investments Limited and Hili Estates Limited. The full terms of the guarantee are disclosed in the bond prospectus.

9. Related party transactions

During the period, the Company and the group entered into transactions with related parties set out below.

Group

	Related party activity €	2019 Total activity €	%	Related party activity €	2018 Total activity €	%
Revenue:						
Related party transactions with:						
Parent company	158,031			58,883		
Other related parties	953,978			908,302		
	<u>1,112,009</u>	<u>4,334,322</u>	<u>26</u>	<u>967,185</u>	<u>3,550,622</u>	<u>27</u>
Other operating income:						
Related party transactions with:						
Parent company	3,991			3,991		
Other related parties	14,053			32,098		
	<u>18,044</u>	<u>128,344</u>	<u>14</u>	<u>36,089</u>	<u>107,575</u>	<u>34</u>
Administrative expenses:						
Related party transactions with:						
Parent company	180,000			180,000		
Other related parties	231,425			10,771		
	<u>411,425</u>	<u>1,450,836</u>	<u>28</u>	<u>190,771</u>	<u>1,175,303</u>	<u>16</u>
Finance income:						
Related party transactions with:						
Other related parties	-			29,347		
	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,347</u>	<u>29,890</u>	<u>98</u>
Finance costs:						
Related party transactions with:						
Parent company	-			13,592		
Other related parties	307,003			46,038		
	<u>307,003</u>	<u>1,805,905</u>	<u>17</u>	<u>59,630</u>	<u>1,804,113</u>	<u>3</u>

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2019

9. Related party transactions (continued)

Holding Company

	Related party activity €	2019 Total activity €	%	Related party activity €	2018 Total activity €	%
Administrative expenses:						
Related party transactions with:						
Parent company	180,000	469,603	38	180,000	297,224	61
Finance income:						
Related party transactions with:						
Subsidiaries	356,666			236,815		
Other related parties	-			16,178		
	356,666	356,666	100	252,993	252,993	100
Finance costs:						
Related party transactions with:						
Parent company	42,691			13,592		
Subsidiaries	127,660			205,458		
Other related parties	-			42,691		
	170,351	1,041,165	16	261,741	1,122,557	23

No expense has been recognised in the period for bad or doubtful debts in respect of amounts due by related parties and there are no provisions for doubtful debts in respect of outstanding amounts due by related parties.

10. Fair values of financial assets and financial liabilities

At 30 June 2019 and 31 December 2018, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities.

The fair values of the debt securities in issue are disclosed in note 8. The fair values of the other non-current financial liabilities and the non-current financial assets are not materially different from their carrying amounts due to the fact that the interest rates are considered to represent market rates at the year end. The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories below have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2019

10. Fair values of financial assets and financial liabilities (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the company and the group determines when transfers are deemed to have occurred between Levels in the hierarchy at the end of each reporting period.

The following table provides an analysis of financial instruments that are not measured subsequent to initial recognition at fair value, other than those with carrying amounts that are reasonable approximations of fair value, and other than investments in subsidiaries, associates and jointly controlled entities, grouped into Levels 1 to 3.

Group

	Level 1 €	Level 2 €	Level 3 €	Total €	Carrying amount €
2019					
<i>Financial assets</i>					
Deposit on acquisition of investment	-	24,500,000	-	24,500,000	24,500,000
<i>Loans and receivables</i>					
- receivables from related parties	-	369,220	1,230,378	1,599,598	1,599,598
Total (unaudited)	-	24,869,220	1,230,378	26,099,598	26,099,598
<i>Financial liabilities at amortised cost</i>					
- related party loans	-	-	1,832,802	1,832,802	1,832,802
- bank loans	-	51,401,679	-	51,401,679	51,401,679
- debt securities	38,406,000	-	-	38,406,000	36,517,888
Total (unaudited)	38,406,000	51,401,679	1,832,802	91,640,481	89,752,369

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2019

10. Fair values of financial assets and financial liabilities (continued)

Group

	Level 1 €	Level 2 €	Level 3 €	Total €	Carrying amount €
2018					
<i>Financial assets</i>					
Deposit on acquisition of investment	-	24,500,000	-	24,500,000	24,500,000
<i>Loans and receivables</i>					
- receivables from related parties	-	290,535	1,225,790	1,516,325	1,516,325
Total (audited)	-	24,790,535	1,225,790	26,016,325	26,016,325
<i>Financial liabilities at amortised cost</i>					
- related party loans	-	4,204,918	1,730,082	5,935,000	5,935,000
- bank loans	-	50,634,345	-	50,634,345	50,634,345
- debt securities	38,332,000	-	-	38,332,000	36,479,574
Total (audited)	38,332,000	54,839,263	1,730,082	94,901,345	93,048,919

Holding Company

	Level 1 €	Level 2 €	Level 3 €	Total €	Carrying amount €
2019					
<i>Financial assets</i>					
Deposit on acquisition of investment	-	24,500,000	-	24,500,000	24,500,000
<i>Loans and receivables</i>					
- receivables from related parties	-	5,962,348	15,506,204	21,468,552	21,468,552
Total (unaudited)	-	30,462,348	15,506,204	45,968,552	45,968,552
<i>Financial liabilities at amortised cost</i>					
- related party loans	-	3,923,323	4,929,031	8,852,354	8,852,354
- debt securities	38,406,000	-	-	38,406,000	36,517,888
Total (unaudited)	38,406,000	3,923,323	4,929,031	47,258,354	45,370,242

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2019

10. Fair values of financial assets and financial liabilities (continued)

Holding Company

	Level 1 €	Level 2 €	Level 3 €	Total €	Carrying amount €
2018					
<i>Financial assets</i>					
Deposit on acquisition of investment	-	24,500,000	-	24,500,000	24,500,000
<i>Loans and receivables</i>					
- receivables from related parties	-	7,304,564	13,461,617	20,766,181	20,766,181
Total (audited)	<u>-</u>	<u>31,804,564</u>	<u>13,461,617</u>	<u>45,266,181</u>	<u>45,266,181</u>
<i>Financial liabilities at amortised cost</i>					
- related party loans	-	1,626,735	4,959,032	6,585,767	6,585,767
- debt securities	38,322,000	-	-	38,332,000	36,479,574
Total (audited)	<u>38,332,000</u>	<u>1,626,735</u>	<u>4,959,032</u>	<u>44,917,767</u>	<u>43,065,341</u>

Hili Properties p.l.c.

Statement Pursuant to Listing Rule 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 Properties p.l.c. (the “company”) and its subsidiaries (the “group”) as at 30 June 2019, and the financial performance and cash flows of the company and the group for the six month period 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 29 August 2019 and signed on its behalf by:



Richard Abdilla Castillo
Chairman



Sandra Murniece
Director

