

# **Hili Properties p.l.c.**

**C 57954**

**Interim Financial Report (Unaudited)**

**For the period 1 January 2016 to 30 June  
2016**

# Hili Properties p.l.c.

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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 2016

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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 2016 to 30 June 2016.

#### **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 €1,574,286 (June 2015: €1,173,105) on revenues of €2,415,739 (June 2015: €1,824,319).

The improvement in the operating profit of the group was mainly a result of the acquisition of three companies during the same period last year. Two companies owning and operating nine retail complexes in Latvia were bought in January 2015. In May 2015 the group acquired a Maltese entity which owns and operates a business complex. These three companies were operative for the entire reporting period in 2016.

After accounting for finance costs, the group registered a profit before tax of €488,628 (June 2015: €428,594). The group’s net assets at the end of the period amounted to €26,749,910 compared to €26,315,216 as at 31 December 2015. The increase in net assets is due to the profit for the period. The outlook of the operating activity of the Group is expected to remain positive.

During the period ended 30 June 2016, the Company registered a loss before tax of €627,807 (June 2015: €682,795). The net assets of the Company at the end of the period amounted to €21,435,067 compared to €21,845,120 as at 31 December 2015.

The published figures have been extracted from the unaudited management financial statements for the six months ended 30 June 2016 and its comparative period in 2015.

#### **Bond Guarantee**

As at 30 June 2016, the Net Asset Value of the guarantors exceeded the guaranteed amount of €37 million by €274,942.

This report is being published in terms of the Listing Rule 5.75 issued by the Malta Financial Services 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.

**Hili Properties p.l.c.**

**Interim Directors' Report Pursuant to Listing Rules 5.75.2 (continued)**  
For the period ended 30 June 2016

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Approved by the board of directors and signed on its behalf on 16 August 2016 by:

  
*Margrit Lutschg-Emmenegger*  
Chairman

  
*Richard Abdilla Castillo*  
Director

## Hili Properties p.l.c.

### Condensed Statement of Profit or Loss and other Comprehensive Income

For the period ended 30 June 2016

	Group		Holding company	
	1 January to 30 June 2016 Unaudited	1 January to 30 June 2015 Unaudited	1 January to 30 June 2016 Unaudited	1 January to 30 June 2015 Unaudited
	€	€	€	€
Revenue	<b>2,415,739</b>	1,824,319	<b>31,873</b>	31,451
Other operating income	-	142,201	<b>28,452</b>	-
Administrative expenses	<b>(841,453)</b>	(793,415)	<b>(399,742)</b>	(483,576)
Operating profit/(loss)	<b>1,574,286</b>	1,173,105	<b>(339,417)</b>	(452,125)
Finance income	<b>135,007</b>	-	<b>620,135</b>	-
Finance costs	<b>(1,220,665)</b>	(744,511)	<b>(908,525)</b>	(230,670)
Profit/(loss) before taxation	<b>488,628</b>	428,594	<b>(627,807)</b>	(682,795)
Income tax credit/(expense)	<b>(53,934)</b>	<b>(47,274)</b>	<b>217,754</b>	(55,126)
<b>Profit/(loss) and total comprehensive income/(expense) for the year</b>	<b>434,694</b>	381,320	<b>(410,053)</b>	(627,669)
<i>Profit attributable to:</i>				
Owners of the company	<b>425,557</b>	368,505		
Non-controlling interests	<b>9,137</b>	12,815		
	<b>434,694</b>	381,320		

## Hili Properties p.l.c.

### Condensed Statement of Financial Position

As at 30 June 2016

	Group		Holding company	
	30 June 2016 Unaudited	31 December 2015 Audited	30 June 2016 Unaudited	31 December 2015 Audited
	€	€	€	€
<b>ASSETS AND LIABILITIES</b>				
<b>Non-current assets</b>				
Goodwill	3,815,030	3,815,030	-	-
Property, plant and equipment	116,627	80,295	5,296	5,246
Investment property	64,696,085	64,475,973	4,082,048	4,071,645
Investment in subsidiaries	-	-	15,593,124	15,593,126
Deposit on acquisition of investment	12,500,000	12,500,000	12,500,000	12,500,000
Loans and receivables	2,322,974	1,745,474	23,138,409	22,660,859
Deferred tax asset	561,592	561,592	8,495	8,495
	<b>84,012,308</b>	<b>83,178,364</b>	<b>55,327,372</b>	<b>54,839,371</b>
<b>Current assets</b>				
Property held for sale	550,900	550,900	-	-
Loans and receivables	6,824,759	4,663,161	5,185,651	4,967,162
Trade and other receivables	1,727,502	1,260,214	875,080	1,415,004
Current tax asset	-	85,971	212,118	2,314
Cash at bank and on hand	837,202	1,128,069	71,960	424,337
	<b>9,940,363</b>	<b>7,688,315</b>	<b>6,344,809</b>	<b>6,808,817</b>
<b>Total assets</b>	<b>93,952,671</b>	<b>90,866,679</b>	<b>61,672,181</b>	<b>61,648,188</b>
<b>Current liabilities</b>				
Trade and other payables	2,656,103	1,826,840	1,314,416	636,456
Other financial liabilities	-	388,852	9,737	287,375
Overdrawn bank balance	24,327	-	-	-
Bank loans	3,145,027	4,799,181	-	-
Current tax liabilities	268,385	382,123	-	-
	<b>6,093,842</b>	<b>7,396,996</b>	<b>1,324,153</b>	<b>923,831</b>
<b>Non-current liabilities</b>				
Other financial liabilities	1,721,802	1,721,802	2,629,934	2,629,544
Bank loans	18,695,765	14,774,647	-	-
Debt securities in issue	36,283,027	36,249,693	36,283,027	36,249,693
Deferred tax liabilities	4,408,325	4,408,325	-	-
	<b>61,108,919</b>	<b>57,154,467</b>	<b>38,912,961</b>	<b>38,879,237</b>
<b>Total liabilities</b>	<b>67,202,761</b>	<b>64,551,463</b>	<b>40,237,114</b>	<b>39,803,068</b>
<b>Net assets</b>	<b>26,749,910</b>	<b>26,315,216</b>	<b>21,435,067</b>	<b>21,845,120</b>

## Hili Properties p.l.c.

### Condensed statement of financial position (continued)

As at 30 June 2016

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	Group		Holding company	
	30 June 2016 Unaudited €	31 December 2015 Audited €	30 June 2016 Unaudited €	31 December 2015 Audited €
<b>EQUITY</b>				
Share capital	<b>21,600,000</b>	21,600,000	<b>21,600,000</b>	21,600,000
Loss offset reserve	<b>748,427</b>	748,427	<b>748,427</b>	748,427
Retained earnings/ (accumulated losses)	<b>4,325,425</b>	3,899,868	<b>(913,360)</b>	(503,307)
	<hr/>	<hr/>	<hr/>	<hr/>
Equity attributable to owners of the company	<b>26,673,852</b>	26,248,295	<b>21,435,067</b>	21,845,120
Non-controlling interests	<b>76,058</b>	66,921	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total equity</b>	<b>26,749,910</b>	26,315,216	<b>21,435,067</b>	21,845,120
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## Hili Properties p.l.c.

### Condensed Statement of Changes in Equity

For the period ended 30 June 2016

Group	Share capital €	Share premium €	Loss offset reserve €	Retained earnings €	Attributable to owners of the company €	Non - controlling interests €	Total €
<b>Balance at 1 January 2015</b>	15,000,000	-	-	(1,332,681)	13,667,319	65,514	13,732,833
Increase in share capital	100,000	3,900,000	-	-	4,000,000	-	4,000,000
Amount applied to loss offset reserve	-	(3,900,000)	3,900,000	-	-	-	-
Transfer of accumulated losses as at 19 May 2015 against loss offset reserve	-	-	(3,151,573)	3,151,573	415,779	12,815	428,594
Profit and total comprehensive income for the period	-	-	-	415,779	415,779	-	-
<b>Balance as at 30 June 2015</b>	15,100,000	-	748,427	2,234,671	18,083,098	78,329	18,161,427
<b>Balance at 1 January 2016</b>	21,600,000	-	748,427	3,899,868	26,248,295	66,921	26,315,216
Profit and total comprehensive income for the period	-	-	-	425,557	425,557	9,137	434,694
<b>Balance at 30 June 2016</b>	21,600,000	-	748,427	4,325,425	26,673,852	76,058	26,749,910



## Hili Properties p.l.c.

### Condensed Statement of Changes in Equity

For the period ended 30 June 2016

#### Holding Company

	Share capital €	Share premium €	Loss offset reserve €	Accumulated losses €	Total €
<b>Balance at 1 January 2015</b>	15,000,000	-	-	(2,594,222)	12,405,778
Increase in share capital	100,000	3,900,000	-	-	4,000,000
Amount applied to loss offset reserve	-	(3,900,000)	3,900,000	-	-
Transfer of accumulates losses as at 19 May 2015 against loss offset reserve	-	-	(3,151,573)	3,151,573	-
Loss and total comprehensive expense for the period	-	-	-	(682,795)	(682,795)
<b>Balance at 30 June 2015</b>	<u>15,100,000</u>	<u>-</u>	<u>748,427</u>	<u>(125,444)</u>	<u>15,722,983</u>
<b>Balance at 1 January 2016</b>	21,600,000	-	748,427	(503,307)	21,845,120
Loss and total comprehensive expense for the period	-	-	-	(410,053)	(410,053)
<b>Balance at 30 June 2016</b>	<u><u>21,600,000</u></u>	<u><u>-</u></u>	<u><u>748,427</u></u>	<u><u>913,360</u></u>	<u><u>21,435,067</u></u>

## Hili Properties p.l.c.

### Condensed Statement of Cash Flows

For the period ended 30 June 2016

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	Group		Holding company	
	1 January to 30 June 2016 Unaudited €	1 January to 30 June 2015 Unaudited €	1 January to 30 June 2016 Unaudited €	1 January to 30 June 2015 Unaudited €
Net cash flows generated from/(used in) operating activities	1,229,437	778,967	(321,559)	(485,465)
Net cash flows (used in)/ generated from Investing activities	(184,954)	(14,485,613)	-	(13,585,139)
Net cash flows (used in)/ generated from financing activities	(1,359,677)	14,002,711	(30,818)	14,294,192
Net movement in cash and cash equivalents	(315,194)	296,065	(352,377)	223,588
Cash and cash equivalents at the beginning of the period	1,128,069	193,742	424,337	(47,250)
Cash and cash equivalents at the end of the period	<u>812,875</u>	<u>489,807</u>	<u>71,960</u>	<u>176,338</u>

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## Hili Properties p.l.c.

### Notes to the condensed interim financial statements

For the period ended 30 June 2016

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#### 1. Basis of preparation

The condensed interim financial statements for the six months ending on 30 June 2016 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 2015.

#### 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 four main business segments: Malta, Latvia, Estonia and Lithuania. 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 2016

#### 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 2016 Unaudited €	1 January to 30 June 2015 Unaudited €
Total profit for reportable segments	1,476,560	564,897
Elimination of inter segment profits	(127,703)	(120,534)
Unallocated amounts:		
Finance costs	(832,500)	-
Other unallocated amounts	(27,729)	(15,769)
	<u>488,628</u>	<u>428,594</u>

##### Assets

	30 June 2016 Unaudited €	31 December 2015 Audited €
Total assets for reportable segments	117,084,164	113,818,145
Elimination of inter segment receivables	(26,948,974)	(26,918,649)
Unallocated amounts:		
Goodwill	3,815,030	3,815,030
Other unallocated amounts	2,451	152,153
	<u>93,952,671</u>	<u>90,866,679</u>

##### Liabilities

	30 June 2016 Unaudited €	31 December 2015 Audited €
Total liabilities for reportable segments	54,182,145	51,539,343
Elimination of inter segment payables	(23,265,392)	(23,251,697)
Unallocated amounts:		
Debt securities in issue	36,283,027	36,249,693
Other unallocated amounts	2,981	14,124
	<u>67,202,761</u>	<u>64,551,463</u>

## **Hili Properties p.l.c.**

### **3. Segmental reporting (continued)**

Included in revenue arising from rental of investment property in Latvia of €1,279,905 are revenues of €571,716 which arose from the group's largest customer.

During the same period last year, total rental income in Latvia was €1,045,759 of which €527,255 was generated from the group's largest customer.

No other single customer contributed 10% or more to the group's revenue for the reporting period in 2015 and 2016.

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 2016

#### 3. Segmental reporting (continued)

##### Six months ended 30 June 2016

	Malta €	Latvia €	Estonia €	Lithuania €	Total €	Unallocated €	Eliminations and Adjustments Consolidated €
Revenue	956,232	1,279,905	54,997	124,605	2,415,739	-	2,415,739
Profit before taxation	701,336	667,842	37,921	69,461	1,476,560	(860,229)	488,628
Depreciation	(1,395)	(6,651)	-	-	(8,046)	-	(8,046)
Finance costs	(454,147)	(323,385)	-	(30,406)	(807,938)	(832,500)	(1,220,665)
Segment assets	82,210,446	28,801,985	2,493,111	3,578,622	117,084,164	3,817,481	93,952,671
Investment property	34,937,165	24,908,958	1,999,100	2,850,862	64,696,085	-	64,696,085
Segment liabilities	26,008,650	24,164,452	1,291,037	2,718,006	54,182,145	36,286,008	67,202,761
Income tax credit/(expense)	35,399	(75,713)	-	(13,620)	(53,934)	-	(53,934)

## Hili Properties p.l.c.

### Notes to the condensed interim financial statements

For the period ended 30 June 2016

#### 3. Segmental reporting (continued)

##### Six months ended 30 June 2015

	Malta €	Latvia €	Estonia €	Lithuania €	Total €	Unallocated €	Eliminations and Adjustments €	Consolidated €
Revenue	601,868	1,045,759	50,416	126,276	1,824,319	-	-	1,824,319
Profit/(loss) before taxation	(345,156)	695,954	45,464	168,635	564,897	(15,769)	(120,534)	428,594
Depreciation	-	(2,350)	-	-	(2,350)	-	-	(2,350)
Finance costs	(428,324)	(280,871)	(59)	(35,257)	(744,511)	-	-	(744,511)
Segment assets	57,077,784	29,842,895	1,711,354	3,705,729	92,337,762	264,601	(20,003,150)	72,599,213
Investment property	35,452,737	26,633,367	1,299,000	3,063,000	66,448,104	-	-	66,448,104
Segment liabilities	42,516,451	24,776,865	1,286,644	2,813,662	71,393,622	15,000	(16,970,836)	54,437,786

## Hili Properties p.l.c.

### Notes to the condensed interim financial statements

For the period ended 30 June 2016

#### 4. Administrative expenses

The results for June 2016 include six months of management fee payable to Hili Ventures Limited amounting to €360,000 p.a.

#### 5. Trade and other receivables

	Group		Holding company	
	30 June 2016 Unaudited €	31 December 2015 Audited €	30 June 2016 Unaudited €	31 December 2015 Audited €
Trade receivables	205,137	190,869	1,623	705
Other receivables	702,580	617,072	567,685	574,458
Prepayments and accrued income	445,824	198,514	252,283	1,146
Amounts due from related companies	373,961	253,759	53,489	838,695
	<u>1,727,502</u>	<u>1,260,214</u>	<u>875,080</u>	<u>1,415,004</u>

No interest is charged on trade and other receivables.

#### 6. Trade and other payables

	Group		Holding company	
	30 June 2016 Unaudited €	31 December 2015 Audited €	30 June 2016 Unaudited €	31 December 2015 Audited €
Trade payables	162,750	290,987	53,633	164,030
Amounts due to related companies	154,413	32,288	4,290	-
Other payables	724,726	637,786	-	-
Accruals	1,614,213	865,779	1,256,493	472,426
	<u>2,656,103</u>	<u>1,826,840</u>	<u>1,314,416</u>	<u>636,456</u>

No interest is charged on trade and other payables.



## Hili Properties p.l.c.

### Notes to the condensed interim financial statements

For the period ended 30 June 2016

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#### 8. Related party transactions (continued)

##### Holding Company

	30 June 2016			30 June 2015		
	Related party activity €	Total activity €	%	Related party activity €	Total activity €	%
Administrative expenses:						
<i>Related party transactions with:</i>						
Parent company	<u>180,000</u>	<u>399,742</u>	<u>45%</u>	<u>180,000</u>	<u>483,576</u>	<u>37%</u>
Finance income:						
<i>Related party transactions with:</i>						
Parent company	<u>54,795</u>			<u>-</u>		
Related parties	<u>61,611</u>			<u>-</u>		
	<u>116,406</u>	<u>620,135</u>	<u>19%</u>	<u>-</u>	<u>-</u>	<u>-</u>
Finance costs:						
<i>Related party transactions with:</i>						
Related parties	<u>42,691</u>	<u>908,525</u>	<u>5%</u>	<u>-</u>	<u>-</u>	<u>-</u>

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.

## Hili Properties p.l.c.

### Statement Pursuant to Listing Rule 5.75.3 issued by the Listing Authority

For the period ended 30 June 2016

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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 Properties p.l.c. (the “company”) and its subsidiaries (the “group”) as at 30 June 2016, 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 16 August 2016 and signed on its behalf by:**

  
*Margrit Lutschg-Emmenegger*  
Chairman

  
*Richard Abdilla Castillo*  
Director