



MERCURIUS CAPITAL INVESTMENT LIMITED

(Company Registration No.: 198200473E)
(Incorporated in the Republic of Singapore)

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2022

Mercurius Capital Investment Limited (the “**Company**”) wishes to inform the shareholders of the Company that pursuant to Rule 705(2)(d) and 705(2C) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst, the Company is required to announce its quarterly financial statements in view of the disclaimer of opinion issued by the Company’s independent auditor for the financial year ended 31 December 2021.

*This announcement has been prepared by the Company and reviewed by the Company’s sponsor, Novus Corporate Finance Pte. Ltd. (the “**Sponsor**”), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst.*

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 Mr. Pong Chen Yih, Chief Operating Officer, 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

**MERCURIUS CAPITAL INVESTMENT LIMITED
AND ITS SUBSIDIARY CORPORATIONS**

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**MERCURIUS CAPITAL INVESTMENT LIMITED
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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

	3 Months Ended			Change %
		31/3/2022	31/3/2021	
		S\$'000	S\$'000	
	Note	Unaudited	Unaudited	
Other income		-	7	(100)
Other losses, net		(10)	(22) ¹	(55)
Expenses				
- Administrative		(205)	(90) ¹	128
- Finance		(128)	(146)	(12)
Share of loss of joint venture		-	-	-
Loss before income tax	7	<u>(343)</u>	<u>(251)</u>	37
Income tax expense		-	-	-
Net loss		<u><u>(343)</u></u>	<u><u>(251)</u></u>	37
Other comprehensive loss, net of tax:				
Items that may be reclassified subsequently to profit or loss:				
- Share of other comprehensive loss of joint venture		-	-	-
- Currency translation gains arising from consolidation		10	22	(55)
Total comprehensive loss		<u><u>(333)</u></u>	<u><u>(229)</u></u>	45
Net loss attributable to:				
Equity holders of the Company		(343)	(251)	37
Non-controlling interests		*	*	NM
		<u><u>(343)</u></u>	<u><u>(251)</u></u>	37
Total comprehensive loss attributable to:				
Equity holders of the Company		(333)	(229)	45
Non-controlling interests		*	*	NM
		<u><u>(333)</u></u>	<u><u>(229)</u></u>	45

NM = Not meaningful

* Amount less than S\$1,000.

Note

- (1) Other losses, net relate mainly to currency translation losses. The amount of currency translation losses, net for the 3 months ended 31 March 2021 amounting to S\$22,000 was disclosed under Expenses – Administrative in the Group's unaudited financial statements announcement for the first quarter and three-month period ended 31 March 2021. It is now separately disclosed under Other losses, net, to be consistent with the headings that were included in the Group's most recent audited financial statements for the year ended 31 December 2021.

Explanatory Notes to the Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

- Other income decreased due to the absence of grants which were received during the previous period.
- Other losses, net relate mainly to currency translation losses. The decrease was mainly due to more favourable exchange rates during the current period as compared to the prior period.
- Administrative expenses increased mainly due to higher professional fees and salaries during the current period.
- Finance costs relate to the interest expense on convertible loans. The decrease in finance costs during the current period was due to extension of the maturity of the remaining convertible loans by a year and the repayment of a portion of the convertible loans during 2021 which resulted in lower effective interest rate and interest expense during the current period.
- Currency translation gains arising from consolidation decreased due to less favourable exchange rates during the current period as compared to the prior period.

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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (CONT'D)**

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.

	3 Months Ended	
	31/3/2022	31/3/2021
Losses per share attributable to equity holders of the Company (cents per share)		
Weighted average number of ordinary shares for basic earnings per share	1,326,306,667	1,288,385,335
Weighted average number of ordinary shares for diluted earnings per share	1,376,709,126	1,338,308,286
Net loss attributable to the equity holders of the Company for the financial year (S\$'000)	(343)	(251)
Less: Interest on convertible loans (S\$'000)	(120)	(143)
Adjusted net loss for the financial year (S\$'000)	<u>(223)</u>	<u>(108)</u>
Basic loss per share (cents)	<u>(0.026)</u>	<u>(0.019)⁽²⁾</u>
Diluted loss per share (cents) ⁽¹⁾	<u>(0.026)</u>	<u>(0.019)⁽²⁾</u>

Note:

(1) The diluted loss per share computations have not taken into consideration the effects of the shares to be issued and convertible loans as at 31 March 2022 and 31 December 2021, as they were anti-dilutive.

(2) The basic loss per share and diluted loss per share were incorrectly disclosed as 0.008 cents respectively in the Group's unaudited financial statements announcement for the first quarter and three-month period ended 31 March 2021.

**MERCURIUS CAPITAL INVESTMENT LIMITED
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CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		31/3/2022	31/12/2021	31/3/2022	31/12/2021
		S\$'000	S\$'000	S\$'000	S\$'000
		Unaudited	Audited	Unaudited	Audited
ASSETS					
Current assets					
Cash and bank balances		724	842	722	840
Trade and other receivables		98	93	104	100
Income tax recoverable		1	1	-	-
		<u>823</u>	<u>936</u>	<u>826</u>	<u>940</u>
Non-current assets					
Investments in subsidiary corporations		-	-	-	-
Investment in a joint venture	11	6,476	6,476	9,260	9,260
Property, plant and equipment	12	18	21	18	21
Right-of-use assets		49	86	49	86
		<u>6,543</u>	<u>6,583</u>	<u>9,327</u>	<u>9,367</u>
TOTAL ASSETS		<u><u>7,366</u></u>	<u><u>7,519</u></u>	<u><u>10,153</u></u>	<u><u>10,307</u></u>
LIABILITIES					
Current liabilities					
Trade and other payables		633	535	591	499
Lease liabilities		91	129	91	129
Convertible loans	13	4,063	3,943	4,063	3,943
TOTAL LIABILITIES		<u>4,787</u>	<u>4,607</u>	<u>4,745</u>	<u>4,571</u>
NET ASSETS		<u><u>2,579</u></u>	<u><u>2,912</u></u>	<u><u>5,408</u></u>	<u><u>5,736</u></u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	14	142,852	142,852	142,852	142,852
Other reserves		(2,112)	(2,122)	805	805
Accumulated losses		(138,169)	(137,826)	(138,249)	(137,921)
		<u>2,571</u>	<u>2,904</u>	<u>5,408</u>	<u>5,736</u>
Non-controlling interests		<u>8</u>	<u>8</u>	<u>-</u>	<u>-</u>
TOTAL EQUITY		<u><u>2,579</u></u>	<u><u>2,912</u></u>	<u><u>5,408</u></u>	<u><u>5,736</u></u>

Explanatory Notes to the Consolidated Interim Statements of Financial Position

- Cash and bank balances decreased mainly due to the payment of operating expenses incurred during the period.
- Right-of-use assets decreased due to depreciation.
- Trade and other payables increased due to accrual of operating expenses incurred during the period.
- Lease liabilities decreased due to lease payments made during the period.
- Convertible loans increased due to the accrual of interest expenses during the period.

**MERCURIUS CAPITAL INVESTMENT LIMITED
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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	3 Months Ended	
	31/3/2022	31/3/2021
	S\$'000	S\$'000
	Unaudited	Unaudited
Cash flows from operating activities		
Net loss	(343)	(251)
Adjustments for:		
- Depreciation of property, plant and equipment	3	3
- Depreciation of right-of-use assets	37	37
- Interest expense	128	146
- Unrealised currency translation losses	10	22
	<u>(165)</u>	<u>(43)</u>
Changes in working capital:		
- Trade and other receivables	(5)	6
- Trade and other payables	91	(22)
Cash used in operations	<u>(79)</u>	<u>(59)</u>
- Interest paid	(1)	(3)
Net cash used in operating activities	<u>(80)</u>	<u>(62)</u>
Cash flows from financing activities		
Repayment of lease liabilities	<u>(38)</u>	<u>(49)</u>
Net cash used in financing activities	<u>(38)</u>	<u>(49)</u>
Net decrease in cash and cash equivalents	(118)	(111)
Cash and cash equivalents		
Beginning of financial period	<u>842</u>	<u>247</u>
End of financial period	<u>724</u>	<u>136</u>

Explanatory Notes to the Condensed Interim Consolidated Statement of Cash Flows

- a. Cash and cash equivalents decreased by S\$0.12 million from S\$0.84 million as at 31 December 2021 to S\$0.72 million as at 31 March 2022. This was mainly due to the payment of operating expenses incurred during the period.

**MERCURIUS CAPITAL INVESTMENT LIMITED
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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	← Attributable to equity owners of the Company →				Total	Non- controlling interests	Total equity
	Share capital	Other reserves	Equity component of convertible loans	Accumulated losses			
Group	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000
2022							
Balance as at 1 January 2022	142,852	(2,447)	325	(137,826)	2,904	8	2,912
Loss for the financial period	-	-	-	(343)	(343)	*	(333)
Other comprehensive loss for the financial period	-	10	-	-	10	*	10
Total comprehensive (loss for the financial period)	-	10	-	(343)	(333)	*	(333)
Balance as at 31 March 2022	142,852	(2,437)	325	(138,169)	2,571	8	2,579

* Amount less than S\$1,000.

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**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(CONT'D)**

	← Attributable to equity owners of the Company →				Total	Non- controlling interests	Total equity
	Share capital	Other reserves	Equity component of convertible loans	Accumulated losses			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group							
2021							
Balance as at 1 January 2021	141,277	(1,847)	325	(135,559)	4,196	5	4,201
Loss for the financial period	-	-	-	(251)	(251)	*	(251)
Other comprehensive loss for the financial period		22	-	-	22	*	22
Total comprehensive loss for the financial period	-	22	-	(251)	(229)	*	(229)
Balance as at 31 March 2021	141,277	(1,825)	325	(133,810)	3,967	5	3,972

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**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(CONT'D)**

	← Attributable to equity owners of the Company →				
	Share capital	Other reserves	Equity component of convertible loans	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
2022					
Balance as at 1 January 2022	142,852	480	325	(137,921)	5,736
Loss for the financial period	-	-	-	(328)	(328)
Balance as at 31 March 2022	<u>142,852</u>	<u>480</u>	<u>325</u>	<u>(138,249)</u>	<u>5,408</u>

	← Attributable to equity owners of the Company →				
	Share capital	Other reserves	Equity component of convertible loans	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company					
2021					
Balance as at 1 January 2021	141,277	480	325	(136,754)	5,328
Loss for the financial period	-	-	-	(225)	(225)
Balance as at 31 March 2021	<u>141,277</u>	<u>480</u>	<u>325</u>	<u>(136,979)</u>	<u>5,103</u>

MERCURIUS CAPITAL INVESTMENT LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Mercurius Capital Investment Limited (the “**Company**”) is listed on the Catalist board of the Singapore Exchange Securities Trading Limited (the “**Singapore Exchange**” or “**SGX-ST**”) and incorporated and domiciled in Singapore. The address of its registered office is 6 Shenton Way, #42-04 OUE Downtown 1, Singapore 068809.

These condensed interim consolidated financial statements as at and for the three months ended 31 March 2022 comprise the Company and its subsidiaries (together referred to as the “**Group**”).

The principal activities of the Company are property development and property investment. The principal activities of the subsidiary corporations are that of investment holding.

2. BASIS OF PREPARATION

The condensed interim financial statements for the financial period ended 31 March 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the financial year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial period which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar (“**S\$**”) which is the Company’s functional currency and all values are rounded to the nearest thousand (’000) except otherwise indicated.

2.1 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 USE OF JUDGEMENTS AND ESTIMATES

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D))

2.2 USE OF JUDGEMENTS AND ESTIMATES (CONT'D)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There is no area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements except for going concern as disclosed in the following note:

- Note 3 – Going concern

3. GOING CONCERN

During the financial period ended 31 March 2022, the Group has incurred a net loss of S\$343,000 (2021: S\$251,000). In addition, the Group and the Company are in net current liabilities of S\$3,964,000 and S\$3,919,000 respectively as at 31 March 2022 (31 December 2021: S\$3,671,000 and S\$3,631,000). These events or conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concerns and discharge their liabilities in the ordinary course of business.

Nonetheless, the directors of the Company believe that the use of the going concern assumption in the preparation of the consolidated financial statements of the Group for the financial period ended 31 March 2022 is appropriate in view that the unrestricted available cash balances of the Group and the Company as at 31 March 2022 of S\$724,000 and S\$722,000 respectively are considered to be sufficient to meet the Group's and the Company's obligations for the next twelve months from the end of the financial period ended 31 March 2022 after taking into consideration the following:

- An undertaking letter obtained from a director to ascertain the sufficiency of cash balance in the Group and the Company prior to demanding for payment of outstanding payables of S\$300,000 (and any accrued interest) for the financial year ending 31 December 2022;
- The supplementary agreement signed with all the convertible loan holders to extend the maturity dates of the outstanding principal convertible loans amounting to S\$3,300,000, to June 2022 and July 2022. The management is currently negotiating to further extend the convertible loans;
- The Company entered into a share sale agreement on 12 July 2021 to acquire the entire issued share capital of Songmart Holdings Sdn. Bhd. This will allow the Group to diversify into the more defensive grocery business in Malaysia in hopes of achieving long-term sustainability; and
- The ability of the Group and the Company to obtain additional funds through future placement of shares and/or convertible loans to settle/discharge their remaining current liabilities in the next twelve months from the end of financial period ended 31 March 2022.

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D)**

3. GOING CONCERN (CONT'D)

The ability of the Group and the Company to continue in operational existence in the foreseeable future and to meet their financial obligations as and when they fall due is dependent on the actions undertaken as disclosed above. In the event that the Group and the Company are unable to continue in operational existence in the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the statement of financial position. In addition, the Group and the Company may have to provide for further liabilities that may arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The financial statements do not include any adjustments which may arise from these uncertainties.

4. SEASONAL OPERATIONS

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

5. SEGMENT AND REVENUE INFORMATION

The Group operates principally in a single business segment which is property development and property investment. In view that the new business in property development and property investment has not commenced, no segmental information is presented.

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D)**

6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of the carrying amount of financial assets and financial liabilities of the Group and the Company as at 31 March 2022 and 31 December 2021:

Group	At amortised cost S\$'000
31 March 2022	
Financial assets	
Cash and bank balances	724
Trade and other receivables	98
	<u>822</u>
Financial liabilities	
Trade and other payables	633
Lease liabilities	91
Convertible loans	4,063
	<u>4,787</u>
31 December 2021	
Financial assets	
Cash and bank balances	842
Trade and other receivables	93
	<u>935</u>
Financial liabilities	
Trade and other payables	535
Lease liabilities	129
Convertible loans	3,943
	<u>4,607</u>

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D)**

6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

Company	At amortised cost S\$'000
31 March 2022	
Financial assets	
Cash and bank balances	722
Trade and other receivables	104
	<u>826</u>
Financial liabilities	
Trade and other payables	591
Lease liabilities	91
Convertible loans	4,063
	<u>4,745</u>
31 December 2021	
Financial assets	
Cash and bank balances	840
Trade and other receivables	100
	<u>940</u>
Financial liabilities	
Trade and other payables	499
Lease liabilities	129
Convertible loans	3,943
	<u>4,571</u>

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D)**

7. LOSS BEFORE INCOME TAX

7.1 SIGNIFICANT ITEMS

Loss before income tax has been arrived after charging/(crediting):

	3 Months Ended	
	31/3/2022	31/3/2021
	S\$'000	S\$'000
	Unaudited	Unaudited
Depreciation – Property, plant and equipment	3	3
Depreciation – Right-of-use assets	37	37
Salaries, bonuses and allowances		
- Director	30	-
- Others	-	15
Professional fees	111	10
Currency translation losses	10	22
Finance expenses – Lease liability	1	3
Finance expenses – Convertible loan	120	143
Finance expenses – accrued interest on the amount payable to director	7	-

7.2 RELATED PARTY TRANSACTIONS

There are no material related party transactions apart from those disclosed in Note 7.1 or elsewhere in the financial statements.

8. TAXATION

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. There is no tax expense recorded as the Group has no taxable profits.

9. DIVIDENDS

No dividend has been declared or recommended for the three months ended 31 March 2022 (“1Q2022”) as the Group had recorded a net loss in 1Q2022.

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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10. NET ASSET VALUE

	Group		Company	
	31/3/2022	31/12/2021	31/3/2022	31/12/2021
	SGD Cents	SGD Cents	SGD Cents	SGD Cents
	Unaudited	Audited	Unaudited	Audited
Net asset value per ordinary share	0.19	0.22	0.41	0.43

The calculation of net asset value per ordinary share was based on 1,326,306,667 shares as at both 31 March 2022 and 31 December 2021.

11. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	31/3/2022	31/12/2021	31/3/2022	31/12/2021
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Audited	Unaudited	Audited
Cost				
Beginning of financial period / year	6,476	8,219	9,260	9,260
Share of losses	-	(1,119)	-	-
Currency translation differences	-	(624)	-	-
End of financial period / year	6,476	6,476	9,260	9,260

Set out below is the joint venture of the Group as at 31 March 2022 and 31 December 2021:

<u>Name of company</u>	<u>Principal activity</u>	<u>Country of business /incorporation</u>	<u>Equity interest held by the Group</u>	
			31/3/2022	31/12/2021
			%	%
Grand Bay Hotel Co., Ltd	Real estate development	Thailand	50	50

The Group has diversified its business into property development and property investment since financial year ended 31 December 2017 and had on 12 June 2019, entered into joint venture agreement with Apex Development Public Company Limited (“Apex”) and Grand Bay Hotel Co., Ltd (“Grand Bay”).

The Group has joint control over Grand Bay under the contractual agreement with Apex, and unanimous consent is required from both parties for all relevant activities. The contractual agreement provides the Group and Apex with rights to the net assets of Grand Bay. Therefore, the investment in Grand Bay is classified as a joint venture. There are no contingent liabilities relating to the Group’s interest in the joint venture.

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D)**

12. PROPERTY, PLANT AND EQUIPMENT

	Office equipment	Renovation	Total
	S\$'000	S\$'000	S\$'000
Group			
At 31 December 2021			
Cost	80	25	105
Accumulated depreciation	64	20	84
Net book value	<u>16</u>	<u>5</u>	<u>21</u>
For 3 months ended 31 March 2022			
Cost			
At 1 January 2022 and 31 March 2022	<u>80</u>	<u>25</u>	<u>105</u>
Accumulated depreciation			
At 1 January 2022	64	20	84
Depreciation charge	2	1	3
At 31 March 2022	<u>66</u>	<u>21</u>	<u>87</u>
Net book value			
At 31 March 2022	<u>14</u>	<u>4</u>	<u>18</u>
Company			
At 31 December 2021			
Cost	66	25	91
Accumulated depreciation	50	20	70
Net book value	<u>16</u>	<u>5</u>	<u>21</u>
For 3 months ended 31 March 2022			
Cost			
At 1 January 2022 and 31 March 2022	<u>66</u>	<u>25</u>	<u>91</u>
Accumulated depreciation			
At 1 January 2022	50	20	70
Depreciation charge	2	1	3
At 31 March 2022	<u>52</u>	<u>21</u>	<u>73</u>
Net book value			
At 31 March 2022	<u>14</u>	<u>4</u>	<u>18</u>

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D)**

13. CONVERTIBLE LOANS

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

	As at 31/3/2022		As at 31/12/2021	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Convertible loans	-	4,063	-	3,943

- Amount repayable after one year

	As at 31/3/2022		As at 31/12/2021	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Convertible loans	-	-	-	-

Note: Convertible loans include accrued interests and recorded at fair value of the liability component. The fair value of the liability component is calculated using a market interest rate for an equivalent non-convertible loan at the date of issue. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in other reserves, net of deferred income taxes.

There is no collateral on the convertible loans.

On 13 December 2019 and 23 December 2019, the Company entered into two convertible loan agreements (the "**Agreements**") with four non-related investors for loan amounts of S\$1,750,000 ("**13 Dec 2019 Convertible Loans**") and S\$1,000,000 ("**23 Dec 2019 Convertible Loan**") respectively, which are subject to an annual interest rate of 10%. Prior to the extension of the maturity dates of these convertible loans, they were convertible up to 19,250,000¹ shares upon maturity on 12 December 2020 and 11,000,000¹ shares upon maturity on 22 December 2020 respectively, amounting to 30,250,000¹ new ordinary shares in the capital of the Company, at the option of the investors, subject to the terms and conditions of the Agreements.

On 3 January 2020, the Company entered into a convertible loan agreement with an investor for a loan amount of S\$800,000 ("**3 Jan 2020 Convertible Loan**") which is subject to an annual interest rate of 10%. The convertible loan is convertible up to 8,800,000¹ new ordinary shares in the capital of the Company upon maturity on 2 January 2021 at the option of the investor, subject to the terms and conditions of the Agreements.

¹ These figures do not include any additional shares payable arising from interest accrued for the duration of the extension of the Convertible Loans.

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D)**

13. CONVERTIBLE LOANS (CONT'D)

The fair value of the liability component is calculated using a market interest rate for an equivalent non-convertible loan at the date of issue. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in other reserves, net of deferred income taxes.

The Company repaid S\$250,000 in respect of certain of the 13 Dec 2019 Convertible Loans during the financial year ended 31 December 2021. The outstanding principal loan amount from the 13 Dec 2019 Convertible Loans was reduced to S\$1,500,000 accordingly.

On 9 June 2021, the Company had entered into supplemental agreements to extend the maturity of the convertible loans for one year each as follows:

	<u>New date of maturity</u>	<u>Original date of maturity</u>
13 Dec 2019 Convertible Loans	13 June 2022	12 June 2021
23 Dec 2019 Convertible Loan	23 June 2022	22 June 2021
3 Jan 2020 Convertible Loan	3 July 2022	2 July 2021

The carrying amount of the liability component of the convertible loans at the reporting date are derived as follows:

	Group and Company	
	31/3/2022	31/12/2021
	S\$'000	S\$'000
Face value of convertible loans at issuance	3,550	3,550
Equity conversion component on initial recognition	(325)	(325)
Liability component on initial recognition	3,225	3,225
Repayment of convertible loan	(289)	(289)
Accumulated amortisation of interest expenses	1,127	1,007
Liability component at end of financial period/year	<u>4,063</u>	<u>3,943</u>

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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14. SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	Amount
	'000	S\$'000
31/3/2022		
Beginning and end of financial period*	1,326,307	142,852
31/12/2021		
Beginning of financial year	1,297,364	141,277
Issuance of new ordinary shares ¹	27,273	1,500
Share-based payment ²	1,670	75
End of the financial year	1,326,307	142,852

*The financial period relates to the period from 1 January 2022 to 31 March 2022 ("1Q2022"). There was no change to the Company's share capital during 1Q2022.

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

- ¹ On 7 July 2021, the Company issued and allotted 27,272,727 new ordinary shares in the capital of the Company to non-related party for an aggregate subscription amount of S\$1,500,000 pursuant to a conditional placement agreement entered into by the Company with Cheah Bee Lin on 2 June 2021. The newly issued shares rank pari passu in all aspects with the previously issued shares.
- ² On 7 July 2021, the Company issued and allotted 1,670,000 new ordinary shares in the capital of the Company to one of the directors of the Company at an issue price of S\$0.045 per share as payment for his director's fees of S\$75,150. The newly issued shares rank pari passu in all aspects with the previously issued shares.

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D)**

14. SHARE CAPITAL (CONT'D)

As disclosed in Note 13, the Company had entered into the 13 Dec 2019 Convertible Loans, 23 Dec 2019 Convertible Loan, and 3 Jan 2020 Convertible Loan. The Company has repaid S\$250,000 in respect of the 13 Dec 2019 Convertible Loans in the second quarter of 2021, i.e., the three-month period ended 30 June 2021. Further, the Company had, on 12 December 2020 and 9 June 2021, entered into supplemental agreements to extend the maturity date of each of the outstanding convertible loans for a period of six months and subsequently an additional year. As at 31 March 2022, all three convertible loans, inclusive of interest, are convertible up to 41.93 million new ordinary shares of the Company (31 March 2021: 39.05 million) upon maturity. Save for this, the Company does not have any other convertible securities.

	As at 31/3/2022	As at 31/3/2021
Shares to be issued on conversion of all outstanding convertibles	41,926,500	39,050,000
Total number of issued shares excluding treasury shares and subsidiary holdings of the issuer	1,326,306,667	1,297,363,940
Shares to be issued upon conversion as a percentage of total number of issued shares excluding treasury shares and subsidiary holdings of the issuer	3.16%	3.01%

The total number of issued shares excluding treasury shares as at 31 March 2022 and 31 December 2021 was 1,326,306,667.

There were no treasury shares or subsidiary holdings as at 31 March 2022 and 31 March 2021.

There was no sale, transfer, disposal, cancellation and/or use of treasury shares or subsidiary holdings during, and at the end of, the three months financial period ended 31 March 2022.

15. SUBSEQUENT EVENTS

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

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**OTHER INFORMATION REQUIRED PURSUANT TO APPENDIX 7C OF THE CATALIST
RULES**

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

The condensed interim financial statements of financial position of Mercurius Capital Investment Limited and its subsidiary corporations as at 31 March 2022 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the period then ended and certain explanatory notes have not been audited or reviewed.

2. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (other than a material uncertainty related to going concern):-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

The latest audited financial statement for the financial year ended 31 December 2021 was subject to a disclaimer of opinion on the basis of the following:

- (i) Material uncertainties which may cast significant doubt on the Group's and Company's ability to continue as a going concern, highlighted in the independent auditor's report dated 11 April 2022.

On 12 July 2021, the Company entered into a share sale agreement to acquire the entire issued share capital of Songmart Holdings Sdn Bhd ("**Songmart**" or the "**SPV**") for an aggregate consideration of S\$36 million (the "**Proposed Acquisition**"). The target assets relate to an import and export distribution business, as well as 12 Songmart mini-marts and convenience stores and a premium Granville supermarket in Johor, Malaysia ("**Target Group**").

Songmart is a special purpose vehicle that will concurrently acquire the Target Group, which is principally engaged in the business of trading of foodstuff, groceries, sundry goods and daily necessities, as well as the operation of 12 mini-marts and convenience stores under the brand "Songmart", and a premium supermarket under the brand "Granville" in Johor, Malaysia. This will allow the Group to diversify into the more defensive grocery business in Malaysia in the hopes of achieving long-term sustainability.

It is the intention of the Company to raise additional funding in conjunction with the Proposed Acquisition to fund the expansion of the business to be acquired and for working capital purposes of the Company. The Group's ability to continue as a going concern would depend on additional sources of funding raised from investors during the financial year.

- (ii) The auditor of the Company was unable to obtain sufficient appropriate audit evidence to ascertain that the unaudited management accounts of the Company's investment in a joint venture, Grand Bay present a true and fair view with no material misstatement and as such was unable to ascertain the share of losses of Grand Bay and the carrying amount of the investment in the joint venture due to the absence of satisfactory audit evidence and explanation from the Company.

The Company has a 50% shareholding interest in Grand Bay. For the purpose of consolidation, the Company used the unaudited management accounts of Grand Bay for the financial year ended 31 December 2021 to equity account for Grand Bay in the consolidated financial statements of the Group. The Group is currently working with the management of the joint venture partner, Apex, to address this issue, and there are plans for a board meeting of Grand Bay to take place to discuss and work to resolve the issue. The COVID-19 pandemic has continued to affect the joint venture and their efforts to conclude the procurement of construction loans and other viable financing options. With the roll out of the

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vaccination program worldwide and in Thailand, business interests in the development of Phuket as a whole has increased which has provided a favourable condition for the discussions with potential and interested parties. The Board shall update shareholders as soon as there is a meaningful breakthrough in the development on Grand Bay.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

The board of directors (the “**Board**”) confirms that the impact of the audit issues on the financial statements has been adequately disclosed.

3. 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**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

(A) Review of condensed interim consolidated statement of profit or loss and other comprehensive income

Revenue and Gross Profit

The Group’s new business in property development and property investment which was approved by shareholders of the Company on 30 March 2017, is still in early stages and has not generated any revenue for the Group. As such, the Group did not record any revenue, cost of sales and gross profit for the first quarter ended 31 March (“**1Q**”) 2022 and 2021.

Other Income

Other income decreased from S\$7,000 for 1Q2021 to nil for 1Q2022 due to grants that were received in the previous period, but not in the current period.

Other Losses, net

Other losses, net consisted mainly of currency translation losses. The decrease from S\$22,000 for 1Q2021 to S\$10,000 for 1Q2022 was mainly due to more favourable exchange rates during the current period as compared to the prior period.

Administrative Expenses

Administrative expenses increased from S\$90,000 for 1Q2021 to S\$205,000 for 1Q2022, mainly due to higher professional fees and salaries incurred during 1Q2022.

Finance Costs

Finance costs are substantially the accrued interest from the 13 Dec 2019 Convertible Loans, the 23 Dec 2019 Convertible Loan and the 3 Jan 2020 Convertible Loan. Finance costs decreased from S\$146,000 in 1Q2021 to S\$128,000 in 1Q2022 due to lower effective interest rates as a result of the extension of the convertible loans and the repayment of a portion of the 13 Dec 2019 Convertible Loans, as disclosed in Note 13.

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Net Loss

As a result of the above, the Group recorded a net loss after tax of S\$343,000 during 1Q2022 as compared to a net loss after tax of S\$251,000 during 1Q2021.

(B) Review of condensed interim financial statements of financial position

Current Assets

Current assets decreased from S\$0.94 million as at 31 December 2021 to S\$0.82 million as at 31 March 2022, mainly due to the payment of operating expenses incurred during 1Q2022. For more details on the decrease in cash and bank balances from S\$0.84 million as at 31 December 2021 to S\$0.72 million as at 31 March 2022, please refer to the section on “Review of condensed interim consolidated statement of cash flows” below.

Non-current Assets

The decrease in property, plant and equipment and right-of-use assets of S\$3,000 and S\$37,000 respectively as at 31 March 2022 as compared to 31 December 2021 was due to depreciation charges during the respective periods.

Liabilities

Trade and other payables increased from S\$0.54 million as at 31 December 2021 to S\$0.63 million as at 31 March 2022, mainly due to accrual of operating expenses incurred during 1Q2022.

The decrease in total lease liabilities of S\$38,000 was due to lease payments made during 1Q2022.

The increase in convertible loans from S\$3.94 million as at 31 December 2021 to S\$4.06 million as at 31 March 2022 was due to the increase in accrued interest payable on the convertible loans.

Working Capital

The Group recorded a negative working capital of S\$3.96 million as at 31 March 2022, as compared to a negative working capital of S\$3.67 million as at 31 December 2021.

As set out in Note 3, the Board is aware of the negative working capital and had taken the necessary precautionary measures as follows:

- An undertaking letter obtained from a director to ascertain the sufficiency of cash balance in the Group and the Company prior to demanding for payment of outstanding payables of S\$300,000 (and any accrued interest) for the financial year ending 31 December 2022;
- The supplementary agreement signed with all the convertible loan holders to extend the maturity dates of the outstanding principal convertible loans amounting to S\$3,300,000 to June 2022 and July 2022. The management is currently negotiating to further extend the convertible loans; and
- The Company entered into a share sale agreement on 12 July 2021 to acquire the entire issued share capital of Songmart Holdings Sdn. Bhd. This will allow the Group to diversify into the more defensive grocery business in Malaysia in hopes of achieving long-term sustainability.

To resolve the negative working capital, the Company is continuously seeking sources of additional funding and long-term solutions.

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Equity

The Group's equity decreased from S\$2.90 million as at 31 December 2021 to S\$2.57 million as at 31 March 2022 due mainly to losses incurred during 1Q2022 amounting to S\$0.34 million.

(C) Review of condensed interim consolidated statement of cash flows

Net cash used in operating activities amounted to S\$80,000 for 1Q2022, mainly due to operating cash outflows before working capital changes of S\$165,000, net cash generated from working capital of S\$86,000 and interest paid of S\$1,000. Net cash generated from working capital was mainly a result of accruals of operating expenses incurred during 1Q2022.

Net cash used in financing activities was mainly due to lease payments made during 1Q2022.

There was no cash used in investing activities in 1Q2022.

The Group had a net cash outflow of S\$0.12 million in 1Q2022. The cash and cash equivalents as at 31 March 2022 amounted to S\$0.72 million.

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

Not applicable.

5. 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.

As mentioned in the annual report for the financial year ended 31 December 2021 ("FY2021"), with the roll out of the vaccination program worldwide and in Thailand, the business interests in the development of Phuket as a whole has come back to liveliness which has provided a favourable condition for the discussions with potential and interested parties, and the Company shall update the shareholders as soon as there is a meaningful breakthrough in the development on Grand Bay.

With the COVID-19 pandemic continuing to impact the economic activities in the tourism and hospitality sector, the Board has been cautious in strategising the development of the Company's business and exploring joint ventures and strategic alliances in other opportunities and related areas to improve shareholders' value. This has resulted in the Company entering into the Proposed Acquisition. The Company will be working towards completion of the Proposed Acquisition.

6. 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

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

No.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5:00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

7. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for 1Q2022, as the Group had recorded a net loss for 1Q2022.

8. If the Group has obtained a general mandate from shareholders for Interested Parties Transactions (IPTs), 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.

No general mandate for IPTs has been obtained from shareholders of the Company.

9. Confirmation pursuant to Rule 720(1) of the Catalist Rules.

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

10. Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use in the offer document or the announcement of the issuer.

No further proceeds have been used since the Company's update in the Annual Report for FY2021 on 11 April 2022. The Company's use of proceeds are set out as follows.

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Placement dated 7 July 2021

Intended uses	Amount allocated (S\$'000)	Amount utilised (S\$'000)	Balance (S\$'000)
Business acquisition expenses ⁽¹⁾	200	112	88
Payment of borrowings ⁽²⁾	800	289	511
General working capital ⁽³⁾	485	485	-
Total	1,485	886	599

Notes:-

- (1) Business acquisition expenses refer to the expenses to be incurred in relation to the proposed acquisition of the entire issued share capital of Songmart Holdings Sdn Bhd, which relate mainly to professional fees for the conduct of due diligence and associated work.
- (2) The Group has certain borrowings including a director's loan and certain convertible loans obtained in 2019 and 2020 which would be maturing in 2022. The Group has allocated S\$800,000 to make partial repayment of its borrowings if required. For the avoidance of doubt, the proceeds from the Placement will not be utilised to make payment to the director's loan, as disclosed in the Company's announcement of 6 July 2021.
- (3) General working capital includes day-to-day operating expenses for the Group such as professional fees, listing fees, staff cost and office expenses.

The use of proceeds of the Placement completed on 7 July 2021 is in accordance with the intended use as previously disclosed in the Company's announcements dated 7 June 2021 and 6 July 2021.

The Company will make periodic announcements as and when the balance of the net proceeds of the Placement are materially disbursed.

11. Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules

On behalf of the board of directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the board of directors of the Company which may render the condensed interim financial statements for the three-month period ended 31 March 2022 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Chang Wei Lu
Executive Chairman
and Chief Executive Officer

Wong Leong Chui
Independent Non-Executive Director

Singapore
13 May 2022