



MERCURY TOWERS  
BY ZAHA HADID ARCHITECTS

## MERCURY PROJECTS FINANCE p.l.c.

1400, Block 14, Portomaso, St. Julians, Malta

Co. Reg. No. C89117

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### COMPANY ANNOUNCEMENT

#### Approval of Company's Interim Unaudited Financial Statements June 2024

The Board of Directors of Mercury Projects Finance p.l.c. (the "Company") met on 30<sup>th</sup> July 2024 and approved the Company's interim unaudited financial statements for the period 1<sup>st</sup> January to 30<sup>th</sup> June 2024.

A copy of the financial statements is attached herewith and these are also available for viewing on the Company's website: [www.mercury.com.mt](http://www.mercury.com.mt)

By order of the Board

Joseph Saliba

Company Secretary

30<sup>th</sup> July 2024

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#### Directors

Joseph Portelli

Mario Vella

Peter Portelli

Stephen Muscat

**MERCURY PROJECTS FINANCE P.L.C.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**30 JUNE 2024**

Company Reg. No. C89117

**MERCURY PROJECTS FINANCE P.L.C.**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY 2024 TO 30 JUNE 2024**

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**Contents**

|   | <b>Pages</b> |
|---|--------------|
| <b>Company Information:</b>                         | 1            |
| <b>Interim Report:</b>                              |              |
| Interim Directors' Report                           | 2 – 4        |
| Directors' Responsibilities                         | 5            |
| Statement Pursuant to Capital Markets Rule 5.75.3   | 6            |
| <b>Independent Auditors' Review Report</b>          | 7            |
| <b>Financial Statements:</b>                        |              |
| Condensed Interim Statement of Comprehensive Income | 8            |
| Condensed Interim Statement of Financial Position   | 9            |
| Condensed Interim Statement of Changes in Equity    | 10           |
| Condensed Interim Statement of Cash Flows           | 11           |
| Condensed Interim Notes to the Financial Statements | 12 – 19      |

# MERCURY PROJECTS FINANCE P.L.C.

## COMPANY INFORMATION

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### 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 incorporated on 16 January 2019.

### Board of Directors

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

### Company Secretary

Dr. Joseph Saliba

### Registered Office

1400 Block 14  
Portomaso  
St. Julians STJ 4014  
Malta

### Bankers

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

### 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 Seafront  
Pieta' PTA 9041  
Malta



## MERCURY PROJECTS FINANCE P.L.C.

1400, Block 14, Portomaso, St. Julians, Malta  
Co. Reg. No. C89117

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### **Interim directors' report**

This Half-Yearly Report is being published in terms of Chapter 5 of the Capital Market 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 2024 and the 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 Baker Tilly Malta, the Company's independent auditors.

### **Trading performance**

Mercury Projects Finance p.l.c. (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 to Mercury Towers Ltd. (the 'Parent Company' and 'Guarantor') and related Group companies.

On 4 March 2019, the Company issued €11,500,000 3.75% secured Bonds maturing in 2027 (Series I Bonds) and a further €11,000,000 4.25% secured 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 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 issues have been advanced by way of two loan facilities to the Parent Company and Guarantor, for the purpose of refinancing existing bank loans and for the construction and finishing of project elements at the Mercury Towers site in St. Julians, Malta, which project is owned by the Parent Company and related Group companies.

On the 22 March 2022, the Company issued a further €50,000,000 4.3% secured Bonds to mature in 2032. This bond was issued at a nominal value of €100 per bond and was admitted to the official list of the Malta Stock Exchange with effect from 26 April 2022 and trading commenced on 27 April 2022.

The proceeds from this bond issue were also advanced by way of another loan facility to the Parent Company and Guarantor, namely Mercury Towers Ltd., for the purpose of construction and finishing of the hotel forming part of the Mercury Towers project owned by Mercury Hotel Ltd., who made available the hotel property by way of a first ranking special hypothec in security for the bond, as well as for the Group's general corporate funding.

During 2023, Mercury Towers Ltd. (the 'Parent Company' and 'Guarantor') transferred components of the property consisting of Level 0 and Level 1 of the Podium to Mercury Hotel Ltd. The commercial mall and the entertainment arena spanning from Basement Level 3 to Basement Level 1 were transferred to Mercury Commercial Mall Ltd., whilst the car park underlying the Mercury Towers Project was transferred to Mercury Car Park II Ltd. Such transfers were affected at cost. Mercury Towers Ltd. retained certain areas of the property for eventual self-operation or management.

Mercury Towers Ltd. (the 'Parent Company') is the Guarantor to the bonds issued by Mercury Projects Finance p.l.c. whilst Mercury Hotel Ltd. is acting as surety to the bond issued in 2022.



## MERCURY PROJECTS FINANCE P.L.C.

1400, Block 14, Portomaso, St. Julians, Malta

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### **Trading performance (Contd.)**

Interest income during this six-month period amounted to €1,680,797 (2023 - €1,671,561). Profit before taxation for the same period was €62,568 (2023 - €56,148). The accounting policies applied in these interim financial statements are consistent with those applied in the audited financial statements for the year ended 31 December 2023.

### **Post Balance Sheet Event**

On 25 July 2024, the Malta Financial Services Authority approved the issue of €20,000,000 5.3% secured bonds maturing 2034. These bonds will be issued at a nominal value of €100 per bond and are expected to be admitted to the official list of the Malta Stock Exchange with effect from 20 September 2024. The proceeds from this bond issue will, once again, be advanced by way of a loan facility to Mercury Towers Ltd. (the 'Parent Company' and 'Guarantor') in accordance with the provisions of the Prospectus dated 25 July 2024 for the purposes of refinancing existing bridge loans and the finishing of the last project elements at the Mercury site in St. Julians, Malta, which project is owned by the Parent Company and related Group companies.

### **Group companies**

Mercury Projects Finance p.l.c. (the 'Company') is a wholly owned subsidiary of Mercury Towers Ltd. (the 'Parent Company' and 'Guarantor'), which parent company also holds Mercury Hotel Ltd., Mercury Commercial Mall Ltd. and Mercury Car Park II Ltd., as other fully owned subsidiaries.

### **Key risks**

The key risks associated with the Company and Mercury Towers Ltd., as the Parent Company and Guarantor, as well as that of Mercury Hotel Ltd., who made available the hotel by way of a first ranking special hypothec in security for the 2022 bond, are currently those associated with the exposure to the real estate development market, and eventually to an array of competitive pressures in the operation and management of the hospitality, accommodation and commercial rental markets in Malta. The full list of all the key risks is listed in both the Prospectuses for the 2019 and 2022 bond issues and are still applicable to the Company and the Guarantor.

### **Guarantor and Group's performance for the period and prospects for the rest of 2024**

During the period under review, finishing works on the development progressed steadily. All units in Phase 1 of the development were sold (2023: 100%) while the percentage number of units sold in Phase 2 stands at 99% (2022: 95%).

By the time of issue of this report, the tower forming part of the Mercury Project was completed. All serviced apartments within the tower have been handed over save from a small number of units which are still being finished and are in an advanced stage of completion. The car park underlying the entire site, the commercial mall, and some food and beverage outlets started operating during the last quarter of 2023 while the entertainment arena and other food and beverage outlets have started operating during the first quarter of 2024. The hotel and the remaining commercial areas still being finished and are expected to be operational in the second half of 2024.



MERCURY TOWERS  
BY ZAHA HAID ARCHITECTS

## MERCURY PROJECTS FINANCE P.L.C.

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### **Dividends**

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

Signed on behalf of the Board of Directors on 30 July 2024 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 2024 TO 30 JUNE 2024

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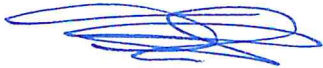
The Companies Act, 1995 (Chapter 386, Laws of Malta) (the 'Act') requires the directors of Mercury Projects Finance p.l.c. (the 'Company') to prepare financial statements which give a true and fair view of the financial position of the Company as at the end of the financial period and of the profit or 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 30 July 2024 by:



Mr. Joseph Portelli  
**Director**



Mr. Mario Vella  
**Director**





MERCURY TOWERS  
BY ZAHA HADID ARCHITECTS

## MERCURY PROJECTS FINANCE P.L.C.

1400, Block 14, Portomaso, St. Julians, Malta

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### Directors' statement pursuant to Capital Markets 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 2024, 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); and
2. the interim directors' report includes a fair review of the information required in terms of Capital Markets Rule 5.81 to 5.84.

Signed on behalf of the Board of Directors on 30 July 2024 by

Mr. Joseph Portelli  
Director

Mr. Mario Vella  
Director

**INDEPENDENT AUDITORS' REVIEW REPORT****TO THE BOARD OF DIRECTORS OF  
MERCURY PROJECTS FINANCE P.L.C.****REVIEW OF THE CONDENSED INTERIM FINANCIAL STATEMENTS***Introduction*

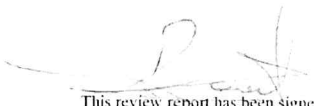
We have reviewed the accompanying condensed interim statement of financial position of Mercury Projects Finance p.l.c. (the 'Company') as at 30 June 2024, the related condensed statements of comprehensive income, changes in equity and cash flows for the six-month period from 1 January 2024 to 30 June 2024 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 review report has been signed by  
Donald Sant for and on behalf of

**Baker Tilly Malta**  
*Registered Auditors*  
Level 5  
Rosa Marina Building  
216, Marina Seafront  
Pietà PTA 9041  
Malta

**30 July 2024**

Baker Tilly Malta trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities

Baker Tilly Malta is registered as a civil partnership of Certified Public Accountants authorised to provide audit services in Malta in terms of the Accountancy Profession Act. A list of the partners, as well as the principals authorised to sign reports on behalf of the firm is available at [www.bakertilly.mt](http://www.bakertilly.mt)

MERCURY PROJECTS FINANCE P.L.C.

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD 1 JANUARY 2024 TO 30 JUNE 2024

|  |      | <u>2024</u><br>6 months<br>(unaudited) | <u>2023</u><br>6 months<br>(unaudited) |
|--|------|--|--|
|  | Note | Euro                                   | Euro                                   |
| Finance income                             |      | 1,680,797                              | 1,671,561                              |
| Finance cost                               |      | (1,520,199)                            | (1,511,846)                            |
| <b>Net income</b>                          |      | <b>160,598</b>                         | <b>159,715</b>                         |
| Administrative expenses                    |      | (98,030)                               | (103,567)                              |
| <b>Profit before tax</b>                   | 4    | <b>62,568</b>                          | <b>56,148</b>                          |
| Income tax expense                         | 5    | (21,899)                               | (54,641)                               |
| <b>Profit for the period</b>               |      | <b>40,669</b>                          | <b>1,507</b>                           |
| <b>Comprehensive income for the period</b> |      | <b>40,669</b>                          | <b>1,507</b>                           |
| <b>Basic earnings per share</b>            | 6    | <b>0.162</b>                           | <b>0.006</b>                           |

The notes on pages 12 to 19 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 2024

|                                      |      | <u>30.06.2024</u><br>(Unaudited) | <u>31.12.2023</u><br>(Audited) |
|--------------------------------------|------|----------------------------------|--------------------------------|
|                                      | Note | Euro                             | Euro                           |
| <b>ASSETS</b>                        |      |                                  |                                |
| <b>Non-Current Assets</b>            |      |                                  |                                |
| Interest bearing receivables         | 7    | 72,444,358                       | 72,444,358                     |
| <b>Total Non-Current Assets</b>      |      | <u>72,444,358</u>                | <u>72,444,358</u>              |
| <b>Current Assets</b>                |      |                                  |                                |
| Other receivables                    | 8    | 1,329,662                        | 2,564,984                      |
| Taxation recoverable                 |      | 31,343                           | 29,300                         |
| Cash and cash equivalents            | 9    | 15,149                           | 235,247                        |
| <b>Total Current Assets</b>          |      | <u>1,376,154</u>                 | <u>2,829,531</u>               |
| <b>Total Assets</b>                  |      | <u><u>73,820,512</u></u>         | <u><u>75,273,889</u></u>       |
| <b>EQUITY AND LIABILITIES</b>        |      |                                  |                                |
| <b>Equity</b>                        |      |                                  |                                |
| Share capital                        | 10   | 250,000                          | 250,000                        |
| Retained earnings                    |      | 366,123                          | 325,454                        |
| <b>Total Equity</b>                  |      | <u>616,123</u>                   | <u>575,454</u>                 |
| <b>Liabilities</b>                   |      |                                  |                                |
| <b>Non-Current Liabilities</b>       |      |                                  |                                |
| Interest bearing borrowings          | 11   | 72,500,000                       | 72,500,000                     |
| <b>Total Non-Current Liabilities</b> |      | <u>72,500,000</u>                | <u>72,500,000</u>              |
| <b>Current Liabilities</b>           |      |                                  |                                |
| Other payables                       | 12   | 704,389                          | 2,198,435                      |
| <b>Total Current Liabilities</b>     |      | <u>704,389</u>                   | <u>2,198,435</u>               |
| <b>Total Liabilities</b>             |      | <u>73,204,389</u>                | <u>74,698,435</u>              |
| <b>Total Equity and Liabilities</b>  |      | <u><u>73,820,512</u></u>         | <u><u>75,273,889</u></u>       |

The notes on pages 12 to 19 form an integral part of these unaudited interim financial statements.

The condensed interim financial statements have been approved by the Board of Directors on 30 July 2024 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 2024**

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|  | <u>Total</u>   | <u>Share<br/>Capital</u> | <u>Retained<br/>Earnings</u> |
|--|----------------|--------------------------|------------------------------|
|  | Euro           | Euro                     | Euro                         |
| Balance as at 1 January 2024               | 575,454        | 250,000                  | 325,454                      |
| <b>Comprehensive income for the period</b> |                |                          |                              |
| Profit for the financial period            | 40,669         | -                        | 40,669                       |
| Balance as at 30 June 2024                 | <u>616,123</u> | <u>250,000</u>           | <u>366,123</u>               |
| <br>                                       |                |                          |                              |
| Balance as at 1 January 2023               | 492,695        | 250,000                  | 242,695                      |
| <b>Comprehensive income for the year</b>   |                |                          |                              |
| Profit for the financial year              | 82,759         | -                        | 82,759                       |
| Balance as at 31 December 2023             | <u>575,454</u> | <u>250,000</u>           | <u>325,454</u>               |

The notes on pages 12 to 19 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 2024 TO 30 JUNE 2024

|  | <u>2024</u><br>6 months<br>(unaudited) | <u>2023</u><br>6 months<br>(unaudited) |
|--|--|--|
|  | Euro                                   | Euro                                   |
| <b>Operating Activities</b>                      |  |  |
| Operating profit for the period                  | 62,568                                 | 56,148                                 |
| <i>Working capital changes:</i>                  |  |  |
| Changes in receivables                           | (1,712,488)                            | (1,693,809)                            |
| Changes in payables                              | 1,554,704                              | 1,513,428                              |
| <b>Cash lost from operations</b>                 | (95,216)                               | (124,233)                              |
| Taxes paid                                       | (23,943)                               | (14,772)                               |
| <b>Net cash used in operating activities</b>     | (119,159)                              | (139,005)                              |
| <b>Investing Activities</b>                      |  |  |
| Loan interest received                           | 3,370,829                              | 3,370,829                              |
| <b>Net cash from investing activities</b>        | 3,370,829                              | 3,370,829                              |
| <b>Financing Activities</b>                      |  |  |
| Bond interest paid                               | (3,048,750)                            | (3,048,750)                            |
| Movement in parent company balance               | (423,019)                              | (490,829)                              |
| <b>Net cash used in financing activities</b>     | (3,471,769)                            | (3,539,579)                            |
| <b>Net movement in cash and cash equivalents</b> | (220,098)                              | (307,755)                              |
| Opening cash and cash equivalents                | 235,247                                | 365,799                                |
| <b>Closing cash and cash equivalents</b>         | 15,149                                 | 58,044                                 |

The notes on pages 12 to 19 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 2024 TO 30 JUNE 2024

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#### 1. Corporate information

These interim condensed financial statements of Mercury Projects Finance p.l.c. (the 'Company') for the period 1 January 2024 to 30 June 2024 were authorised for issue in accordance with a resolution dated 30 July 2024.

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 Bonds 2027 of a nominal value of €100 per bond at par, and a further bond for €11,000,000 4.25% Secured Bonds 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. On 21 March 2022, the Company issued a further €50,000,000 4.3% Secured Bonds 2032 of a nominal value of €100 per bond. These bonds were issued on 26 April 2023 and trading in such bonds commenced on 27 April 2022.

The principal activity of the Company is that of acting as a finance vehicle to the Parent Company and Guarantor, namely Mercury Towers Ltd., and related Group companies.

#### 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. On 21 March 2022, the Company issued a further €50,000,000 4.3% Secured Bonds of €100 each maturing 2032. The net proceeds were all advanced as loans to Mercury Towers Ltd. (the Parent Company and Guarantor).

The ability of the Company to meet its obligations, both in terms of servicing its debts and ultimately repaying the bond holders on the redemption dates, 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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY 2024 TO 30 JUNE 2024**

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**2. Basis of preparation (Contd.)**

**2.4 Functional and presentation currency**

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

**2.5 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).

**2.6 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 2024. 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 2023 as described in those financial statements.

**3.1 Finance income and finance costs**

Finance income comprises interest on loans receivable from the Company's parent company. Finance costs comprise interest payable on the bonds. Interest income and interest 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 2024 TO 30 JUNE 2024

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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 statement of financial position 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY 2024 TO 30 JUNE 2024

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3. Significant accounting policies (*Contd.*)

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 estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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 statement of financial position 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 2024 TO 30 JUNE 2024**

**4. Profit before tax**

The total remuneration paid to the Company's directors during the period amounted to €54,000 (2023 - €54,000).

**5. Taxation**

|                           | <u>2024</u><br>6 months | <u>2023</u><br>6 months |
|---------------------------|-------------------------|-------------------------|
|                           | Euro                    | Euro                    |
| Tax charge for the period | <u>21,899</u>           | <u>54,641</u>           |

**6. Earnings per share**

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

|   | <u>2024</u><br>6 months | <u>2023</u><br>6 months |
|---|-------------------------|-------------------------|
| Net profit attributable to shareholders - Euro            | 40,669                  | 1,507                   |
| Weighted average number of ordinary shares in issue - No. | 250,000                 | 250,000                 |
| Basic earnings per share - Euro                           | <u>0.162</u>            | <u>0.006</u>            |

**7. Interest bearing receivables**

|   | <u>30.06.24</u>   | <u>31.12.23</u>   |
|---|-------------------|-------------------|
|   | Euro              | Euro              |
| <b>Non-Current:</b>                     |                   |                   |
| Loan receivable from parent company I   | 11,500,000        | 11,500,000        |
| Loan receivable from parent company II  | 10,944,357        | 10,944,357        |
| Loan receivable from parent company III | 50,000,000        | 50,000,000        |
|   | <u>72,444,357</u> | <u>72,444,357</u> |

**7.1** Loan I amounting to €11,500,000 is subject to an annual interest rate of 4.75% and is repayable by 2027. Loan II amounting to €10,944,357 is repayable by 2031 and is subject to interest at the annual rate of 5.25%. These loans are secured by immoveable property of the parent company. The loan balances include 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.

**7.2** Loan III amounting to €50,000,000 is subject to an annual interest rate of 4.50% and is repayable by 15 April 2032. This loan is guaranteed by Mercury Towers Ltd. and secured over immoveable property of a related company, namely Mercury Hotel Ltd.

MERCURY PROJECTS FINANCE P.L.C.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY 2024 TO 30 JUNE 2024

8. Other receivables

|   | <u>30.06.24</u>  | <u>31.12.23</u>  |
|---|------------------|------------------|
|   | Euro             | Euro             |
| Accrued interest receivable from parent company | 818,605          | 2,508,638        |
| Prepayments                                     | 44,856           | 13,164           |
| Amounts due from parent company                 | 466,201          | 43,182           |
|   | <u>1,329,662</u> | <u>2,564,984</u> |

8.1 The accrued interest on the loans receivable due from the parent company are due for payment on the anniversary of when the loans were advanced by the Company in terms with the 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>30.06.24</u> | <u>31.12.23</u> |
|---------------------------|-----------------|-----------------|
|                           | Euro            | Euro            |
| Bank balances             | 15,149          | 235,247         |
| Cash and Cash Equivalents | <u>15,149</u>   | <u>235,247</u>  |

10. Share capital

|                                    | <u>30.06.24</u> | <u>31.12.23</u> |
|------------------------------------|-----------------|-----------------|
|                                    | Euro            | Euro            |
| <b>Authorised</b>                  |                 |                 |
| 500,000 ordinary shares of €1 each | <u>500,000</u>  | <u>500,000</u>  |
| <b>Issued and Fully Paid Up</b>    |                 |                 |
| 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 2024 TO 30 JUNE 2024**

**11. Interest bearing borrowings**

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

|                                   | <u>30.06.24</u>   | <u>31.12.23</u>   |
|-----------------------------------|-------------------|-------------------|
|                                   | Euro              | Euro              |
| <b>Non-Current:</b>               |                   |                   |
| 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        |
| Bonds 2032 @ 4.30% p.a.           | 50,000,000        | 50,000,000        |
|                                   | <u>72,500,000</u> | <u>72,500,000</u> |

- 11.1** On 4 March 2019, the Company issued €11,500,000 3.75% secured Bonds maturing in 2027 (Series I Bonds) and a further €11,000,000 4.25% secured 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 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 issues have been advanced by way of a loan facility to the Parent Company and Guarantor, for the purpose of refinancing existing bank loans and for the construction and finishing of project elements at the Mercury site in St. Julians, Malta, which project is owned by the Parent Company and the related Group companies.

- 11.2** On 22 March 2022, the Company issued a further €50,000,000 4.30% secured Bonds of €100 each maturing in 2032. On 14 April 2022, the bond was fully subscribed and the proceeds from this bond issue were advanced by way of another loan facility to the Parent Company, for the purposes of construction and finishing of the hotel at the Mercury Towers project and for general corporate funding. This bond is guaranteed by Mercury Towers Ltd. (the 'Parent Company'), and secured by a first ranking special hypothec on the immovable property of a related company, namely Mercury Hotel Ltd.
- 11.3** The quoted market price as at 30 June 2024 for the 3.75% Bonds was €99.00 (2023: €99.00) whilst the quoted market price of the 4.25% Bonds was €100.00 (2023: € 99.50). The quoted market price of the 4.3% Bond was €100.00 (2023: €98.30).

**12. Other payables**

|                           | <u>30.06.24</u> | <u>31.12.23</u>  |
|---------------------------|-----------------|------------------|
|                           | Euro            | Euro             |
| Accrued interest on bonds | 639,394         | 2,167,945        |
| Other payables            | 47,866          | 1,475            |
| Accrued expenses          | 17,129          | 29,015           |
|                           | <u>704,389</u>  | <u>2,198,435</u> |

## MERCURY PROJECTS FINANCE P.L.C.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY 2024 TO 30 JUNE 2024

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#### 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 registered offices at J Portelli Projects, 1400 Block 14, Portomaso, St. Julians, Malta.

##### 13.2 Related party transactions and balances

|                               | <u>2024</u><br>6 months | <u>2023</u><br>6 months |
|-------------------------------|-------------------------|-------------------------|
|                               | Euro                    | Euro                    |
| <i>Parent company</i>         |                         |                         |
| <b>Finance income</b>         |                         |                         |
| Interest income               | 1,680,797               | 1,671,561               |
| <b>Financing transactions</b> |                         |                         |
| Funds advanced to             | <u>(423,019)</u>        | <u>(490,829)</u>        |

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

#### 14. Subsequent events

##### 14.1 *Approval of new bond issue*

On 25 July 2024, the Malta Financial Services Authority approved the issue of €20,000,000 5.3% secured bonds maturing 2034. These bonds will be issued at a nominal value of €100 per bond and are expected to be admitted to the official list of the Malta Stock Exchange with effect from 20 September 2024. The proceeds from this bond issue will, once again, be advanced by way of a loan facility to Mercury Towers Ltd. (the 'Parent Company' and 'Guarantor') in accordance with the provisions of the Prospectus dated 25 July 2024 for the purpose of refinancing existing bridge loans, finishing of the last project elements at the Mercury site in St. Julians, Malta, which project is owned by the Parent Company and related Group companies.

##### 14.2 *Other*

The directors are not aware of any significant other event that has occurred between the closing date of these interim financial statements and the issue date of this report, which requires disclosure as it may significantly affect them.