

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 2ND QUARTER ENDED 30 JUNE 2009

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Quarter 30/6/2009 RM'000	Preceding Year Corresponding Quarter 30/6/2008 RM'000	Current Period To Date 30/6/2009 RM'000	Preceding Year Corresponding Period 30/6/2008 RM'000
1. Revenue	13,419	12,568	23,849	23,463
Cost of sales	(8,354)	(8,068)	(15,245)	(15,256)
Gross Profit	5,065	4,500	8,604	8,207
Other income	139	26	194	257
Operating expenses	(2,179)	(2,684)	(3,966)	(5,127)
Interest expense	(32)	(74)	(95)	(125)
Profit before taxation	2,993	1,768	4,737	3,212
Income tax expense	(1,045)	(499)	(1,486)	(826)
Profit for the period	1,948	1,269	3,251	2,386
Earnings per share (Sen)	4.85	3.16	8.09	5.94

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 30/6/2009 RM'000	Audited As At 31/12/2008 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	7,493	7,691
Goodwill on consolidation	10,878	10,878
Prepaid land lease payment	1,534	1,546
Other investments	258	182
Deferred tax assets	12	12
	<u>20,175</u>	<u>20,309</u>
Current Assets		
Inventories	9,175	10,097
Trade receivables	14,413	15,123
Others receivables	567	613
Cash and bank balances	2,341	3,467
	<u>26,496</u>	<u>29,300</u>
TOTAL ASSETS	<u>46,671</u>	<u>49,609</u>
EQUITY AND LIABILITIES		
Capital and Reserves		
Share Capital	40,182	40,182
Share Premium	81,819	81,819
Accumulated loss	(88,446)	(91,697)
Total Equity	<u>33,555</u>	<u>30,304</u>
Non-Current Liabilities		
Bank borrowings	823	1,034
Deferred tax liabilities	465	465
	<u>1,288</u>	<u>1,499</u>
Current Liabilities		
Trade payables	4,053	2,880
Others payables	6,344	12,982
Bank borrowings	416	1,663
Current tax payable	1,015	281
	<u>11,828</u>	<u>17,806</u>
TOTAL EQUITY AND LIABILITIES	<u>46,671</u>	<u>49,609</u>
Net assets per share (RM)	0.84	0.75

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

	Issued Capital RM'000	Share Premium RM'000	Accumulated Loss RM'000	Total Equity RM'000
Balance as of 1.1.2009	40,182	81,819	(91,697)	30,304
Net profit for the period	-	-	3,251	3,251
Balance as of 30.6.2009	40,182	81,819	(88,446)	33,555
Balance as of 1.1.2008	40,182	81,819	(96,278)	25,723
Net profit for the period	-	-	2,386	2,386
Balance as of 30.6.2008	40,182	81,819	(93,892)	28,109

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

	6 months ended 30/6/2009 RM'000	6 months ended 30/6/2008 RM'000
The Group		
Net Cash (Used in)/ From Operating Activities	(323)	(2,436)
Net Cash Used In Investing Activities	(62)	(1,382)
Net Cash From Financing Activity	(239)	-
Net (Decrease)/ Increase in cash and cash equivalents	(624)	(3,818)
Cash and cash equivalents at beginning of financial period	2,965	5,498
Cash and cash equivalents at end of financial period	2,341	1,680

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

	As at 30/6/2009 RM'000	As at 30/6/2008 RM'000
Cash and bank balances	2,341	2,532
Bank overdrafts	-	(852)
	2,341	1,680

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. Basis of Preparation

The interim financial report is unaudited and have been prepared in compliance with Financial Reporting Standard (FRS) 134 - Interim Financial Reporting, 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

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 2008.

The following Financial Reporting Standards ("FRSs") and IC Interpretations were issued but not yet effective, have not been applied by the Group:

FRSs and IC Interpretations	Effective for financial period beginning on or after
FRS 4: Insurance Contracts	1 January 2010
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairments	2 January 2010

The above interpretations and FRS 4 is not applicable to the Group.

The initial application of FRSs 7, 8 and 139 are not expected to have any material impact on the financial statements of the Group.

The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

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 30 June 2009 is as follows:

By Industry	Manufacturing of paints, retailing of paints & related products		Others		Eliminations		Group	
	<----- 6 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
Revenue								
External	23,849	23,463	-	-	-	-	23,849	23,463
Inter-segment	11,978	12,239	9,486	7,297	(21,464)	(19,536)	-	-
Total Revenue	35,827	35,702	9,486	7,297	(21,464)	(19,536)	23,849	23,463
Results								
Segment result	4,731	3,967	9,395	6,661	(9,318)	(7,297)	4,808	3,331
Operating profit							4,808	3,331
Interest expense							(95)	(125)
Interest income							24	6
Profit before tax							4,737	3,212
Income tax							(1,486)	(826)
Profit for the period							3,251	2,386

Sales Revenue By Geographical Market

	YTD 30/6/2009 RM'000	YTD 30/6/2008 RM'000
Malaysia	19,120	19,821
Other Countries	4,729	3,642
	<u>23,849</u>	<u>23,463</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 Cyclicity 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 30 June 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 30 June 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 30 June 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 30 June 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 increased by 6.8% to RM13.42 million during the current quarter as compared to RM12.57 million achieved in the corresponding quarter in 2008, while Group pretax profit increased by 69.3% to RM2.99 million as compared to RM1.77 million achieved in the corresponding quarter.

Through the concerted effort made in enhancing its marketing strategies and cost rationalisation, the Group managed to increase its revenue during the current quarter by focusing on its marketing strategies. Group pretax profit was higher due to the benefits of higher selling prices and lower operating expenses as compared to the corresponding quarter.

For the half-year to date, Group revenue increased marginally by 1.6% as compared to the corresponding half-year period in spite of the difficult market environment. However, Group pretax profit increased substantially by RM1.53 million (+47.5%) due to the benefits of past upward selling price adjustments and lower operating expenses as compared to the corresponding half-year in 2008.

17. Comparison With Previous Quarter's Results

Revenue and pretax profit for the current quarter at RM13.42 million and RM2.99 million were higher by 28.7% and 71.7% respectively as compared to the revenue of RM10.43 million and pretax profit of RM1.74 million achieved in the previous quarter.

The increase in revenue is due to more working days in the current quarter while the increase in pretax profit was due to the benefits of the higher turnover achieved and lower materials cost as compared to the previous quarter.

18. Prospects For 2009

With the global economy showing positive signs of economic recovery in the second half of the year, the Malaysian economy is expected to recover in tandem. Barring another major hike in crude oil prices, the Board expects the Group to perform reasonably well in 2009.

19. Variance From Profit Forecast

This note is not applicable.

20. Income Tax Expense

	Current Quarter 30/6/2009 RM'000	Period to date 30/6/2009 RM'000
Provision for current taxation		
- Current year	790	1,231
- Under/(Overprovision) in prior year	255	255
Provision for deferred taxation	-	-
	1,045	1,486

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 30 June 2009.

(b) As at 30 Jun 2009, investments in quoted securities are as follows :

	As At 30/6/2009 RM'000
i) Quoted shares in Malaysia at cost	1,482
ii) Quoted shares in Malaysia at carrying value	258
iii) Market value of quoted shares as at 30 June 2009	258

23. Status Of Corporate Proposals

There is no outstanding corporate proposal.

24. Group Borrowings And Debt Securities

(a) The Group's borrowings as of 30 June 2009 is as follows:

	As At 30/6/2009 RM'000	As At 30/6/2008 RM'000
Short Term Borrowings		
Secured	416	3,721
Unsecured	-	-
	416	3,721
Long Term Borrowings		
Secured	823	-
	1,238	3,721

(b) 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 30 Jun 2009 (30 June 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:-

	<u>Current Quarter</u>		<u>Period to date</u>	
	<u>30/6/2009</u>	<u>30/6/2008</u>	<u>30/6/2009</u>	<u>30/6/2008</u>
Net profit for the period (RM'000)	1,948	1,269	3,251	2,386
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>4.85</u>	<u>3.16</u>	<u>8.09</u>	<u>5.94</u>