



**MERCURIUS CAPITAL
INVESTMENT LIMITED**

MERCURIUS CAPITAL INVESTMENT LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.198200473E)

**Unaudited Financial Statements Announcement for the First Quarter and Three-Month
Financial Period Ended 31 March 2019**

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

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.

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.

	3 Months Ended		Change
	31/03/2019	31/03/2018	
	SS'000	SS'000	%
	Unaudited	Re-stated	
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Other income, net	32	303	-89
Administrative expenses	(81)	(87)	-7
Finance costs	*	*	-
(Loss)/profit before income tax	(49)	216	NM
Income tax expenses	(2)	-	-
Total (loss)/profit for the financial period	(51)	216	NM
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences loss arising from consolidation	(20)	(303)	-93
Total comprehensive loss	(71)	(87)	-18
Net (loss)/profit attributable to			
- Equity holders of the Company	(50)	216	NM
- Non-controlling interest	(1)	-	NM
	(51)	216	NM
Total comprehensive loss attributable to			
- Equity holders of the Company	(70)	(87)	-20
- Non-controlling interest	(1)	-	NM
	(71)	(87)	-18

NM = Not Meaningful

** Amount less than \$1,000*

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

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

	3 months ended		Change
	31/03/2019	31/03/2018	
	S\$'000	S\$'000	%
Adjustment to prior year over-accrued income tax recoverable	(2)	-	NM
Bad debts written off	-	(4)	(100)
Depreciation of property, plant and equipment	(1)	(1)	-
Salaries, bonuses and allowances	(23)	(25)	(8)
Rental expenses on operating lease	(1)	(1)	-
Currency translation gains, net	20	303	(93)

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.

	Group		Company	
	As at		As at	
	31/03/2019	31/12/2018	31/03/2019	31/12/2018
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
ASSETS				
Current assets				
Cash and cash equivalents	610	225	599	195
Trade and other receivables	61	54	95	76
Income tax recoverable	1	3	-	-
	<u>672</u>	<u>282</u>	<u>694</u>	<u>271</u>
Non-current assets				
Investments in subsidiary corporations	-	-	*	*
Property, plant and equipment	3	4	1	2
	<u>3</u>	<u>4</u>	<u>1</u>	<u>2</u>
TOTAL ASSETS	<u>675</u>	<u>286</u>	<u>695</u>	<u>273</u>
LIABILITIES				
Current liabilities				
Trade and other payables	152	192	108	127
TOTAL LIABILITIES	<u>152</u>	<u>192</u>	<u>108</u>	<u>127</u>
NET ASSETS	<u>523</u>	<u>94</u>	<u>587</u>	<u>146</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	133,182	133,182	133,182	133,182
Other reserves	1,649	(923)	1,663	1,143
Accumulated losses	(134,314)	(132,172)	(134,258)	(134,179)
	<u>517</u>	<u>87</u>	<u>587</u>	<u>146</u>
Non-controlling interests	<u>6</u>	<u>7</u>	<u>-</u>	<u>-</u>
TOTAL EQUITY	<u>523</u>	<u>94</u>	<u>587</u>	<u>146</u>

* Amount less than S\$1,000.

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

Not applicable, as there is no borrowing during the financial period ended 31 March 2019 and during the financial year ended 31 December 2018.

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.

	3 Months Ended	
	31/03/2019 S\$'000 Unaudited	31/03/2018 S\$'000 Unaudited Re-stated
Cash flows from operating activities		
Net (loss) / profit	(51)	216
Adjustments for:		
Depreciation of property, plant and equipment	1	1
Bad debt written off	-	4
Reversal of over-accrued income tax recoverable	2	-
Unrealised currency translation gains, net	(20)	(303)
Operating cash flows before working capital changes	<u>(68)</u>	<u>(82)</u>
Changes in working capital		
Trade and other receivables	(7)	(2)
Trade and other payables	(40)	28
Cash used in operations	<u>(115)</u>	<u>(56)</u>
Net cash used in operating activities	<u>(115)</u>	<u>(56)</u>
Cash flows from financing activities		
Proceeds from convertible loan	500	-
Net cash provided by financing activities	<u>500</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	385	(56)
Cash and cash equivalents		
Cash and cash equivalents at beginning of financial period	225	499
Cash and cash equivalents at end of financial period	<u>610</u>	<u>443</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.

	Equity attributable to owners of the Company						
	Share capital S\$'000	Currency translation reserve S\$'000	Equity component of convertible loan S\$'000	Accumulated losses S\$'000	Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total Equity S\$'000
GROUP							
Balance at 31 December 2018 as previously reported	133,182	(2,066)	1,143	(132,172)	87	7	94
Effect of adopting SFRS(I)	-	2,072	-	(2,072)	-	-	-
Balance at 1 January 2019	133,182	6	1,143	(134,244)	87	7	94
Loss for the financial period	-	-	-	(50)	(50)	(1)	(51)
Other comprehensive income for the financial period	-	(20)	-	-	(20)	-	(20)
Convertible loan equity component	-	-	500	-	500	-	500
Interest on convertible loan classified as equity	-	-	20	(20)	-	-	-
Balance at 31 March 2019	133,182	(14)	1,663	(134,314)	517	6	523
Balance at 31 December 2017 as previously reported	133,182	(2,144)	1,063	(131,702)	399	8	407
Effect of adopting SFRS(I)	-	72	-	(72)	-	-	-
Prior year adjustment	-	-	-	63	63	-	63
Interest on convertible loan classified as equity	-	-	-	(63)	(63)	-	(63)
Balance at 1 January 2018	133,182	(2,072)	1,063	(131,774)	399	8	407
Loss for the financial period	-	-	-	216	216	-	216
Other comprehensive income for the financial period	-	(303)	-	-	(303)	-	(303)
Interest on convertible loan classified as equity	-	-	20	(20)	-	-	-
Balance at 31 March 2018	133,182	(2,375)	1,083	(131,578)	312	8	320

Equity attributable to owners of the Company

	Share capital S\$'000	Equity component of convertible loan S\$'000	Accumulated losses S\$'000	Equity attributable to owners of the Company S\$'000	Total Equity S\$'000
COMPANY					
Balance at 1 January 2019	133,182	1,143	(134,179)	146	146
Loss for the financial period	-	-	(59)	(59)	(59)
Convertible loan equity component	-	500	-	500	500
Interest on convertible loan holders classified as equity	-	20	(20)	-	-
Balance as at 31 March 2019	133,182	1,663	(134,258)	587	587
Balance at 1 January 2018	133,182	1,063	(133,822)	423	423
Prior year adjustment	-	-	63	63	63
Loss for the financial period	-	-	(78)	(78)	(78)
Interest on convertible loan holders classified as equity	-	20	(83)	(63)	(63)
Balance as at 31 March 2018	133,182	1,083	(133,920)	345	345

1(d)(ii) (aa) 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.

	Issued and fully paid-up ordinary shares	Share capital S\$'000
Balance as at 31 December 2018 and 31 March 2019	1,114,008,940	133,182

(bb) State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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.

On 17 March 2017, the Company entered into a convertible loan agreement with two investors whereby the investors provided redeemable convertible loans of an aggregate principal value of S\$1.0 million (“**2017 Convertible Loans**”) to the Company, which are, together with interest, convertible into up to 10.8 million new ordinary shares in the issued and paid-up share capital of the Company (“**Shares**”). The maturity date of the 2017 Convertible Loans had been extended to 17 March 2019, and subsequently, to 17 March 2020. Pursuant to the extension, the 2017 Convertible Loans (inclusive of interest) may be convertible up to 12.4 million new Shares.

On 29 March 2019, the Company entered into a convertible loan agreement with two investors whereby the investors provided redeemable convertible loans of an aggregate principal value of S\$0.5 million (“**2019 Convertible Loans**”) to the Company, which are, together with interest, convertible into up to 13.0 million new Shares upon maturity on 29 September 2019.

As disclosed in the Company’s annual report for the financial year ended 31 December 2018 (“**2018 AR**”), the management of the Company has performed internal assessment for the recognition of both the 2017 Convertible Loans and the 2019 Convertible Loans, and concluded that the entire proceeds of these convertible loans of \$1,500,000 shall be accounted for as equity of the Company at the inception date. Please refer to the 2018 AR for further details on the above.

The 2017 Convertible Loans and the 2019 Convertible Loans, inclusive of interest, are convertible into up to 25.4 million new Shares (31 December 2018: 11.6 million). Save for this, the Company does not have any other convertible securities.

(cc) State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 were no treasury shares or subsidiary holdings as at 31 March 2019 and 31 March 2018.

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.

The total number of issued shares (excluding treasury shares) as at 31 March 2019 was 1,114,008,940 (31 December 2018: 1,114,008,940). There were no treasury shares as at 31 March 2019 and 31 December 2018.

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

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

1(d)(v) A statement showing all sales, transfers, cancellation, and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period/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 auditor's 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 has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial reporting period as those applied in the preparation of the audited financial statements of the Group for the financial year ended 31 December 2018.

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 Singapore Financial Reporting Standards (International) (“SFRS(I)”) which became effective for the financial year beginning on or after 1 January 2019. The adoption of these new and revised SFRS(I) did not give rise to any material impact on the Group's financial statements for the current financial period reported on.

The Group has adopted SFRS(I) 16 - Leases, which became effective 1 January 2019. SFRS(I) 16 - Leases introduces a single, on-balance sheet lease accounting model. It requires a lessee to recognise a right-of-use asset representing its use of the underlying assets and a lease liability representing its obligation to make lease payments. The adoption of SFRS(I) 16 - Leases has no significant financial impact to the Group as the leases are short-term and low-value.

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.

	3 Months Ended	
	31-03-2019	31-03-2018
Weighted average number of ordinary shares for basic earnings per share	1,114,008,940	1,114,008,940
Weighted average number of ordinary shares for diluted earnings per share	1,138,911,132	1,125,608,940
Net (loss)/profit for the financial period/year (S\$'000)	(51)	216
Basic (loss)/earnings per share (cents)	<u>(0.005)</u>	<u>0.02</u>
Diluted (loss)/earnings per share (cents)	<u>(0.004)</u>	<u>0.02</u>

For the 3-month financial period ended 31 March 2019, the weighted average number of shares for diluted loss per share included the 25.4 million new Shares that may be issued and allotted pursuant to the conversion of the 2017 and 2019 Convertible Loans.

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.**

	Group			
	31/03/2019		31/12/2018	
Net Assets Value Per Ordinary Share				
- Based on issued share capital at the end of financial year	0.05	cents	0.01	cents
- Number of existing issued shares at the end of financial year	1,114,008,940		1,114,008,940	
	Company			
	31/03/2019		31/12/2018	
Net Assets Value Per Ordinary Share				
- Based on issued share capital at the end of financial year	0.05	cents	0.01	cents
- Number of existing issued shares at the end of financial year	1,114,008,940		1,114,008,940	

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**
- (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 consolidated statement of 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 for the first quarter ended 31 March ("1Q") 2019 as well as 1Q2018.

Other Income, net

Other income, net, decreased from S\$303,000 in 1Q2018 to S\$32,000 in 1Q2019. This was mainly due to decrease in currency translation gain from S\$303,000 in 1Q2018 to S\$19,000 in 1Q2019. The fluctuation of the currency translation gain was due to revaluation of other receivables and other payables denominated in foreign currency as a result of the appreciation of Singapore Dollar against Malaysian Ringgit.

Administrative Expenses

Administrative expenses decreased by S\$6,000 in 1Q2019, as compared to 1Q2018, mainly due to decrease in professional fees and office expenses.

Net (loss)/profit from continuing operations

As a result of the above, the Group recorded a net loss after tax of S\$51,000 for 1Q2019, as compared to a net profit after tax of S\$216,000 in 1Q2018.

(B) Review of statement of financial position

Current Assets

Cash and cash equivalents increased to S\$0.61 million as at 31 March 2019, from S\$0.23 million as at 31 December 2018, mainly due to receipt of proceeds from the 2019 Convertible Loan in March 2019.

Trade and other receivables increased to S\$0.06 million as at 31 March 2019 from S\$0.05 million as at 31 December 2018, mainly due to increase in prepaid expenses related to professional and listing fees.

The Group's working capital increased from S\$0.09 million as at 31 December 2018 to S\$0.52 million as at 31 March 2019.

Non-current Assets

Non-current assets remained relatively stable at S\$3,000 and S\$4,000 as at 31 March 2019 and 31 December 2018 respectively. The slight decrease in property, plant and equipment as at 31 March 2019 was mainly due to depreciation of property, plant and equipment.

Current Liabilities

Trade and other payables decreased from S\$0.19 million as at 31 December 2018 to S\$0.15 million as at March 2019, mainly due to payment of accrued operating expenses in 1Q2019.

Equity

The Group's equity increased from S\$0.09 million as at 31 December 2018 to S\$0.52 million as at 31 March 2019, mainly due to recognition of the 2019 Convertible Loans signed in March 2019 as equity.

(C) Consolidated statement of cash flows

Net cash used in operating activities amounted to S\$0.12 million for 1Q2019, mainly due to (i) cash outflow before changes in working capital of S\$0.07 million; and (ii) decrease in trade and other payable of S\$0.04 million.

There was no cash used in or generated from investing activities.

Net cash provided by financing activities was due to cash received from the 2019 Convertible Loan in March 2019.

As a whole, the Group had a net cash inflow of S\$0.39 million in 1Q2019. The cash and cash equivalents as at 31 March 2019 amounted to S\$0.61 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.

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.

The Company had diversified its core business to include property development and property investment (“**New Business**”), as duly approved by the Company’s shareholders (“**Shareholders**”) at the Company’s extraordinary general meeting on 30 March 2017. Through the joint venture agreement signed with HM Realty Holdings Sdn Bhd to develop a land located at Kempas, Johor Bahru, Malaysia, the Company is currently in the process of converting the Kempas land title from residential use to commercial use with Majlis Bandaraya Johor Bahru (“**MBJB**”).

As at the date of this announcement, the Company has yet to receive the approval from MBJB. The Company will continue to seek for approval from MBJB on the conversion of Kempas Land and proceed with the Company's initial proposed plan for a mix-development property.

The Board remains cautious in strategizing the development of the Company's business and will continue to explore joint venture and/or strategic alliances to improve Shareholders' value.

On 28 March 2019, the Company announced that it had, through the Company’s sponsor, submitted an application to the SGX-ST to seek an extension of the deadline of 31 March 2019 to demonstrate to the SGX-ST that the Company has a viable business to maintain its listing status (the “**Application**”). The Company will provide an update on the Application in due course.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) dividend has been declared (recommended); and

No.

(b) Amount of dividend per share of the current reporting financial period and of the previous corresponding period.

Nil (31 March 2018: Nil).

- (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.

12. **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 1Q2019, as the Group recorded net loss for the period.

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.**

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

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 (“**Directors**”) confirms that, to the best of their knowledge, nothing has come to their attention that may render the unaudited financial statements for 1Q2019 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 confirms that it has procured 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.

16. 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.

- i. Use of net proceeds from the 2017 Convertible Loans as at 13 May 2019 is as follows:

Use of Net Proceeds	Amount allocated (S\$'000)	Amount utilised (S\$'000)	Balance (S\$'000)
Working capital*	985	966	19
Total	985	966	19

- ii. Use of net proceeds from the 2019 Convertible Loans as at 13 May 2019 is as follows:

Use of Net Proceeds	Amount allocated (S\$'000)	Amount utilised (S\$'000)	Balance (S\$'000)
Working capital*	384	-	384
Business and investment opportunities	100	-	100
Total	484	-	484

**Working capital included operating expenses such as professional fees, listing fees, staff cost and office expenses.*

The use of the aforementioned net proceeds is in accordance with the intended use as stated in the Company's respective announcements dated 29 March 2018 and 30 March 2019. The Company will make periodic announcements as and when the balance of the net proceeds is materially disbursed.

BY ORDER OF THE BOARD

Chang Wei Lu
Executive Chairman and Chief Executive Officer

15 May 2019