



# MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2021

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# MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

## INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

### CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	----- Unaudited -----			
	Individual Quarter		Cumulative	
	3 Months Ended		9 Months Ended	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
Revenue	1	1,194	83	5,564
Cost of sales	(230)	(1,058)	(837)	(4,728)
<b>Gross profit/(loss)</b>	<b>(229)</b>	<b>136</b>	<b>(754)</b>	<b>836</b>
Other income	74	111	447	200
Operating expenses	(2,666)	(1,142)	(5,448)	(3,399)
<b>Profit/(Loss) from operations</b>	<b>(2,821)</b>	<b>(895)</b>	<b>(5,755)</b>	<b>(2,363)</b>
Finance income	14	10	41	79
Finance costs	(61)	(307)	(269)	(880)
Profit/(Loss) before tax	(2,868)	(1,192)	(5,983)	(3,164)
Income tax	(7)	1	(7)	1
Profit/(Loss) for the period	(2,875)	(1,191)	(5,990)	(3,163)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income/(loss) for the period	<u>(2,875)</u>	<u>(1,191)</u>	<u>(5,990)</u>	<u>(3,163)</u>
Total comprehensive income/(loss) attributable to owners of the Company	<u>(2,875)</u>	<u>(1,191)</u>	<u>(5,990)</u>	<u>(3,163)</u>
Earnings/(Loss) per share (Sen)	<u>(6.51)</u>	<u>(2.96)</u>	<u>(13.99)</u>	<u>(7.87)</u>

The Condensed Consolidated Statements of Profit or Loss And Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020.

# MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

## INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<b>(Unaudited) As At 30-Sep-21 RM'000</b>	<b>(Audited) As At 31-Dec-20 RM'000</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	994	1,963
Goodwill on consolidation	31,509	31,509
Investment properties	5,010	5,010
Trade receivables	14,036	19,609
Deferred tax assets	1,549	1,549
Fixed deposits	3,284	3,243
	<u>56,382</u>	<u>62,883</u>
<b>Current Assets</b>		
Trade receivables	34,166	34,628
Other receivables	861	784
Contract assets	-	2,074
Other investments	220	161
Tax recoverable	258	182
Cash and bank balances	40	166
	<u>35,545</u>	<u>37,995</u>
<b>TOTAL ASSETS</b>	<b><u>91,927</u></b>	<b><u>100,878</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	125,038	122,001
Accumulated losses	(63,943)	(57,953)
<b>Equity attributable to owners of the Company</b>	<u>61,095</u>	<u>64,048</u>
<b>Non-current Liabilities</b>		
Borrowing	128	535
Lease liabilities	155	311
Deferred tax liabilities	14	14
	<u>297</u>	<u>860</u>
<b>Current Liabilities</b>		
Trade payables	9,641	12,629
Others payables	2,918	2,613
Contract liabilities	13,566	13,391
Amount due to director	950	750
Borrowings	3,023	5,584
Lease liabilities	314	891
Tax payable	123	112
	<u>30,535</u>	<u>35,970</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>91,927</u></b>	<b><u>100,878</u></b>
<b>Net assets per share (RM)</b>	<b>1.4269</b>	<b>1.5939</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020.

# MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

## INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable To Equity holders of the Company		
	Issued Capital RM'000	Accumulated Loss RM'000	Total Equity RM'000
Balance as of 1 January 2021	122,001	(57,953)	64,048
Issuance of new shares	3,037	-	3,037
Total Comprehensive Income/(Loss) for the period	-	(5,990)	(5,990)
Balance as of 30 September 2021	<u>125,038</u>	<u>(63,943)</u>	<u>61,095</u>
Balance as of 1 January 2020	122,001	(53,836)	68,165
Total Comprehensive Income/(Loss) for the period	-	(3,163)	(3,163)
Balance as of 30 September 2020	<u>122,001</u>	<u>(56,999)</u>	<u>65,002</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020.

# MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

The Group	----- Unaudited -----	
	9 months Ended	
	30-Sep-21	30-Sep-20
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(5,983)	(3,164)
Adjustment for non-cash items	(97)	1,768
Operating Profit Before Working Capital Changes	<u>(6,080)</u>	<u>(1,396)</u>
Changes in working capital:		
Receivables	7,278	61,050
Customers on contract	2,250	(3,583)
Pavables	(2,482)	(17,741)
Income tax refund	(73)	-
Income tax paid	-	(136)
<b>Net Cash (Used In)/From Operating Activities</b>	<u>893</u>	<u>38,194</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2)	-
Placement of fixed deposits pledged	(42)	(144)
Proceeds from disposal of property, plant & equipment		80
Interest received	(41)	79
<b>Net Cash From/(Used In) Investing Activities</b>	<u>(85)</u>	<u>15</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Finance costs paid	(269)	(880)
Repayment of bankers' acceptance	(2,068)	(6,105)
Repayment of finance lease liabilities	(733)	(804)
Repayment of factoring facility	-	(29,316)
Repayment of term loan	(369)	(297)
Issuance of new shares	3,037	-
<b>Net Cash From/(Used In) Financing Activities</b>	<u>(402)</u>	<u>(37,402)</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	406	807
Balance as of 1 January	(2,836)	(2,966)
<b>Balance as at end of financial period</b>	<u>(2,430)</u>	<u>(2,159)</u>

Cash and cash equivalents at the end of the financial period comprise the following balance amount:

	As at 30-Sep-21	As at 30-Sep-20
	RM'000	RM'000
Cash and bank balances	40	187
Bank overdrafts	(2,470)	(2,346)
Fixed deposits	3,284	3,201
Less: Fixed deposits pledged	<u>(3,284)</u>	<u>(3,201)</u>
	<u>(2,430)</u>	<u>(2,159)</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020.

# MERCURY INDUSTRIES BERHAD

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## **A EXPLANTORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134, INTERIM FINANCIAL REPORTING**

### **A1 Basis of Preparation**

The interim financial statement is unaudited and have been prepared in compliance with Malaysian Financial Reporting Standards ("MFRSs") 134, Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

The interim financial statements shall be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020. These interim financial statements contain selected explanatory notes which provide explanations of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries ("Group")

### **A2 Malaysian Financial Reporting Standards**

The significant accounting policies adopted by the Group in these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2020.

The Group has adopted the MFRSs framework issued by MASB with effect from 1 January 2012. This MFRS framework was introduced by MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRSs") framework with the International Financial Reporting Standards ("IFRSs") framework issued by the International Accounting Standards Board. There has been no material impact upon the adoption of the MFRSs on the financial statements of the Group.

The Group has also adopted the following amendments to MFRSs which are effective for the annual periods beginning on or after 1 January 2021:

Amendment to MFRS 9, MFRS 139 and MFRS 7: *Interest Rate Benchmark Reform-Phase 2*

The adoption of these amendment MFRSs have not resulted in any material impact on the financial statements of the Group.

MFRSs and IC Interpretations that were issued but are not yet effective have not been early adopted by the Group.

### **A3 Audit Qualification**

There was no qualification of the Group audited financial statements for the year ended 31 December 2020.

### **A4 Seasonality or Cyclicity of Interim Operations**

The Group's operations are not significantly affected by any seasonal or cyclical factors.

# MERCURY INDUSTRIES BERHAD

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## A5 Items of Unusual Nature

Save for the business disruptions caused by Covid-19 pandemic and Movement Control Order (“MCO”) imposed by Government, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial quarter under review.

## A6 Change In Estimates

There was no material change in estimates for the current financial quarter under review.

## A7 Dividend Paid

There were no dividends paid during the current financial quarter under review.

## A8 Segmental Reporting

Segmental report for the financial period ended 30 September 2021 is as follows:

	Trading RM'000	Construction RM'000	Investment Holding RM'000	Property Development RM'000	Eliminations RM'000	The Group RM'000
<b><u>9 Months Ended 30-Sep-2021</u></b>						
<b>Revenue</b>						
External revenue	80	3	-	-	-	83
Inter-segment revenue	6	-	900	-	(906)	-
Total revenue	<u>86</u>	<u>3</u>	<u>900</u>	<u>-</u>	<u>(906)</u>	<u>83</u>
<b>Results</b>						
Segment profit	(1,503)	(3,930)	(306)	(16)	-	(5,755)
Interest income	28	13	-	-	-	41
Finance cost	(195)	(65)	(9)	-	-	(269)
(Loss)/Profit before tax	<u>(1,670)</u>	<u>(3,982)</u>	<u>(315)</u>	<u>(16)</u>	<u>-</u>	<u>(5,983)</u>
<b><u>9 Months Ended 30-Sep-2020</u></b>						
<b>Revenue</b>						
External revenue	700	4,864	-	-	-	5,564
Inter-segment revenue	4,649	-	3,900	-	(8,549)	-
Total revenue	<u>5,349</u>	<u>4,864</u>	<u>3,900</u>	<u>-</u>	<u>(8,549)</u>	<u>5,564</u>
<b>Results</b>						
Segment profit	(223)	(1,886)	2,746	-	(3,000)	(2,363)
Interest income	49	30	-	-	-	79
Finance cost	(462)	(409)	(9)	-	-	(880)
(Loss)/Profit before tax	<u>(636)</u>	<u>(2,265)</u>	<u>2,737</u>	<u>-</u>	<u>(3,000)</u>	<u>(3,164)</u>

## A9 Sales Revenue by Geographical Market

The Group's revenue is derived wholly from its operating activities in Malaysia.

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## A10 Changes in Debt and Equity Securities

There was no issuance, cancellation, repurchases, resale and repayments of debt securities for the current financial quarter ended 30 September 2021, except that on 5 April 2021, the Company had issued 4,018,200 new shares under private placement.

## A11 Subsequent Material Events

There were no material events subsequent to the end of the financial period under review that have not been reflected in the financial statements for the said period.

## A12 Changes in the Composition of the Group

On 1 April 2021, the Company acquired 100% equity interest in Plutovest Sdn Bhd which has a paid-up capital of RM1.00 Plutovest Sdn Bhd is currently dormant.

## A13 Capital Commitment

There is no capital commitment which has not been reflected in the interim financial statements for the current financial quarter ended 30 September 2021.

## A14 Contingent Liabilities / Assets

The Company has issued unsecured corporate guarantees totalling RM104.3 million to certain financial institutions and building materials suppliers for credit facilities granted to its subsidiary companies. Accordingly, the Company is contingently liable to such financial institutions and suppliers to the extent of the amount of credit facilities utilised. There are no contingent assets as at the date of this report.

## A15 Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment have been brought forward without amendment from the previous audited financial statement as at 31 December 2020.

## A16 Significant Related Party Transactions

The Group had the following significant related party transactions with company in which certain directors of the Company have interest as follow:

Mandated Related Parties	Nature of Transactions	Current Quarter 30-Sep-21 RM'000	Year to date 30-Sep-21 RM'000
Ecofirst Group	(i) Construction works and project insurance	10	155
	(ii) Rental of office space and parking lots	51	174
Cova Design	(i) Construction works and purchase of building materials	-	-



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## B EXPLANATORY NOTES IN COMPLIANCE WITH LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

### B1 Review of Group Performance

Financial review for current quarter ("3Q 2021") against preceding year corresponding Quarter ("3Q 2020")

	Individual Quarter		Changes	
	30-Sep-21	30-Sep-20	RM'000	%
	RM'000	RM'000		
Revenue	1	1,194	(1,193)	(99.9)
Operating (Loss)/Profit	(2,821)	(895)	(1,926)	(215.3)
(Loss)/Profit Before Tax	(2,868)	(1,192)	(1,676)	(140.7)
(Loss)/Profit After Tax	(2,875)	(1,191)	(1,684)	(141.5)
(Loss)/Profit Attributable to Owners of the Company	(2,875)	(1,191)	(1,684)	(141.4)

The Covid-19 pandemic lockdowns continued to have a negative impact on the Group's performance in the current financial quarter under review. The Group's revenue decreased by RM1.19 million (-99.9%) while Group's pre-tax loss increased by RM1.68 million (-140.7%) compared to revenue of RM1.19 million and pre-tax loss of RM1.19 million in the corresponding quarter of 2020. Due to the implementation of various Movement Control Order, the Group experienced: (i) minimum work activities, (ii) work disruptions in the new project as the government ordered new or extended lockdowns and (iii) delays in debt collection from its customers.

The performance of the respective operation business segments for the 3Q 2021 under review compared to 3Q 2020 is analysed as below:

#### **Construction operations**

The Group's construction operation has struggled to replenish its orderbook with new construction projects while under the pandemic lockdown and a property supply overhang situation. The Group had minimum revenue and registered a pre-tax loss of RM1.48 million in the quarter, as compared to RM1.19 million in revenue and RM0.80 million in pre-tax loss in the corresponding quarter of 2020. However, on 28 July 2021, the Group successful secured a construction contract worth RM450 million for the construction of three tower blocks of condominium comprising 2,432 apartment units in Johor Bharu.

#### **Trading of building material**

The trading business segment recorded RM0.003 million revenue and incurred a pre-tax loss of RM1.36 million in the quarter as compared to the revenue of RM0.006 million and pre-tax loss of RM0.35 million in the corresponding quarter of 2020. With the procurement of a major project by its sister company, the performance of this segment is expected to improve from the fourth quarter of 2021.

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## B2 Comparison with preceding quarter results

Financial review for current quarter ("3Q 2021") compare with immediate preceding quarter ("2Q 2021")

	Current Quarter	Previous Quarter	Changes	
	30-Sep-21	30-Jun-21	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	1	(27)	28	105.2
Operating (Loss)/Profit	(2,821)	(1,634)	(1,187)	(72.6)
(Loss)/Profit Before Tax	(2,868)	(1,713)	(1,155)	(67.4)
(Loss)/Profit After Tax	(2,875)	(1,713)	(1,162)	(67.8)
(Loss)/Profit Attributable to Owners of the Company	(2,875)	(1,713)	(1,162)	(67.8)

For the current quarter, revenue increased by RM0.03 million (+105.2%) while pre-tax loss increased by RM1.16 million (-67.4%) as compared to the previous quarter. The increase in pre-tax loss was mainly due to the provision of doubtful debts.

## B3 Prospects of the current financial year 2021

The Board expects the full benefit of the new construction contract of RM450 million will be realised in 2022 onwards, as mobilisation for the construction works will only, barring any unforeseen circumstances, begin in the fourth quarter 2021. As a result, the Board expects the performance of the Group for the remaining of 2021 will still be adversely impacted by the pandemic lockdown and slowing economic activity. The Group continue to undertake measure to improve cost efficiencies through organisation and manpower restructuring.

## B4 Variance from Profit Forecast

Not applicable as the Group has not issued any profit forecast for the period under review.

## B5 Quoted securities

There was no other purchase or disposal of quoted and marketable securities during the current quarter under review.

## B6 Status of Corporate Proposals

There is no outstanding corporate proposal as at the end of the current financial quarter.

## B7 Material Litigation

There is no material litigation as of the date of this report

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## B8 Profit / (Loss) for the period

Profit / (Loss) for the period is arrived at:

	Individual Quarter		Cumulative	
	Current Quarter Ended	Corresponding Year Quarter Ended	Current Year-To-Date	Corresponding Year-To-Date
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	RM'000	RM'000	RM'000	RM'000
<b>After charging:</b>				
Depreciation & amortisation	312	348	971	1,083
Fair value adjustment on other investments	63	(55)	59	(55)
Provision of doubtful debts	1,426	-	1,426	-
Interest expenses	61	307	269	880
Rental expense	69	58	226	157
<b>And after crediting:</b>				
Interest income	14	10	41	79
Rental income	4	2	13	19
Gain on sale of property, plant and equipment	-	60	-	60

## B9 Taxation

Domestic current income tax is calculated at the statutory rate of 24% (2020 : 24%) of the estimated assessable profit for the year.

	Year-To-Date Ended	
	30-Sep-21	30-Sep-20
	RM'000	RM'000
- Current year	-	-
- Under/(Overprovision) in prior year	(7)	1
	(7)	1

## B10 Status of Utilisation of Private Placement Proceeds

Purpose	Proposed utilisation	Actual utilisation as at 30-Sep-2021	Initial timeframe for utilisation of proceeds from date of placement ( 5-Apr-2021)	Balance of unutilised Proceeds
	RM'000	RM'000		RM'000
(a) Repayment of bank borrowings	1,816	1,816	Within 6 months	Nil
(b) Working capital purposes	1,098	1,115	Within 6 months	(17)
(c) Defray expenses on disposal of private placement #	120	103	Within 1 month	17
Total	3,034	3,034		Nil

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## B11 Group Borrowings and Debt Securities

- a) Save as disclosed below, there were no other borrowings or debt securities in the Group as at 30 September 2021:

	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
<b>As At Period Ended 30-Sep-2021</b>			
Secured:-			
Term loan	128	552	680
Bank overdrafts	-	2,470	2,470
Total	<u>128</u>	<u>3,022</u>	<u>3,150</u>
<b>As At Period Ended 30-Sep-2020</b>			
Secured:-			
Term loan	614	556	1,170
Bank overdrafts	-	2,346	2,346
Total	<u>614</u>	<u>2,902</u>	<u>3,516</u>

- (b) There were no borrowings or debt securities denominated in foreign currencies.

## B12 Dividend Payable

No interim dividends have been recommended in respect of the current quarter financial quarter under review.

## B13 Loss Per Ordinary Share

The basic losses per share is calculated by dividing the loss for the period attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period:

	Current Quarter		Year to date	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
(Loss) attributable to owners of the Company (RM '000)	(2,875)	(1,191)	(5,990)	(3,163)
Weighted average number of ordinary shares in issue (RM '000)	44,200	40,182	42,817	40,182
Basic (loss) per share (Sen)	<u>(6.51)</u>	<u>(2.96)</u>	<u>(13.99)</u>	<u>(7.87)</u>