



MERCURY SECURITIES GROUP BERHAD

(Registration No. 202101018329 (1418629-A))

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 APRIL 2024**

MERCURY SECURITIES GROUP BERHAD

Registration No. 202101018329 (1418629-A)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 2024**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 APRIL 2024⁽¹⁾**

	Note	Individual Quarter 3-months ended 30 April		Cumulative Quarters 6-months ended 30 April	
		Unaudited 30.4.2024 RM	Unaudited 30.4.2023 ⁽²⁾ RM	Unaudited 30.4.2024 RM	Unaudited 30.4.2023 ⁽²⁾ RM
Revenue	A9	6,389,641	N/A	14,314,149	N/A
Cost of services		(2,494,512)	N/A	(5,438,815)	N/A
Gross profit		3,895,129	N/A	8,875,334	N/A
Other income		221,592	N/A	480,632	N/A
Net trading gains on financial assets at fair value through profit or loss		402,754	N/A	614,884	N/A
Administrative and other operating expenses		(1,700,954)	N/A	(3,423,413)	N/A
Interest income		1,158,683	N/A	2,253,986	N/A
Finance costs		(4,256)	N/A	(9,235)	N/A
Profit before tax	B5	3,972,948	N/A	8,792,188	N/A
Income tax expense	B6	(955,000)	N/A	(2,160,800)	N/A
Profit after tax		3,017,948	N/A	6,631,388	N/A
Other comprehensive income, net of income tax					
Items that will not be reclassified subsequently to profit or loss:					
Realisation of revaluation surplus upon depreciation		(15,612)	N/A	(31,224)	N/A
Transfer of revaluation surplus to retained earnings		15,612	N/A	31,224	N/A
Total comprehensive income for the financial period		3,017,948	N/A	6,631,388	N/A
Earnings per share⁽³⁾ (sen)	B7				
- Basic		0.34	N/A	0.74	N/A
- Diluted		0.34	N/A	0.74	N/A

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 APRIL 2024⁽¹⁾ (CONT'D)

Notes:

1. 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.
2. This is the fourth interim financial report being announced in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**") following the listing of and quotation for the Company's enlarged issued shares on 19 September 2023. There are no comparative figures for the preceding corresponding quarter and financial year-to-date as there was no interim financial report announced for the comparative quarter and financial year-to-date.
3. Basic earnings per share ("**EPS**") is calculated based on the profit attributable to owners of the Company divided by 893,000,000 ordinary shares being the total number of ordinary shares in issue during the current financial quarter and financial-year-to-date. Diluted EPS is equivalent to the basic EPS as the Company does not have any dilutive instruments at the end of the reporting period.

N/A - Not applicable.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 2024**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2024⁽¹⁾**

	Unaudited As at 30.4.2024 RM	Audited As at 31.10.2023 RM
ASSETS		
Non-current assets		
Property, plant and equipment	11,547,252	11,777,672
Investment properties	4,500,000	4,500,000
Right-of-use assets	214,264	308,137
Intangible assets	7,891,722	7,891,722
Other investments	536,895	536,895
	24,690,133	25,014,426
Current assets		
Trade and other receivables	87,551,967	73,743,157
Deposits and prepayments	4,266,320	3,100,382
Other investments	410,300	1,111,418
Cash and cash equivalents	74,094,584	82,503,757
	166,323,171	160,458,714
TOTAL ASSETS	191,013,304	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	115,130,109	112,963,721
TOTAL EQUITY	172,761,947	170,595,559
Non-current liabilities		
Lease liabilities	40,559	139,876
Deferred tax liabilities	1,100,160	1,100,160
	1,140,719	1,240,036
Current liabilities		
Trade and other payables	16,055,979	13,211,770
Lease liabilities	201,571	201,571
Current tax liabilities	853,088	224,204
	17,110,638	13,637,545
TOTAL LIABILITIES	18,251,357	14,877,581
TOTAL EQUITY AND LIABILITIES	191,013,304	185,473,140
Net assets per share ⁽²⁾ (sen)	19.35	19.10

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 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 30 April 2024.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 2024**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 APRIL 2024⁽¹⁾**

	<----- Non-distributable ----->				Distributable	
	Share Capital RM	Merger Reserve RM	Revaluation Reserve RM	Fair Value Reserve RM	Retained Earnings RM	Total Equity RM
Balance as at 1 November 2023	154,640,574	(97,008,736)	2,362,838	(78,199)	110,679,082	170,595,559
Profit for the financial period	-	-	-	-	6,631,388	6,631,388
Other comprehensive income / (loss) for the financial period, net of income tax	-	-	(31,224)	-	31,224	-
Transaction with owners of the Company: Dividend	-	-	-	-	(4,465,000)	(4,465,000)
Balance as at 30 April 2024	154,640,574	(97,008,736)	2,331,614	(78,199)	112,876,694	172,761,947

Note:

1. 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 SECOND QUARTER ENDED 30 APRIL 2024**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 APRIL 2024⁽¹⁾**

	Unaudited 30.4.2024 RM	Unaudited 30.4.2023⁽²⁾ RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	8,792,188	N/A
Adjustments for:		
Accretion of lease interest	9,235	N/A
Net trading gains on financial assets at fair value through profit or loss	(614,884)	N/A
Depreciation of:		
- property, plant and equipment	313,571	N/A
- right-of-use assets	93,873	N/A
Dividend income	(2,347)	N/A
Interest income	(2,253,986)	N/A
Operating profit before working capital changes	6,337,650	N/A
Increase in trade and other receivables	(13,808,810)	N/A
Increase in deposits and prepayments	(1,165,938)	N/A
Increase in trade and other payables	2,844,209	N/A
Cash used in operations	(5,792,889)	N/A
Income tax paid	(1,531,916)	N/A
Net cash used in operating activities	(7,324,805)	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,253,986	N/A
Dividends received	2,347	N/A
Purchase of property, plant and equipment	(83,151)	N/A
Proceed from disposal of other investments carried at fair value through profit or loss	1,316,002	N/A
Net cash from investing activities	3,489,184	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(108,522)	N/A
Dividend paid	(4,465,000)	N/A
Net cash used in financing activities	(4,573,552)	N/A

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	Unaudited 30.4.2024 RM	Unaudited 30.4.2023⁽²⁾ RM
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,409,173)	N/A
Cash and cash equivalents at beginning of the financial period	82,503,757	N/A
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	74,094,584	N/A

Notes:

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.
2. There are no comparative figures for the preceding corresponding quarter and financial year-to-date as there was no interim financial report announced for the comparative quarter and financial year-to-date.

N/A - Not applicable.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 2024

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 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**”) and Rule 9.22 and Appendix 9B of the 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 18 Presentation and Disclosure in Financial Statements	1 January 2027
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

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 APRIL 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)

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

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.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 2024**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 APRIL 2024****A. EXPLANATORY NOTES ON THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS 134”), INTERIM FINANCIAL REPORT (CONT’D)****A8. DIVIDEND PAID**

On 26 December 2023, the Company had declared a single tier interim dividend of 0.5 sen per ordinary share amounting to RM4,465,000 in respect of the financial year ending 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.

Save for the above, there was no dividend proposed and/or paid during the current financial quarter and financial year-to-date 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 30 April	3-months ended 30 April	6-months ended 30 April	6-months ended 30 April
	Unaudited	Unaudited	Unaudited	Unaudited
	30.4.2024	30.4.2023⁽¹⁾	30.4.2024	30.4.2023⁽¹⁾
	RM	RM	RM	RM
<u>Business segments</u>				
Stockbroking	4,628,641	N/A	10,464,649	N/A
Corporate Finance	1,761,000	N/A	3,849,500	N/A
Total	6,389,641	N/A	14,314,149	N/A

Notes:

1. There are no comparative figures for the preceding corresponding quarter and financial year-to-date as there was no interim financial report announced for the comparative quarter and financial year-to-date.

N/A - Not applicable.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 2024**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 APRIL 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.

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 30 April 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 ended 30 April 2024:

	Individual Quarter		Cumulative Quarters	
	3-months ended 30 April	3-months ended 30 April	6-months ended 30 April	6-months ended 30 April
	Unaudited	Unaudited	Unaudited	Unaudited
	30.4.2024	30.4.2023⁽¹⁾	30.4.2024	30.4.2023⁽¹⁾
	RM	RM	RM	RM
Rental expenses paid to a related party for a branch office	19,500	N/A	39,000	N/A
Rental income received from a related party	1,500	N/A	3,000	N/A
Brokerage fees received from execution of trades on behalf of a major shareholder.	-	N/A	366	N/A

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 APRIL 2024**

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

A12. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT’D)

Notes:

1. There are no comparative figures for the preceding corresponding quarter and financial year-to-date as there was no interim financial report announced for the comparative quarter and financial year-to-date.

N/A - Not applicable.

A13. MATERIAL CAPITAL COMMITMENTS

	Unaudited As at 30.4.2024 RM	Audited As at 31.10.2023 RM
Contracted but not provided for:		
- Computer equipment and software	<u>-</u>	<u>318,001</u>

A14. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE 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 SECOND QUARTER ENDED 30 APRIL 2024**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 APRIL 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 30 April 2024 are set out in the table below:

	Individual Quarter		Cumulative Quarters	
	3-months ended 30 April	3-months ended 30 April	6-months ended 30 April	6-months ended 30 April
	Unaudited	Unaudited	Unaudited	Unaudited
	30.4.2024	30.4.2023⁽¹⁾	30.4.2024	30.4.2023⁽¹⁾
	RM	RM	RM	RM
Revenue	6,389,641	N/A	14,314,149	N/A
Gross profit	3,895,129	N/A	8,875,334	N/A
Profit before tax ("PBT")	3,972,948	N/A	8,792,188	N/A
Gross profit margin (%)	60.96	N/A	62.00	N/A
PBT margin (%)	62.18	N/A	61.42	N/A

Notes:

1. There are no comparative figures for the preceding corresponding quarter and financial year-to-date as there was no interim financial report announced for the comparative quarter and financial year-to-date.

N/A - Not applicable.

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FOR THE SECOND QUARTER ENDED 30 APRIL 2024****B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)****B1. REVIEW OF PERFORMANCE (CONT'D)****COMMENTARY**

The Group recorded revenue of RM6.39 million for the current financial quarter and RM14.31 million for the financial year-to-date ended 30 April 2024.

The Group's revenue is segmented as follows:

	Individual Quarter		Cumulative Quarters	
	3-months ended 30 April	3-months ended 30 April	6-months ended 30 April	6-months ended 30 April
	Unaudited	Unaudited	Unaudited	Unaudited
	30.4.2024	30.4.2023⁽¹⁾	30.4.2024	30.4.2023⁽¹⁾
	RM	RM	RM	RM
<u>Business segments</u>				
Brokerage fees	2,136,677	N/A	5,936,613	N/A
Margin income	1,904,581	N/A	3,704,922	N/A
Underwriting and placement fees	22,191	N/A	254,595	N/A
Nominees fees	3,709	N/A	7,036	N/A
Commodities trading	561,483	N/A	561,483	N/A
Stockbroking	4,628,641	N/A	10,464,649	N/A
Corporate Finance	1,761,000	N/A	3,849,500	N/A
Total	6,389,641	N/A	14,314,149	N/A

Notes:

1. There are no comparative figures for the preceding corresponding quarter and financial year-to-date as there was no interim financial report announced for the comparative quarter and financial year-to-date concerned.

N/A - Not applicable.

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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)

COMMENTARY (CONT'D)

Stockbroking segment recorded revenue of RM4.63 million (72.44%) in the current financial quarter and RM10.46 million (73.11%) in the financial year-to-date ended 30 April 2024. The main revenue contributors to this segment for the current financial quarter and financial year-to-date are brokerage fees and margin income.

The Corporate Finance segment contributed revenue of RM1.76 million in the current financial quarter and RM3.85 million the financial year-to-date ended 30 April 2024. During the current financial quarter, the corporate finance team undertook several corporate proposals including initial public offering (“**IPO**”), secondary fund raising, and mergers & acquisitions.

The Group recorded gross profit of RM3.90 million with gross profit margin of 60.96% for the current financial quarter and gross profit of RM8.88 million with gross profit margin of 62.00% for the financial year-to-date ended 30 April 2024.

In the current quarter, the Group recorded PBT of RM3.97 million with PBT margin of 62.18% and PBT of RM8.79 million with PBT margin of 61.42% for the in the financial year-to-date ended 30 April 2024.

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FOR THE SECOND QUARTER ENDED 30 APRIL 2024****B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)****B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER**

	Individual Quarter		Variance RM
	Unaudited 30.4.2024 RM	Unaudited 31.1.2024 RM	
Revenue	6,389,641	7,924,508	(1,534,867)
Gross Profit	3,895,129	4,980,205	(1,085,076)
PBT	3,972,948	4,819,240	(846,292)
Gross profit margin (%)	60.96	62.85	(1.89)
PBT margin (%)	62.18	60.81	1.37

In the current quarter, the Group recorded lower revenue of RM6.39 million and lower PBT of RM3.97 million as compared to the revenue of RM7.92 million and PBT of RM4.82 million recorded in the immediate preceding quarter ended 31 January 2024. Despite an increase in margin income of RM0.10 million or 5.79% to RM1.90 million in the current quarter arising from higher utilisation of margin facilities by clients, revenue in the current financial quarter decreased by RM1.53 million or 19.37% as compared to the immediate preceding quarter mainly due to lower revenue from the Stockbroking segment from decrease in brokerage fees as a result of lower brokerage commission rates due to in keeping with the overall prevailing lower market commission rates and decrease in placement fees.

The lower PBT of RM3.97 million in the current quarter as compared to PBT of RM4.82 million in the immediate preceding quarter was mainly attributable to lower gross profit by RM1.09 million attributed to the decline in revenue which was partially off set by the increase in interest income by RM0.06 million and net trading gains from proprietary trading of RM0.19 million.

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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

The Malaysian economy is projected to grow at a higher rate of 4.3 percent in 2024 after experiencing a weaker-than-expected growth in 2023. Domestic demand will remain the main growth driver while exports will benefit from a partial recovery of global demand for goods and base effects following exceptional weakness in 2023. Malaysia will face considerable downside risk stemming from external environment.

(Source: World Bank's April 2024 Report: Bending Bamboo Shoots, Strengthening Foundation Skills)

For the Malaysian economy, the latest indicators point towards higher economic activity in the first quarter of 2024, driven by resilient domestic expenditure and a positive turnaround in exports. Going forward, the recovery in exports is expected to gather momentum supported by the global tech upcycle and continued strength in non-electrical and electronics goods. Tourist arrivals and spending are also poised to rise further. Continued employment and wage growth remain supportive of household spending. Investment activity would be supported by the ongoing progress of multi-year projects in both the private and public sectors, the implementation of catalytic initiatives under the national master plans, as well as the higher realisation of approved investments. The growth outlook is subject to downside risks from weaker-than-expected external demand, and larger declines in commodity production. Meanwhile, upside risks to growth mainly emanate from greater spillover from the tech upcycle, more robust tourism activity, and faster implementation of existing and new projects.

At the current overnight policy rate level, the monetary policy stance remains supportive of the economy and is consistent with the current assessment of the inflation and growth prospects.

(Source: Bank Negara Malaysia: Monetary Policy Statement 9 May 2024)

Given the encouraging growth prospects, 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 remaining quarters of the financial year ending 31 October 2024.

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 2024**NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 2024****B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)****B4. PROFIT FORECAST**

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

B5. PROFIT BEFORE TAX

	Individual Quarter		Cumulative Quarters	
	3-months ended 30 April Unaudited 30.4.2024 RM	Unaudited 30.4.2023 ⁽¹⁾ RM	6-months ended 30 April Unaudited 30.4.2024 RM	Unaudited 30.4.2023 ⁽¹⁾ RM
Profit before tax is arrived at after charging:				
Auditors' remuneration				
- current year	40,500	N/A	78,000	N/A
Commission paid/payable to dealers and remisiers	748,382	N/A	1,971,701	N/A
Depreciation of:				
- property, plant and equipment	157,233	N/A	313,571	N/A
- right-of-use assets	46,937	N/A	93,873	N/A
Staff costs	1,976,500	N/A	4,485,270	N/A
and crediting:				
Dividend income	2,054	N/A	2,347	N/A
Interest income	1,158,683	N/A	2,253,986	N/A
Realised gain on foreign exchange	31,236	N/A	104,248	N/A
Rental income	34,500	N/A	79,500	N/A

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

Notes:

1. There are no comparative figures for the preceding corresponding quarter and financial year-to-date as there was no interim financial report announced for the comparative quarter and financial year-to-date.

N/A - Not applicable.

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	Individual Quarter		Cumulative Quarters	
	3-months ended 30 April	3-months ended 30 April	6-months ended 30 April	6-months ended 30 April
	Unaudited	Unaudited	Unaudited	Unaudited
	30.4.2024	30.4.2023 ⁽¹⁾	30.4.2024	30.4.2023 ⁽¹⁾
	RM	RM	RM	RM
Current tax expense	955,000	N/A	2,160,800	N/A
Deferred tax expense	-	N/A	-	N/A
Total	955,000	N/A	2,160,800	N/A
Effective tax rate (%)	24.04	N/A	24.58	N/A

The effective tax rate of 24.04% for current financial quarter and 24.58% 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.

Notes:

1. There are no comparative figures for the preceding corresponding quarter and financial year-to-date as there was no interim financial report announced for the comparative quarter and financial year-to-date.

N/A - Not applicable.

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

	Individual Quarter		Cumulative Quarters	
	3-months ended 30 April	3-months ended 30 April	6-months ended 30 April	6-months ended 30 April
	Unaudited	Unaudited	Unaudited	Unaudited
	30.4.2024	30.4.2023 ⁽¹⁾	30.4.2024	30.4.2023 ⁽¹⁾
	RM	RM	RM	RM
Profit attributable to owners of the Company	3,017,948	N/A	6,631,388	N/A
Number of ordinary shares	893,000,000	N/A	893,000,000	N/A
Basic/Diluted EPS (sen) ⁽²⁾	0.34	N/A	0.74	N/A

Notes:

1. There are no comparative figures for the preceding corresponding quarter and financial year-to-date as there was no interim financial report announced for the comparative quarter and financial year-to-date.
2. EPS is calculated based on the profit attributable to owners of the Company divided by 893,000,000 ordinary shares being the total number of ordinary shares in issue during the current financial quarter and financial-year-to-date. Diluted EPS is equivalent to the basic EPS as the Company does not have any dilutive instruments at the end of the reporting period.

N/A - Not applicable.

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 30 April 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)</u>	<u>Estimated timeframe for use from the date of Listing</u>
Margin financing facility services	26,860	15,539	11,321	Within 24 months
Enhancement of digitalisation programme and marketing activities for the stockbroking business and operations of the Group	2,880	781	2,099	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>25,854</u>	<u>13,420</u>	

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.

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.

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

B12. DIVIDEND

Save as disclosed in Note A8 of this interim financial report, there was no dividend declared or payable for the current financial quarter.

The total dividend declared and paid-to-date for the financial year ending 31 October 2024 is RM4,465,000 (31 October 2023: Nil).

B13. AUTHORISE FOR ISSUE

The interim financial report was authorised for issue by the Board in accordance with a resolution of the Directors on 26 June 2024.

**BY ORDER OF THE BOARD
MERCURY SECURITIES GROUP BERHAD
26 JUNE 2024**