

HH FINANCE PLC

Reg. No.: C 84461

Unaudited Half-Yearly Financial Report

For the period ended 30th June 2019

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Interim directors' report pursuant of Prospects Rule 4.11.12

For the period ended 30th June 2019

This Half-Yearly report is being published in terms of Chapter 4 of the Prospects Rules of the Malta Stock Exchange. The Half-Yearly report comprises the reviewed unaudited condensed interim financial statements for the period ended 30 June 2019 prepared in accordance with IAS 34, 'Interim Financial Reporting'.

Principal activity

The Company's principal activity is to own, manage, administer and dispose of property of any kind.

Review of business development and financial position

During the period under review, profit before taxation amounted to €384,440 while accrued bond interest payable amounted to €124,452 based on the unaudited Half-Yearly financial report for the period ended 30th June 2019.

Significant events during period under review

On 28th June 2019, the Company resolved to enter into a loan agreement with HH Operating Ltd. Based on this loan agreement the directors are projecting that the projections as published in the Company Admission Document dated 11th May 2018 will register a variance within the composition of the balance sheet. The expected cash balance as at 31st December 2019 will be materially lower due to the corresponding increase in receivable as per the said agreement.

Furthermore, this agreement will not result in any changes to the projected Profit and Loss other than by way of the interest earned on the advances by the company from HH Operating Ltd as per the relevant agreements.

The agreement however ensures that enough cash is retained to cover the bond interest as it comes due and all other administrative expenses.

Dividend

No interim dividends are being proposed.

Approved by the Board of Directors on 19 July 2019 and signed by:



Mr. Tonio Depasquale
Director



Mr. Benjamin Muscat
Director



Mr. Luke Chetcuti
Director

Directors' statement on condensed financial statements

We hereby confirm that, to the best of our knowledge, the condensed set of financial statements for the period ended 30th June 2019, which have been prepared in accordance with IAS 34, '*Interim Financial Reporting*', gives a true and fair view of the financial position and the financial performance and cash flows of HH FINANCE PLC and that the interim directors' report includes a fair review of the information.

Signed by:



Mr. Tonio Depasquale
Director



Mr. Benjamin Muscat
Director



Mr. Luke Chetcuti
Director

Registered address:

2, St Georges Court A,
St. Augustine Street,
St Julians

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Condensed statement of comprehensive income

For the period ended 30th June 2019

	Note	30 th June 2019 (unaudited) €	30 th June 2018 (unaudited) €
Turnover	3	876,000	375,332
Administrative expenses		(33,476)	(151,471)
Profit before interest and taxation		842,524	223,861
Finance costs		(459,685)	(28,767)
Finance income		1,601	-
Profit before taxation		384,440	195,094
Tax charge for the period		(84,390)	(68,283)
Profit after taxation		300,050	126,811


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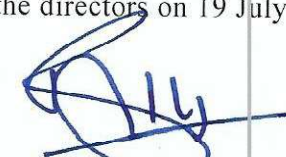
Condensed statement of financial position as at 30th June 2019

	Notes	30 th June 2019 (unaudited) €	31 st December 2018 (audited) €
Assets			
Non-current assets			
Property, plant and equipment	4	35,039,041	35,039,041
Current assets			
Trade and other receivables	5	1,742,255	664,135
Cash and cash equivalents	9	278,446	529,458
Total current assets		2,020,702	1,193,593
Total assets		37,059,742	36,232,634
Equity			
Share capital	6	150,000	150,000
Retained earnings		4,263,869	3,963,819
Total equity		4,413,869	4,113,819
Non-current Liabilities			
Debt securities in issue		5,000,000	5,000,000
Other payables	7	26,915,077	26,915,077
Total non-current liabilities		31,915,077	31,915,077
Current Liabilities			
Trade and other payables	8	730,796	203,738
Total current liabilities		730,796	203,738
Total liabilities		32,645,873	32,118,815
Total equity and liabilities		37,059,742	36,232,634

The financial statements on pages 4 to 12 were approved by the directors on 19 July 2019 and signed by:


Mr. Tonio Depasquale
Director


Mr. Luke Chetcuti
Director


Mr. Benjamin Muscat
Director

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Condensed statement of changes in equity

For the period ended 30th June 2019

	Called up issued share capital €	Retained earnings €	Total €
Balance as at 1 January 2019	150,000	3,963,819	4,113,819
Profit for the period	-	300,050	300,050
Increase in share capital	-	-	-
Balance as at 30 June 2019	<u>150,000</u>	<u>4,263,869</u>	<u>4,431,869</u>
Balance as at 1 January 2018	-	-	-
Profit for the period	-	3,963,819	3,963,819
Increase in share capital	150,000	-	150,000
Balance as at 31 December 2018	<u>150,000</u>	<u>3,963,819</u>	<u>4,113,819</u>

HH FINANCE PLC

Condensed statement of cash flows

For the period ended 30th June 2019

	30 th June 2019 (unaudited) €	31 st December 2018 (audited) €
Cash flow from operating activities	384,440	3,963,819
Operating profit for the year		
Add back:	209,184	154,795
Interest payable	(1,601)	3,059,923
Interest income	-----	-----
	592,023	1,058,691
Movements in working capital:		
Trade and other receivables	664,136	664,136
Trade and other payables	233,484	48,943
	-----	-----
Net cash (outflow) / inflow before interest and tax	1,489,643	443,499
Cash flow used in investing activities		
Payment to acquire property, plant and equipment	-	35,039,041
	-----	-----
Net cash outflow used in investing activities	-	35,039,041
	-----	-----
Cash flow from financing activities		
Proceeds from the issuance of share capital	-	150,000
Amount due (from)/to related companies	(1,740,654)	29,975,000
Debt securities in issue	-	5,000,000
	-----	-----
Net cash (outflow used in) / inflow from financing activities	(1,740,654)	35,125,000
	-----	-----
Movement in cash and cash equivalents	(251,012)	529,458
Cash and cash equivalents at the beginning of the year	529,458	-
	-----	-----
Cash and cash equivalents at the end of the year	9 278,446	529,458
	=====	=====

Notes to the condensed financial statements

For the period ended 30th June 2019

1 Basis of preparation

1.1 Basis of measurement and statement of compliance

The interim condensed financial statements of HH FINANCE PLC have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' and in terms of Rule 4.11.12 of Prospectus which is operated and regulated by the Malta Stock Exchange.

The financial information has been extracted from the Company's unaudited interim financial statements for period ended 30th June 2019.

1.2 Functional and presentation currency

The financial statements are presented in euro, which is the Company's functional currency.

2 Significant accounting policies

2.1 Property, plant and equipment

Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that the future economic benefits that are associated with the asset will flow to the entity and the cost can be measured reliably. Property, plant and equipment are initially measured at cost comprising the purchase price, any costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the item and restoring the site on which it is located. Subsequent expenditure is capitalised as part of the cost of property, plant and equipment only if it enhances the economic benefits of an asset in excess of the previously assessed standard of performance, or it replaces or restores a component that has been separately depreciated over its useful life.

After initial recognition, property, plant and equipment may be carried under the cost model, that is at cost less any accumulated depreciation and any accumulated impairment losses, or under the revaluation model, that is at their fair value at the date of the revaluation less any accumulated depreciation and any accumulated impairment losses.

After initial recognition land and buildings are carried under the revaluation model. Other property, plant and equipment are carried under the cost model.

2.2 Financial assets, financial liabilities and equity

Trade and other receivables

Trade and other receivables are carried at cost less any impairment losses.

Trade and other payables

Trade and other payables are stated at their nominal value.

Share capital issued by the Company

Ordinary shares issued by the Company are classified as equity.

Notes to the condensed financial statements**For the period ended 30th June 2019****2 Significant accounting policies (Cont'd)****2.3 Cash and cash equivalents**

Cash comprises cash on hand and demand deposits, cash at bank and bank. Cash equivalents are short-term investments that are held to meet short-term cash commitments rather than for investment or other purposes. Bank overdrafts, which are repayable on demand and form an integral part of the Company's cash management, are a component of cash and cash equivalents.

2.4 Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that the tax arises from a transaction or event which is recognised directly in equity, in which case it is recognised in equity, in which case it is recognised in equity.

Current tax is based on the taxable profit for the year, as determined in accordance with tax laws, and measured using tax rates, which have been enacted or substantively enacted by the end of the balance sheet.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. The Company recognises a deferred tax liability in respect of all taxable temporary differences and a deferred tax asset in respect of all deductible temporary differences except to the extent that such deferred tax liability arises from the initial recognition of goodwill or the deferred tax asset/liability arises from the initial recognition of an asset or liability which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (loss). Recognition of a deferred tax asset is however limited to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The Company reassesses any unrecognised deferred tax asset at each balance sheet date to determine whether future taxable profit has become probable that allows the deferred tax asset to be recovered.

3 Turnover

Turnover represents lease income from a related company on the lease of a hotel.

Notes to the condensed financial statements

For the period ended 30th June 2019

4 Property, plant and equipment

	Property, Plant & Equipment €	Total €
Cost		
Additions for the period	35,039,041	35,039,041
	-----	-----
Depreciation		
Charge for the period	-	-
	-----	-----
Net book value		
At 30 th June 2019	<u>35,039,041</u>	<u>35,039,041</u>

5 Trade and other receivables

Trade and other receivables consist of:

	As at 30 June 2019 (unaudited) €	As at 31 December 2018 (audited) €
Accrued income	-	664,135
Amount due from related companies	1,742,255	
	-----	-----
	<u>1,742,255</u>	<u>664,135</u>

Notes to the condensed financial statements

For the period ended 30th June 2019

6 Share capital

As at 30 June
2019
€

Authorised

149,999 ordinary 'A' shares of €1 each
1 ordinary 'B' share of €1 each

149,999
1

150,000
=====

Issued and 100% paid up

149,999 ordinary 'A' shares of €1 each
1 ordinary 'B' share of €1 each

149,999
1

150,000
=====

7 Other payables

Other payables consists of:

	As at 30 June 2019 (unaudited) €	As at 31 December 2018 (audited) €
--	---	---

Amount due to related companies

26,915,077

26,915,077

26,915,077
=====

26,915,077
=====

8 Trade and other payables

Trade and other payables consist of:

	As at 30 June 2019 (unaudited) €	As at 31 December 2018 (audited) €
--	---	---

Other payables

311,173

203,738

Taxation

84,390

-

Amounts due to related companies

335,233

-

730,796
=====

203,738
=====

Notes to the condensed financial statements

For the period ended 30th June 2019

9 Cash and cash equivalents

	As at 30 June 2019 (unaudited) €	As at 31 December 2018 (audited) €
Cash at bank	278,446	529,458
	----- 278,446 =====	----- 529,458 =====

10 Financial instruments

Financial assets include cash held at bank and in hand. Financial liabilities include creditors and other borrowings.

Risk management policies

- a) Credit risk on amounts receivable is limited through the systematic monitoring of outstanding balances, and the presentation of receivables net of allowances for doubtful debts, where applicable. Cash is placed with reputable banks.
- b) Liquidity risk is limited as the company has the ability to raise finance to meet its financial obligations as they arise.

Debt securities

The Company issued €5 million 5% unsecured bonds 2023-2028 of a nominal value of €100 per Bond issued at par.

At 30th June 2019 the fair values of financial assets and liabilities were not materially different from their carrying amounts.

11 Related parties

The Company had related party transactions with related companies which are related by virtue of being under common control, by having common significant shareholders. Balances with related companies are shown in notes 5, 7 and 8.