



MERCURY SECURITIES GROUP BERHAD

(Registration No. 202101018329 (1418629-A))

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2024**

MERCURY SECURITIES GROUP BERHAD

Registration No. 202101018329 (1418629-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2024**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2024⁽¹⁾**

	Note	Individual Quarter		Cumulative Quarters	
		3-months ended 31 October	3-months ended 31 October	12-months ended 31 October	12-months ended 31 October
		Unaudited	Unaudited	Unaudited	Audited
		31.10.2024	31.10.2023	31.10.2024	31.10.2023
		RM	RM	RM	RM
Revenue	A9	8,817,980	8,706,177	32,571,617	27,404,754
Cost of services		(3,405,681)	(3,662,727)	(13,003,850)	(9,541,215)
Gross profit		5,412,299	5,043,450	19,567,767	17,863,539
Other income		950,347	463,398	1,847,146	1,596,270
Net trading gains on financial assets at fair value through profit or loss		214,387	391,998	1,071,026	1,326,515
Administrative and other operating expenses		(2,585,847)	(2,265,907)	(7,792,841)	(7,380,579)
Fair value adjustment on other investments		(344,577)	-	(344,577)	-
Listing expenses ⁽²⁾		-	(3,931,652)	-	(3,931,652)
Interest income		1,114,587	971,840	4,360,004	3,016,963
Finance costs		(2,777)	(5,692)	(15,533)	(27,733)
Profit before tax	B5	4,758,419	667,435	18,692,992	12,463,323
Income tax expense	B6	(1,250,000)	(1,089,139)	(4,645,800)	(4,075,614)
Profit/(Loss) after tax		3,508,419	(421,704)	14,047,192	8,387,709
Other comprehensive income/(loss), net of income tax					
Items that will not be reclassified subsequently to profit or loss:					
Fair value adjustment on other investments		(17,706)	30,126	(17,706)	44,310
Realisation of revaluation surplus upon depreciation		(15,612)	(31,224)	(62,448)	(62,448)

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	Note	Individual Quarter 3-months ended 31 October		Cumulative Quarters 12-months ended 31 October	
		Unaudited 31.10.2024	Unaudited 31.10.2023	Unaudited 31.10.2024	Audited 31.10.2023
		RM	RM	RM	RM
Transfer of revaluation surplus to retained earnings		15,612	31,224	62,448	62,448
Total comprehensive income/(loss) for the financial period		3,490,713	(391,578)	14,029,486	8,432,019
Profit / (loss) attributable to:					
Equity holders of the Company		3,520,150	(421,704)	14,058,923	8,387,709
Non-controlling interests		(11,731)	-	(11,731)	-
		3,508,419	(421,704)	14,047,192	8,387,709
Total comprehensive income / (loss) attributable to:					
Equity holders of the Company		3,502,444	(391,578)	14,041,217	8,432,019
Non-controlling interests		(11,731)	-	(11,731)	-
		3,490,713	(391,578)	14,029,486	8,432,019
Earnings per share⁽³⁾ (sen)	B7				
- Basic		0.39	(0.06)	1.57	1.11
- Diluted		0.39	(0.06)	1.57	1.11

Notes:

- The basis of preparation of the Unaudited Condensed Consolidated Statement of Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 October 2023 ("AFS 2023") and the accompanying explanatory notes attached to this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2024**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2024⁽¹⁾ (CONT'D)****Notes:**

2. The listing expenses is one off and non-recurring in nature. For illustration purposes only, the Group's financial performance after adjusting for the one off and non-recurring listing expenses is as follows:

	Individual Quarter Unaudited 31.10.2023 RM	Cumulative Quarters Audited 31.10.2023 RM
Profit before tax	667,435	12,463,323
Add: Listing expenses	3,931,652	3,931,652
Adjusted profit before tax	4,599,087	16,394,975

3. Basic earnings per share ("EPS") is calculated based on the profit attributable to owners of the Company divided by the weighted average number of ordinary shares in issue of:
- (a) 893,000,000 ordinary shares for current financial quarter ended 31 October 2024 and current financial-year-to-date ended 31 October 2024; and
- (b) 753,981,065 ordinary shares for corresponding financial quarter ended 31 October 2023 and corresponding financial-year-to-date ended 31 October 2023.

Diluted EPS is equivalent to the basic EPS as the Company does not have any dilutive instruments at the end of the respective reporting periods.

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2024**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2024⁽¹⁾**

	Unaudited As at 31.10.2024 RM	Audited As at 31.10.2023 RM
ASSETS		
Non-current assets		
Property, plant and equipment	11,497,435	11,777,672
Investment properties	4,650,000	4,500,000
Right-of-use assets	120,390	308,137
Intangible assets	7,891,722	7,891,722
Other investments	756,259	536,895
	24,915,806	25,014,426
Current assets		
Trade and other receivables	81,496,997	73,743,157
Inventories	408,511	-
Deposits and prepayments	4,550,539	3,100,382
Other investments	1,212,254	1,111,418
Cash and cash equivalents	85,595,075	82,503,757
	173,263,376	160,458,714
TOTAL ASSETS	198,179,182	185,473,140
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	154,640,574	154,640,574
Merger reserve	(97,008,736)	(97,008,736)
Other reserves	122,539,938	112,963,721
Equity attributable to owners of the Company	180,171,776	170,595,559
Non-controlling interests	(11,682)	-
TOTAL EQUITY	180,160,094	170,595,559
Non-current liabilities		
Lease liabilities	44,498	139,876
Deferred tax liabilities	934,160	1,100,160
	978,658	1,240,036
Current liabilities		
Trade and other payables	15,450,351	13,211,770
Lease liabilities	95,377	201,571
Current tax liabilities	1,494,702	224,204
	17,040,430	13,637,545
TOTAL LIABILITIES	18,019,088	14,877,581
TOTAL EQUITY AND LIABILITIES	198,179,182	185,473,140
Net assets per share ⁽²⁾ (sen)	20.18	19.10

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2024⁽¹⁾ (CONT'D)

Notes:

1. The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the AFS 2023 and the accompanying explanatory notes attached to this interim financial report.
2. Net assets per share is computed based on net assets attributable to owners of the Company divided by 893,000,000 ordinary shares in issue as at 31 October 2024 and 31 October 2023 respectively.

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2024**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2024⁽¹⁾**

	<----- Non-distributable ----->				Distributable		Non- controlling interests	Total Equity
	Share Capital	Merger Reserve	Revaluation Reserve	Fair Value Reserve	Retained Earnings	Total		
	RM	RM	RM	RM	RM	RM	RM	RM
Balance as at 1 November 2023	154,640,574	(97,008,736)	2,362,838	(78,199)	110,679,082	170,595,559	-	170,595,559
Profit for the financial period	-	-	-	-	14,058,923	14,058,923	(11,731)	14,047,192
Other comprehensive income / (loss) for the financial period, net of income tax	-	-	(62,448)	(17,706)	62,448	(17,706)	-	(17,706)
Transaction with owners of the Company:								
Issuance of ordinary shares to non-controlling interests	-	-	-	-	-	-	49	49
Dividend	-	-	-	-	(4,465,000)	(4,465,000)	-	(4,465,000)
Balance as at 31 October 2024	154,640,574	(97,008,736)	2,300,390	(95,905)	120,335,453	180,171,776	(11,682)	180,160,094

Note:

- The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the AFS 2023 and the accompanying explanatory notes attached to this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2024**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2024⁽¹⁾**

	Unaudited 31.10.2024 RM	Audited 31.10.2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	18,692,992	12,463,323
Adjustments for:		
Accretion of lease interest	15,533	27,733
Allowance for expected credit losses	106,000	84,471
Depreciation of:		
- property, plant and equipment	633,365	636,507
- right-of-use assets	187,747	238,772
Dividend income	(34,130)	(56,128)
Fair value adjustment on other investments	344,577	-
Listing expenses	-	3,931,652
Interest income	(4,360,004)	(3,016,963)
Loss on disposal on property, plant and equipment	-	1,636
Property, plant and equipment written off	-	85
Gain on changes in fair value of investment properties	(150,000)	(300,000)
Unrealised gain on foreign exchange	-	(7,462)
Operating profit before working capital changes	15,436,080	14,003,626
Increase in trade and other receivables	(7,859,840)	(4,369,941)
(Increase)/Decrease in deposits and prepayments	(1,450,157)	2,171,963
Increase in inventories	(408,511)	-
Increase/(Decrease) in trade and other payables	2,238,581	(5,353,687)
Cash generated from operations	7,956,153	6,451,961
Income tax paid	(3,541,302)	(4,665,175)
Net cash from operating activities	4,414,851	1,786,786
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	4,360,004	3,016,963
Dividends received	34,130	56,128
Purchase of property, plant and equipment	(353,128)	(1,231,462)
Proceed from disposal of property, plant and equipment	-	200
Proceeds from issuance of ordinary shares to non-controlling interests	49	-
Addition in other investments carried at fair value through profit or loss	(1,178,005)	(621,573)
Proceeds from disposal of other investments carried at fair value through profit or loss	495,522	-
Net cash from investing activities	3,358,572	1,220,256

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	Unaudited 31.10.2024 RM	Audited 31.10.2023 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(217,105)	(274,198)
Proceed from issuance of shares, net	-	39,273,925
Listing expenses	-	(5,573,742)
Dividend paid	(4,465,000)	-
Net cash (used in)/from financing activities	<u>(4,682,105)</u>	<u>33,425,985</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,091,318	36,433,027
Effect of changes in foreign exchange rate	-	7,462
Cash and cash equivalents at beginning of the financial period	82,503,757	46,063,268
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>85,595,075</u>	<u>82,503,757</u>

Note:

1. The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the AFS 2023 and the accompanying explanatory notes attached to this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2024

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2024

A. EXPLANATORY NOTES ON THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS 134”), INTERIM FINANCIAL REPORT

A1. BASIS OF PREPARATION

This interim financial report of the Company and its subsidiaries (collectively, the “**Group**”) is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRS**”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“**MASB**”), Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”).

This interim financial report should be read in conjunction with the AFS 2023 and the accompanying explanatory notes attached to this interim financial report.

A2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 October 2023.

As at the date of authorisation of this interim financial report, the following Standards were issued by the MASB but not yet effective and have not been adopted by the Group:

	Effective for financial periods beginning on or
MFRSs, Amendments to MFRSs and IC Interpretations	
Amendments to MFRS 16: Leases: Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements: Non-Current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangement	1 January 2024
Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2024

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2024**

A. EXPLANATORY NOTES ON THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS 134”), INTERIM FINANCIAL REPORT (CONT’D)

A2. SIGNIFICANT ACCOUNTING POLICIES (CONT’D)

	Effective for financial periods beginning on or
MFRSs, Amendments to MFRSs and IC Interpretations	
Amendments to MFRS 10: Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the MASB

The initial application of the above Standards is not expected to have any material impact to the consolidated financial statements of the Group upon their first adoption.

A3. AUDITORS’ REPORT OF PRECEDING ANNUAL AUDITED FINANCIAL STATEMENTS

The audited financial statements of the Group for the financial year ended 31 October 2023 was not subject to any qualification.

A4. SEASONAL OR CYCLICAL FACTORS

The business operations of the Group were not significantly affected by any seasonal or cyclical trend during the current financial quarter and financial year-to-date.

A5. MATERIAL UNUSUAL ITEMS

There were no material unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial year-to-date.

A6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in accounting estimates that have a material effect to the Group in the current financial quarter and financial year-to-date.

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2024**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2024****A. EXPLANATORY NOTES ON THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS 134”), INTERIM FINANCIAL REPORT (CONT’D)****A7. DEBT AND EQUITY SECURITIES**

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current financial quarter and financial year-to-date.

A8. DIVIDEND PAID

For the financial year-to-date, the Company had on the first quarter declared a single tier interim dividend of 0.5 sen per ordinary share amounting to RM4,465,000 in respect of the financial year ended 31 October 2024 and was paid on 2 February 2024 to the shareholders whose names appeared in the Record of Depositors on 12 January 2024.

The Company has not proposed and/or paid any dividend during the current financial quarter, as well as the previous corresponding period.

A9. SEGMENTAL INFORMATION

The Group’s revenue is segmented as follows:

	Individual Quarter		Cumulative Quarters	
	3-months ended 31		12-months ended 31	
	October		October	
	Unaudited	Unaudited	Unaudited	Audited
	31.10.2024	31.10.2023	31.10.2024	31.10.2023
	RM	RM	RM	RM
<u>Business segments</u>				
Stockbroking ⁽¹⁾	6,463,048	6,346,357	23,158,400	19,903,657
Corporate Finance	2,354,932	2,359,820	9,413,217	7,501,097
Total	8,817,980	8,706,177	32,571,617	27,404,754

Note:

1. Revenue from the Stockbroking Segment comprise revenue from brokerage fees, margin income, commodities trading, nominee fees, underwriting fees and placement fees.

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2024**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2024****A. EXPLANATORY NOTES ON THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS 134”), INTERIM FINANCIAL REPORT (CONT’D)****A10. CHANGES IN THE COMPOSITION OF THE GROUP**

On 19 April 2024, the Company incorporated a wholly-owned subsidiary, Mercury Wealth Management Sdn Bhd for the purpose to undertake fund management activities. As at the date of this interim financial report, this new subsidiary has not commenced operations.

On 9 September 2024, the Company incorporated Mercury Futures Sdn Bhd, a 51%-owned subsidiary for the purpose of investing and trading in derivatives and securities primarily listed on local and foreign exchanges. As at the date of this interim financial report, this new subsidiary has not commenced operations.

Save for the above, there was no other changes in the composition of the Group during the current financial quarter and financial year-to-date.

A11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no material contingent liabilities or contingent assets to be disclosed as at 31 October 2024.

A12. SIGNIFICANT RELATED PARTY TRANSACTIONS

Save as disclosed below, there are no other significant related party transactions during the current financial quarter and financial year-to-date:

	Individual Quarter		Cumulative Quarters	
	3-months ended 31		12-months ended 31	
	October		October	
	Unaudited	Unaudited	Unaudited	Audited
	31.10.2024	31.10.2023	31.10.2024	31.10.2023
	RM	RM	RM	RM
Rental expenses paid to a related party for a branch office	19,500	19,500	78,000	78,000
Rental income received from a related party	1,500	1,500	6,000	6,000
Brokerage fees received from execution of trades on behalf of a major shareholder	179	-	1,854	-

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2024

A. EXPLANATORY NOTES ON THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS 134”), INTERIM FINANCIAL REPORT (CONT’D)

A13. MATERIAL CAPITAL COMMITMENTS

	Unaudited	Audited
	As at	As at
	31.10.2024	31.10.2023
	RM	RM
Contracted but not provided for:		
- Computer equipment and software	22,165	231,663
- Renovations	87,341	-
	<u>109,506</u>	<u>231,663</u>

A14. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE CURRENT FINANCIAL QUARTER

There were no material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2024**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2024****B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS****B1. REVIEW OF PERFORMANCE**

The Group's performance for the current financial quarter and the financial year-to-date ended 31 October 2024 are set out in the table below:

	Individual Quarter		Cumulative Quarters	
	3-months ended 31		12-months ended 31	
	October		October	
	Unaudited	Unaudited	Unaudited	Audited
	31.10.2024	31.10.2023	31.10.2024	31.10.2023
	RM	RM	RM	RM
Revenue				
Stockbroking Segment	6,463,048	6,346,357	23,158,400	19,903,657
Corporate Finance Segment	2,354,932	2,359,820	9,413,217	7,501,097
Total Revenue	8,817,980	8,706,177	32,571,617	27,404,754
Gross Profit	5,412,299	5,043,450	19,567,767	17,863,539
Profit before tax ("PBT")	4,758,419	667,435	18,692,992	12,463,323
Gross profit margin (%)	61.38	57.93	60.08	65.18
PBT margin (%)	53.96	7.67	57.39	45.48

COMMENTARIES

- (1) Review of performance in the current financial quarter ("Q4 2024") as compared to the corresponding financial quarter of last financial year ("Q4 2023")

In the Q4 2024, Stockbroking Segment achieved revenue of RM6.46 million, an increase of 1.84% as compared to RM6.35 million in the Q4 2023 due to increase in margin income, placement fees and commodities trading despite decrease in brokerage fees.

The revenue recorded by the Corporate Finance Segment for Q4 2024 and Q4 2023 were almost the same.

In the Q4 2024, the Group achieved an increase in gross profit by RM0.37 million or 7.32% to RM5.41 million from RM5.04 million in the Q4 2023 due to higher revenue from the Stockbroking Segment and lower cost of services recorded in the Q4 2024. Gross profit margin increases by 3.45% to 61.38% in the Q4 2024 as compared to 57.93% in the Q4 2023 was mainly due to lower direct staff costs as a result of decrease in payment of performance bonus made in Q4 2024.

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B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B1. REVIEW OF PERFORMANCE (CONT'D)

COMMENTARIES (CONT'D)

In the Q4 2024, the Group achieved higher PBT of RM4.76 million, an increase of RM4.09 million or 612.94% as compared to RM0.67 million in Q4 2023 mainly due to higher gross profit and interest income as well as the absence of one-off non-recurring listing expenses recorded in Q4 2023. The lower PBT margin of 7.67% in the Q4 2023 was due to the one-off non-recurring listing expenses of RM3.93 million recorded in Q4 2023.

- (2) Review of performance for the 12-months financial year ended 31 October 2024 (“**12-months FYE 2024**”) as compared to corresponding 12-months financial year ended 31 October 2023 (“**12-months FYE 2023**”)

In the 12-months FYE 2024, the Group recorded higher revenue of RM32.57 million, an increase of RM5.17 million or 18.85% as compared to RM27.40 million in the 12-months FYE 2023. The increase was mainly due to higher revenue achieved by both the Stockbroking Segment and Corporate Finance Segment.

As a result of higher revenue in the 12-months FYE 2024, the Group’s gross profit increased by RM1.70 million or 9.54% to RM19.57 million. However, gross profit margin declined by 5.10% to 60.08% in the 12-months FYE 2024 mainly due to higher amount of commission paid to dealers and remisiers, coupled with higher direct staff costs from payment of performance bonus in the 12-months FYE 2024.

The Group achieved PBT of RM18.69 million, an increase of RM6.23 million or 49.98% in the 12-months FYE 2024 as compared to PBT of RM12.46 million recorded in the 12-months FYE 2023. The increase was mainly attributable to higher gross profit and interest income as well as the absence of one-off non-recurring listing expenses recorded in Q4 2023.

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	Individual Quarter		Variance RM
	Unaudited 31.10.2024 RM	Unaudited 30.7.2024 RM	
Revenue	8,817,980	9,439,488	(621,508)
Gross Profit	5,412,299	5,280,134	132,165
PBT	4,758,419	5,142,385	(383,966)
Gross profit margin (%)	61.38	55.94	5.44
PBT margin (%)	53.96	54.48	(0.52)

COMMENTARIES

In the current financial quarter, the Group's revenue decreased by RM0.62 million or 6.58% to RM8.82 million as compared to RM9.44 million for the immediate preceding quarter. The decrease in revenue in the current financial quarter was mainly attributable to decrease in brokerage fees and corporate finance advisory fees which partially offset against increases in margin income and underwriting fees.

Despite the decrease in revenue by RM0.62 million, the Group achieved higher gross profit of RM5.41 million, an increase of RM0.13 million or 2.50% as compared to RM5.28 million in the immediate preceding quarter due to lower direct staff costs as a result of decrease in payment of performance bonus.

The Group recorded PBT of RM4.76 million in the current financial quarter, a decrease of RM0.38 million or 7.47% as compared to PBT of RM5.14 million in the immediate preceding quarter due to the allowance for expected credit losses and fair value adjustment for other investment made in the current financial period.

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B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B3. PROSPECTS OF THE GROUP

Malaysia's gross domestic product in the third quarter of 2024 (Q3 2024) expanded by 5.3% (Q2 2024: 5.9%), buoyed by a resilient domestic demand and a further recovery in performance of the external sector.

The robust performance in Q3 2024 brought Malaysia's economic growth for the first nine months of 2024 to 5.2%, compared to 3.8% growth for the same period last year. This puts the country on the right track towards achieving the Government's official forecast range of 4.8% to 5.3%, which was revised higher from the initial estimate of between 4% and 5%.

While Malaysia's status as a highly open economy exposes the nation to the vulnerabilities arising from the fraught nature of global geopolitics and economy, YAB Dato' Seri Anwar said the MADANI Government remains optimistic about the country's outlook. He emphasised that the Ekonomi MADANI framework clearly charts Malaysia's trajectory to enhancing her value in the global supply chain, all while achieving economic security plus sustainability.

Furthermore, with the allocation of RM421 billion, Budget 2025 is set to drive fiscal and economic reforms, prioritising quality investments that will generate higher-income jobs and enhance public services and infrastructure to elevate the living standards of the rakyat. The development expenditure of RM86 billion is also boosted by private-finance initiative projects valued at RM9 billion and domestic direct investments by Government-linked Investment Companies worth RM25 billion. In total, the cumulative public investment for the purpose of development in 2025 comes to RM120 billion.

In addition, the Government has taken firm and gradual measures aimed at narrowing the deficit from 5% in 2023 to 4.3% in 2024, and further to 3.8% in 2025, signalling commitment to long-term financial sustainability. The Government remains resolute in ensuring the continuous implementation of pragmatic measures and initiatives to reinforce the country's economic fundamentals, providing a solid foundation to withstand any potential challenges that may threaten economic stability.

(Source: Ministry of Finance: Strong Third Quarter Puts Malaysia on Course to Achieve 4.8%- 5.3% Full-Year Growth dated 15 November 2024)

Given the encouraging growth prospects and government's continued policy supportive of the economy, the Board is cautiously optimistic that the trading conditions and corporate activities will remain positive which will bode well for the Group's performance in the coming financial year.

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The Group did not issue any profit estimate, forecast, projection or internal targets in any public document.

B5. PROFIT BEFORE TAX

	Individual Quarter 3-months ended 31 October		Cumulative Quarters 12-months ended 31 October	
	Unaudited 31.10.2024 RM	Unaudited 31.10.2023 RM	Unaudited 31.10.2024 RM	Audited 31.10.2023 RM
Profit before tax is arrived at after charging:				
Auditors' remuneration				
- statutory audit fees	43,500	32,500	154,000	140,000
- assurance related and non-audit services	-	510,000	-	510,000
Commission paid/payable to dealers and remisiers	1,503,853	1,215,962	4,809,088	3,852,140
Depreciation of:				
- property, plant and equipment	161,307	158,627	633,365	636,507
- right-of-use assets	46,937	85,205	187,747	238,772
Listing expenses	-	3,931,652	-	3,931,652
Loss on disposal of property, plant and equipment	-	1,636	-	1,636
Property, plant and equipment written off	-	-	-	85
Provision for allowance for expected credit losses	106,000	234,471	106,000	234,471
Staff costs	4,012,244	3,679,662	11,281,123	8,716,323

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	Individual Quarter 3-months ended 31 October		Cumulative Quarters 12-months ended 31 October	
	Unaudited 31.10.2024	Unaudited 31.10.2023	Unaudited 31.10.2024	Audited 31.10.2023
	RM	RM	RM	RM
and crediting:				
Dividend income	16,901	3,028	34,130	56,128
Interest income	1,114,587	971,840	4,360,004	3,016,963
Realised gain on foreign exchange	51,355	163,609	203,360	594,026
Unrealised gain on foreign exchange	-	7,462	-	7,462

Save as disclosed above, the other disclosure items pursuant to Rule 16 of Appendix 9B of the Listing Requirements are not applicable.

B6. INCOME TAX EXPENSE

	Individual Quarter 3-months ended 31 October		Cumulative Quarters 12-months ended 31 October	
	Unaudited 31.10.2024	Unaudited 31.10.2023	Unaudited 31.10.2024	Audited 31.10.2023
	RM	RM	RM	RM
Current tax expense	1,250,000	1,081,999	4,811,800	4,062,334
Deferred tax expense	-	7,140	(166,000)	13,280
Total	1,250,000	1,089,139	4,645,800	4,075,614
Effective tax rate (%)	26.27	163.18	24.85	32.70

The effective tax rate of 26.27% for current financial quarter and 24.85% for the financial year-to-date are slightly higher than the statutory tax rate of 24.00% due to certain expenses not deductible for tax purposes.

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B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B7. BASIC/DILUTED EARNINGS PER SHARE**

The basic EPS and diluted EPS for the current quarter and financial year-to-date and the corresponding quarter and financial year-to-date is computed as follows:

	Individual Quarter		Cumulative Quarters	
	3-months ended 31		12-months ended 31	
	October			
	Unaudited	Unaudited	Unaudited	Audited
	31.10.2024	31.10.2023	31.10.2024	31.10.2023
	RM	RM	RM	RM
Profit/(Loss) attributable to owners of the Company	3,520,150	(421,704)	14,058,923	8,387,709
Weighted average number of ordinary shares	893,000,000	753,981,065	893,000,000	753,981,065
Basic/Diluted EPS (sen)	0.39	(0.06)	1.57	1.11

B8. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced by the Company but not completed as at the date of this interim financial report.

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The utilisation of proceeds as disclosed below should be read in conjunction with the Prospectus of the Company dated 28 August 2023. As at 31 October 2024, the status of utilisation of the gross proceeds of RM39.27 million raised from our IPO are as follows:

<u>Details of use of proceeds</u>	<u>Proposed Utilisation (RM'000)</u>	<u>Amount Utilised (RM'000)</u>	<u>Balance Unutilised (RM'000)⁽¹⁾</u>	<u>Estimated timeframe for use from the date of Listing</u>
Margin financing facility services	26,860	26,860	-	Within 24 months
Enhancement of digitalisation programme and marketing activities for the stockbroking business and operations of the Group	2,880	968	1,912	Within 18 months
Working capital	4,634	4,634	-	Within 12 months
Listing expenses	4,900	4,900	-	Within 3 months
Total	<u>39,274</u>	<u>37,362</u>	<u>1,912</u>	

Note:

1. Pending its intended utilisation, the unutilised balance of RM1.91 million raised from our IPO was placed with financial institutions on a repo basis to earn interest income.

B10. GROUP BORROWINGS AND DEBTS SECURITIES

As at the date of this interim financial report, there were no borrowings and the Group has not issued any debts securities.

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**B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE
LISTING REQUIREMENTS (CONT'D)**

B11. MATERIAL LITIGATION

There were no litigation or arbitration which has a material effect on the financial position and performance of the Group as at the date of this interim financial report.

B12. DIVIDEND

No interim dividend has been declared for the current quarter ended 31 October 2024.

B13. AUTHORISE FOR ISSUE

The interim financial report was authorised for issue by the Board in accordance with a resolution of the Directors on 30 December 2024.

**BY ORDER OF THE BOARD
MERCURY SECURITIES GROUP BERHAD
30 DECEMBER 2024**