

**MERCURIUS CAPITAL INVESTMENT LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration No.198200473E)

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**First Quarter Financial Statement Announcement for the Three-Month Period Ended 31/03/2016 (“1Q2016”) of Mercurius Capital Investment Limited (“MCIL” or the “Company” and together with its subsidiaries, the “Group”)**

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, R & T Corporate Services Pte. Ltd. (“Sponsor”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“Exchange”). The Sponsor has not independently verified the contents of this announcement including the accuracy or completeness of any of the figures used, statements, opinions or other information made or disclosed.*

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**PART I -INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE-MONTH ENDED 31 MARCH 2016**

	3 Months Ended		Change %
	31/03/2016 S\$'000	31/03/2015 S\$'000	
<b>Continuing Operations</b>			
Revenue	662	3,226	-79%
Cost of sales	(575)	(3,153)	-82%
Gross profit	87	73	19%
Other income	1,034	609	70%
Other losses	-	(4)	-100%
Selling and distribution expenses	(58)	(249)	-77%
Administrative expenses	(274)	(493)	-44%
Finance costs	(141)	(195)	-28%
<b>Profit/(loss) before income tax</b>	<b>648</b>	<b>(259)</b>	NM
Income tax credit	-	-	
<b>Net profit/(loss) for the financial period</b>	<b>648</b>	<b>(259)</b>	NM
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
-(Losses)/gains	(348)	813	NM
<b>Total comprehensive income</b>	<b>300</b>	<b>554</b>	-46%
<b>Net profit/(loss) attributable to:</b>			
Equity holders of the Company	<b>648</b>	<b>(259)</b>	NM
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	<b>300</b>	<b>554</b>	-46%

NM = Not Meaningful

**1(a)(ii) Notes to Consolidated Statement of Comprehensive Income**

Profit/Loss for the financial period was arrived at after crediting/(charging) the following:

	3 Months Ended		Change
	31/03/2016	31/03/2015	
	S\$'000	S\$'000	%
Interest income	2	2	0%
Reversal for impairment of trade and other receivables, net	1,920	15	NM
Depreciation and amortisation	(56)	(66)	-15%
Salaries, bonuses and allowances	(172)	(1,217)	-86%
Rental expenses on operating lease	(32)	(103)	-69%
Interest expense	(141)	(195)	-28%
Currency translation (losses)/gains, net	(889)	537	NM

*NM = Not Meaningful*

- 1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

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**STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2016 AND 31 DECEMBER 2015**

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	<b>Group</b>		<b>Company</b>	
	<b>As at</b>		<b>As at</b>	
	<b>31/03/2016</b>	<b>31/12/2015</b>	<b>31/03/2016</b>	<b>31/12/2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	3,941	3,805	12	20
Trade and other receivables	42,091	47,008	29,280	33,107
Income tax recoverable	19	18	-	-
Inventories	16,204	17,552	-	-
	<u>62,255</u>	<u>68,383</u>	<u>29,292</u>	<u>33,127</u>
<b>Non-current assets</b>				
Investments in subsidiaries	-	-	20,429	20,429
Property, plant and equipment	245	320	12	13
Intangible assets	-	-	-	-
	<u>245</u>	<u>320</u>	<u>20,441</u>	<u>20,442</u>
<b>TOTAL ASSETS</b>	<u>62,500</u>	<u>68,703</u>	<u>49,733</u>	<u>53,569</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	14,473	18,536	27,257	32,879
Borrowings	25,559	27,959	-	-
Current income tax liabilities	38	78	-	-
	<u>40,070</u>	<u>46,573</u>	<u>27,257</u>	<u>32,879</u>
<b>TOTAL LIABILITIES</b>	<u>40,070</u>	<u>46,573</u>	<u>27,257</u>	<u>32,879</u>
<b>NET ASSETS</b>	<u>22,430</u>	<u>22,130</u>	<u>22,476</u>	<u>20,690</u>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	49,074	49,074	132,732	132,732
Other reserves	8,602	8,950	-	-
Accumulated losses	(35,025)	(35,673)	(110,256)	(112,042)
	<u>22,651</u>	<u>22,351</u>	<u>22,476</u>	<u>20,690</u>
<b>Non-controlling interests</b>	<u>(221)</u>	<u>(221)</u>	<u>-</u>	<u>-</u>
<b>TOTAL EQUITY</b>	<u>22,430</u>	<u>22,130</u>	<u>22,476</u>	<u>20,690</u>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**- Amount repayable in one year or less, or on demand**

**- Amount repayable after one year**

	<b>Group 31/03/2016</b>		<b>Group 31/12/2015</b>	
	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
Borrowings	25,559	-	27,959	-
Of which:				
Amount due within 1 year	25,559	-	27,959	-

**Details of any collateral**

Secured borrowings consist of term loans, bills payable and factoring of trade receivables. The bank borrowings are secured over a pledge of certain properties, plant and equipment provided by a related company and related party.

Shishi Haotian Dress Industry Co Ltd ("Shishi Haotian"), a fully owned subsidiary of the Group, had extended a corporate guarantee to Hua Xia Bank in China for Eagleton (Xiamen) Import & Export Co Ltd's ("Eagleton") banking facilities with the bank. The corporate guarantee is effective from 12 August 2014 to 12 August 2017 for an amount up to RMB32,000,000. As at 31 March 2016, the outstanding banking facility drawn down by Eagleton was RMB24,000,000 (FY2015: RMB24,000,000). Following the completion of the disposal of the Group's stake in Eagleton on the 23 January 2015, the Group is working towards the release of the corporate guarantee, and getting the purchasers of Eagleton to provide an indemnity in the favour of Shishi Haotian for the corporate guarantee.

As at to date, the corporate guarantee provided by Shishi Haotian had yet to be discharged.

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE-MONTH ENDED 31 MARCH 2016 AND 2015**

	<b>3 Months Ended</b>	
	31/03/2016 S\$'000	31/03/2015 S\$'000
<b>Cash flows from operating activities</b>		
Net profit/(loss)	648	(259)
<b>Adjustments for:</b>		
Reversal of allowance for impairment of receivables, net	(1,920)	(15)
Depreciation of property, plant and equipment	56	66
Interest expense	141	195
Interest income	(2)	(2)
Unrealised currency translation losses	889	1,226
<b>Operating cash flows before working capital changes</b>	<u>(188)</u>	<u>1,211</u>
<b>Changes in working capital</b>		
Trade and other receivables	4,949	(10,042)
Inventories	1,348	(5,768)
Trade and other payables	(4,063)	1,180
<b>Cash provided by/(used in) operations</b>	<u>2,046</u>	<u>(13,419)</u>
Interest received	2	2
Income tax refund	-	9
Income tax paid	(38)	(361)
<b>Net cash provided by/(used in) operating activities</b>	<u>2,010</u>	<u>(13,769)</u>
<b>Cash flows from investing activities</b>		
Additions of property, plant and equipment	-	(48)
Deferred proceeds from disposal of subsidiaries	-	1,092
<b>Net cash provided by investing activities</b>	<u>-</u>	<u>1,044</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1,958	22,145
Repayment of borrowings	(3,623)	(8,458)
Interest paid	(141)	(195)
Decrease/(Increase) in bank deposits and bank balances pledged	63	(2,010)
<b>Net cash (used in)/provided by financing activities</b>	<u>(1,743)</u>	<u>11,482</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	267	(1,243)
<b>Cash and cash equivalent</b>		
Cash and cash equivalent at beginning of financial year	1,040	2,557
Effects of currency translation on cash and cash equivalents	(68)	162
<b>Cash and cash equivalent at end of financial period</b>	<u>1,239</u>	<u>1,476</u>

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (Continued)**

Notes to consolidated statement of cash flows:-

a) Cash and cash equivalents included in the consolidated statement of cash flows comprises the followings:

	<b>3 Months Ended</b>	
	31/03/2016	31/03/2015
	S\$'000	S\$'000
Cash and bank balances	3,941	4,477
Short-term bank deposits	-	-
Cash and cash equivalents as per statement of financial position	<u>3,941</u>	<u>4,477</u>
Short-term bank deposits pledged with banks	-	-
Bank balances pledged with banks	<u>(2,702)</u>	<u>(3,001)</u>
	<u>1,239</u>	<u>1,476</u>

**1(d)(i) A statement (for the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**GROUP**

	Equity attributable to owners of the parent							Total Equity S\$'000
	Share capital S\$'000	Statutory surplus reserve S\$'000	Capital reserve S\$'000	Foreign currency translation account S\$'000	Accumulated losses S\$'000	Equity attributable to owners of the parent S\$'000	Non-controlling interests S\$'000	
Balance at 1 January 2016	49,074	1,911	6,992	47	(35,673)	22,351	(221)	22,130
Total comprehensive (loss)/income for the financial period	-	-	-	(348)	648	300	-	300
Balance at 31 March 2016	49,074	1,911	6,992	(301)	(35,025)	22,651	(221)	22,430
Balance at 1 January 2015	49,074	1,911	6,992	(292)	(15,376)	42,309	(221)	42,088
Total comprehensive income/(loss) for the financial period	-	-	-	813	(259)	554	-	554
Balance at 31 March 2015	49,074	1,911	6,992	521	(15,635)	42,863	(221)	42,642

**COMPANY**

	Share Capital S\$'000	Accumulated Losses S\$'000	Total S\$'000
Balance at 1 January 2016	132,732	(112,042)	20,690
Total comprehensive income for the financial period	-	1,786	1,786
Balance at 31 March 2016	132,732	(110,256)	22,476
Balance at 1 January 2015	132,732	(77,023)	55,709
Total comprehensive loss for the financial period	-	(445)	(445)
Balance at 31 March 2015	132,732	(77,468)	55,264



- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change in the Company's share capital from 31 December 2015 to 31 March 2016.

As at 31 March 2016 and 31 March 2015, there were no outstanding convertibles and share options in respect of the unissued ordinary shares of the Company under the Friven & Co. Employee Share Options Scheme.

There were no treasury shares as at 31 March 2016 and 31 March 2015.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 31 March 2016 and 31 December 2015, the total number of issued shares was 1,104,008,940. There were no treasury shares as at 31 March 2016 and 31 December 2015.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported thereon.**

Not applicable. The Company did not have any treasury shares during and as at the current financial year reported on.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's independent auditor.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Save as disclosed in Section 5 below, the Group had applied the same accounting policies and methods of computation in the financial statements for the current financial year reported on, as in the recently audited financial statements of the Group for the financial year ended 31 December 2015 ("FY2015").

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group had adopted all the applicable new and revised Financial Reporting Standards ("FRS") including related interpretations ("INT FRS") which become effective for the financial year beginning on or after 1 January 2016. The adoption of these new and revised FRS and INT FRS did not give rise to any material impact on the Group's financial statements for the current financial year reported on.

**6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<b>3 Months Ended</b>	
	<b>31-03-2016</b>	<b>31-03-2015</b>
Net profit/(loss) for the financial period (S\$'000)	648	(259)
Weighted average number of ordinary shares in issue for computation of basic earnings and diluted earnings per share	1,104,008,940	1,104,008,940
Basic and diluted earnings/(losses) per share (cents)	0.06	(0.02)

For the 3 months financial period ended 31 March 2016 and 31 March 2015, the fully diluted earnings per share was equivalent to the basic earnings per share as the Company did not have any potentially dilutive securities.

**7. Net asset value (for the issuer and the group) per ordinary share based on issued share capital of the issuer at the end of the:-**

**(a) current financial period reported on; and**

**(b) immediately preceding financial year.**

	<b>Group</b>	
	31/03/2016	31/03/2015
<b>Net Asset Value Per Ordinary Share</b>		
- Based on issued share capital at the end of financial period/year	2.03 cents	3.86 cents
- Number of existing issued shares at the end of financial period/year	1,104,008,940	1,104,008,940
	<b>Company</b>	
	31/03/2016	31/03/2015
<b>Net Asset Value Per Ordinary Share</b>		
- Based on issued share capital at the end of financial period/year	2.04 cents	5.05 cents
- Number of existing issued shares at the end of financial period/year	1,104,008,940	1,104,008,940

**8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**

**(a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**Turnover**

Divisions	3 months ended		
	31/03/16 ("1Q2016") S\$'000	31/03/15 ("1Q2015") S\$'000	Variance
Original Design Manufacturing ("ODM")	662	3,226	-79.5%
<b>Total</b>	<b>662</b>	<b>3,226</b>	-79.5%

Revenue decreased by S\$2.6 million from S\$3.2 million in 1Q2015 to S\$0.6 million in 1Q2016. The decrease in revenue was mainly due to significant decrease in sales volume for our international customers, specifically in the European and middle east market. The lower sales volume in 1Q2016 was also due to the Chinese New Year holiday season which resulted in slower production for our China domestic market.

- (a) **any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (Continued)**

### **Gross Profit**

The Group was able to maintain gross profit despite lower revenue during the first quarter through cost rationalisation. Gross profit increased to S\$87,000 in 1Q2016 from S\$73,000 in 1Q2015.

### **Other Income**

Other income increased by S\$0.4 million to S\$1.0 million in 1Q2016 as compared to S\$0.6 million in 1Q2015. The increase was due to write back of allowance for doubtful debts amounting to S\$1.9 million, offset by currency exchange losses amounting to S\$0.9 million.

### **Expenses**

Selling and distribution expenses decreased by S\$191,000 to S\$58,000 in 1Q2016 from S\$249,000 in 1Q2015 as a result of lower sales activities during the period.

Administrative expenses decreased from S\$0.5 million in 1Q2015 to S\$0.3 million in 1Q2016. The lower administrative expenses was mainly attributed by decrease in staff costs as a result of cessation of key managements and reduction in factory workers during the period.

Finance costs decreased by 28% to S\$141,000 in 1Q2016 as compared to S\$195,000 in 1Q2015 which coincide with the decrease in borrowing during the period.

The Group reported a net profit of S\$0.6 million for 1Q2016 as compared to net loss S\$0.3 million for 1Q2015 due to the above factors.

- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

Trade and other receivables decreased by S\$4.9 million to S\$42.1 million as at 31 March 2016 as compared to S\$47.0 million as at 31 December 2015, mainly due to decrease in sales revenue as compared to fourth quarter of 2015.

Inventories decreased by S\$1.4 million to S\$16.2 million as at 31 March 2016 from S\$17.6 million as at 31 December 2015, mainly due to lower amount of raw materials purchased in anticipation of lower production in the following months.

Non-current assets decreased by S\$75,000 to S\$0.2 million as at 31 March 2016 as a result of depreciation of property, plant and equipment during the financial period.

Trade and other payables decreased by S\$4.0 million from S\$18.5 million as at 31 December 2015 to S\$14.5 million as at 31 March 2016. This was mainly due to decrease in advances from ODM customers as a result of lower sales volume.

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on (Continued)**

Total borrowings decreased by S\$2.4 million to S\$25.6 million as at 31 March 2016 compared to S\$28.0 million as at 31 December 2015, mainly due to settlement of notes payables amounting to S\$3.6 million.

The Group had a positive working capital of S\$22.2 million as at 31 March 2016 as compared to S\$21.8 million as at 31 December 2015.

**Group's Cash Flow Position**

Net cash provided by operating activities amounting to S\$2.0 million in 1Q2016 was derived from net cash inflows from changes in working capital of S\$2.0 million. The net cash inflows from changes in working capital were mainly due to decrease in trade and other receivables of S\$4.9 million due to lower revenue accompanied by collections from trade debtors during the period. Furthermore, inventories had decreased by S\$1.3 million in anticipation of lower level of production in the coming months.

Net cash used in financing activities of S\$1.7 million for 1Q2016 was mainly due to settlement of bills payables amounting to S\$3.6 million, offset by roll-over of partial bills payables amounting to S\$2.0 million.

The Group had a net cash inflow of S\$0.3 million for 1Q2016 as compared to a net cash outflow of S\$1.2 million for 1Q2015.

As at 31 March 2016, cash and cash equivalents of the Group stood at S\$3.9 million (31 March 2015: S\$4.5 million).

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

In 2015, global economic activity remained subdued. Overall growth in China is evolving broadly as envisaged, but with a faster-than-expected slowdown in imports and exports, in part reflecting weaker investment and manufacturing activity<sup>1</sup>. The risks to the global outlook remained tilted to the downside and relate to ongoing adjustment in the global economy which in turn affects the market generally: a generalised slowdown in emerging market economies, China's rebalancing, lower commodity prices, and the gradual exit from extraordinarily accommodative monetary conditions in the United States<sup>1</sup>. Based on these factors and the Group's financial performance in FY2015, the Group is expecting its ODM business to operate under challenging business environment.

As mentioned in the FY2015 Annual Report, the Group will continue to focus on sales revenue and cost rationalization of the business, as well as explore other opportunities for collaboration in the current financial year.

**11. Dividend**

**(a) Current Financial Period Reported On**

**Any dividend declared for the current financial period reported on?**

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend has been declared or recommended for the financial period ended 31 March 2016.

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<sup>1</sup> International Monetary Fund, *World Economic Outlook: "Subdued Demand, Diminished Prospects"*, published online on Jan 2016

- 13. If the Group has obtained a general mandate from shareholders for interested person transactions (“IPT”) the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

Name of interested person	Aggregate value of all interested person transactions during the financial period ended 31 March 2016 under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions during the financial period ended 31 March 2016 conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Four Season Capital Pte Ltd (Note 1)	S\$7,200	Nil (Note 3)
Shishi Jijile Garments Weaving Co., Ltd. (Note 2)	S\$29,606.93	Nil (Note 3)

Note 1: Rental of office space from a company owned by the spouse of Xu Rongsen, CEO of the Company.

Note 2: Rental of office and production space from a company owned by the father-in-law of Xu Rongsen, CEO of the Company.

Note 3: The Group does not have a general mandate from shareholders for IPTs.

- 14. Confirmation by Directors pursuant to Rule 705(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited**

The Board of Directors of the Company confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors that may render the unaudited financial statements for the first quarter ended 31 March 2016 to be false or misleading in any material aspect.

- 15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).**

The Company had procured the undertakings from all its directors and executive officers (in the updated format set out in Appendix 7H of the Catalist Rules) under Rule 720(1) of the Catalist Rules.

**BY ORDER OF THE BOARD**

**Chang Wei Lu**  
Executive Chairman

**13 May 2016**