



MERCURY FINANCE

MERCURY PROJECTS FINANCE p.l.c.

1400, Block 14, Portomaso, St. Julian's, Malta

Co. Reg. No. C89117

COMPANY ANNOUNCEMENT

Approval of Company's Interim Financial Statements

The Board of Directors of Mercury Projects Finance p.l.c. (the "Company") met on Friday 6th August 2020, and approved the unaudited interim financial statements of the Company for the period ended 30 June 2021.

A copy of the financial statements is attached herewith and these are also available for viewing on the Company's website: www.mercuryfinance.com.mt

Joseph Saliba

Company Secretary

6th August 2021

Directors

Joseph Portelli

Mario Vella

Peter Portelli

Stephen Muscat

MERCURY PROJECTS FINANCE P.L.C

**CONDENSED INTERIM
FINANCIAL STATEMENTS**

30 JUNE 2021

Company Reg. No. C89117

**MERCURY PROJECTS FINANCE P.L.C.
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY 2021 TO 30 JUNE 2021**

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MERCURY PROJECTS FINANCE P.L.C.

COMPANY INFORMATION

Registration

Mercury Projects Finance p.l.c. is registered in Malta as a limited liability company under the Companies Act, (Cap. 386) with registration number C 89117. The company was registered on 16 January 2019.

Directors

Mr. Joseph Portelli
Mr. Stephen Muscat
Mr. Mario Vella
Mr. Peter Portelli

Company Secretary

Dr. Joseph Saliba

Registered Office

Mercury Projects Finance p.l.c.
1400 Block 14
Portomaso
St. Julians STJ 4014
Malta

Bankers

Bank of Valletta p.l.c.
102, Republic Street
Victoria VCT 1017
Gozo

Lombard Bank p.l.c.
67, Merchants Street
Valletta
Malta

Legal Advisor

Saliba Stafrace Legal
9/4, Britannia House
Old Bakery Street
Valletta VLT 1450
Malta

Auditors

Baker Tilly Malta
Level 5
Rosa Marina Building
216, Marina Scafront
Pieta' PTA 9041
Malta



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1400, Block 14, Portomaso, St. Julian's, Malta
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Interim directors' report

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 condensed financial statements included in this report have been extracted from Mercury Projects Finance p.l.c.'s unaudited financial information as at 30 June 2021 and the six month period then ended, prepared in accordance with International Financial Reporting Standards as adopted for use in the EU for interim financial statements (International Accounting Standard 34, 'Interim Financial Reporting'). This half-yearly report has been reviewed by the company's independent auditors.

Trading Performance

The company was incorporated on 16 January 2019 in terms of the Maltese Companies Act (Cap. 386). The Company was established as a special purpose vehicle to act as the finance arm of the Group, the parent company being Mercury Towers Ltd.

On 4 March 2019, the company issued €11,500,000 3.75% secure bonds maturing in 2027 (Series I Bonds) and €11,000,000 4.25% secure bonds maturing in 2031 (Series II Bonds). Both bonds were issued at a nominal value of €100 per bond. These bonds were admitted to the official list of the Malta Stock Exchange p.l.c. with effect from 29 March 2019 and trading in the bonds commenced on 5 April 2019.

In accordance with the provisions of the prospectus dated 4 March 2019, the proceeds from the bond issue have been advanced by way of a loan facility to the guarantor (Mercury Towers Ltd.) for the purpose of refinancing existing bank loans and construction and finishing of project elements at the Mercury site in St. Julian's owned by the guarantor.

Interest income during this six month period amounted to €555,808 (2019 - €558,879). Profit before taxation for the same period was €70,236 (2019 - €66,704). The directors do not anticipate any significant changes during the forthcoming six months. The accounting policies applied in these interim financial statements are consistent with those applied in the audited financial statements for the period ended 31 December 2020.

Key Risks

The key risks associated with the Company and the Guarantor, as parent and operating company, are those associated with the exposure to the real estate development market as well as to an array of competitive pressures in the operation and management of hospitality, accommodation and commercial rental markets in Malta. The full list of all the key risks listed in the Prospectus are still applicable to the company and the parent.

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Guarantor and Group's Performance for the period and prospects for the rest of 2021

During the period in review, works on the development progressed within the constraints of the pandemic. New preliminary agreements were concluded in the interim as demand for the Mercury apartments remained despite the general economic setbacks.

The project proceeded without any major interruptions during the most challenging months of the COVID-19 and has now entered the second stage which involves the finishing of the building. To date the funding of this project is mainly emanating from proceeds of sold units which stand at 97% of total units for sale for the first phase of the project. Sale of units on the second phase of the project stand at 54% of total units. There were no cancellations of existing promise of sales agreements occurred during the first semester of this year.

COVID-19

The coronavirus 2019 (COVID-19) pandemic is affecting economic and financial markets, and virtually all industries are facing challenges associated with the economic conditions resulting from efforts to address it.

The directors have assessed the effect of the COVID-19 on the Company's operations and those of the parent company which have proceeded albeit with occasional disruptions.

At the date of signing of this report, certain works are being negatively impacted by delays resulting from disruptions in the supply of materials due to the COVID-19 pandemic, which may delay the completion of the Project when compared to the original plans.

The directors are aware that the parent company is assessing the present situation to limit any negative impact on the Project.

Dividends

The directors do not recommend the payment of an interim dividend.

Signed on behalf of the Board of Directors on 6 August 2021 by:



Mr. Joseph Portelli
Director



Mr. Mario Vella
Director

MERCURY PROJECTS FINANCE P.L.C.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY 2021 TO 30 JUNE 2021

The Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act") requires the directors of Mercury Projects Finance P.L.C. (the "Company") to prepare financial statements which give a true and fair view of the financial position of the Company as at the end of the financial period and of the profit or loss of the Company for that period in accordance with the requirements of International Financial Reporting Standards as adopted by the EU.

In preparing these financial statements, the directors are required to:

- Adopt the going concern basis unless it is inappropriate to presume that the company will continue in the business;
- Select suitable accounting policies and apply them consistently;
- Make judgement and estimates that are reasonable and prudent;
- Account for income and charges relating to the accounting period on the accruals basis;
- Value separately the components of assets and liabilities;
- Report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act (Cap. 386) enacted in Malta. This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board of Directors on 6 August 2021 by:



Mr. Joseph Portelli
Director



Mr. Mario Vella
Director

MERCURY PROJECTS FINANCE p.l.c.

1400, Block 14, Portomaso, St. Julian's, Malta

Co. Reg. No. C89117

Directors' statement pursuant to Listing Rule 5.75.3

We hereby confirm that to the best of our knowledge:

1. the condensed half-yearly financial statements give a true and fair view of the financial position of the company as at 30 June 2021, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to Interim Financial Reporting (IAS 34).
2. the interim directors' report includes a fair review of the information required in terms of Listing Rule 5.81 to 5.84.

On Behalf of the Board



Mr. Joseph Portelli
Director



Mr. Mario Vella
Director

6 August 2021

INDEPENDENT AUDITORS' REVIEW REPORT

TO THE BOARD OF DIRECTORS OF MERCURY PROJECTS FINANCE P.L.C

REVIEW OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed financial interim statement of financial position of Mercury Projects Finance p.l.c. as at 30 June 2021, the related condensed statement of comprehensive income, changes in equity and cash flows for the six period 1 January 2021 to 30 June 2021 and the explanatory notes ('Interim Financial Information'). The directors are responsible for the preparation and fair presentation of this interim financial information 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 this condensed interim financial information 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 enquiries, 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 interim financial information is not prepared, in all material respects, 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').



This report has been signed by
Donald Sant for and on behalf of
Baker Tilly Malta
Registered Auditors

6 August 2021

MERCURY PROJECTS FINANCE P.L.C.

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 1 JANUARY 2021 TO 30 JUNE 2021**

		<u>2021</u>	<u>2020</u>
		6 months	6 months
		(unaudited)	(unaudited)
	Note	Euro	Euro
Finance income		555,808	558,879
Finance cost		(445,682)	(448,144)
Net income		110,126	110,735
Administrative expenses		(39,890)	(44,031)
Profit before tax	4	70,236	66,704
Income tax expense	5	(35,917)	(37,651)
Profit for the period		34,319	29,053
Comprehensive income for the period		34,319	29,053
Basic earnings per share	6	0.14	0.12

The notes on pages 12 to 18 form an integral part of these interim financial statements.

MERCURY PROJECTS FINANCE P.L.C.

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

		<u>30.06.2021</u> (Unaudited)	<u>31.12.2020</u> (Audited)
	Note	Euro	Euro
ASSETS			
Non-Current Assets			
Interest Bearing Receivable	7	22,444,357	22,444,358
		<u>22,444,357</u>	<u>22,444,358</u>
Current Assets			
Other Receivables	8	712,067	1,047,198
Cash and Cash Equivalents		131,420	141,888
		<u>843,487</u>	<u>1,189,086</u>
Total Assets		<u>23,287,844</u>	<u>23,633,444</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	250,000	250,000
Retained earnings		135,630	101,311
		<u>385,630</u>	<u>351,311</u>
Liabilities			
Non-Current Liabilities			
Interest bearing borrowings	10	22,500,000	22,500,000
		<u>22,500,000</u>	<u>22,500,000</u>
Current Liabilities			
Trade and other payables	11	300,922	707,880
Taxation payable		101,292	74,253
		<u>402,214</u>	<u>782,133</u>
Total Liabilities		<u>22,902,214</u>	<u>23,282,133</u>
Total Equity and Liabilities		<u>23,287,844</u>	<u>23,633,444</u>

The notes on pages 12 to 18 form an integral part of these unaudited interim financial statements.

The condensed interim financial statements have been approved by the Board of Directors on 6 August 2021 and signed on its behalf by:



Mr. Joseph Portelli
Director



Mr. Mario Vella
Director

MERCURY PROJECTS FINANCNE P.L.C.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2021**

	<u>Total</u>	<u>Share Capital</u>	<u>Retained Earnings</u>
	Euro	Euro	Euro
Balance as at 1 January 2021	351,311	250,000	101,311
Comprehensive Profit for the period			
Profit for the financial period	34,319	-	34,319
Balance as at 30 June 2021	385,630	250,000	135,630
Balance as at 1 January 2020	283,909	250,000	33,909
Comprehensive Profit for the year			
Profit for the financial period	67,402	-	67,402
Balance as at 31 December 2020	351,311	250,000	101,311

The notes on pages 12 to 18 form an integral part of these interim financial statements.

MERCURY PROJECTS FINANCE P.L.C.

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

	<u>2021</u> 6 months (unaudited)	<u>2020</u> 6 months (unaudited)
	Euro	Euro
Operating Activities		
Operating profit for the period	70,236	66,704
<i>Working Capital Changes:</i>		
Changes in trade receivables	(567,790)	(565,054)
Changes in trade payables	491,793	493,289
Cash lost from operations	(5,761)	(5,061)
Taxes Paid	(8,878)	-
Net cash used in operating activities	(14,639)	(5,061)
Investing Activities		
Loan interest received	1,123,749	1,123,749
Net cash from investing activities	1,123,749	1,123,749
Financing Activities		
Bond interest paid	(898,750)	(898,750)
Movement in parent company balance	(220,828)	(223,792)
Net cash used in financing activities	(1,119,578)	(1,122,542)
Net movement in cash and cash equivalents	(10,468)	(3,854)
Opening cash and cash equivalents	141,888	257,082
Closing cash and cash equivalents	131,420	253,228

The notes on page 12 to 18 form an integral part of these interim financial statements.

MERCURY PROJECTS FINANCE P.L.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY 2021 TO 30 JUNE 2021

1. Corporate information

The interim condensed financial statements of the Company for the period from 1 January 2021 to 30 June 2021 were authorised for issue in accordance with a resolution dated 6 August 2021.

Mercury Projects Finance p.l.c. is a public company incorporated and domiciled in Malta, which company was listed on the Malta Stock Exchange following the issue of a bond for €11,500,000 3.75% Secured Bond 2027 of a nominal value of €100 per bond at par, and a further bond for €11,000,000 4.25% Secured Bond 2031 of a nominal value of €100 per bond. The bonds were issued on 29 March 2019 and trading of such bonds commenced on 5 April 2019.

The principal activity of the company is to act as a finance vehicle to the parent company, Mercury Towers Ltd., which company owns all the shares but one of the issued and paid up capital of the company.

2. Basis of preparation

2.1 Statement of compliance

The condensed interim financial statements of Mercury Projects Finance p.l.c. (“the Company”) have been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34, ‘Interim Financial Reporting’) (“the applicable framework”). All references in these financial statements to IAS, IFRS or SIC/IFRIC interpretations refer to those adopted by the EU. They have also been drawn up in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta), to the extent that such provisions do not conflict with the applicable framework.

2.2 Basis of Measurement

The financial statements have been prepared on the historical cost basis.

2.3 Going Concern Basis

During the financial period ended 31 December 2019, the company issued €11,500,000 3.75% Secured Bonds of €100 each maturing 2027, and a further €11,000,000 4.25% Secured Bonds of €100 each maturing 2031. The net proceeds were advanced as two loans to the parent company, namely Mercury Towers Ltd.

The ability of Company to meet its obligation, both in terms of servicing its debt and ultimately repaying the bond holders on the redemption date, is dependent on the ability of Mercury Towers Ltd., as guarantor, to meet its obligations towards the Company.

The directors are satisfied that the Company has sufficient funds in order to meet its commitments in the foreseeable future and it is therefore appropriate to adopt the going concern assumption in the preparation of these financial statements. These financial statements do not include any adjustments should the above strategies not materialise.

MERCURY PROJECTS FINANCE P.L.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY 2021 TO 30 JUNE 2021

2. Basis of preparation *(Contd.)*

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the opinion of the directors, the accounting estimates and judgments made in the course of preparing these financial statements are not difficult to reach, subjective or complex to a degree which would warrant their description as significant and critical in terms of the requirements of IAS 1 (revised).

2.5 New and amended standards and impact of standards issued but not yet applied by the Company

A number of amended standards became applicable for the current period. The impact of the adoption of these revisions on the Company's accounting policies and on the financial results are insignificant.

Certain new standards, amendments and interpretations to existing standards have been published by the date of the authorisation for issue of these unaudited financial statements, but are mandatory for the Company's accounting period after 1 January 2021. The Company may early adopt these revisions to the requirements of IFRSs as adopted by the EU. The Company's directors are of the opinion that there are no requirements that will have a significant impact on the financial statements in the period of initial application.

3. Significant accounting policies

The accounting policies applied in the preparation of the half-yearly report are consistent with those of the annual financial statements for the year ended 31 December 2020 as described in those financial statements.

3.1 Finance income and finance costs

Finance income comprises interest on the loans receivable from the Company's parent company. Finance costs comprise interest payable on the bonds. Interest income and expense is recognised when the inflow or outflow of economic benefits associated with the transaction is probable and the amount of income or cost can be measured reliably. Interest income and interest payable is recognised on an accrual of time proportion basis.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY 2021 TO 30 JUNE 2021**

3. Significant accounting policies (Contd.)

3.2 Financial assets, financial liabilities and equity

A financial asset or a financial liability is recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus in the case of financial assets and financial liabilities not classified as held for trading and subsequently measured at fair value, transaction costs attributable to the acquisition or issue of the financial assets and financial liabilities. Financial assets and financial liabilities are derecognised if and to the extent that, it is no longer probable that any future economic benefits associated with the item will flow to or from the entity.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

A financial instrument, or its component parts, is classified as a financial liability, financial asset or an equity instrument in accordance with the substance of the contractual arrangement rather than its legal form.

i. Other receivables

Other receivables are stated at their normal value unless the effect of discounting is material in which case trade and other receivables are measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence of impairment;

ii. Trade and other payables

Trade and other payables are stated at their nominal value unless the effect of discounting is material, in which case trade and other payables are measured at amortised cost using the effective interest method.

iii. Borrowings

Subsequent to initial recognition, interest bearing loans are measured at the amortised cost using the effective interest method. Borrowings are carried at their face value due to their market rate of interest.

iv. Share capital issued by the Company

Ordinary shares issued by the Company are classified as equity. Dividends to ordinary shareholders are debited directly to equity and are recognised as liabilities in the period in which they are declared.

3.3 Impairment

Financial assets

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

MERCURY PROJECTS FINANCE P.L.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY 2021 TO 30 JUNE 2021

3. Significant accounting policies (*Contd.*)

3.3 Impairment (*Contd.*)

Financial assets (Cont.)

If there is objective evidence that an impairment loss on financial assets carried at amortised cost or cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

3.4 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. 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 presented in current liabilities in the balance sheet.

3.5 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 or in comprehensive income. Current tax is based on the taxable profit for the period, as determined in accordance with tax laws, and measured using tax rates, which have been enacted or substantively enacted by the balance sheet date.

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 re-assesses 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.

MERCURY PROJECTS FINANCE P.L.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY 2021 TO 30 JUNE 2021

4. Profit before Tax

Total remuneration paid to the Company's directors during the period amounted to €22,500 (2020 - €22,500)

5. Taxation

	<u>2021</u> 6 months	<u>2020</u> 6 months
	Euro	Euro
Tax charge for the period	<u>35,917</u>	<u>37,651</u>

6. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period.

	<u>2021</u> 6 months	<u>2020</u> 6 months
	Euro	Euro
Net profit attributable to shareholders	34,319	29,053
Weighted average number of ordinary shares in issue	250,000	250,000
Basic earnings per share	<u>0.14</u>	<u>0.12</u>

7. Interest Bearing Receivables

	<u>30.06.21</u>	<u>31.12.20</u>
	Euro	Euro
Loan receivable from parent company	11,500,000	11,500,000
Loan receivable from parent company	<u>10,944,357</u>	<u>10,944,357</u>
	<u>22,444,357</u>	<u>22,444,357</u>

The loan receivable of €11,500,000 is subject to an annual interest rate of 4.75% and is repayable by 2027. The loan receivable of €10,944,357 is repayable by 2031 and is subject to interest at the annual rate of 5.25%. The loans are secured by immovable property of the parent company. The loan balance includes costs amounting to €394,352 incurred by the Company in connection with the bond issues in view that the said costs were exclusively incurred to finance the operations of the parent company.

MERCURY PROJECTS FINANCE P.L.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY 2021 TO 30 JUNE 2021

8. Other receivables

	<u>30.06.21</u>	<u>31.12.20</u>
	Euro	Euro
Accrued Interest Receivable from Parent Company	334,714	899,734
Prepayments	12,130	3,069
Amounts due from parent company	365,223	144,395
	<u>712,067</u>	<u>1,047,198</u>

8.1 The accrued interest on the loan receivable due from the parent company is due for payment on the anniversary of when the loan was advanced by the company in terms with conditions listed in the Company's Prospectus.

8.2 The balance due from the parent company is unsecured, interest free and repayable on demand.

9. Cash and Cash Equivalents

	<u>30.06.21</u>	<u>31.12.20</u>
	Euro	Euro
Bank Balances	131,420	141,888
Cash and Cash Equivalents	<u>131,420</u>	<u>141,888</u>

10. Share capital

	<u>30.06.21</u>	<u>31.12.20</u>
	Euro	Euro
Authorised 500,000 ordinary shares of €1 each	<u>500,000</u>	<u>500,000</u>
Issued and Fully Paid Up 250,000 ordinary shares of €1 each	<u>250,000</u>	<u>250,000</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

MERCURY PROJECTS FINANCE P.L.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY 2021 TO 30 JUNE 2021

11. Interest Bearing Borrowings

Borrowings included under non-current liabilities comprise the following amounts:

	<u>30.06.21</u>	<u>31.12.20</u>
	Euro	Euro
Non-Current:		
Series I Bonds 2027 @ 3.75% p.a.	11,500,000	11,500,000
Series II Bonds 2031 @ 4.25% p.a.	11,000,000	11,000,000
	<u>22,500,000</u>	<u>22,500,000</u>

- 11.1 During 2019, the company issued €11,500,000 3.75% Secured Bonds of €100 each maturing 2027, and a further €11,000,000 4.25% Secured Bonds of €100 each maturing 2031. The bonds are secured by a first special hypothec on a number of specific areas within the property project of the parent company, Mercury Towers Ltd.

12. Trade and other payables

	<u>30.06.21</u>	<u>31.12.20</u>
	Euro	Euro
Trade payables	18,909	-
Other payables and accruals	45,629	18,428
Accrued interest on bonds	236,384	689,452
	<u>300,922</u>	<u>707,880</u>

13. Related party disclosures

13.1 Parent company

The Company is wholly owned, except for one share, by Mercury Towers Ltd., a company registered in Malta, with a registered address at J Portelli Projects, 1400, Portomaso, St. Julians, Malta.

MERCURY PROJECTS FINANCE P.L.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY 2021 TO 30 JUNE 2021

13. Related party disclosures (*Contd.*)

13.2 Transactions with parent company

	2021	2020
	6 months	6 months
	Euro	Euro
Parent company		
Finance income		
Interest received	555,808	558,879
Financing transactions		
Funds advanced to	(220,828)	(223,792)

The balances due from and to the parent company are disclosed in notes 7, 8 and 11.

14. COVID-19

The outbreak of COVID-19 pandemic continued to have an adverse impact on economic and market conditions which has triggered a period of global and local economic slowdown. The parent company has encountered occasional disruptions while continuing with the construction of the Mercury Project. Certain works are being negatively impacted by delays resulting from disruptions in the supply of materials due to the COVID-19 pandemic, which may delay the completion of the Project when compared to the original plans. The directors are aware that the parent company is assessing the present situation to limit any negative impact on the said Mercury Project.

15. Subsequent Events

We are not aware of any significant event that has occurred between the closing date of these interim financial statements and the issue date of this report, which may significantly affect them.