



MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND PERIOD-TO-DATE ENDED 30 SEPTEMBER 2024

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MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

Interim Financial Report for the First Quarter Ended 30 September 2024 Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	----- Unaudited -----	
	Individual Quarter 3 Months Ended 30-Sep-24 RM'000	Cumulative 3 Months Ended 30-Sep-24 RM'000
Revenue	2,208	2,208
Cost of sales	(1,944)	(1,944)
Gross profit	264	264
Other income	477	477
Operating expenses	(891)	(891)
Loss from operations	(150)	(150)
Finance income	95	95
Finance costs	(328)	(328)
Loss before tax	(383)	(383)
Income tax	-	-
Loss for the period	(383)	(383)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the period	<u>(383)</u>	<u>(383)</u>
Total comprehensive loss attributable to owners of the Company	<u>(383)</u>	<u>(383)</u>
Loss per share (Sen)	<u>(0.60)</u>	<u>(0.60)</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 financial period ended 30 June 2024.

MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

Interim Financial Report for the First Quarter Ended 30 September 2024 Condensed Consolidated Statement of Financial Position

	(Unaudited) As At 30-Sep-24 RM'000	(Audited) As At 30-Jun-24 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	168	174
Investment properties	6,620	6,620
Goodwill on consolidation	28,438	28,438
Deferred tax assets	7,127	7,127
Fixed deposits with licensed Financial Institutions	3,471	3,453
	<u>45,824</u>	<u>45,812</u>
Current Assets		
Trade receivables	2,238	3,280
Other receivables	8,139	8,749
Contract assets	2,544	327
Land Development Cost	15,009	16,265
Other investments	155	184
Tax recoverable	7	7
Cash and bank balances	1,122	501
	<u>29,214</u>	<u>29,313</u>
TOTAL ASSETS	<u>75,038</u>	<u>75,125</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	81,258	81,258
Accumulated losses	(40,028)	(39,645)
Total equity	<u>41,230</u>	<u>41,613</u>
Non-current Liabilities		
Other Payables	12,097	11,876
Lease liabilities	100	106
Bank borrowings	2,045	2,261
Deferred tax liabilities	4	4
	<u>14,246</u>	<u>14,247</u>
Current Liabilities		
Trade payables	14,003	13,785
Others payables	1,856	1,580
Contract liabilities	-	424
Amount owing to a director	48	47
Bank borrowings	634	438
Lease liabilities	26	34
Bank overdraft	2,995	2,957
Tax payable	-	-
	<u>19,562</u>	<u>19,265</u>
TOTAL EQUITY AND LIABILITIES	<u>75,038</u>	<u>75,125</u>
Net assets per share (RM)	0.64	0.65

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the financial period ended 30 June 2024.

MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

Interim Financial Report for the First Quarter Ended 30 September 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 Jul 2024	81,258	(39,645)	41,613
Total comprehensive loss for the financial period	-	(383)	(383)
Balance as of 30 Sep 2024	<u>81,258</u>	<u>(40,028)</u>	<u>41,230</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the financial period ended 30 June 2024.

MERCURY INDUSTRIES BERHAD

Registration No. 198201008273 (105550-K)

Interim Financial Report for the First Quarter Ended 30 September 2024 Condensed Consolidated Statements of Cash Flows

GROUP	(Unaudited) 3 months Ended 30-Sep-24 RM'000
OPERATING ACTIVITIES	
Loss before taxation	(383)
Adjustments for:	
Depreciation of property, plant and equipment	10
Fair value adjustment on other investments	29
Interest expenses	328
Interest income	(95)
Impairment loss no longer require on receivables	(331)
Operating loss before working capital changes	<u>(442)</u>
Changes in working capital:	
Inventories	1,035
Receivables	2,058
Contract balances	(2,641)
Payables	760
Cash from operations	<u>770</u>
Interest paid	(104)
Income tax paid	(45)
Net cash from operating activities	<u>621</u>
INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(4)
Net cash used in investing activities	<u>(4)</u>
FINANCING ACTIVITIES	
Placement of fixed deposits pledged	(18)
Interest received	20
Advance from a director	1
Repayment of lease liabilities	(14)
Repayment of borrowing	(20)
Interest paid	(3)
Net cash used in financing activities	<u>(34)</u>
CASH AND CASH EQUIVALENTS	
Net changes	583
Balance as of 1 July 2024	(2,456)
Balance as at end of financial period	<u><u>(1,873)</u></u>

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

	30-Sep-24 RM'000
Cash and bank balances	1,122
Bank overdrafts	(2,995)
Fixed deposits	3,471
Less: Fixed deposits pledged	(3,471)
	<u><u>(1,873)</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the financial period ended 30 June 2024.

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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 30 June 2024. 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 financial year ended 30 June 2024.

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 2024:

Amendments to MFRS 16	Lease: Lease liability in a sales and leaseback
Amendments to MFRS 101	Presentation of financial statements: Non-current liabilities with covenants
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
Amendments to MFRS 107 and MFRS 7	Statement of Cash Flows and Financial Instruments - Disclosures - Supplier Finance Arrangements

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

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

Effective for the financial period beginning on or after 1 January 2025:-

Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability
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Effective for financial period beginning on or after 1 January 2026:-

Amendments to MFRS 9 and MFRS 7	Financial Instruments and Financial Instruments - Disclosures - Amendments to the Classification and Measurement of Financial Instruments
Amendments to MFRS 1, MFRS 7, MFRS 9, MFRS 10 and MFRS 107	Annual Improvement to MFRS Accounting Standards – Volume 11

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A2 Malaysian Financial Reporting Standards (Cont'd)

Effective for financial period beginning on or after 1 January 2027:-

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 19 Subsidiaries without Public Accountability -
Disclosures

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

A3 Audit Qualification

There was no qualification of the Group audited financial statements for the financial year ended 30 June 2024.

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 30 September 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
3 Months Ended 30 September 2024						
Revenue						
External revenue	-	-	-	2,208	-	2,208
Inter-segment revenue	114	1,770	334	-	(2,218)	-
Total revenue	<u>114</u>	<u>1,770</u>	<u>334</u>	<u>2,208</u>	<u>(2,218)</u>	<u>2,208</u>
Results						
Segment loss	(87)	218	(92)	109	(298)	(150)
Interest income	12	81	-	2	-	95
Finance cost	(40)	(19)	(1)	(268)	-	(328)
(Loss)/Profit before tax	<u>(115)</u>	<u>280</u>	<u>(93)</u>	<u>(157)</u>	<u>(298)</u>	<u>(383)</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 under review.

A11 Subsequent Material Events

Save as disclosed below, there were no material events subsequent to the end of the current quarter up to 29 November 2024 that have not been reflected in the interim financial statements for the current financial period.

The Company announced on 18 November 2024, received a notice of unconditional mandatory take-over offer from AmInvestment Bank Berhad, on behalf of the Offeror, to acquire all the remaining shares in MIB not already held by the Offeror, for a cash consideration of RM0.90 per Offer Share.

Malacca Securities Sdn Bhd has been appointed to act as the Independent Adviser to provide their comments, opinion, information and recommendation to the holders of the Offer Shares in respect of the Offer, and this has been announced on 19 November 2024.

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.

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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 30 September 2024.

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 during the financial period ended 30 September 2024 as follow:

Mandated Related Parties	Nature of Transactions	Individual Quarter Ended 30-Sep-24	Cummulative 3 Months Ended 30-Sep-24
Alpine Blossom Group	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 30 September 2024 (“1Q2025”)

For the current quarter ended 30 September 2024, the Group recorded a loss before tax of RM0.38 million on revenue of RM2.21 million. The loss was due to low gross profit generated insufficient to cover the overhead cost incurred for the quarter.

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

Current quarter ended 30 September 2024 (“1Q2025”) versus immediate preceding quarter ended 30 June 2024 (“6Q2024”)

	Current Quarter	Previous Quarter		
	30-Sep-24	30-Jun-24	Changes	
	RM'000	RM'000	RM'000	%
Revenue	2,208	(3,232)	5,440	168%
Loss before tax	(383)	(8,276)	7,893	95%

For the current quarter ended 30 September 2024, the Group recorded a loss before tax of RM0.38 million on revenue of RM2.21 million, compared to a loss before tax of RM8.28 million on negative revenue of RM3.23 million reported in the immediate preceding quarter. The decrease in loss before tax was mainly attributable to higher revenue generated for the current quarter and the impairment loss on investment properties, trade receivables and goodwill amounting to RM8.50 million and interest expenses of RM0.73 million incurred during previous quarter.

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 Commentary on Prospects

Going forward, growth of the Malaysian economy is expected to be driven by robust expansion in investment activity, strong exports and resilient household spending. Investment activities will be driven by continued progress of multi-year projects in both the private and public sectors, robust growth in non-residential, residential and special trade subsectors. Employment and wage growth, as well as policy measures would remain supportive of household spending.

The group is maintaining a positive outlook for its Klebang Cove Residensi project citing a booking rate of over 50% and Batu Berendam project is in the pipeline. This suggests a strong market interest and a good foundation for continued progress. The group's confidence extends to both the construction and property development segments, anticipating further growth and positive results.

With the new incoming shareholder, who has long established experience and expertise in the property development segment, the group is poised for significant growth in the property division, construction and the building material supplies.

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 in A11, there is no outstanding corporate proposal as at the end of the current financial quarter.

B7 Status of Utilisation of Private Placement Proceeds

There was no private placement proposal during the current quarter under review.

B8 Material Litigation

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

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

	Individual Quarter	Cumulative
	3 Months ended 30-Sep-24	3 Months ended 30-Sep-24
	RM'000	RM'000
After charging:		
Depreciation & amortisation	10	10
Fair value adjustment on other investments	29	29
Interest expenses	328	328
Rental expense	93	93
Loss on sale of property, plant and equipment		
And after crediting:		
Interest income	(95)	(95)
Rental income	(144)	(144)
Impairment loss no longer require on receivables	(331)	(331)

B10 Taxation

Domestic current income tax is calculated at the statutory rate of 24% (2024: 24%) of the estimated assessable profit for the period.

	Individual Quarter	Cumulative
	3 Months ended 30-Sep-24	3 Months ended 30-Sep-24
	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.

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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 2024:

	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
As At 30 Sep 2024			
Secured:-			
Term Loan	2,045	634	2,679
Lease liabilities	100	26	126
Bank overdrafts	-	2,995	2,995
Total	2,145	3,655	5,800
As At 30 Jun 2024			
Secured:-			
Term loan	2,261	438	2,699
Lease liabilities	106	34	140
Bank overdrafts	-	2,957	2,957
Total	2,367	3,429	5,796

- 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:

	Individual Quarter	Cumulative
	3 Months Ended 30-Sep-24	3 Months Ended 30-Sep-24
Loss attributable to owners of the Company (RM '000)	(383)	(383)
Weighted average number of ordinary shares ('000)	64,300	64,300
Basic loss per share (Sen)	(0.60)	(0.60)