



MERCURIUS CAPITAL
INVESTMENT LIMITED

MERCURIUS CAPITAL INVESTMENT LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.198200473E)

**MATERIAL VARIANCES BETWEEN UNAUDITED AND AUDITED FULL YEAR
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER
2017**

The board of directors (the “**Board**”) of Mercurius Capital Investment Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to its unaudited full year financial results announcement for the financial year ended 31 December 2017 (“**FY2017**”) released via the SGXNET on 1 March 2018 (the “**Unaudited Financial Statements**”). Further reference is made to the audited financial statements of the Company for FY2017 (the “**Audited Financial Statements**”) and the report thereon by the Company’s independent auditor within the Company’s annual report for FY2017 which will be issued to shareholders of the Company and released on the SGXNET in due course.

Pursuant to Rule 704(5) of Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board wishes to announce that subsequent to the release of the Unaudited Financial Statements, the independent auditor has proposed certain adjustments and reclassifications which the management of the Company has adopted accordingly in respect of the consolidated statement of comprehensive income, statement of financial position and statement of cash flow in the Audited Financial Statements. Details and explanation of the material variances between the Unaudited Financial Statements and the Audited Financial Statements are set out in the Appendix appended to this announcement.

BY ORDER OF THE BOARD

CHANG WEI LU

Executive Chairman and Chief Executive Officer

4 April 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (“**Sponsor**”), for compliance with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

Appendix

Consolidated statement of comprehensive income for FY2017

	12 Months Ended 31/12/2017				Note
	As per Audited Financial Statements	As per Unaudited Financial Statements	Variance		
	S\$'000	S\$'000	S\$'000	%	
<u>Continuing Operations</u>					
Revenue	-	-	-		
Cost of sales	-	-	-		
Gross profit	-	-	-		
Other income, net	1,028	968	60	6%	1
Selling and distribution expenses	-	-	-		
Administrative expenses	(516)	(502)	(14)	3%	2
Finance costs	(63)	(65)	2	-3%	2
Loss before income tax	449	401	48	12%	
Income tax expenses	-	-	-		
Net loss for the financial year from continuing operations	449	401	48	12%	
<u>Discontinued operations</u>					
Net loss for the financial year from discontinued operations, net of tax	(2,078)	(2,058)	(20)	1%	3
Total net loss for the financial year	(1,629)	(1,657)	28	-2%	
<u>Other comprehensive loss</u>					
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences arising from consolidation					
-Gains	3	883	(880)	-100%	4
-Reclassification	852	-	852	-	4
Total comprehensive loss	(774)	(774)	-	0%	
<u>Net profit/(loss) attributable to:</u>					
Equity holders of the Company - Continuing operations	449	401	48	12%	
Equity holders of the Company - Discontinued operations	(2,078)	(2,058)	(20)	1%	
	(1,629)	(1,657)	28	-2%	
<u>Total comprehensive profit/(loss) attributable to:</u>					
Equity holders of the Company - Continuing operations	1,304	1,284	20	2%	
Equity holders of the Company - Discontinued operations	(2,078)	(2,058)	(20)	1%	
	(774)	(774)	-	0%	

Balance sheets as at 31 December 2017

	Group				Company				Note
	As per Audited Financial Statements	As per Unaudited Financial Statements	Variance		As per Audited Financial Statements	As per Unaudited Financial Statements	Variance		
	SS'000	SS'000	SS'000	%	SS'000	SS'000	SS'000	%	
ASSETS									
Current assets									
Cash and cash equivalents	499	499	-	0%	482	482	-	0%	
Trade and other receivables	87	87	-	0%	62	82	(20)	-24%	5
Income tax recoverable	3	3	-		-	-	-		
	589	589	-	0%	544	564	(20)	-4%	
Non-current assets									
Investment in subsidiary corporations	-	-	-		*	*			
Property, plant and equipment	8	8	-	0%	5	5	-	0%	
	8	8	-	0%	5	5	-	0%	
TOTAL ASSETS	597	597	-	0%	549	569	(20)	-4%	
LIABILITIES									
Current liabilities									
Trade and other payables	190	253	(63)	-25%	126	210	(84)	-40%	6
Convertible loan	-	1,000	(1,000)	-100%	-	1,000	(1,000)	-100%	7
	190	1,253	(1,063)	-85%	126	1,210	(1,084)	-90%	
TOTAL LIABILITIES	190	1,253	(1,063)	-85%	126	1,210	(1,084)	-90%	
NET (LIABILITIES)ASSETS	407	(656)	1,063	-162%	423	(641)	1,064	-166%	
EQUITY									
Capital and reserves attributable to equity holders of the Company									
Share capital	133,182	133,182	-	0%	133,182	133,182	-	0%	
Other reserves	(1,081)	(2,116)	1,035	-49%	1,063	-	1,063	-	7
Accumulated losses	(131,702)	(131,730)	28	0%	(133,822)	(133,823)	1	0%	
	399	(664)	1,063	-160%	423	(641)	1,064	-166%	
Non-controlling interests	8	8	-		-	-	-		
TOTAL EQUITY	407	(656)	1,063	-162%	423	(641)	1,064	-166%	

Consolidated statement of cash flow for FY2017

	As per Audited Financial Statements	As per Unaudited Financial Statements	Variances		Note
	SS'000	SS'000	SS'000	%	
Cash flows from operating activities					
Total net loss	(1,629)	(1,657)	28	-2%	
Adjustments for:					
Bad debts written off	13	12	1	8%	
Depreciation of property, plant and equipment	4	8	(4)	-50%	
Interest expense	190	192	(2)	-1%	
Interest income	(2)	-	(2)	-	
Net gain on disposal and struck-off of subsidiary corporations	(848)	(844)	(4)	0%	
Unrealised currency translation gain	1,833	1,866	(33)	-2%	3
Operating cash flows before working capital changes	(439)	(423)	(16)	4%	
Changes in working capital					
Trade and other receivables	(38)	(18)	(20)	111%	5
Inventories	141	141	-	0%	
Trade and other payables	(192)	(208)	16	-8%	3
Cash provided by operations	(528)	(508)	(20)	4%	
Interest received	2	-	2	-	
Income tax paid	13	(16)	29	-181%	8
Net cash provided by operating activities	(513)	(524)	11	-2%	
Cash flows from investing activities					
Additions of property, plant and equipment	(3)	(3)	-	0%	
Disposal and struck-off of subsidiaries, net of cash disposed of subsidiary corporations	(52)	(52)	-	0%	
Net cash provided by investing activities	(55)	(55)	-	0%	
Cash flows from financing activities					
Proceed from convertible loan	1,000	1,000	-	0%	
Proceeds from borrowings	153	153	-	0%	
Repayment of borrowings	(155)	(155)	-	0%	
Interest paid	(127)	(127)	-	0%	
Decrease in bank deposit and bank balances pledged	-	29	(29)	-100%	8
Net cash used in financing activities	871	900	(29)	-3%	
Net decrease in cash and cash equivalents	303	321	(18)	-6%	
Cash and cash equivalent					
Cash and cash equivalent at beginning of financial year	196	196	-	0%	
Effects of currency translation on cash and cash equivalents	-	(18)	18	-100%	3
Cash and cash equivalent at end of financial year	499	499	-		

Notes:-

1. Adjustment to the following other income/losses:-
 - a) Gain from disposal and striking-off of subsidiary corporations amounting to \$4,000 due to foreign exchange translation differences;
 - b) Gain from currency exchange amounting to \$43,000;
 - c) Reclassification of \$12,000 bad debts written off to administrative expenses; and
 - d) Waiver of other payables amounting to \$1,000.
2. Reclassification of \$12,000 bad debts written off and \$2,000 bank charges from other income/losses and finance costs respectively, to administrative expenses.
3. Difference due to foreign exchange translation differences.
4. Difference due to reclassification of disclosure item under currency translation difference arising from consolidation.
5. Adjustment to the Company's trade and other receivables was due to the offset of inter-company balances disclosed under trade and other receivables and trade and other payables amounting to \$20,000.
6. Adjustment to the Company's trade and other payables was due to the offset of inter-company balances disclosed under trade and other receivables and trade and other payables amounting to \$20,000, and reclassification of interest payable for convertible loan to other reserves amounting to \$63,000, while the adjustment to the Group's trade and other payables relates to the reclassification of interest payable for convertible loan to other reserves amounting to \$63,000.
7. The principal amount of the convertible loan of \$1,000,000 and its interest payable for FY2017 of \$63,000, had been reclassified to other reserves. The reclassification was made after taking into consideration the following:
 - (a) the purpose of raising funds from convertible loan was mainly for working capital of the Company, business growth and investment opportunities. At the inception date, the Group and the Company were in net loss and net liabilities positions as well as had minimal free cash on hand. Accordingly, the redemption of convertible loans and payment of interest by cash are remote; and
 - (b) the conversion of convertible loans is at the Company's sole and absolute discretion of which management of the Company has represented and assessed that based on the Group's and Company's financial performance and position at the inception date, the Company had intention to repay the convertible loan and interest through the allotment and issuance of new shares in the capital of the Company at inception date.
8. Adjustment to incorrect disclosure between income tax paid and decrease in bank deposit and bank balances pledged.