



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 2023

Table of contents	Page No.
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Statement of Cash Flows	4
Explanatory Notes in Compliance with Malaysia Financial Reporting Standard (“MFRS”) 134, Interim Financial Statements	5 – 8
Explanatory Notes in Compliance with Listing Requirements of Bursa Malaysia Securities Berhad	9 – 13

MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

Interim Financial Report for the Third Quarter Ended 30 September 2023 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	----- Unaudited -----			
	Individual Quarter		Cumulative	
	3 Months Ended		9 Months Ended	
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
Revenue	-	3,921	6,255	4,792
Cost of sales	(83)	(3,684)	(6,557)	(5,023)
Gross (loss) / Profit	(83)	237	(302)	(231)
Other income	185	116	655	282
Operating expenses	(592)	(645)	(1,983)	(3,090)
Loss from operations	(490)	(292)	(1,630)	(3,039)
Finance income	94	55	316	82
Finance costs	(22)	(59)	(96)	(178)
Loss before tax	(418)	(296)	(1,410)	(3,135)
Income tax	-	-	-	-
Loss for the period	(418)	(296)	(1,410)	(3,135)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the period	<u>(418)</u>	<u>(296)</u>	<u>(1,410)</u>	<u>(3,135)</u>
Total comprehensive loss attributable to owners of the Company	<u>(418)</u>	<u>(296)</u>	<u>(1,410)</u>	<u>(3,135)</u>
Loss per share (Sen)	<u>(0.65)</u>	<u>(0.46)</u>	<u>(2.19)</u>	<u>(6.14)</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 2022.

MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

Interim Financial Report for the Third Quarter Ended 30 September 2023 Condensed Consolidated Statement of Financial Position

	(Unaudited) As At 30-Sep-23 RM'000	(Audited) As At 31-Dec-22 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	11	92
Investment properties	7,860	4,860
Goodwill on consolidation	31,509	31,509
Deferred tax assets	7,202	7,202
Fixed deposits with licensed Financial Institutions	3,404	3,356
	<u>49,986</u>	<u>47,019</u>
Current Assets		
Inventories	107	-
Trade receivables	13,494	15,696
Other receivables	7,179	3,140
Contract assets	327	128
Other investments	167	168
Tax recoverable	7	42
Cash and bank balances	587	6,509
	<u>21,868</u>	<u>25,683</u>
TOTAL ASSETS	<u>71,854</u>	<u>72,702</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	81,258	81,258
Accumulated losses	(29,997)	(28,587)
Total equity	<u>51,261</u>	<u>52,671</u>
Non-current Liabilities		
Lease liabilities	4	35
Deferred tax liabilities	4	4
	<u>8</u>	<u>39</u>
Current Liabilities		
Trade payables	15,979	14,332
Others payables	2,940	2,688
Contract liabilities	78	78
Amount owing to a director	76	79
Bank borrowings	-	81
Lease liabilities	44	71
Bank overdraft	1,428	2,623
Tax payable	40	40
	<u>20,585</u>	<u>19,992</u>
TOTAL EQUITY AND LIABILITIES	<u>71,854</u>	<u>72,702</u>
Net assets per share (RM)	0.80	0.97

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022.

MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

Interim Financial Report for the Third Quarter Ended 30 September 2023 Condensed Consolidated Statements of Changes in Equity

	<-Attributable To Equity holders of the Company->		
	Non-distributable Share Capital RM'000	Accumulated Losses RM'000	Total Equity RM'000
Balance as of 1 Jan 2022	125,038	(81,440)	43,598
Transaction with owners			
Issuance of new shares	16,220	-	16,220
Capital reduction	(60,000)	60,000	-
	(43,780)	60,000	16,220
Total comprehensive loss for the financial year	-	(7,147)	(7,147)
Balance as of 31 Dec 2022	81,258	(28,587)	52,671
Total comprehensive loss for the financial period	-	(1,410)	(1,410)
Balance as of 30 Sep 2023	81,258	(29,997)	51,261

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 2022.

MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

Interim Financial Report for the Third Quarter Ended 30 September 2023 Condensed Consolidated Statements of Cash Flows

GROUP	(Unaudited) 6 months Ended	
	30-Sep-23 RM'000	30-Sep-22 RM'000
OPERATING ACTIVITIES		
Loss before taxation	(1,410)	(3,135)
Adjustment for:		
Depreciation of property, plant and equipment	81	572
Bad debts written off	-	149
Fair value loss of other investments	1	14
Interest expenses	96	178
Interest income	(316)	(82)
Gain on disposal of property, plant and equipment	(90)	(75)
Operating loss before working capital changes	(1,638)	(2,379)
Changes in working capital:		
Inventories	(107)	-
Receivables	(4,837)	(4,238)
Contract balances	(199)	(23)
Payables	1,899	740
Bankers' acceptance	-	596
Cash used in operations	(4,882)	(5,304)
Interest paid	(82)	(142)
Income tax refund	35	-
Income tax paid	-	(102)
Net cash used in operating activities	(4,929)	(5,548)
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant & equipment	90	75
Net cash from investing activities	90	75
FINANCING ACTIVITIES		
Placement of fixed deposits pledged	(48)	(42)
Interest received	316	83
Repayment to a director	(3)	(953)
Repayment of lease liabilities	(58)	(184)
Repayment of borrowing	(81)	(367)
Interest paid	(14)	(36)
Issuance of new shares	-	16,221
Net cash from financing activities	112	14,722
CASH AND CASH EQUIVALENTS		
Net changes	(4,727)	9,249
Balance as of 1 January	3,886	(2,485)
Balance as at end of financial period	(841)	6,764
Cash and cash equivalents at the end of the financial period comprise the following balance amount:		
Cash and bank balances	587	9,720
Bank overdrafts	(1,428)	(2,956)
Fixed deposits	3,404	3,340
Less: Fixed deposits pledged	(3,404)	(3,340)
	(841)	6,764

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022.

MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

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 2022. 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 2022.

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 2023:

MFRS 17 and Amendments to MFRS 17 [#]	Insurance contracts
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

The adoption of these amendment to 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.

Effective for financial period beginning in or after 1 January 2024:-

Amendments to MFRS 16	Lease: Lease liability in a sales and leaseback
Amendments to MFRS 10	Presentation of financial statements: Non-current liabilities with covenants

MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

A2 Malaysian Financial Reporting Standards (Cont'd)

Deferred to a date to be determined by the Malaysian Accounting Standards Board:-

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
--	---

[#] 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 2022.

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.

MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

A9 Segmental Reporting

Segmental report for the financial period ended 30 September 2023 is as follows:

	Trading RM'000	Construction RM'000	Investment Holding RM'000	Property Development RM'000	Eliminations RM'000	The Group RM'000
<u>9 Months Ended 30 September 2023</u>						
Revenue						
External revenue	1,350	4,905	-	-	-	6,255
Inter-segment revenue	-	-	886	-	(886)	-
Total revenue	<u>1,350</u>	<u>4,905</u>	<u>886</u>	<u>-</u>	<u>(886)</u>	<u>6,255</u>
Results						
Segment loss	(211)	(1,182)	(87)	(150)	-	(1,630)
Interest income	127	189	-	-	-	316
Finance cost	(57)	(32)	(7)	-	-	(96)
Loss before tax	<u>(141)</u>	<u>(1,025)</u>	<u>(94)</u>	<u>(150)</u>	<u>-</u>	<u>(1,410)</u>

9 Months Ended 30 September 2022

Revenue						
External revenue	2,488	2,304	-	-	-	4,792
Inter-segment revenue	1	-	718	-	(719)	-
Total revenue	<u>2,489</u>	<u>2,304</u>	<u>718</u>	<u>-</u>	<u>(719)</u>	<u>4,792</u>
Results						
Segment loss	(161)	(2,204)	(651)	(23)	-	(3,039)
Interest income	28	54	-	-	-	82
Finance cost	(128)	(42)	(8)	-	-	(178)
Loss before tax	<u>(261)</u>	<u>(2,192)</u>	<u>(659)</u>	<u>(23)</u>	<u>-</u>	<u>(3,135)</u>

A10 Changes in Debt and Equity Securities

There were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities for the current financial quarter ended 30 September 2023.

A11 Subsequent Material Events

There were no material events subsequent to the end of the current quarter up to 17 November 2023 that have not be reflected in the financial statement for the current financial period.

MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

A12 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial period under review.

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 2023.

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 30-Sep-23	Year to date 30-Sep-23
		RM'000	RM'000
Ecofirst Group	(i) Construction works	-	-
	(ii) Rental of office space and parking lots	53	145
Alpine Blossom	(i) Construction works	-	-

MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

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 30 September 2023 (“3Q2023”) versus preceding year corresponding quarter ended 30 September 2022 (“3Q2022”)

	Individual Quarter		Changes	
	30-Sep-23	30-Sep-22		
	RM'000	RM'000	RM'000	%
Revenue	-	3,921	(3,921)	-100%
Loss before tax	(418)	(296)	(122)	-41%

For the current quarter ended 30 September 2023, the Group recorded a loss before tax of RM0.42 million, compared to a loss before tax of RM0.30 million and revenue of RM3.92 million reported in the preceding year’s corresponding quarter. There is no revenue recognition in the current quarter as compared to revenue from the construction contract for the Centro @ JBCC project located at Johor Bahru for the preceding year's corresponding period. The loss before tax for the current quarter is primarily attributable to the group overhead cost for the current quarter.

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

Current quarter ended 30 September 2023 (“3Q2023”) versus immediate preceding quarter ended 30 June 2023 (“2Q2023”)

	Current Quarter	Previous Quarter	Changes	
	30-Sep-23	30-Jun-23		
	RM'000	RM'000	RM'000	%
Revenue	-	1,107	(1,107)	-100%
Loss before tax	(418)	(563)	145	26%

For the current quarter ended 30 September 2023, the Group recorded a loss before tax of RM0.42 million, compared to a loss before tax of RM0.56 million on revenue of RM1.11 million reported in the preceding quarter. The lower loss before tax was mainly the result of the group overhead cost saving for the current quarter.

MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

B3 Variance from Profit Forecast

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

B4 Current year Prospects

For the second half of 2023, the Malaysian economy is expected to expand at a moderate pace. Slower external demand will continue to weigh on economic activity. Growth will be supported by domestic demand, underpinned by favourable labour market conditions, particularly in the domestic-oriented sectors. While the growth outlook is subject to some downside challenges stemming from weaker-than-expected global growth, although not discounting the possibility of upside potential.

The Group launches the Tanjung Kling, Melaka project during the month of November 2023. The Group is cautiously optimistic that construction activities will pick up with the launching of the project and will expect to perform better with the projects that are in the pipeline.

Going forward, the Group opines that with careful planning and execution, it will be better positioned strategically and operationally to improve its business performance, 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

Other than disclosed in B7, there is no outstanding corporate proposal as at the end of the current financial quarter.

MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

B7 Status of Utilisation of Private Placement Proceeds

The proceeds from private placement raised from the 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 on 4 July 2022.

As at 30 September 2023 the gross proceeds raised from the private placement are proposed to be utilised in the following manner:

Purposes	Gross Proceeds Raised	Revised Proposed Utilisation	Actual Utilisation	Balance Of Unutilised Proceeds	Estimated Timeframe For Utilisation
(a) Proposed land acquisition	RM'000 6,200	RM'000 2,351	RM'000 2,351	RM'000 -	Within 6 months
(b) Property development and construction projects	7,379	7,379	6,330	1,049	Within 24 months
(c) Working capital	2,256	6,030	6,030	-	Within 24 months
(d) Expenses in relation to the corporate exercise	450	525	525	-	Within 12 months
Total	16,285	16,285	15,236	1,049	

Note 1:

The utilisation of the proceeds as disclosed above should be read in conjunction with the circular to shareholders of the Company dated 31 May 2022 ("Circular"). In accordance to the Circular, the actual gross proceeds raise lower than expected proceeds, the proceeds will be utilised in the following priority:

- i. Estimated expenses for the proposal;
- ii. Proposed Land Acquisition;
- iii. Working Capital; and
- iv. Property development and construction projects.

The balance of the unutilised funds will be placed in a profit-bearing bank account as deposits with licensed financial institution(s) and/or short-term money-market instruments.

Note 2:

Following the termination of the Proposed Land Acquisition announced on 10 November 2022, the Board has decided to redeploy the acquisition proceeds allocated for the Proposed land acquisition to the general working capital, property development and construction projects and estimated expenses for the proposals. The relevant announcement makes on 16 February 2023.

B8 Material Litigation

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

MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

B9 Notes to the Statement of Profit or Loss and Other Comprehensive income

	Individual Quarter		Cumulative	
	Current	Corresponding	Current	Corresponding
	Quarter Ended	Year Quarter	Year-To-Date	Year-To-Date
	30-Sep-23	30-Sep-22	30-Sep-23	30-Sep-22
	RM'000	RM'000	RM'000	RM'000
After charging:				
Depreciation & amortisation	19	127	81	572
Fair value adjustment on other investments	-	(10)	1	14
Bad debts written off	-	-	-	149
Interest expenses	22	59	96	178
Rental expense	73	62	204	220
And after crediting:				
Interest income	(94)	(55)	(316)	(82)
Rental income	(185)	(4)	(565)	(12)
Gain on sale of property, plant and equipment	(90)	-	(90)	(75)

B10 Taxation

Domestic current income tax is calculated at the statutory rate of 24% (2022: 24%) of the estimated assessable profit for the period.

	Year-To-Date Ended	
	30-Sep-23	30-Sep-22
	RM'000	RM'000
Income tax		
- Current period	-	-
Deferred tax		
- Current period	-	-
	-	-

The Group has tax assets of RM1.59 million in unabsorbed capital allowance and unutilised tax losses of RM4.57 million that can be set off against future profits.

MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

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 2023:

	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
As At Period Ended 30 Sep 2023			
Secured:-			
Bank overdrafts	-	1,428	1,428
Total	-	1,428	1,428
As At Year Ended 31 Dec 2022			
Secured:-			
Term loan	-	81	81
Bank overdrafts	-	2,623	2,623
Total	-	2,704	2,704

- 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 financial quarter under review.

B13 Loss Per Ordinary Share

The basic losses per ordinary 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-23	30-Sep-22	30-Sep-23	30-Sep-22
Loss attributable to owners of the Company (RM '000)	(418)	(296)	(1,410)	(3,135)
Weighted average number of ordinary shares ('000)	64,300	64,300	64,300	51,047
Basic loss per share (Sen)	(0.65)	(0.46)	(2.19)	(6.14)