

**MERCURY INDUSTRIES BERHAD**  
(Company No. 105550 - K)

The Board of Directors is pleased to announce the following :

**UNAUDITED INTERIM REPORT OF THE GROUP FOR THE 1ST QUARTER ENDED 31 MARCH 2009**

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Quarter 31/3/2009 RM'000	Preceding Year Corresponding Quarter 31/3/2008 RM'000	Current Period To Date 31/3/2009 RM'000	Preceding Year Corresponding Period 31/3/2008 RM'000
1. Revenue	10,430	10,895	10,430	10,895
Cost of sales	(6,891)	(7,188)	(6,891)	(7,188)
<b>Gross Profit</b>	<b>3,539</b>	<b>3,707</b>	<b>3,539</b>	<b>3,707</b>
Other income	55	230	55	230
Operating expenses	(1,787)	(2,443)	(1,787)	(2,443)
Interest expense	(63)	(51)	(63)	(51)
<b>Profit before taxation</b>	<b>1,744</b>	<b>1,443</b>	<b>1,744</b>	<b>1,443</b>
Income tax expense	(441)	(327)	(441)	(327)
<b>Profit for the period</b>	<b>1,303</b>	<b>1,116</b>	<b>1,303</b>	<b>1,116</b>
Earnings per share (Sen)	3.24	2.78	3.24	2.78

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2008

CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited As At 31/3/2009 RM'000	Audited As At 31/12/2008 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	7,592	7,691
Goodwill on consolidation	10,878	10,878
Prepaid land lease payment	1,540	1,546
Other investments	182	182
Deferred tax assets	12	12
	<u>20,204</u>	<u>20,309</u>
<b>Current assets</b>		
Inventories	10,243	10,097
Trade receivables	14,269	15,123
Others receivables	642	613
Tax recoverable	13	-
Cash and bank balances	3,630	3,467
	<u>28,797</u>	<u>29,300</u>
<b>TOTAL ASSETS</b>	<u><b>49,001</b></u>	<u><b>49,609</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Share Capital	40,182	40,182
Share Premium	81,819	81,819
Accumulated loss	(90,394)	(91,697)
<b>Total Equity</b>	<u><b>31,607</b></u>	<u><b>30,304</b></u>
<b>Non-Current Liabilities</b>		
Bank borrowings	1,061	1,034
Deferred tax liabilities	465	465
	<u>1,526</u>	<u>1,499</u>
<b>Current Liabilities</b>		
Trade payables	4,185	2,880
Others payables	11,053	12,982
Bank borrowings	278	1,663
Bank overdrafts	-	-
Current tax payable	352	281
	<u>15,868</u>	<u>17,806</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>49,001</b></u>	<u><b>49,609</b></u>
<b>Net assets per share (RM)</b>	<b>0.79</b>	<b>0.75</b>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2008

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<b>Issued Capital</b> RM'000	<b>Share Premium</b> RM'000	<b>Accumulated Loss</b> RM'000	<b>Total Equity</b> RM'000
<b>Balance as of 1.1.2009</b>	40,182	81,819	(91,697)	30,304
Net profit for the period			1,303	1,303
<b>Balance as of 31.3.2009</b>	<u>40,182</u>	<u>81,819</u>	<u>(90,394)</u>	<u>31,607</u>
<b>Balance as of 1.1.2008</b>	40,182	81,819	(96,278)	25,723
Net profit for the period	-	-	1,116	1,116
<b>Balance as of 31.3.2008</b>	<u>40,182</u>	<u>81,819</u>	<u>(95,162)</u>	<u>26,839</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2008

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>3 months ended 31/3/2009</b> RM'000	<b>3 months ended 31/3/2008</b> RM'000
<b>The Group</b>		
<b>Net Cash (use In)/From Operating Activities</b>	685	(1,503)
<b>Net Cash Use In Investing Activities</b>	(20)	(638)
<b>Net Cash From Financing Activity</b>	-	-
<b>Net (Decrease)/Increase in cash and cash equivalents</b>	<u>665</u>	<u>(2,141)</u>
<b>Cash and cash equivalents at beginning of financial period</b>	2,965	5,498
<b>Cash and cash equivalents at end of financial period</b>	<u><u>3,630</u></u>	<u><u>3,357</u></u>

Cash and cash equivalents at the end of the financial period comprise the following balance amount:

	<b>As at 31/3/2009</b> RM'000	<b>As at 31/3/2008</b> RM'000
Cash and bank balances	3,630	4,609
Bank overdrafts	-	(1,252)
	<u><u>3,630</u></u>	<u><u>3,357</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2008

## Part A - Explanatory Notes Pursuant To Financial Reporting Standard 134

### 1. Accounting Policies

The interim financial report is unaudited and have been prepared in compliance with Financial Reporting Standard (FRS) 134 - Interim Financial Reporting (formerly known as MASB 26) issued by the Malaysian Accounting Standards Board ("MASB"), and part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

The same accounting policies and methods of computation are followed in the quarterly financial statements as compared with the annual financial statements of the Group for the year ended 31 December 2008.

Apart from the above, the quarterly financial statements are to be read in conjunction with the Annual Financial Statements for the year ended 31 December 2008

### 2. Financial Reporting Standards

#### (a) Adoption of New and Revised Financial Reporting Standards

Significant accounting policies adopted by the Group in this interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") by the Group for financial period beginning 1 January 2008:

- (i) **Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates**
- (ii) **FRS 107: Cash Flow Statements**
- (iii) **FRS 112: Income Taxes**
- (iv) **FRS 118: Revenue**
- (v) **FRS 134: Interim Financial Reporting**
- (vi) **FRS 137: Provision, Contingent Liabilities and Contingent Assets**

The adoption of above mentioned Amendment and FRSs does not have significant financial impact on the Group.

#### (b) New FRS and IC Interpretations Issued but Not Adopted

The following FRS and IC Interpretations which are effective for financial period beginning on or after 1 July 2007 are not applicable to the Group:-

- (i) FRS 111: Construction Contracts
- (ii) FRS 120: Accounting for Government Grants and Disclosure of Government Assistance
- (iii) IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities
- (iv) IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments
- (v) IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- (vi) IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
- (vii) IC Interpretation 7: Applying the Restatement Approach under FRS1292004 - Financial Reporting in Hyperinflationary Economies
- (viii) IC Interpretation 8: Scope of FRS 2

### 3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification of the Group audited report for the year ended 31 December 2008.

### 4. Segmental Reporting

Segmental report for the financial period ended 31 March 2009 is as follows:

By Industry	Manufacturing of paints, retailing of paints & related products		Others		Eliminations		Group	
	----- 3 months ended ----->							
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Revenue</b>								
External	10,430	10,895	-	-	-	-	10,430	10,895
Inter-segment	6,042	5,829	84	-	(6,126)	(5,829)	-	-
<b>Total Revenue</b>	<b>16,472</b>	<b>16,724</b>	<b>84</b>	<b>-</b>	<b>(6,126)</b>	<b>(5,829)</b>	<b>10,430</b>	<b>10,895</b>
<b>Results</b>								
Segment result	1,772	1,971	26	(480)			1,798	1,491
Operating profit							1,798	1,491
Interest expense							(83)	(51)
Interest income							9	3
Profit before tax							1,744	1,443
Income tax							(441)	(327)
<b>Profit for the period</b>							<b>1,303</b>	<b>1,116</b>

#### Sales revenue by geographical market

	YTD 31/03/2009 RM '000	YTD 31/3/2008 RM '000
Malaysia	8,826	9,088
Other Countries	1,604	1,807
	<u>10,430</u>	<u>10,895</u>

#### 5. Unusual Item Affecting Assets, Liabilities, Equity, Net Income Or Cash Flow

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter under review.

#### 6 Change Of Estimates Used

There was no material change in estimates for the financial quarter under review.

#### 7 Seasonality Or Cyclical Of Interim Operations

The Group's operations are not significantly affected by any seasonal or cyclical factors.

#### 8 Dividends Paid

No dividend has been paid during the current quarter ended 31 March 2009.

#### 9. Valuation of property, plant and equipment

The property, plant and equipment of the Group are stated at cost less accumulated depreciation. The valuation of plant and equipment have been brought forward without amendment from the previous audited financial statements.

#### 10. Issuance, Cancellation, Repurchases, Resale and Repayments Of Debt and Equity Securities

There were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities for the current quarter ended 31 March 2009.

#### 11. Material Events Not Reflected In The Financial Statements

There were no material events not reflected in the financial period under review that have not been reflected in the financial statements for the said period.

#### 12. Changes In The Composition Of The Group

There were no changes in the composition of the Group for the current quarter ended 31 March 2009.

#### 13. Capital Commitments

There were no commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 March 2009.

#### 14. Contingent Liabilities / Assets

The Company has issued unsecured corporate guarantees totalling RM12.0 million to certain financial institutions for credit facilities granted to certain of its subsidiary companies. Accordingly, the Company is contingently liable to such financial institutions to the extent of the amount of credit facilities utilised. There were no contingent assets as at the date of this report.

#### 15. Material Subsequent Event

There were no material events subsequent to the end of the financial period under review that have not been reflected in the financial statements for the said period.

#### Part B - Explanatory Notes Pursuant To Appendix 9B Of The Listing Requirements Of Bursa Malaysia Securities Berhad

#### 16. Review Of Performance

Group revenue decreased by 4.3% to RM10.43 million during the current quarter as compared to RM10.9 million achieved in the corresponding quarter in 2008, while Group pretax profit increased by 20.8% to RM1.74 million as compared to RM1.44 million in the corresponding quarter in 2008.

Group revenue during the current quarter was marginally affected by the slowdown in economic activities as a result of the recession in the global economy. Current quarter Group pretax profit is higher because in the corresponding quarter there was an exceptional charge of RM350,000 arising from the out-of-court settlement of a legal suit against the Company.

#### 17. Comparison With Previous Quarter's Results

Revenue and pretax profit for the current quarter at RM10.43 million and RM1.74 million were lower by 9.6% and 9.8% respectively as compared to the revenue of RM11.54 million and pretax profit of RM1.93 million achieved in the previous quarter.

The decrease in both revenue and pretax profit in the current quarter can be attributed to the impact of the global recession on the Malaysian economy which experienced a slowdown during the quarter.

**18. Prospects For 2009**

Though the global economy is showing nascent signs of expected economic recovery in the second half of the year, the outlook of the Malaysian economy is still uncertain. In spite of the uncertainties, the Board expects the Group to remain profitable in 2009.

**19. Variance From Profit Forecast**

This note is not applicable.

**20. Income Tax Expense**

	<b>Current Quarter 31/03/2009</b>	<b>Period to date 31/03/2009</b>
	RM '000	RM '000
Provision for current taxation		
- Current year	441	441
- Under/(Overprovision) in prior year	-	-
Provision for deferred taxation	-	-
	<u>441</u>	<u>441</u>

**21. Sale Of Unquoted Investments And/Or Properties**

There were no sales of unquoted investments and/or properties for the financial period under review.

**22. Purchase Or Disposal Of Quoted Securities**

(a) There were no disposal of quoted securities for the current quarter ended 31 March 2009.

(b) As at 31 March 2009, investments in quoted securities are as follows :

	<b>As At 31/3/2009 RM '000</b>
i) Quoted shares in Malaysia at cost	1,482
ii) Quoted shares in Malaysia at carrying value	182
iii) Market value of quoted shares as at 31 March 2009	182

**23. Status Of Corporate Proposals**

There is no outstanding corporate proposal.

**24. Group Borrowings And Debt Securities**

(a) The Group's borrowings as of 31 March 2009 are as follows:

	<b>As At 31/3/2009 RM'000</b>	<b>As At 31/3/2008 RM'000</b>
<b>Short Term Borrowings</b>		
Secured	278	1,252
Unsecured	-	560
	<u>278</u>	<u>1,812</u>
<b>Long Term Borrowings</b>		
Secured	1,061	-
	<u>1,339</u>	<u>1,812</u>

(c) There were no borrowings or debt securities denominated in foreign currencies.

**25. Off Balance Sheet Financial Instruments**

There were no material financial instruments with off balance sheet risk during the financial period under review.

**26. Changes In Material Litigation**

There is no material litigation as of the date of this report.

**27. Dividend Payable**

No interim ordinary dividend has been declared for the financial period ended 31 March 2009 (31 March 2008 : Nil)

**28. Earnings Per Ordinary share**

The basic earnings per share is calculated by dividing the Group's net profit after tax for the period by the weighted average number of ordinary shares in issue during the period:-

	<b>Current Quarter</b>		<b>Period to date</b>	
	<b>31/03/2009</b>	<b>31/03/2008</b>	<b>31/03/2009</b>	<b>31/03/2008</b>
Net profit for the period (RM'000)	1,303	1,116	1,303	1,116
Weighted average number of ordinary shares in issue ('000)	<u>40,182</u>	<u>40,182</u>	<u>40,182</u>	<u>40,182</u>
Basic earnings per share (Sen)	<u>3.24</u>	<u>2.78</u>	<u>3.24</u>	<u>2.78</u>