



MERCURY SECURITIES GROUP BERHAD

(Registration No. 202101018329 (1418629-A))

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 JULY 2023**

MERCURY SECURITIES GROUP BERHAD

Registration No. 202101018329 (1418629-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2023**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 JULY 2023⁽¹⁾**

		Individual Quarter		Cumulative Quarters	
		Unaudited 31.7.2023	Unaudited 31.7.2022 ⁽²⁾	Unaudited 31.7.2023	Unaudited 31.7.2022 ⁽²⁾
	Note	RM	RM	RM	RM
Revenue	A9	7,259,551	N/A	18,698,576	N/A
Cost of services		(2,244,858)	N/A	(5,878,488)	N/A
Gross profit		5,014,693	N/A	12,820,088	N/A
Other income		1,293,512	N/A	3,177,995	N/A
Net trading gains on financial assets at fair value through profit or loss		303,506	N/A	758,188	N/A
Administrative and other operating expenses		(1,692,118)	N/A	(4,941,342)	N/A
Finance costs		(6,395)	N/A	(22,041)	N/A
Profit before tax	B5	4,913,198	N/A	11,792,888	N/A
Income tax expense	B6	(1,185,234)	N/A	(2,987,474)	N/A
Profit after tax		3,727,964	N/A	8,805,414	N/A
Other comprehensive income / (loss), net of income tax					
Items that will not be reclassified subsequently to profit or loss:					
Fair value adjustment on other investments		-	N/A	14,183	N/A
Realisation of revaluation surplus upon depreciation		-	N/A	(31,224)	N/A
Transfer of revaluation surplus to retained profit		-	N/A	31,224	N/A
Total comprehensive income for the financial period		3,727,964	N/A	8,819,597	N/A
Earnings per share⁽³⁾ (sen)	B7				
- Basic		0.51	N/A	1.20	N/A
- Diluted		0.51	N/A	1.20	N/A

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 JULY 2023⁽¹⁾ (CONT'D)

Notes:

1. The basis of preparation of the Unaudited Condensed Consolidated Statement of Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Accountants' Report dated 8 August 2023 included in the prospectus of Mercury Securities Group Berhad ("**MSGB**" or "**Company**") ("**Prospectus**") dated 28 August 2023 and the accompanying explanatory notes attached to this interim financial report.
2. This is the first interim financial report being announced in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"). There are no comparative figures for the preceding corresponding quarter and financial year-to-date as there is no interim financial report prepared for the comparative quarter concerned.
3. Basic earnings per share ("**EPS**") is calculated based on the profit attributable to owners of the Company divided by 735,904,300 ordinary shares in MSGB ("**Share(s)**") in issue as at 31 July 2023. Diluted EPS is equivalent to the basic EPS as the Company does not have any dilutive instruments at the end of the reporting period.

N/A - Not applicable.

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2023**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2023⁽¹⁾**

	Unaudited As at 31.7.2023 RM	Audited As at 31.10.2022⁽⁴⁾ RM
ASSETS		
Non-current assets		
Property, plant and equipment	11,587,401	11,184,638
Investment properties	4,200,000	4,200,000
Right-of-use assets	393,342	546,909
Intangible assets	7,891,722	7,891,722
Other investments	506,769	492,585
	24,579,234	24,315,854
Current assets		
Trade and other receivables	83,760,369	69,457,687
Deposits and prepayments	6,833,858	5,272,345
Other investments	654,383	489,845
Current tax assets	133,712	-
Cash and cash equivalents	50,617,449	46,063,268
	141,999,771	121,283,145
TOTAL ASSETS	166,579,005	145,598,999
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	117,008,739	3
Invested equity ⁽²⁾	-	20,000,000
Merger reserve	(97,008,736)	-
Reserves	113,351,299	104,531,702
TOTAL EQUITY	133,351,302	124,531,705
Non-current liabilities		
Lease liabilities	91,888	341,447
Deferred tax liabilities	1,099,020	1,086,880
	1,190,908	1,428,327
Current liabilities		
Trade and other payables	31,695,832	18,565,457
Lease liabilities	340,963	246,465
Current tax liabilities	-	827,045
	32,036,795	19,638,967
TOTAL LIABILITIES	33,227,703	21,067,294
TOTAL EQUITY AND LIABILITIES	166,579,005	145,598,999
Net assets per share ⁽³⁾ (sen)	18.12	16.92

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2023

UNAUDITED CONDENSED COMSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2023⁽¹⁾ (CONT'D)

Notes:

1. The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Accountants' Report dated 8 August 2023 included in the Prospectus dated 28 August 2023 and the accompanying explanatory notes attached to this interim financial report.
2. As at 31 October 2022, the invested equity of RM20,000,000 comprises of the entire issued share capital of Mercury Securities Sdn Bhd. The invested equity was acquired by the Company upon completion of the acquisition of Mercury Securities Sdn Bhd together with its wholly-owned subsidiaries, namely Mercsec Nominees (Tempatan) Sdn Bhd and Mercsesc Nominees (Asing) Sdn Bhd on 26 June 2023. The Company has adopted the merger accounting principles as the consolidated entities are under common control by the same shareholders before and after the completion of the acquisition.
3. Net assets per share is computed based on net assets attributable to owners of the Company divided by 735,904,300 Shares in issue as at 31 July 2023.
4. The comparative figures as at 31 October 2022 were prepared on a combined basis whereby it is assumed that the Group has been operating as a single economic entity throughout the financial year ended 31 October 2022 since the combining entities were under common control throughout the financial year by virtue of common controlling shareholders.

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2023**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 31 JULY 2023⁽¹⁾**

	<----- Non-distributable ----->					Distributable	
	Share Capital RM	Invested Equity RM	Merger Reserve RM	Revaluation Reserve RM	Fair Value Reserve RM	Retained Earnings RM	Total Equity RM
Balance as at 1 November 2022	3	20,000,000	-	2,425,286	(122,509)	102,228,925	124,531,705
Profit for the financial period	-	-	-	-	-	8,805,414	8,805,414
Other comprehensive income / (loss) for the financial period, net of income tax	-	-	-	(31,224)	14,183	31,224	14,183
Transaction with owners of the Company:							
Acquisition of subsidiaries	117,008,736	(20,000,000)	(97,008,736)	-	-	-	-
Balance as at 31 July 2023	117,008,739	-	(97,008,736)	2,394,062	(108,326)	111,065,563	133,351,302

Notes:

1. The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the Accountants' Report dated 8 August 2023 included in the Prospectus dated 28 August 2023 and the accompanying explanatory notes attached to this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2023**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 31 JULY 2023⁽¹⁾**

	Unaudited 31.7.2023 RM	Unaudited 31.7.2022⁽²⁾ RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	11,792,888	N/A
Adjustments for:		
Accretion of lease interest	22,041	N/A
Depreciation of:		
- property, plant and equipment	477,881	N/A
- right-of-use assets	153,567	N/A
Dividend income	(53,100)	N/A
Interest income	(2,045,123)	N/A
Property, plant and equipment written off	85	N/A
Operating profit before working capital changes	10,348,239	N/A
Increase in trade and other receivables	(10,892,396)	N/A
Increase in margin receivables	(3,410,286)	N/A
Increase in deposits and prepayments	(1,561,513)	N/A
Increase in trade and other payables	13,130,375	N/A
Cash generated from operations	7,614,419	N/A
Income tax paid	(3,936,091)	N/A
Net cash from operating activities	3,678,328	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,045,123	N/A
Dividends received	53,100	N/A
Purchase of property, plant and equipment	(880,729)	N/A
Addition in other investments carried at fair value through profit or loss	(164,539)	N/A
Net cash from investing activities	1,052,955	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(177,102)	N/A
Net cash used in financing activities	(177,102)	N/A
NET INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of the financial period	4,554,181	N/A
	46,063,268	N/A
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	50,617,449	N/A

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 31 JULY 2023⁽¹⁾ (CONT'D)

Notes:

1. The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the Accountants' Report dated 8 August 2023 included in the Prospectus dated 28 August 2023 and the accompanying explanatory notes attached to this interim financial report.
2. This is the first interim financial report being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and financial year-to-date as there is no interim financial report prepared for the comparative quarter concerned.

N/A - Not applicable.

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2023

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2023

A. EXPLANATORY NOTES ON THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS 134”), INTERIM FINANCIAL REPORT

A1. BASIS OF PREPARATION

This interim financial report of the Company and our subsidiaries (collectively, the “Group”) is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Rule 9.22 and Appendix 9B of the Listing Requirements.

This is the first interim financial report on the Company’s consolidated results for the third quarter ended 31 July 2023 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding quarter.

This interim financial report should be read in conjunction with the Accountants’ Report dated 8 August 2023 included in the Prospectus dated 28 August 2023 and the accompanying explanatory notes attached to this interim financial report.

A2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the preparation of the Accountants’ Report as disclosed in the Prospectus dated 28 August.

As at the date of authorization of the unaudited interim financial report, the following Standards were issued but not yet effective and have not been adopted by the Group:

	Effective for financial periods beginning on or
MFRSs, Amendments to MFRSs and IC Interpretations	
MFRS 17: Insurance Contracts and Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112: Income Taxes: International Tax Reform: Pillar Two Model Rules	1 January 2023

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**NOTES TO THE INTERIM FINANCIAL REPORT
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A. EXPLANATORY NOTES ON THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS 134”), INTERIM FINANCIAL REPORT (CONT’D)

A2. SIGNIFICANT ACCOUNTING POLICIES (CONT’D)

	Effective for financial periods beginning on or
MFRSs, Amendments to MFRSs and IC Interpretations	
Amendments to MFRS 16: Leases: Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements: Non-Current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangement	1 January 2024
Amendments to MFRS 10: Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The initial application of the above Standards is not expected to have any material impact to the consolidated financial statements of the Group upon adoption.

A3. AUDITORS’ REPORT OF PRECEDING ANNUAL AUDITED FINANCIAL STATEMENTS

There was no qualification on the audited financial statements of the Company and its subsidiaries namely Mercury Securities Sdn Bhd, Mercsec Nominees (Tempatan) Sdn Bhd, and Mercsec Nominees (Asing) Sdn Bhd for the financial year ended 31 October 2022.

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**NOTES TO THE INTERIM FINANCIAL REPORT
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A. EXPLANATORY NOTES ON THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS 134”), INTERIM FINANCIAL REPORT (CONT’D)

A4. SEASONAL OR CYCLICAL FACTORS

The business operations of the Group were not affected by any seasonal or cyclical trend during the current financial quarter under review and financial year-to-date.

A5. MATERIAL UNUSUAL ITEMS

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter under review and financial year-to-date.

A6. MATERIAL CHANGES IN ESTIMATES

There were no changes in accounting estimates that have a material effect to the Group in the current financial quarter under review and financial year-to-date.

A7. DEBT AND EQUITY SECURITIES

Save for the issuance of 705,904,000 new Shares to settle the purchase consideration of RM117,008,736 for the acquisition of the entire equity interest comprising 20,000,000 ordinary shares in Mercury Securities Sdn Bhd that was completed on 26 June 2023, there was no other issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current financial quarter under review and financial year-to-date.

The Company will be issuing 157,095,700 new Shares at an issue price of RM0.25 per Share in conjunction with the admission of the Company to the Official List of Bursa Securities and the listing of and quotation for the Company’s enlarged issued share capital comprising 893,000,000 Shares on the ACE Market of Bursa Securities. In relation to the IPO, the Company had issued the Prospectus on 28 August 2023 and is expected to be listed on 19 September 2023.

A8. DIVIDEND PAID

There was no dividend paid during the current financial quarter under review and financial year-to-date.

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FOR THE THIRD QUARTER ENDED 31 JULY 2023****A. EXPLANATORY NOTES ON THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS 134”), INTERIM FINANCIAL REPORT (CONT’D)****A9. SEGMENTAL INFORMATION**

The Group’s revenue is segmented as follows:

	Individual Quarter		Cumulative Quarters	
	Unaudited 31.7.2023	Unaudited 31.7.2022 ⁽¹⁾	Unaudited 31.7.2023	Unaudited 31.7.2022 ⁽¹⁾
	RM	RM	RM	RM
<u>Business segments</u>				
Stockbroking	4,466,274	N/A	13,557,300	N/A
Corporate Finance	2,793,277	N/A	5,141,276	N/A
Total	7,259,551	N/A	18,698,576	N/A

Notes:

1. This is the first interim financial report being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and financial year-to-date as there is no interim financial report prepared for the comparative quarter concerned.

N/A - Not applicable.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

Save for the completion of the acquisition of the entire equity interest of 20,000,000 ordinary shares in Mercury Securities Sdn Bhd together with its wholly-owned subsidiaries, Mercsec Nominees (Tempatan) Sdn Bhd and Mercsec Nominees (Asing) Sdn Bhd on 26 June 2023, there were no material changes in the composition of the Group for the financial quarter under review.

A11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material contingent liabilities or contingent assets to be disclosed as at the end of the financial quarter under review.

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FOR THE THIRD QUARTER ENDED 31 JULY 2023****A. EXPLANATORY NOTES ON THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS 134”), INTERIM FINANCIAL REPORT (CONT’D)****A12. SIGNIFICANT RELATED PARTY TRANSACTIONS**

Save as disclosed below, there are no other significant related party transactions of the Group during the current quarter and cumulative quarters ended 31 July 2023:

	Individual Quarter		Cumulative Quarters	
	Unaudited 31.7.2023	Unaudited 31.7.2022⁽¹⁾	Unaudited 31.7.2023	Unaudited 31.7.2022⁽¹⁾
	RM	RM	RM	RM
Rental expenses paid to a related party for a branch office	19,500	N/A	58,500	N/A
Rental received from a related party	1,500	N/A	4,500	N/A

Notes:

- This is the first interim financial report being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and financial year-to-date as there is no interim financial report prepared for the comparative quarter concerned.

N/A - Not applicable.

A13. MATERIAL CAPITAL COMMITMENTS

	Unaudited As at 31.7.2023	Audited As at 31.10.2022
	RM	RM
Contracted but not provided for:		
- Computer equipment and software	<u>318,001</u>	<u>781,325</u>

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A. EXPLANATORY NOTES ON THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS 134”), INTERIM FINANCIAL REPORT (CONT’D)

A14. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE QUARTER

In conjunction with the listing of the Company on the ACE Market of Bursa Securities, the Company had issued the Prospectus on 28 August 2023 for the public issue of 157,095,700 new Shares at an issue price of RM0.25 per Share and an offer for sale of 71,512,300 existing Shares by an existing shareholder of the Company at an offer price of RM0.25 per Share.

The Company is expected to raise gross proceeds of RM39.27 million from the public issue of 157,095,700 Shares and intended to be utilised in the manner as disclosed in Note B9 of this report.

Consequent to the listing of the Company, expected to be on 19 September 2023, the issued share capital of the Company will be increased to 893,000,000 Shares from 735,904,300 Shares.

Save for the above, there were no material events subsequent to the end of the current financial quarter under review that have not been reflected in this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2023**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 JULY 2023****B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS****B1. REVIEW OF PERFORMANCE**

The Group's performance for the current quarter and cumulative quarters ended 31 July 2023 are tabled below:

	Individual Quarter		Cumulative Quarters	
	Unaudited 31.7.2023 RM	Unaudited 31.7.2022 ⁽¹⁾ RM	Unaudited 31.7.2023 RM	Unaudited 31.7.2022 ⁽¹⁾ RM
Revenue	7,259,551	N/A	18,698,576	N/A
Gross Profit	5,014,693	N/A	12,820,088	N/A
Profit before tax ("PBT")	4,913,198	N/A	11,792,888	N/A
Gross profit (%)	69.07	N/A	68.56	N/A
PBT margin (%)	67.68	N/A	63.07	N/A

Notes:

1. This is the first interim financial report being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and financial year-to-date as there is no interim financial report prepared for the comparative quarter concerned.

N/A - Not applicable.

COMMENTARY

The Group recorded revenue of RM7.26 million and RM18.70 million respectively for the current financial quarter and cumulative quarters under review.

Stockbroking segment contributed 61.52% of the Group's revenue for the current financial quarter and 72.50% of the Group's revenue for the cumulative quarters under review. Whereas, corporate finance segment contributed 38.48% of the Group's revenue for the current financial quarter and 27.50% of the Group's revenue for the cumulative quarters under review.

The Group recorded gross profit margin of 69.07% and 68.56% respectively in the current financial quarter and cumulative quarters under review attributable mainly to margin income of RM1.70 million and RM5.22 million respectively in the current financial quarter and cumulative quarters under review.

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B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B1. REVIEW OF PERFORMANCE (CONT'D)

The Group recorded a PBT of RM4.91 million and RM11.79 million with PBT margin of 67.68% and 63.07% respectively for the current financial quarter and cumulative quarters under review. The PBT was mainly contributed by stockbroking segment (including margin income) and corporate finance segment coupled with gains from proprietary trading, other income comprising mainly interest income from placement of funds on repo basis with financial institutions and realised gains on foreign exchange with administrative and operating expenses within expected level.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER

There are no comparative figures for the immediate preceding quarter as this is the first interim financial report being announced by the Company in compliance with the Listing Requirements.

B3. PROSPECTS OF THE GROUP

The Group's business strategies and plans are as follows:

- (i) Part of our strategy is to continue to expand our stockbroking services comprising execution of trades, provision of margin financing facility services, underwriting and placement services, nominee and custodian and related services; and
- (ii) As part of our digital roadmap strategy, we will continue to enhance our online trading platforms with added new features to improve our client trading experience. This will facilitate our client acquisition efforts and increase our market share in terms of stock execution value and volume.

Further, we are permitted to carry out proprietary trading where we execute trades using internal funds under our proprietary accounts as a Participating Organisation of Bursa Securities. We plan to expand our proprietary trading team and set up a new algorithmic trading desk to further enhance our income from proprietary trading.

Upon the completion of the IPO raising gross proceed of RM39.27 million by the Company and after the utilisation of the proceeds as disclosed in Note B9, barring any unforeseen circumstances, the Board is cautiously optimistic that the future prospect of the Group will be positive.

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2023**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 JULY 2023****B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)****B4. PROFIT FORECAST**

The Group did not issue any profit estimate, forecast, projection or internal targets in any public document.

B5. PROFIT BEFORE TAX

	Individual Quarter		Cumulative Quarters	
	Unaudited	Unaudited	Unaudited	Unaudited
	31.7.2023	31.7.2022⁽¹⁾	31.7.2023	31.7.2022⁽¹⁾
	RM	RM	RM	RM
Profit before tax is arrived at after charging:				
Auditors' remuneration				
- current year	32,500	N/A	82,500	N/A
Commission paid/payable to dealers and remisiers	767,999	N/A	2,636,178	N/A
Depreciation of:				
- property, plant and equipment	168,282	N/A	477,881	N/A
- right-of-use assets	8,669	N/A	153,567	N/A
Property, plant and equipment written off	-	N/A	85	N/A
Staff costs	2,148,797	N/A	4,962,061	N/A
and crediting:				
Dividend income	33,105	N/A	53,100	N/A
Interest income	725,067	N/A	2,045,123	N/A
Realised gain on foreign exchange	231,495	N/A	437,877	N/A
Rental income	42,500	N/A	121,100	N/A
Reversal of allowance for expected credit losses	150,000	N/A	150,000	N/A

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FOR THE THIRD QUARTER ENDED 31 JULY 2023****B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)****B5. PROFIT BEFORE TAX (CONT'D)**

Save as disclosed above, the other disclosure items pursuant to Rule 16 of Appendix 9B of the Listing Requirements are not applicable.

Notes:

1. This is the first interim financial report being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and financial year-to-date as there is no interim financial report prepared for the comparative quarter concerned.

N/A - Not applicable.

B6. INCOME TAX EXPENSE

	Individual Quarter		Cumulative Quarters	
	Unaudited 31.7.2023	Unaudited 31.7.2022 ⁽¹⁾	Unaudited 31.7.2023	Unaudited 31.7.2022 ⁽¹⁾
	RM	RM	RM	RM
Current tax expense	1,185,234	N/A	2,975,334	N/A
Deferred tax expense	-	N/A	12,140	N/A
Total	1,185,234	N/A	2,987,474	N/A
Effective tax rate (%)	24.12	N/A	25.33	N/A

The effective tax rate is slightly higher than the statutory tax rate of 24% was mainly due to non-deductible expenses, partially offset by non-taxable income and annual crystallisation of deferred tax on revaluation reserve.

Notes:

1. This is the first interim financial report being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and financial year-to-date as there is no interim financial report prepared for the comparative quarter concerned.

N/A - Not applicable.

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The basic EPS and diluted EPS for the current and cumulative quarters is computed as follows:

	Individual Quarter		Cumulative Quarters	
	Unaudited	Unaudited	Unaudited	Unaudited
	31.7.2023	31.7.2022⁽¹⁾	31.7.2023	31.7.2022⁽¹⁾
	RM	RM	RM	RM
Profit attributable to owners of the Company	3,727,964	N/A	8,805,414	N/A
Number of ordinary shares	735,904,300	N/A	735,904,300	N/A
Basic/Diluted EPS (sen) ⁽²⁾	0.51	N/A	1.20	N/A

Notes:

1. No comparative figures for the preceding corresponding quarter and financial year-to-date are available as this is the first interim report announced by the Company in compliance with the Listing Requirement.
2. EPS is calculated based on the profit attributable to owners of the Company divided by 735,904,300 Shares in issue as at 31 July 2023. Diluted EPS is equivalent to the basic EPS as the Company does not have any dilutive instruments at the end of the reporting period.

N/A - Not applicable.

B8. STATUS OF CORPORATE PROPOSALS

On 28 August 2023, the Company issued its Prospectus in relation to the IPO in conjunction with the admission of the Company to the Official List and the listing of and quotation for the enlarged issued share capital comprising of 893,000,000 Shares in the Company on the ACE Market of Bursa Securities (“**Listing**”). In conjunction with the Listing, the Company will be issuing 157,095,700 new Shares at an issue price of RM0.25 per Share and an offer for sale of 71,512,300 existing Shares at an offer price of RM0.25 per Share by an existing shareholder of the Company.

As at the date of this interim financial report, the Company is expected to be listed on the ACE Market of Bursa Securities on 19 September 2023.

Save as disclosed above, there were no other corporate proposals announced by the Company but not completed as at the date of this interim financial report.

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The gross proceeds from the IPO amounting to RM39.27 million is intended to be utilised in the following manner:

Details of use of proceeds	(RM'000)	(%)	Estimated timeframe for use from the date of our Listing
Margin financing facility services	26,860	68.39	Within 24 months ⁽¹⁾
Enhancement of digitalisation programme and marketing activities for the stockbroking business and operations of the Group	2,880	7.33	Within 18 months ⁽¹⁾
Working capital	4,634	11.80	Within 12 months ⁽¹⁾
Estimated listing expenses	4,900	12.48	Within 3 months ⁽¹⁾
Total	39,274	100.00	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 28 August 2023. As at date of this interim financial report, the IPO is pending completion, hence there are no utilisation of proceeds by the Group yet.

Note:

1. From the date of listing of and quotation for the enlarged issued share capital of the Company comprising 893,000,000 Shares on the ACE Market of Bursa Securities.

B10. GROUP BORROWINGS AND DEBTS SECURITIES

There were no borrowings and debts securities of the Group during the financial quarter under review.

B11. MATERIAL LITIGATION

There were no litigation or arbitration which has a material effect on the financial position and performance of the Group. The Board is not aware of any pending proceedings or of any fact likely to give rise to any proceedings as at the date of this interim financial report.

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B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B12. DIVIDEND

There was no dividend declared or recommended for payment by the Board during the current financial quarter under review.

BY ORDER OF THE BOARD

MERCURY SECURITIES GROUP BERHAD

14 SEPTEMBER 2023