

## **Hal Mann Vella Group p.l.c**

### **Condensed Consolidated Interim Financial Statements (unaudited) for the period 1 January 2019 to 30 June 2019**

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# Hal Mann Vella Group p.l.c.

## Directors' Report pursuant to Listing Rule 5.75.2 for the period 1 January 2019 to 30 June 2019

*This Half-Yearly Report is being published in terms of Chapter 5 of the Listing Rules of the Listing Authority – Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005. The Half-Yearly Report comprises the reviewed (not audited) condensed consolidated interim financial statements for the six months ended 30 June 2019 prepared in accordance with IAS 34, 'Interim Financial Reporting'. The condensed consolidated interim financial statements have been reviewed in accordance with the requirements of ISRE 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. The comparative statement of financial position has been extracted from the audited financial statements for the year ended 31 December 2018.*

### Principal activities

The principal activity of the Company is to hold assets for the Group and also acts as the financing arm of the Group.

The principal activities of the Group relate to the manufacture and business of stone, marble and granite as well as the manufacture of patterned tiles, terrazzo and precast related products. The Group owns various properties including two hotels in the North of Malta – Huli Hotel with an underlying Bistro and the Mavina Hotel. The Group leased the Lovage Bistro and Hotels to third parties. The Group is also involved in the rental of fully owned and leased properties as well as property development and resale.

### Review and commentary performance


The Group registered a consolidated profit before tax of €1,038,133 for the six month period ended 30 June 2019 as compared to the consolidated profit before tax of €867,603 for the six month period ended 30 June 2018. The gross profit from operations for the period under review increased from 23.9% in 2018 to 26.5% in 2019 when compared to the same period from previous year.

Although there was a decrease in revenue during the current interim period under review, when compared to prior year interim of 4% (€468,179), save for exceptional circumstances, revenues are expected to improve by the end of the current financial year since the Group is expecting to finalise a number of contracts by the end of the year. Additionally, the decrease in rental income reported in the income statement is due to the adoption of the new International Financial Reporting Standard 16 Leases.

### Dividends and Reserves

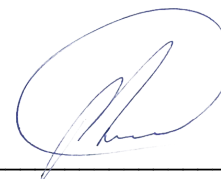
The Board of Directors does not propose the payment of an interim dividend in order to further strengthen the financial position of the Group. Retained profits carried forward at the reporting date amounted to €8,041,867 (31 December 2018: €8,955,896) for the Group.

By order of the Board:



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Mr. Martin Vella - Chairman



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Mr. Mark Vella - Director

### Registered Office

The Factory,  
Mosta Road,  
Lija LJA 9016  
26 August 2019

# Hal Mann Vella Group p.l.c.

## Statement pursuant to Listing Rule 5.75.3 for the period 1 January 2019 to 30 June 2019

I hereby confirm that to the best of my knowledge:

- The condensed consolidated interim financial statements give a true and fair view of the financial position of the Group as at 30 June 2019, and of its financial performance and cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, 'Interim Financial Reporting');
- The Interim Directors' Report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.



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Mr. Martin Vella - Chairman

26 August 2019

**Independent auditor's report**  
**To the Board of Directors of Hal Mann Vella Group p.l.c**  
**Report on Review of Condensed Consolidated Interim Financial Information**

**Introduction**

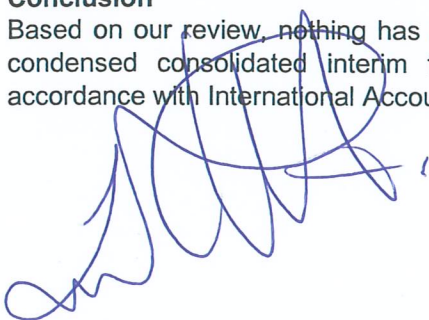
We have reviewed the accompanying condensed consolidated interim statement of financial position of Hal Mann Vella Group p.l.c. and its subsidiaries as at 30 June 2019, the related condensed consolidated interim statement of comprehensive income, statement of changes in equity and statement of cash flows for the six month period then ended, and the explanatory notes (the interim financial information). The directors are responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 "Interim Financial Reporting"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim Financial Reporting'.



**Jozef Wallace Galea (Partner)**  
**for and on behalf of HLB CA Falzon**  
**Registered Auditors**

26 August 2019

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**Together we make it happen**

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**PARTNERS:** Jozef Wallace Galea, Alfred Falzon, Patrizio Prospero, Adrian Sultana.

# Hal Mann Vella Group p.l.c.

## Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

for the period 1 January 2019 to 30 June 2019

	Note	1 January to 30 June 2019 (unaudited) €	1 January to 30 June 2018 (unaudited) €
<b>Revenue</b>	4	10,965,272	11,433,451
Cost of sales		<u>(8,055,890)</u>	<u>(8,699,271)</u>
<b>Gross profit</b>		2,909,382	2,734,180
Rental income	4	1,115,099	1,252,005
Distribution and selling costs		(94,427)	(130,444)
Administrative expenses		<u>(2,092,987)</u>	<u>(1,978,758)</u>
<b>Operating profit</b>		1,837,067	1,876,983
Share of profit in joint ventures		142,753	48,684
Other income		37,589	2,500
Sale of investments		3,507	-
Finance and similar income		155,738	1,603
Finance costs		<u>(1,138,521)</u>	<u>(1,062,167)</u>
<b>Profit before tax</b>	4	1,038,133	867,603
Income tax expense	5	<u>(603,716)</u>	<u>(450,215)</u>
<b>Profit after tax for the period attributable to the ordinary equity holders of the Company</b>		434,417	417,388
<b>Other comprehensive income</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Gain on revaluation of property		479,480	-
Net loss on equity instruments at fair value through other comprehensive income		<u>(9,517)</u>	<u>41,401</u>
<b>Total comprehensive income for the period</b>		<u>904,380</u>	<u>458,789</u>
<b>Earnings per share (cents)</b>		<b>0.09</b>	<b>0.08</b>

The notes on page 9 – 16 form part of these financial statements.

# Hal Mann Vella Group p.l.c.

## Condensed Consolidated Statement of Financial Position as at 30 June 2019

	Note	As at 30 June 2019 (unaudited) €	As at 31 December 2018 (audited) €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment	6	33,418,508	33,387,522
Financial assets	7	1,487,611	1,313,342
Investment in joint-ventures	8	1,877,211	1,732,996
Investment property	9	47,567,192	46,689,617
Lease receivable	2	4,193,298	-
Deferred taxation		2,442,483	3,645,397
Goodwill		62,889	62,888
<b>Total non-current assets</b>		<b>91,049,192</b>	<b>86,831,762</b>
<b>Current assets</b>			
Inventories		4,205,598	3,613,067
Property held-for-sale		6,315,202	4,514,335
Trade and other receivables	10	11,563,280	12,810,603
Contract assets		2,946,504	2,615,594
Lease receivable	2	146,561	-
Financial assets	7	15,013	91,000
Cash and cash equivalents	11	1,731,894	1,529,593
<b>Total current assets</b>		<b>26,924,052</b>	<b>25,174,192</b>
<b>Total assets</b>		<b>117,973,244</b>	<b>112,005,954</b>

The notes on page 9 – 16 form part of these financial statements.

# Hal Mann Vella Group p.l.c.

## Condensed Consolidated Statement of Financial Position as at 30 June 2019

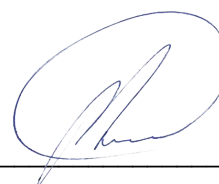
	Note	As at 30 June 2019 (unaudited) €	As at 31 December 2018 (audited) €
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital		4,999,820	4,999,820
Revaluation reserve on property, plant and equipment		24,043,828	24,043,828
Fair value reserve		97,083	110,456
Revaluation reserve on investment property		4,960,550	4,751,591
Capital redemption reserve		47,852	47,852
Incentives and benefits reserves		604,060	604,060
Retained earnings		8,041,867	8,955,896
<b>Total equity</b>		<b>42,795,060</b>	<b>43,513,503</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings		44,476,406	41,835,403
Lease liability	2	8,295,520	2,336,538
Trade and other payables		34,486	42,775
Deferred taxation		4,900,906	5,796,315
<b>Total non-current liabilities</b>		<b>57,707,318</b>	<b>50,011,031</b>
<b>Current liabilities</b>			
Current borrowings		3,170,249	4,140,807
Lease liability	2	251,138	38,462
Trade and other payables		13,476,735	13,919,846
Current tax due	5	572,744	382,305
<b>Total current liabilities</b>		<b>17,470,866</b>	<b>18,481,420</b>
<b>Total liabilities</b>		<b>75,178,184</b>	<b>68,492,451</b>
<b>Total equity and liabilities</b>		<b>117,973,244</b>	<b>112,005,954</b>

The notes on page 9 – 16 form part of these financial statements.

The financial statements set out on pages 4 to 16 were approved and authorized for issue by the Board of Directors and signed on its behalf by:



Mr. Martin Vella - Chairman  
26 August 2019



Mr. Mark Vella - Director

**Hal Mann Vella Group p.l.c.**  
**Condensed Consolidated Statements of Changes in Equity**  
for the period 1 January 2019 to 30 June 2019 (unaudited)

	Attributed to equity holders of the Parent								
	Issued capital €	Revaluation reserve on property, plant and equipment €	Revaluation reserve on investment property €	Revaluation reserve on financial assets €	Other Equity	Retained earnings €	Incentives and benefits reserves €	Capital redemption reserve €	Total Equity €
<b>Balance as at 1 January 2018</b>	4,999,820	24,043,828	7,134,712	9,821	12,236	2,960,983	604,060	47,852	39,813,312
Profit for the period	-	-	-	-	-	417,388	-	-	417,388
Other comprehensive income	-	-	-	41,401	-	-	-	-	41,401
<b>Total comprehensive income for the period</b>	-	-	-	41,401	-	417,388	-	-	458,789
Capital contribution arising from discounting of government grants					(12,236)				
Released on disposal	-	-	(3,041,453)	-	-	3,041,453	-	-	-
<b>Balance as at 30 June 2018 (unaudited)</b>	<u>4,999,820</u>	<u>24,043,828</u>	<u>4,093,259</u>	<u>51,222</u>	<u>-</u>	<u>6,419,824</u>	<u>604,060</u>	<u>47,852</u>	<u>40,272,101</u>
<b>Balance as at 1 January 2019</b>	4,999,820	24,043,828	4,751,591	110,456	-	8,955,896	604,060	47,852	43,513,503
Effect of IFRS 16	-	-	-	-	-	(1,599,993)	-	-	(1,599,993)
Effect previously adopted accountancy standards	-	-	-	-	-	(18,974)	-	-	(18,974)
Adjusted balance brought forward	4,999,820	24,043,828	4,751,591	110,456	-	7,336,929	604,060	47,852	41,894,536
Profit for the period	-	-	-	-	-	434,417	-	-	434,417
Other comprehensive income	-	-	479,480	(13,373)	-	-	-	-	466,107
<b>Total comprehensive income for the period</b>	-	-	479,480	(13,373)	-	434,417	-	-	900,524
Released on disposal	-	-	(270,521)	-	-	270,521	-	-	-
<b>Balance as at 30 June 2019 (unaudited)</b>	<u>4,999,820</u>	<u>24,043,828</u>	<u>4,960,550</u>	<u>97,083</u>	<u>-</u>	<u>8,041,867</u>	<u>604,060</u>	<u>47,852</u>	<u>42,795,060</u>

The notes on page 9 – 16 form part of these financial statements.



# Hal Mann Vella Group p.l.c.

## Statement of Cash Flows

for the period 1 January 2019 to 30 June 2019

Note	1 January to 30 June 2019 (unaudited) €	1 January to 30 June 2018 (unaudited) €
<b>Cash flows from operating activities</b>		
Profit before tax	1,038,133	867,603
Adjustments for:		
Changes in the fair value of investment property	479,480	-
Share of profit in joint ventures	(142,753)	(48,684)
Depreciation	420,765	364,236
Provision for estimated credit losses	161,895	33,796
Finance and similar income	(155,738)	(1,603)
Finance costs	1,138,521	1,062,167
Working capital changes:		
Increase in inventories	(592,531)	(1,953,571)
(Increase)/decrease in property for resale	(1,800,867)	1,658,391
Decrease in receivables	261,295	2,801,123
Decrease in payables	(1,078,138)	(1,655,719)
Provision for impairment on cash and cash equivalents	(1,318)	-
Interest paid on overdraft	(12,708)	-
Other interest paid	(854,037)	(1,033,830)
Taxation paid	-	(318,789)
<b>Net cash (used in)/generated from operating activities</b>	<u>(1,138,001)</u>	<u>1,741,324</u>
<b>Cash flows from investing activities</b>		
Payments to acquire property, plant and equipment	(111,839)	(251,960)
Payments to acquire investment property	(1,347,020)	(429,161)
Payments to acquire financial assets	(15,013)	(91,000)
Receipts from joint venture	221,025	(243,701)
Receipts from finance lease receivables	143,750	-
Advances to related companies	(334,507)	(268,119)
Finance income	155,738	1,603
<b>Net cash used in investing activities</b>	<u>(1,287,866)</u>	<u>(1,282,338)</u>
<b>Cash flows from financing activities</b>		
Advances from banks loans	931,626	774,836
Repayment to third parties	-	(19,231)
Advances from related companies	440,274	22,599
Advances from joint ventures	1,573,760	-
Payments to finance liabilities	(242,370)	-
<b>Net cash from financing activities</b>	<u>2,703,290</u>	<u>778,204</u>
<b>Net movement in cash and cash equivalents</b>	277,423	1,237,190
Cash and cash equivalents at beginning of period	767,522	(1,222,737)
<b>Cash and cash equivalents at end of period</b>	<u>1,044,945</u>	<u>14,453</u>

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The notes on page 9 – 16 form part of these financial statements.

# Hal Mann Vella Group p.l.c.

## Notes to the interim condensed consolidated financial statements for the period 1 January 2019 to 30 June 2019

### 1. General information

The interim condensed consolidated financial statements of Hal Mann Vella Group plc and its subsidiaries ("the Group") for the six months ended 30 June 2019 were authorized for issue in accordance with a resolution of the Board of Directors on 26 August 2019.

Hal Mann Vella Group plc ("the Company") is a public limited liability company incorporated in Malta, under the Companies Act, Cap. 386 of the Laws of Malta.

### 2. Principal accounting policies

#### 2.1 Basis of preparation

The interim condensed consolidated financial information for the six month period ended 30 June 2019 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard IAS 34 'Interim Financial Reporting').

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statement as at 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

#### 2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

The nature and the impact of each amendment is described below:

#### ***IFRS 16 Leases***

IFRS 16 Leases supersedes IAS 17 Leases and related interpretations. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model, eliminating the distinction between operating and finance leases. Leases in which the Group is a lessee will be subject to significant adjustments.

Lessor accounting under IFRS 16 remains substantially unchanged from IAS 17 except for a requirement to provide enhanced disclosures and for the reassessment of subleases by an intermediate lessor. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17, whereas intermediate lessors are required to reassess subleases that were classified as operating leases applying IAS 17 and are ongoing at the date of initial application on the basis of the remaining contractual terms and conditions of the head lease and sublease at that date in terms of the transitional provisions of IFRS 16. The Group has determined that such leases continue to be classified as operating leases, except in one case.

#### **Practical expedients applied**

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- reliance on previous assessment on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases, and

# Hal Mann Vella Group p.l.c.

## Notes to the interim condensed consolidated financial statements for the period 1 January 2019 to 30 June 2019

-the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The details of the changes in accounting policies are disclosed below.

### As a lessee

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which have 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 at of 1 January 2019. The incremental borrowing rate varies between the companies within the group.

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were not onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	As at 30 June 2019 Unaudited €		As at 1 January 2019 Unaudited €
Property, plant and equipment	2,554,259		6,222,365
Investment property	4,036,198	-	13,802
Total right-of-use assets	<u>6,590,457</u>		<u>6,208,563</u>

### i. Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjustment for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

### As a lessor

The Group leases out its investment property. The Group has classified the majority of these leases as operating leases, except for one.

# Hal Mann Vella Group p.l.c.

## Notes to the interim condensed consolidated financial statements for the period 1 January 2019 to 30 June 2019

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. However, when the Group is an intermediate lessor, the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

### Impacts on financial statements

	30 June 2019		1 January 2019
Right-of-use assets presented in property, plant and equipment	2,554,259		6,222,365
Right-of-use assets presented in investment property	4,036,198	-	13,802
Lease liabilities	8,546,658		11,603,343
Retained earnings	-		1,599,993
Lease receivable (net investments from lease)	4,358,689		3,794,787
less Estimated Credit Losses on lease receivable	18,830		18,974
<i>(ECL 1 January 2019 adjusted against opening retained earnings)</i>			

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing condensed consolidated interim financial statements, the Board of Directors have made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at 31 December 2018.

### 4. Segment information

For management purposes, the Group is organised into business units based on its products and services and has two reportable segments, as follows:

The Property Development and Letting segment, which carries works in the building industry, including construction works, plumbing and electrical and to operate as turnkey contractors. Also in this segment, the Group leases out offices and residential building to third parties. The Group owns two hotels namely the Mavina Holiday Complex and the Huli Hotel with an underlying Bistro Restaurant. Both hotels as well as the restaurant were leased out to third parties.

Manufacturing, Products and General Contracting Services which includes the companies responsible for manufacturing and exports. This segment includes specialising in the manufacture of stone elements, arranging logistics, plant hire, deliveries, and supplies and subcontracting work. Also, coordination of orders for customers for products and services is done.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

# Hal Mann Vella Group p.l.c.

## Notes to the interim condensed consolidated financial statements for the period 1 January 2019 to 30 June 2019

### 4. Segment information

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of the detailed reconciliations presented further below.

Six month period ended 30 June 2019	Property development and letting €	Manufacturing and General contracting services €	Total segments €	Adjustments and eliminations €	Consolidated €
External revenue	1,449,914	12,708,559	14,158,473	(3,193,201)	10,965,272
Rental income	1,334,547	45,281	1,379,828	(264,729)	1,115,099
Total revenue	<u>2,784,461</u>	<u>12,753,840</u>	<u>15,538,301</u>	<u>(3,457,930)</u>	<u>12,080,371</u>
<b>Income/(expenses)</b>					
Finance and similar income	841,370	52,015	893,385	(737,647)	155,738
Finance cost	(1,269,672)	(747,862)	(2,017,534)	879,013	(1,138,521)
Depreciation and amortisation	(1,655)	(616,512)	(618,167)	197,402	(420,765)
Share of profit in joint ventures	142,753	-	142,753	-	142,753
Income tax income/(expense)	(464,788)	(138,928)	(603,716)	-	(603,716)
<b>Segment profit before tax</b>	<u>578,777</u>	<u>(15,491)</u>	<u>563,286</u>	<u>474,847</u>	<u>1,038,133</u>
<b>Total assets</b>	<u>115,791,840</u>	<u>44,117,957</u>	<u>159,909,797</u>	<u>(41,936,553)</u>	<u>117,973,244</u>
<b>Total liabilities</b>	<u>70,752,642</u>	<u>40,393,492</u>	<u>111,146,134</u>	<u>(35,967,950)</u>	<u>75,178,184</u>
<b>Other disclosures</b>					
Interest in joint ventures	165,720	-	165,720	1,711,491	1,877,211
Capital expenditure	6,360	245,600	251,960	(140,121)	111,839

# Hal Mann Vella Group p.l.c.

## Notes to the interim condensed consolidated financial statements for the period 1 January 2019 to 30 June 2019

### 4. Segment information

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of the detailed reconciliations presented further below.

Six month period ended 30 June 2018	Property development and letting €	Manufacturing and General contracting services €	Total segments €	Adjustments and eliminations €	Consolidated €
External revenue	3,213,139	11,759,274	14,972,413	(3,538,962)	11,433,451
Rental income	1,199,505	114,188	1,313,693	(61,688)	1,252,005
Total revenue	<u>4,412,644</u>	<u>11,873,462</u>	<u>16,286,106</u>	<u>(3,600,650)</u>	<u>12,685,456</u>
<b>Income/(expenses)</b>					
Finance and similar income	550,539	1,603	552,142	(550,539)	1,603
Finance cost	(1,262,879)	(349,827)	(1,612,706)	550,539	(1,062,167)
Depreciation and amortisation	(146)	(364,090)	(364,236)	-	(364,236)
Share of profit in joint ventures	48,684	-	48,684	-	48,684
Income tax income/(expense)	(470,845)	20,630	(450,215)	-	(450,215)
<b>Segment profit before tax</b>	<u>309,277</u>	<u>509,642</u>	<u>818,919</u>	<u>48,684</u>	<u>867,603</u>
<b>Total assets</b>	<u>105,764,139</u>	<u>32,222,140</u>	<u>137,986,279</u>	<u>(32,868,676)</u>	<u>105,117,603</u>
<b>Total liabilities</b>	<u>63,302,665</u>	<u>27,953,680</u>	<u>91,256,345</u>	<u>(26,410,843)</u>	<u>64,845,502</u>
<b>Other disclosures</b>					
Interest in joint ventures	165,720	-	165,720	1,597,678	1,763,398
Capital expenditure	6,360	245,600	251,960	-	251,960

# Hal Mann Vella Group p.l.c.

## Notes to the interim condensed consolidated financial statements for the period 1 January 2019 to 30 June 2019

### 5. Income tax

The Group calculates the period income tax credit using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax credit in the interim condensed statement of profit or loss are:

	1 January to 30 June 2019 (unaudited) €	1 January to 30 June 2018 (unaudited) €
<b>Income tax expense:</b>		
Current income tax expense for the period	(186,287)	(379,329)
Deferred tax expense	(417,429)	(70,886)
Income tax expense for the period	<u>(603,716)</u>	<u>(450,215)</u>

### 6. Property, plant and equipment

#### Acquisition and disposals

During the six months ended 30 June 2019, the Group acquired assets with a cost of €111,839 (six months ended 30 June 2018: €251,960).

There were no assets disposed by the Group during the six months ended 30 June 2019 and 30 June 2018.

### 7. Financial assets and financial liabilities

The Group's financial assets comprise of trade and other receivables, bank deposits, lease receivables, loans to related parties and investments in quoted and unquoted shares. The Group's financial liabilities comprise of trade and other payables, lease liabilities, loans from related and other parties. All of the Group's financial instruments are measured at amortised cost, except for the equity instruments which are measured at fair value through other comprehensive income. The lease liabilities are measured in terms of the Group's accounting policy.

### 8. Investment in joint-ventures

For the six months ended 30 June 2019, the Group's share of profit in joint ventures amounted to €142,753 (the six months ended 30 June 2018: €48,684).

### 9. Investment property

During the six months ended 30 June 2019, the Group capitalised expenditure amounted to €1,347,020 (six months ended 30 June 2018: €429,161).

### 10. Trade and other receivables

Trade receivables are stated net of provision for estimated credit losses of €655,118 (31 December 2018: €479,693).

# Hal Mann Vella Group p.l.c.

## Notes to the interim condensed consolidated financial statements for the period 1 January 2019 to 30 June 2019

### 11. Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Sales to related parties €	Purchases from related parties €	Amount owed by related parties €	Amount owed to related parties €
<b>Joint venture in which the parent is a venturer:</b>					
Madliena Ridge Limited	Current	-	-	-	591,174
	2018	-	-	-	591,293
Hal Mann Holdings Ltd	Current	-	-	-	876,473
	2018	-	-	-	751,473
HMK International Ltd	Current	32,796	203,110	250,000	125,574
	2018	55,514	1,087	1,000	24,604
Zokrija Limited	Current	-	-	-	165,956
	2018	-	-	227,712	-

#### Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. As at 30 June 2019, the Group has recorded provision of estimated credit losses on receivables relating to amounts owed by related parties amount to €6,288 (31 December 2018: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

### 12. Fair values measurements

At 30 June 2019 and 31 December 2018, the carrying amounts of trade and other receivables, cash and cash equivalents and trade and other payables and current borrowings reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The fair values of loans and receivables and non-current borrowings are not materially different from their carrying amounts in the statement of financial position.

The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The Group used the following hierarchy for determining and disclosing the fair value:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.



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## Notes to the interim condensed consolidated financial statements for the period 1 January 2019 to 30 June 2019

The following table provides the fair value measurement hierarchy of the Group's assets.

	Level 1	Level 2	Level 3	Total
	€	€	€	€
<b>As at 30 June 2019 (unaudited)</b>				
Property, plant and equipment	-	-	33,418,508	33,418,508
Equity instruments at FVOCI	312,352	-	493,456	805,808
Investment property	-	12,637,130	34,930,062	47,567,192
<b>As at 31 December 2018 (audited)</b>				
Property, plant and equipment	-	-	23,186,561	23,186,561
Equity instruments at FVOCI	338,685	-	497,336	836,021
Investment property	-	12,157,650	34,531,967	46,689,617

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into or out of Level 3 fair value measurements during the six-month period ended 30 June 2019.

### 13. Accounting Standards not yet adopted

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for accounting periods beginning after 1 January 2020. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the directors are of the opinion that there are no requirements that will have a possible significant impact on the Group's and the Company's financial statements in the period of initial application.