

Hili Properties p.l.c.

C 57954

Interim Financial Report (Unaudited)

**For the period 1 January 2018 to 30 June
2018**

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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 2018

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 2018 to 30 June 2018.

Principal activities

The principal activity of the Hili Properties 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 €2,482,894 (June 2017: €1,837,388) on revenues of €3,550,622 (June 2017: €2,802,657).

The improvement in the group's revenues and operating profit was mainly a result of the additional rental income generated from the property acquired in Romania in May 2017, which contributed six months of operations during the current period under review compared to two months in the period ended 30 June 2017.

After accounting for finance costs and investment losses, the group registered a profit before tax of €713,036 (June 2017: €191,886), an increase of €521,150 on the profit generated from 1 January 2017 to 30 June 2017. This increase is mainly attributable to the additional profits generated from the Romania property. The group's net assets at the end of the period amounted to €41,934,940 compared to €38,357,649 as at 31 December 2017. The increase in net assets is attributable to an increase in issued share capital of €3,000,000 and the profit registered during the period. The improvement in working capital is attributable to proceeds from the share capital increase still unutilised as at 30 June 2018. The outlook of the operating activity of the Group is expected to remain positive.

During the period ended 30 June 2018, the Company registered a loss before tax of €1,053,172 (June 2017: €1,139,252). The net assets of the Company at the end of the period amounted to €29,445,709 compared to €27,383,482 as at 31 December 2017.

Events after the reporting period

On 8 August 2018, the company increased its share capital by 8,800,000 ordinary shares of €1 each in exchange for €8,800,000 cash contribution from its parent company.

Subsequent to the increase in share capital, the company repaid loan amounts of €5,000,000 to a group subsidiary, which proceeds were utilised by the group subsidiary to repay bank loan facilities.

The published figures have been extracted from the unaudited management financial statements for the six months ended 30 June 2018 and its comparative period in 2017.

Hili Properties p.l.c.

For the period ended 30 June 2018

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 27 August 2018 by:



Carmelo (sive) Melo Hili
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 2018

	Group		Holding company	
	1 January to 30 June 2018 Unaudited	1 January to 30 June 2017 Unaudited	1 January to 30 June 2018 Unaudited	1 January to 30 June 2017 Unaudited
	€	€	€	€
Revenue	3,550,622	2,802,657	113,616	21,249
Other operating income	107,575	79,280	-	56,904
Administrative expenses	(1,175,303)	(1,044,549)	(297,224)	(411,286)
Operating profit/(loss)	2,482,894	1,837,388	(183,608)	(333,133)
Investment income	6,089	-	-	-
Investment losses	(1,724)	(434,258)	-	(57,948)
Finance income	29,890	135,883	252,993	214,193
Finance costs	(1,804,113)	(1,347,127)	(1,122,557)	(962,364)
Profit/(loss) before taxation	713,036	191,886	(1,053,172)	(1,139,252)
Income tax credit/(expense)	(118,688)	17,393	115,399	327,233
Profit/(loss) for the period	594,348	209,279	(937,773)	(812,019)
Other comprehensive income for the period:				
Currency translation difference	(17,057)	21,787	-	-
Total comprehensive income for the period	577,291	231,066	(937,773)	(812,019)
<i>Profit attributable to:</i>				
Owners of the company	558,345	211,585		
Non-controlling interests	18,946	19,481		
	577,291	231,066		

Hili Properties p.l.c.

Condensed Statement of Financial Position

As at 30 June 2018

	Group		Holding company	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	Unaudited	Audited	Unaudited	Audited
	€	€	€	€
ASSETS AND LIABILITIES				
Non-current assets				
Intangible assets	16,916	17,131	15,665	15,665
Property, plant and equipment	288,787	323,354	5,085	1,314
Investment property	4 105,024,500	104,030,363	4,031,290	3,980,178
Investment in subsidiaries	-	-	32,550,729	32,550,729
Deposit on acquisition of investment	24,500,000	24,500,000	24,500,000	24,500,000
Loans and receivables	2,329,647	2,322,974	12,489,376	12,276,876
Deferred tax asset	373,615	373,615	11,613	11,613
Restricted cash	748,700	353,700	-	-
	<u>133,282,165</u>	<u>131,921,137</u>	<u>73,603,758</u>	<u>73,336,375</u>
Current assets				
Property held for sale	-	237,000	-	-
Loans and receivables	520,468	279,898	2,754,001	2,149,622
Trade and other receivables	5 1,312,374	2,180,937	410,959	756,032
Current tax asset	523,928	407,672	501,303	382,211
Cash at bank and on hand	2,762,049	852,715	897,746	21,014
	<u>5,118,819</u>	<u>3,958,222</u>	<u>4,564,009</u>	<u>3,308,879</u>
Total assets	<u>138,400,984</u>	<u>135,879,359</u>	<u>78,167,767</u>	<u>76,645,254</u>
Current liabilities				
Trade and other payables	6 3,407,858	2,925,344	1,464,035	743,675
Other financial liabilities	396,600	1,718,770	557,731	1,663,777
Bank loans	7 3,302,375	3,231,409	-	32,341
Current tax liabilities	426,012	249,612	-	-
	<u>7,532,845</u>	<u>8,125,135</u>	<u>2,021,766</u>	<u>2,439,793</u>
Non-current liabilities				
Other financial liabilities	1,751,802	1,731,582	10,069,032	10,229,032
Bank loans	7 46,521,265	47,054,857	-	-
Debt securities in issue	8 36,441,260	36,402,947	36,441,260	36,366,320
Other payables	6 780,215	768,532	-	-
Deferred tax liabilities	3,438,657	3,438,657	190,000	190,000
	<u>88,933,199</u>	<u>89,396,575</u>	<u>46,700,292</u>	<u>46,821,979</u>
Total liabilities	<u>96,466,044</u>	<u>97,521,710</u>	<u>48,722,058</u>	<u>49,261,772</u>
Net assets	<u>41,934,940</u>	<u>38,357,649</u>	<u>29,445,709</u>	<u>27,383,482</u>

Hili Properties p.l.c.

Condensed statement of financial position (continued)

As at 30 June 2018

	Group		Holding company	
	30 June 2018 Unaudited €	31 December 2017 Audited €	30 June 2018 Unaudited €	31 December 2017 Audited €
EQUITY				
Share capital	31,600,000	28,600,000	31,600,000	28,600,000
Legal reserve	103,920	103,920	-	-
Loss offset reserve	748,427	748,427	748,427	748,427
Currency translation reserve	(244,912)	(227,855)	-	-
Retained earnings/ (accumulated losses)	9,495,768	8,920,366	(2,902,718)	(1,964,945)
Equity attributable to owners of the company	41,703,203	38,144,858	29,445,709	27,383,484
Non-controlling interests	231,737	212,791	-	-
Total equity	41,934,940	38,357,649	29,445,709	27,383,482

Hili Properties p.l.c.

Condensed Statement of Changes in Equity

For the period ended 30 June 2018

Group	Share Capital	Currency Translation Reserve	Loss offset Reserve	Legal Reserve	Retained Earnings	Attributable to owners of the Company	Non-Controlling Interests	Total
	€	€	€	€	€	€	€	€
Balance at 1 January 2017	21,600,000	-	748,427	-	5,782,250	28,130,677	92,042	28,222,719
Profit and total comprehensive income for the year	-	21,787	-	-	189,798	211,585	19,481	231,066
Balance at 30 June 2017	21,600,000	21,787	748,427	-	5,972,048	28,342,262	111,523	28,453,785
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

Hili Properties p.l.c.

Condensed Statement of Changes in Equity

For the period ended 30 June 2018

Holding Company

	Share capital €	Loss offset reserve €	Accumulated losses €	Total €
Balance at 1 January 2017	21,600,000	748,427	(1,530,853)	20,817,574
Loss and total comprehensive expense for the period	-	-	(812,019)	(812,019)
Balance at 30 June 2017	<u>21,600,000</u>	<u>748,427</u>	<u>(2,342,872)</u>	<u>20,005,555</u>
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	<u><u>31,600,000</u></u>	<u><u>748,427</u></u>	<u><u>(2,902,718)</u></u>	<u><u>29,445,709</u></u>

Hili Properties p.l.c.

Condensed Statement of Cash Flows

For the period ended 30 June 2018

	Group		Holding company	
	1 January to 30 June 2018 Unaudited €	1 January to 30 June 2017 Unaudited €	1 January to 30 June 2018 Unaudited €	1 January to 30 June 2017 Unaudited €
Cash flows from operating activities				
Cash generated from operations	3,048,397	1,945,748	(282,835)	(813,482)
Interest received	-	186,224	-	-
Interest paid	(839,053)	(328,523)	-	99,808
(Income taxes paid) / income tax refund received	(58,543)	(536,775)	(3,693)	-
Net cash inflows from/ (used in) operating activities	2,150,801	1,266,674	(286,528)	(713,674)
Cash flows from investing activities				
Purchase of property, plant and equipment	(26,169)	-	(6,633)	(430)
Proceeds from disposal of property, plant and equipment	302,500	105,170	-	-
Additions to investment property	(1,427,535)	(31,319,011)	(182,766)	(75,112)
Additions to intangible assets	-	(6,160)	-	(6,375)
Loans granted to related parties	-	(2,000,000)	(390,000)	(10,300,000)
Repayment of loans granted to related parties	-	7,750,000	-	4,750,000
Net cash flows (used in)/ generated from Investing activities	(1,151,204)	(25,470,001)	(579,399)	(5,631,917)
Cash flows from financing activities				
Proceeds from issue of share capital	3,000,000	-	3,000,000	-
Proceeds from bank loans	815,008	22,630,000	-	-
Proceeds from loans granted by related party	-	750,000	-	3,900,000
Repayment of bank loans	(1,189,500)	(945,242)	-	-
Repayment of related party loans	(1,225,000)	-	(1,225,000)	-
Transfers to restricted cash	(395,000)	-	-	-
Net cash flows generated from/ (used in) financing activities	1,005,508	22,434,758	1,775,000	3,900,000
Net movement in cash and cash equivalents	2,005,105	(1,768,569)	909,073	(2,445,591)
Cash and cash equivalents at the beginning of the period	764,581	2,842,018	(11,327)	2,410,937
Effects of translation from functional currency to presentation currency	(7,637)	(12,043)	-	-
Cash and cash equivalents at the end of the period	2,762,049	1,061,406	897,746	(34,654)

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2018

1. Basis of preparation

The condensed interim financial statements for the six months ending on 30 June 2018 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 and available-for-sale financial assets which are stated at their fair values. 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 2017.

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.

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2018

3. Segmental reporting (continued)

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

Profit before taxation

	1 January to 30 June 2018 Unaudited €	1 January to 30 June 2017 Unaudited €
Total profit for reportable segments	1,805,563	1,462,921
Elimination of inter segment profits	13,346	(354,350)
Unallocated amounts:		
Finance costs	(871,655)	(872,500)
Other unallocated amounts	(234,218)	(44,185)
	<u>713,036</u>	<u>191,886</u>

Assets

	30 June 2018 Unaudited €	31 December 2017 Audited €
Total assets for reportable segments	166,847,183	163,280,111
Elimination of inter segment receivables	(28,506,452)	(27,421,590)
Unallocated amounts:		
Other unallocated amounts	60,253	20,838
	<u>138,400,984</u>	<u>135,879,359</u>

Liabilities

	30 June 2018 Unaudited €	31 December 2017 Audited €
Total liabilities for reportable segments	79,092,091	79,378,458
Elimination of inter segment payables	(19,249,384)	(18,292,780)
Unallocated amounts:		
Debt securities in issue	36,441,260	36,402,947
Other unallocated amounts	182,077	33,085
	<u>96,466,044</u>	<u>97,521,710</u>

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2018

3. Segmental reporting (continued)

Included in revenue arising from rental of investment property in Romania of €1,204,231 are revenues of €735,377 which arose from the group's largest customer. The only other customer which contributed more than 10% of group revenues is located in Latvia and generated revenues of €573,045.

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 2018

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 30 June 2018 (unaudited)									
Segment assets	91,701,892	35,597,573	1,862,975	4,449,471	33,235,271	166,847,183	60,253	(28,506,452)	138,400,984
Investment property	36,161,360	29,911,921	1,633,948	4,191,221	31,096,049	105,024,500	-	-	105,024,500
Segment liabilities	33,051,326	22,366,974	40,530	1,669,099	21,944,162	79,092,091	36,623,338	(19,249,384)	96,466,044

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2018

3. Segmental reporting (continued)

2017

	Malta €	Latvia €	Estonia €	Lithuania €	Romania €	Total €	Unallocated €	Eliminations and Adjustments €	Consolidated €
For the period ended									
30 June 2017 (unaudited)									
Revenue	1,024,484	1,434,245	54,998	128,345	374,030	3,016,102	-	(213,445)	2,802,657
Profit before taxation	485,664	680,133	44,113	76,876	176,135	1,462,921	(916,665)	(354,350)	191,886
Depreciation and amortisation	(54,849)	(2,266)	-	-	-	(57,115)	-	-	(57,115)
Investment losses	-	-	-	-	(20,027)	(20,027)	(57,948)	(356,293)	(434,268)
Finance costs	(213,076)	(269,639)	-	(20,784)	(169,218)	(696,717)	(872,500)	222,090	(1,347,127)
Income tax credit/ (expense)	140,914	(91,851)	-	(11,318)	(20,352)	17,393	-	-	17,393
As at 31 December 2017									
(audited)									
Segment assets	89,569,614	34,683,820	1,816,485	4,435,016	32,775,176	163,280,111	20,838	(27,421,590)	135,879,359
Investment property	37,972,880	29,293,177	1,663,948	4,191,221	30,909,137	104,030,363	-	-	104,030,363
Segment liabilities	33,556,616	22,044,086	41,917	1,736,073	21,999,766	79,378,458	36,436,032	(18,292,780)	97,521,710

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2018

4. Investment property

Group

	Retail/ commercial properties €	Office properties €	Other properties €	Total €
At 1 January 2017 (audited)	37,284,091	28,762,618	1,608,418	67,655,127
Additions	400,227	1,585,052	-	1,985,279
Disposals	-	(721,169)	-	(721,169)
Increase in fair value	3,397,699	1,400,976	291,581	5,090,256
Decrease in fair value	(888,267)	-	-	(888,267)
Acquired on business Combination	21,327,305	9,581,832	-	30,909,137
At 1 January 2018 (audited)	61,521,055	40,609,309	1,899,999	104,030,363
Additions	806,556	187,581	-	994,137
At 30 June 2018 (unaudited)	62,327,611	40,796,890	1,899,999	105,024,500

Holding company

	Office properties €	Other properties €	Total €
At 1 January 2017 (audited)	2,484,017	1,608,419	4,092,436
Additions	317,331	-	317,331
Disposals	(721,170)	-	(721,170)
Increase in fair value	-	291,581	291,581
At 1 January 2018 (audited)	2,080,178	1,900,000	3,980,178
Additions	51,112	-	51,112
At 30 June 2018 (unaudited)	2,131,290	1,900,000	4,031,290

The fair value of investment properties amounting to €105,024,500 (2017: €104,030,363) 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 2018

4. Investment property (continued)

During 2017, external market valuations were obtained for a selection of five properties, covering 19% 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 2018. 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 €35,767,089 (2017: €35,148,343) are classified as retail commercial properties. 69% of the investment property located in Romania amounting to €21,511,417 (2017: €21,327,305) is classified as retail commercial property, the rest as office property.

5. Trade and other receivables

	Group		Holding company	
	30 June 2018 Unaudited €	31 December 2017 Audited €	30 June 2018 Unaudited €	31 December 2017 Audited €
Trade receivables	391,592	549,034	73,173	555
Other receivables	302,556	981,624	52,057	220,513
Amounts due from other related companies	137,086	156,024	98,134	-
Amounts due from parent company	-	27,920	-	-
Amounts due from subsidiaries	-	-	175,965	441,350
Prepayments and accrued income	481,140	466,335	11,630	93,614
	<u>1,312,374</u>	<u>2,180,937</u>	<u>410,959</u>	<u>756,032</u>

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 2018

6. Trade and other payables

	Group		Holding company	
	30 June 2018 Unaudited €	31 December 2017 Audited €	30 June 2018 Unaudited €	31 December 2017 Audited €
Trade payables	377,340	534,132	30,909	192,230
Amounts due to other related companies	23,394	74,990	5,791	6,174
Other payables	1,085,545	1,038,016	-	-
Accruals and deferred income	2,701,794	2,046,738	1,427,335	545,271
	4,188,073	3,693,876	1,464,035	743,675
Less: amount due for settlement within 12 months (shown under current liabilities)	(780,215)	(768,532)	-	-
	3,407,858	2,925,344	1,464,035	743,675

No interest is charged on trade and other payables.

7. Bank overdraft and loans

	Group		Holding company	
	30 June 2018 Unaudited €	31 December 2017 Audited €	30 June 2017 Unaudited €	31 December 2016 Audited €
Bank overdraft	-	88,134	-	-
Bank loans	49,823,640	50,198,132	-	-
	49,823,640	50,286,266	-	-
Less: amount due for settlement within 12 months (shown under current liabilities)	(3,302,375)	(3,231,409)	-	-
Amount due for settlement after 12 months	46,521,265	47,054,857	-	-

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2018

7. Bank overdraft and loans (continued)

Bank overdraft and loans are payable as follows:

	Group		Holding company	
	30 June 2018 Unaudited €	31 December 2017 Audited €	30 June 2018 Unaudited €	31 December 2017 Audited €
On demand or within one year	3,302,375	3,231,409	-	-
Between one and five years	24,661,932	24,962,309	-	-
After five years	21,859,333	22,092,548	-	-
	<u>49,823,640</u>	<u>50,286,266</u>	<u>-</u>	<u>-</u>

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 €49,823,640 (2017: €50,286,266). 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 2018 Unaudited €	31 December 2017 Audited €
4.5% unsecured bonds redeemable 2025	<u>36,441,260</u>	<u>36,402,947</u>

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 €39,408,700.

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2018

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 €	2018 Total activity €	%	Related party activity €	2017 Total activity €	%
Revenue:						
<i>Related party transactions with:</i>						
Parent company	58,883			60,096		
Other related parties	908,302			884,437		
	<u>967,185</u>	<u>3,550,622</u>	<u>27</u>	<u>944,533</u>	<u>2,802,657</u>	<u>34</u>
Other operating income:						
<i>Related party transactions with:</i>						
Parent company	3,991			2,355		
Other related parties	32,098			15,690		
	<u>36,089</u>	<u>107,575</u>	<u>34</u>	<u>18,045</u>	<u>79,280</u>	<u>23</u>
Administrative expenses:						
<i>Related party transactions with:</i>						
Parent company	180,000			180,000		
Other related parties	10,771			32,874		
	<u>190,771</u>	<u>1,175,303</u>	<u>16</u>	<u>212,874</u>	<u>1,044,549</u>	<u>20</u>
Finance income:						
<i>Related party transactions with:</i>						
Parent company	-			106,535		
Other related parties	29,347			29,347		
	<u>29,347</u>	<u>29,890</u>	<u>98</u>	<u>135,882</u>	<u>135,883</u>	<u>100</u>
Finance costs:						
<i>Related party transactions with:</i>						
Parent company	13,592			5,973		
Other related parties	46,038			42,691		
	<u>59,630</u>	<u>1,804,113</u>	<u>3</u>	<u>48,664</u>	<u>1,347,127</u>	<u>4</u>

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2018

9. Related party transactions (continued)

Holding Company

	Related party activity	2018 Total activity	%	Related party activity	2017 Total activity	%
	€	€		€	€	
Administrative expenses:						
Related party transactions with:						
Parent company	180,000	297,224	61	180,000	411,286	44
Finance income:						
Related party transactions with:						
Parent company	-			65,849		
Subsidiaries	236,815			132,165		
Other related parties	16,178			16,179		
	252,993	252,993	100	214,193	214,193	100
Finance costs:						
Related party transactions with:						
Parent company	13,592			5,252		
Subsidiaries	205,458			41,920		
Other related parties	42,691			42,692		
	261,741	1,122,557	23	89,684	962,364	9

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 2018 and 31 December 2017, 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 9. 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 2018

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
	€	€	€	€	€
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	-	520,468	2,329,674	2,850,142	2,850,142
Total (unaudited)	-	25,020,468	2,329,674	27,031,188	27,031,188
<i>Financial liabilities at amortised cost</i>					
- related party loans	-	396,600	1,751,802	2,148,402	2,148,402
- bank loans	-	49,823,640	-	49,823,640	49,823,640
- debt securities	39,408,700	-	-	39,408,700	36,441,260
Total (unaudited)	39,408,700	50,220,240	1,175,802	91,380,742	88,413,302

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2018

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

Group

	Level 1 €	Level 2 €	Level 3 €	Total €	Carrying amount €
2017					
<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	-	279,898	2,322,974	2,602,872	2,602,872
Total (audited)	-	24,779,898	2,322,974	27,102,872	27,102,872
<i>Financial liabilities at amortised cost</i>					
- related party loans	-	1,718,770	1,731,582	3,450,352	3,450,352
- bank loans	-	50,198,132	-	50,198,132	50,198,132
- debt securities	38,665,000	-	-	38,665,000	36,402,947
Total (audited)	38,665,000	51,916,902	1,731,582	92,313,484	90,051,431

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	-	2,754,001	12,489,376	15,243,377	15,243,377
Total (unaudited)	-	27,254,001	12,489,376	39,743,377	39,743,377
<i>Financial liabilities at amortised cost</i>					
- related party loans	-	557,731	10,069,032	10,626,763	10,626,763
- debt securities	39,408,700	-	-	39,408,700	36,441,260
Total (unaudited)	39,408,700	557,731	10,069,032	50,035,463	41,846,654

Hili Properties p.l.c.

Notes to the condensed interim financial statements

For the period ended 30 June 2018

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

Holding Company

	Level 1 €	Level 2 €	Level 3 €	Total €	Carrying amount €
2017					
<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	-	2,149,622	12,276,876	14,426,498	14,426,498
Total (audited)	-	26,649,622	12,276,876	38,926,498	38,926,498
<i>Financial liabilities at amortised cost</i>					
- related party loans	-	1,663,777	10,229,032	11,892,809	11,892,809
- debt securities	38,665,000	-	-	38,665,000	36,402,947
Total (audited)	38,850,000	1,663,777	10,229,032	50,557,809	48,295,756

Hili Properties p.l.c.

Statement Pursuant to Listing Rule 5.75.3 issued by the Listing Authority

For the period ended 30 June 2018

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 2018, 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 27 August 2018 and signed on its behalf by:



Carmelo (sive) Melo Hili
Chairman



Sandra Murniece
Director