



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 2024

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 – 12

MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

Interim Financial Report for the Fifth Quarter Ended 31 March 2024 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	----- Unaudited -----	
	Individual Quarter	Cumulative
	3 Months Ended	15 Months Ended
	31-Mar-24	31-Mar-24
	RM'000	RM'000
Revenue	80	7,310
Cost of sales	(246)	(7,839)
Gross (loss) / Profit	(166)	(529)
Other income	185	1,043
Operating expenses	(821)	(3,494)
Loss from operations	(802)	(2,980)
Finance income	90	493
Finance costs	(82)	(220)
Loss before tax	(794)	(2,707)
Income tax	-	-
Loss for the period	(794)	(2,707)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	<u>(794)</u>	<u>(2,707)</u>
Total comprehensive loss attributable to owners of the Company	<u>(794)</u>	<u>(2,707)</u>
Loss per share (Sen)	<u>(1.23)</u>	<u>(4.21)</u>

i. 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.

ii. The Company changed its financial year end from 31 December to 31 March on 24 November 2023, subsequently on 29 March 2024 the Company change its financial year ended from 31 March to 30 June. Hence, no comparative information is presented for the financial period ending 30 June 2024.

MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

Interim Financial Report for the Fifth Quarter Ended 31 March 2024 Condensed Consolidated Statement of Financial Position

	(Unaudited) As At 31-Mar-24 RM'000	(Audited) As At 31-Dec-22 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	186	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	3,435	3,356
	<u>50,192</u>	<u>47,019</u>
Current Assets		
Inventories	5,430	-
Trade receivables	9,647	15,696
Other receivables	7,993	3,140
Contract assets	327	128
Other investments	171	168
Tax recoverable	-	42
Cash and bank balances	463	6,509
	<u>24,031</u>	<u>25,683</u>
TOTAL ASSETS	<u><u>74,223</u></u>	<u><u>72,702</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	81,258	81,258
Accumulated losses	(31,294)	(28,587)
Total equity	<u>49,964</u>	<u>52,671</u>
Non-current Liabilities		
Lease liabilities	113	35
Bank borrowings	2,129	-
Deferred tax liabilities	4	4
	<u>2,246</u>	<u>39</u>
Current Liabilities		
Trade payables	12,878	14,332
Others payables	6,416	2,688
Contract liabilities	78	78
Amount owing to a director	47	79
Bank borrowings	144	81
Lease liabilities	46	71
Bank overdraft	2,276	2,623
Tax payable	128	40
	<u>22,013</u>	<u>19,992</u>
TOTAL EQUITY AND LIABILITIES	<u><u>74,223</u></u>	<u><u>72,702</u></u>
Net assets per share (RM)	0.78	0.97

i. 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.

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MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

Interim Financial Report for the Fifth Quarter Ended 31 March 2024 Condensed Consolidated Statements of Changes in Equity

	<-Attributable To Equity holders of the Company->		
	Non-distributable	Accumulated	
	Share Capital	Losses	Total Equity
	RM'000	RM'000	RM'000
Balance as of 1 Jan 2023	81,258	(28,587)	52,671
Total comprehensive loss for the financial period	-	(2,707)	(2,707)
Balance as of 31 Mar 2024	<u>81,258</u>	<u>(31,294)</u>	<u>49,964</u>

i. 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.

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MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

Interim Financial Report for the Fifth Quarter Ended 31 March 2024 Condensed Consolidated Statements of Cash Flows

	(Unaudited) 15 months Ended 31-Mar-24 RM'000
GROUP	
OPERATING ACTIVITIES	
Loss before taxation	(2,707)
Adjustment for:	
Depreciation of property, plant and equipment	98
Fair value adjustment on other investments	(3)
Interest expenses	220
Interest income	(493)
Gain on disposal of property, plant and equipment	(105)
Operating loss before working capital changes	<u>(2,990)</u>
Changes in working capital:	
Inventories	(5,430)
Receivables	(1,816)
Contract balances	(199)
Payables	2,384
Cash used in operations	<u>(8,051)</u>
Interest paid	(164)
Income tax refund	35
Income tax paid	(15)
Net cash used in operating activities	<u>(8,195)</u>
INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(192)
Proceeds from disposal of property, plant & equipment	105
Net cash used in investing activities	<u>(87)</u>
FINANCING ACTIVITIES	
Placement of fixed deposits pledged	(79)
Drawdown of bank borrowing	3,171
Interest received	493
Drawdown of lease liabilities	142
Repayment to a director	(32)
Repayment of lease liabilities	(89)
Repayment of borrowing	(979)
Interest paid	(44)
Net cash from financing activities	<u>2,583</u>
CASH AND CASH EQUIVALENTS	
Net changes	(5,699)
Balance as of 1 January 2023	<u>3,886</u>
Balance as at end of financial period	<u><u>(1,813)</u></u>

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

	31-Mar-24 RM'000
Cash and bank balances	463
Bank overdrafts	(2,276)
Fixed deposits	3,435
Less: Fixed deposits pledged	<u>(3,435)</u>
	<u><u>(1,813)</u></u>

i. 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.

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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 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
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[#] 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.

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A9 Segmental Reporting

Segmental report for the financial period ended 31 March 2024 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>15 Months Ended 31 March 2024</u>						
Revenue						
External revenue	2,326	4,905	-	79	-	7,310
Inter-segment revenue	-	520	1,547	-	(2,067)	-
Total revenue	<u>2,326</u>	<u>5,425</u>	<u>1,547</u>	<u>79</u>	<u>(2,067)</u>	<u>7,310</u>
Results						
Segment loss	(366)	(1,968)	(138)	(560)	52	(2,980)
Interest income	186	307	-	-	-	493
Finance cost	(109)	(56)	(11)	(44)	-	(220)
Loss before tax	<u>(289)</u>	<u>(1,717)</u>	<u>(149)</u>	<u>(604)</u>	<u>52</u>	<u>(2,707)</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 31 March 2024.

A11 Subsequent Material Events

There were no material events subsequent to the end of the current quarter up to 16 May 2024 that have not be reflected in the financial statement for the current financial period.

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 31 March 2024.

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Registration No. 198201008273 (105550-K)

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, Ferrare Construction Sdn Bhd had commenced legal action against a wholly owned subsidiary of the Company, Paramount Bounty Sdn Bhd amounting to RM0.97 million in respect of the missing materials on site. The Session Court decision was scheduled on 2 February 2024, however, the decision is still in process of preparation. The Judge will fix the date for the decision to be delivered.

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	Individual Quarter Ended 31-Mar-24 RM'000	Cummulative 15 Months Ended 31-Mar-24 RM'000
Ecofirst Group	(i) Construction works (ii) Rental of office space and parking lots	- 54	- 253
Alpine Blossom	(i) Construction works	-	-

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

B1 Review of performance – Current Quarter

Current quarter ended 31 March 2024 (“5Q2024”)

For the current quarter ended 31 March 2024, the Group recorded a loss before tax of RM0.79 million on revenue of RM0.08 million.

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

Current quarter ended 31 March 2024 (“5Q2024”) versus immediate preceding quarter ended 31 December 2023 (“4Q2024”)

	Current Quarter	Previous Quarter		
	31-Mar-24	31-Dec-23	Changes	
	RM'000	RM'000	RM'000	%
Revenue	80	975	(895)	-
Loss before tax	(794)	(503)	(291)	-58%

For the current quarter ended 31 March 2024, the Group recorded a loss before tax of RM0.80 million on revenue of RM0.08 million, compared to a loss before tax of RM0.50 million on revenue of RM0.98 million reported in the immediate preceding quarter. The increase in loss before tax was mainly attributable to the increase in overhead cost incurred for the current quarter.

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

The Group remains optimistic about the progress of the Klebang Cove Residensi project and is confident that growth in both the construction and property development segments will continue to strengthen and deliver satisfactory results through procuring more projects.

The economic outlook of the construction industry in Malaysia for 2024 is expected to remain challenging accordingly; the Group is continuing facing a number of challenges, including rising cost and shortfall of resources. The Group will continue to focus on strengthening its financial position and implementing cost optimisation measures through effective resource planning.

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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.

B7 Status of Utilisation of Private Placement Proceeds

All proceeds raised from the private placement in the past has been fully utilised.

B8 Material Litigation

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

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

	Individual Quarter	Cumulative
	3 Months ended 31-Mar-24	15 Months ended 31-Mar-24
	RM'000	RM'000
<i>After charging:</i>		
Depreciation & amortisation	11	98
Fair value adjustment on other investments	15	(3)
Interest expenses	82	220
Rental expense	90	378
Loss on sale of property, plant and equipment		
<i>And after crediting:</i>		
Interest income	(90)	(493)
Rental income	(185)	(935)
Gain on sale of property, plant and equipment	(15)	(105)

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B10 Taxation

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

	Individual Quarter
	3 Months ended 31-Mar-24
	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.

B11 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 2024:

	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
As At Period Ended 31 Mar 2024			
Secured:-			
Term Loan	2,129	144	2,273
Bank overdrafts	-	2,276	2,276
Total	2,129	2,420	4,549
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.

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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:

	Individual Quarter	15 Months Ended
	31-Mar-24	31-Mar-24
Loss attributable to owners of the Company (RM '000)	(794)	(2,707)
Weighted average number of ordinary shares ('000)	64,300	64,300
Basic loss per share (Sen)	(1.23)	(4.21)