



# MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2022

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# MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

## Interim Financial Report for the First Quarter Ended 31 March 2022 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	----- Unaudited -----			
	Individual Quarter		Cumulative	
	3 Months Ended		3 Months Ended	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
	RM'000	RM'000	RM'000	RM'000
Revenue	2	109	2	109
Cost of sales	(143)	(425)	(144)	(425)
<b>Gross profit</b>	<b>(141)</b>	<b>(316)</b>	<b>(141)</b>	<b>(316)</b>
Other income	5	11	5	11
Operating expenses	(1,689)	(981)	(1,689)	(981)
<b>(Loss)/Profit from operations</b>	<b>(1,825)</b>	<b>(1,286)</b>	<b>(1,825)</b>	<b>(1,286)</b>
Finance income	14	13	14	13
Finance costs	(56)	(129)	(56)	(129)
(Loss) before tax	(1,867)	(1,402)	(1,867)	(1,402)
Income tax	-	-	-	-
(Loss) for the period	(1,867)	(1,402)	(1,867)	(1,402)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive (loss) for the period	<u>(1,867)</u>	<u>(1,402)</u>	<u>(1,867)</u>	<u>(1,402)</u>
Total comprehensive (loss) attributable to owners of the Company	<u>(1,867)</u>	<u>(1,402)</u>	<u>(1,867)</u>	<u>(1,402)</u>
(Loss) per share (Sen)	<u>(4.22)</u>	<u>(3.49)</u>	<u>(4.22)</u>	<u>(3.49)</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 2021.

# MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

Interim Financial Report for the First Quarter Ended 31 March 2022

Condensed Consolidated Statement of Financial Position

	(Unaudited) As At <b>31-Mar-22</b> RM'000	(Audited) As At <b>31-Dec-21</b> RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	486	728
Goodwill on consolidation	31,509	31,509
Investment properties	5,010	5,010
Trade receivables	-	-
Deferred tax assets	7,198	7,198
Fixed deposits	3,313	3,299
	<u>47,516</u>	<u>47,744</u>
<b>Current Assets</b>		
Trade receivables	14,867	16,018
Other receivables	1,118	904
Contract assets	-	-
Other investments	152	178
Tax recoverable	189	188
Cash and bank balances	119	40
	<u>16,445</u>	<u>17,328</u>
<b>TOTAL ASSETS</b>	<b><u>63,961</u></b>	<b><u>65,072</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	125,038	125,038
Accumulated losses	(83,307)	(81,440)
<b>Equity attributable to owners of the Company</b>	<u>41,731</u>	<u>43,598</u>
<b>Non-current Liabilities</b>		
Borrowing	-	81
Lease liabilities	88	100
Deferred tax liabilities	4	4
	<u>92</u>	<u>185</u>
<b>Current Liabilities</b>		
Trade payables	13,906	14,359
Others payables	3,383	2,450
Contract liabilities	-	-
Amount due to director	1,029	1,032
Bank borrowings	456	486
Lease liabilities	192	244
Bank overdraft	3,049	2,524
Tax payable	123	194
	<u>22,138</u>	<u>21,289</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>63,961</u></b>	<b><u>65,072</u></b>
<b>Net assets per share (RM)</b>	<b>0.94</b>	<b>1.01</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 2021.

# MERCURY INDUSTRIES BERHAD

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## Interim Financial Report for the First Quarter Ended 31 March 2022 Condensed Consolidated Statements of Changes in Equity

	<-Attributable To Equity holders of the Company->		
	Non-distributable		
	Share capital	Accumulated losses	Total equity
	RM'000	RM'000	RM'000
Balance as of 1 January 2021	122,001	(57,953)	64,048
<b>Transaction with owners</b>			
Issuance of new shares	3,037	-	3,037
Total comprehensive loss for the financial year	-	(23,487)	(23,487)
Balance as of 31 December 2021	<u>125,038</u>	<u>(81,440)</u>	<u>43,598</u>
<b>Transaction with owners:</b>			
Issuance of new shares	-	-	-
Total Comprehensive Loss for the financial period	-	(1,867)	(1,867)
Balance as of 31 March 2022	<u><u>125,038</u></u>	<u><u>(83,307)</u></u>	<u><u>41,731</u></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 2021.

# MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

## Interim Financial Report for the First Quarter Ended 31 March 2022 Condensed Consolidated Statements of Cash Flows

GROUP	(Unaudited) 3 months Ended	
	31-Mar-22 RM'000	31-Mar-21 RM'000
<b>OPERATING ACTIVITIES</b>		
(Loss) before taxation	(1,867)	(1,402)
<b>Adjustment for:</b>		
Depreciation of property, plant and equipment	242	335
Bad debts written off	149	-
Fair value gain /(loss) of other investments	25	(7)
Interest expenses	56	129
Interest income	(14)	-
Operating (loss)/profit before working capital changes	(1,409)	(945)
Changes in working capital:		
Receivables	788	2,024
Customers on contract	-	101
Payables	480	(334)
Bankers' acceptance	-	(479)
Cash (used in)/generated from operations	(141)	367
Interest paid	(43)	(46)
Income tax paid	(71)	(43)
Net cash (used in)/from operating activities	(255)	278
<b>INVESTING ACTIVITIES</b>		
Investment in a subsidiary	-	-
Purchase of property, plant and equipment	-	(2)
<b>Net Cash (Used In) / From Investing Activities</b>	-	(2)
<b>FINANCING ACTIVITIES</b>		
Placement of fixed deposits pledged	(14)	(14)
Interest received	14	-
Advance from/(Repayment to) a director	(3)	-
Repayment of lease liabilities	(63)	(321)
Repayment of borrowing	(111)	(123)
Interest paid	(13)	(83)
Net cash from/(used in) financing activities	(190)	(541)
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	(445)	(265)
Balance as of 1 January	(2,485)	(2,836)
<b>Balance as at end of financial period</b>	<u>(2,930)</u>	<u>(3,101)</u>

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

	As at 31-Mar-22 RM'000	As at 31-Mar-21 RM'000
Cash and bank balances	119	5
Bank overdrafts	(3,049)	(3,106)
Fixed deposits	3,313	3,257
Less: Fixed deposits pledged	(3,313)	(3,257)
	<u>(2,930)</u>	<u>(3,101)</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 2021.

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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 2021. 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 2021.

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 new standard/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2022:

Annual Improvements to MFRS Standards 2018 – 2020 (MFRS 1**#, 9 and 141**#)	
Amendments to MFRS 3*	Business combination: Reference to the conceptual framework
Amendments to MFRS 116	Property, Plant and Equipment: Proceeds before intended use
Amendments to MFRS 137	Provision, contingent liabilities and contingent assets: Onerous contracts - cost of fulfilling a contract

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

The following new standard/amendments to MFRSs that were issued but are not yet effective have not been early adopted by the Group.

MFRS 17**#	Insurance contracts
Amendments to MFRS 4**#	Insurance contracts: Extension of the temporary exemption from applying MFRS 9
Amendments to MFRS 17**#	Insurance contracts

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Amendments to MFRS 17*#	Insurance contracts: Initial application of MFRS 17 and MFRS 9 - comparative information
Amendments to MFRS 101	Presentation of financial statements: Classification of liabilities as current or non-current
Amendments to MFRS 101	Presentation of financial statements: Disclosure of accounting policies
Amendments to MFRS 108	Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates
Amendments to MFRS 112	Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

Amendments to MFRSs – effective date deferred indefinitely:-

Amendments to MFRS 10* and 128*#	Consolidated financial statements and investments in associates and joint ventures: Sale or contribution of assets between an investor and its associate or joint venture.
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\* Not applicable to the Company's operation

# Not applicable to the Group's operation

## **A3 Audit Qualification**

There was no qualification of the Group audited financial statements for the year ended 31 December 2021.

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

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

## **A5 Items of Unusual Nature**

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 Sales Revenue by Geographical Market**

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

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## A9 Segmental Reporting

Segmental report for the financial period ended 31 March 2022 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>3 Months Ended 31-Mar-2022</b>						
<b>Revenue</b>						
External revenue	-	2	-	-	-	2
Inter-segment revenue	1	-	243	-	(244)	-
Total revenue	1	2	243	-	(244)	2
<b>Results</b>						
Segment profit	(86)	(1,203)	(531)	(5)	-	(1,825)
Interest income	10	4	-	-	-	14
Finance cost	(41)	(12)	(3)	-	-	(56)
(Loss) before tax	(117)	(1,211)	(534)	(5)	-	(1,867)
<b>3 Months Ended 31-Mar-2021</b>						
<b>Revenue</b>						
External revenue	70	39	-	-	-	109
Inter-segment revenue	1	-	300	-	(301)	-
Total revenue	71	39	300	-	(301)	109
<b>Results</b>						
Segment profit	(85)	(1,104)	(97)	-	-	(1,286)
Interest income	9	4	-	-	-	13
Finance cost	(92)	(34)	(3)	-	-	(129)
(Loss)/Profit before tax	(168)	(1,134)	(100)	-	-	(1,402)

## A10 Changes in Debt and Equity Securities

There was no issuance, cancellation, repurchases, resale and repayments of debt and equity securities for the current financial quarter ended 31 March 2022.

## A11 Subsequent Material Events

There were no material events subsequent to the end of the current quarter up to 19 May 2022 that have not be reflected in the financial statement for the current financial period.

## A12 Changes in the Composition of the Group

On 25 January 2022, the Company incorporated a wholly-owned subsidiary, Mercury Land Sdn Bhd, with RM2 share capital. Mercury Land Sdn Bhd has yet to commence its business operations.



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## A13 Capital Commitment

There is no capital commitment which has not been reflected in the interim financial statements for the current financial quarter ended 31 March 2022.

## A14 Contingent Liabilities / Assets

Save as disclosed below, there are no contingent liabilities incurred or known to be incurred by the Group.

### Litigation

On 28 January 2021, a vendor commenced legal action against a subsidiary of the Company amounting to RM0.97 million in respect of the missing materials on site.

Based on the legal advice from external legal counsel, the Directors are of the opinion that the possibility of outflow on the litigation above is not probable and therefore, no provision is required to be made.

There are no contingent assets as at the date of this report.

## A15 Valuation of Property, Plant and Equipment

There was no change in the valuation of property, plant and equipment for the current quarter under review.

## 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 31-Mar-22 RM'000	Year to date 31-Mar-22 RM'000
Ecofirst Group	(i) Construction works and project insurance	2	2
	(ii) Rental of office space and parking lots	60	60

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

### B1 Review of performance – Comparison with corresponding results of last year quarter.

Current quarter ended 31 March 2022 (“1Q2022”) versus quarter ended 31 March 2021 (“1Q2021”)

	Individual Quarter		Changes	
	31-Mar-22	31-Mar-21		
	RM'000	RM'000	RM'000	%
Revenue	2	109	(107)	-98%
(Loss) Before Tax	(1,867)	(1,402)	(465)	33%

For the current quarter ended 31 March 2022, the Group recorded a loss before tax of RM1.87 million on revenue of RM 2,000, compared to a loss before tax of RM1.40 million and revenue of RM0.11 million reported in the preceding year’s corresponding quarter. Lower revenue and higher loss before tax in the current quarter were mainly due to the continued impact of the Covid-19 pandemic, which resulted in lower revenue and higher operation costs.

### B2 Review of Performance - Comparison with corresponding results of preceding Quarter

Current quarter ended 31 December 2022 (“1Q2022”) versus immediate preceding quarter ended 31 December 2021 (“4Q2021”)

	Current Quarter	Previous Quarter	Changes	
	31-Mar-22	31-Dec-21		
	RM'000	RM'000	RM'000	%
Revenue	2	6,259	(6,257)	0%
(Loss) Before Tax	(1,867)	(22,940)	21,073	-92%

For the current quarter ended 31 March 2022, the Group recorded a loss before tax of RM1.87 million on revenue RM2,000, compared to a loss before tax of RM22.94 million and revenue of RM6.26 million reported in the preceding quarter. The lower revenue was mainly the result of a delay in the new construction contract for Centro @ JBCC project in Johor Bahru.

### B3 Variance from Profit Forecast

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

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## **B4 Current year Prospects**

The Group believes the COVID-19 pandemic is still far from over given the unpredictable spike in Covid-19 infectivity rate and new strains. The global economy is expected to contract as a result of the impacts of the Covid-19 pandemic as well as Russia-Ukraine war, which have led to international trade frictions, resurrecting of global supply chain disruptions such as logistical bottlenecks, raw material shortages and inflationary pressure.

Despite the adverse circumstances affecting market conditions, the Group is cautiously optimistic that construction activities will pick up over time and is confident that its order book will be replenished by securing the projects that are now being tendered for. The Group believes its plan to expand upstream into the property development business is timely, given the gradual recovery of the economy in general and the property sector in particular.

Going forward, the Group opines that with careful planning and execution, it will be in a better strategic and operational position to improve its business performance when both property development and construction projects commence, which would eventually contribute positively to the Group's earnings in the future.

## **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**

Save as disclosed below, there is no outstanding corporate proposal as at the end of the current financial quarter.

- (i) Plutovest Sdn Bhd, a wholly-owned subsidiary of Mercury Industries Berhad ("MIB"), had on 16 August 2021, entered into a Grant of Development Rights Agreement ("GDRA") with Aturan Prisma Sdn Bhd for the proposed development of all that freehold land held under individual title HS(D) 81099 PT 49, Pekan Tanjong Kling Seksyen II, Daerah Melaka Tengah, Negeri Melaka in the approximate size of 17,236.7 square metres, subject to the terms and conditions in the GDRA.

For more information on the proposed grant of development rights, please refer to the Company's announcement dated 16 August 2021.

- (ii) Multiple Proposals:
  - (a) Mercury Land Sdn Bhd, a wholly-owned subsidiary of MIB had on 10 March 2022, entered into a conditional sale and purchase agreement ("SPA") with Eastwind Alliance Sdn Bhd to acquire a parcel of land located in Bandar Sungai Buloh, Daerah Gombak, Selangor for a total cash consideration of RM23,514,408.32, subject to the terms of the SPA;
  - (b) Proposed share issuance of up to 22,100,100 new ordinary shares in MIB representing 50% of the issued share capital of MIB to the Subscribers;

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- (c) Proposed diversification of existing core business of MIB and its subsidiaries to include property development and
- (d) Proposed reduction of the issued share capital of MIB pursuant to Section 116 of the Companies Act, 2016.

The multiple proposals is subject to shareholders approval being obtained at an extraordinary general meeting to be convened.

## B7 Material Litigation

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

## B8 Notes to the Statement of Profit or Loss and Other Comprehensive income

	Individual Quarter		Cumulative	
	Current Quarter Ended	Corresponding Year Quarter Ended	Current Year-To-Date	Corresponding Year-To-Date
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
	RM'000	RM'000	RM'000	RM'000
<b>After charging:</b>				
Depreciation & amortisation	242	334	242	334
Fair value adjustment on other investments	25	(7)	25	(7)
Bad debts written off	149	-	149	-
Interest expenses	56	129	56	129
Rental expense	78	79	78	79
<b>And after crediting:</b>				
Interest income	14	13	14	13
Rental income	4	4	4	4

## B9 Taxation

Domestic current income tax is calculated at the statutory rate of 24% (2021: 24%) of the estimated assessable profit for the year.

	Year-To-Date Ended	
	31-Mar-22	31-Mar-21
	RM'000	RM'000
- Current year	-	-
- (Under)/Over provision in prior year	-	-
- Provision for deferred taxation	-	-
	-	-

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## B10 Group Borrowings and Debt Securities

- a) Save as disclosed below, there were no other borrowings or debt securities in the Group as at 31 March 2022:

	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
<b>As At Period Ended 31-Mar-2022</b>			
Secured:-			
Term loan	-	456	456
Bank overdrafts	-	3,049	3,049
Total	-	3,504	3,504
<b>As At Period Ended 31-Dec-2021</b>			
Secured:-			
Term loan	81	486	567
Bank overdrafts	-	2,524	2,524
Total	81	3,010	3,091

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

## B11 Dividend Payable

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

## B12 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	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
(Loss) attributable to owners of the Company (RM '000)	(1,867)	(1,402)	(1,867)	(1,402)
Weighted average number of ordinary shares in issue (RM '000)	44,200	40,182	44,200	40,182
Basic (loss) per share (Sen)	(4.22)	(3.49)	(4.22)	(3.49)