

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 3RD QUARTER ENDED 30 SEPTEMBER 2009

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Quarter 30/9/2009 RM'000	Preceding Year Corresponding Quarter 30/9/2008 RM'000	Current Period To Date 30/9/2009 RM'000	Preceding Year Corresponding Period 30/9/2008 RM'000
1. Revenue	12,482	12,711	36,332	36,174
Cost of sales	(7,964)	(8,605)	(23,210)	(23,861)
Gross Profit	4,518	4,106	13,122	12,313
Other income	(26)	349	167	606
Operating expenses	(2,198)	(2,232)	(6,163)	(7,359)
Interest expense	(18)	(86)	(113)	(211)
Profit before taxation	2,276	2,137	7,013	5,349
Income tax expense	(644)	(745)	(2,130)	(1,571)
Profit for the period	1,632	1,392	4,883	3,778
Earnings per share (Sen)	4.06	3.47	12.15	9.40

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 30/9/2009 RM'000	Audited As At 31/12/2008 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	7,495	7,691
Goodwill on consolidation	10,878	10,878
Prepaid land lease payment	1,528	1,546
Other investments	218	182
Deferred tax assets	12	12
	<u>20,131</u>	<u>20,309</u>
Current Assets		
Inventories	10,218	10,097
Trade receivables	14,296	15,123
Others receivables	679	613
Cash and bank balances	2,828	3,467
	<u>28,021</u>	<u>29,300</u>
TOTAL ASSETS	<u>48,152</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	(86,814)	(91,697)
Total Equity	<u>35,187</u>	<u>30,304</u>
Non-Current Liabilities		
Bank borrowings	715	1,034
Deferred tax liabilities	465	465
	<u>1,180</u>	<u>1,499</u>
Current Liabilities		
Trade payables	4,086	2,880
Others payables	6,673	12,982
Bank borrowings	422	1,663
Current tax payable	604	281
	<u>11,785</u>	<u>17,806</u>
TOTAL EQUITY AND LIABILITIES	<u>48,152</u>	<u>49,609</u>
Net assets per share (RM)	0.88	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	-	-	4,883	4,883
Balance as of 30.9.2009	<u>40,182</u>	<u>81,819</u>	<u>(86,814)</u>	<u>35,187</u>
Balance as of 1.1.2008	40,182	81,819	(96,278)	25,723
Net profit for the period	-	-	3,778	3,778
Balance as of 30.9.2008	<u>40,182</u>	<u>81,819</u>	<u>(92,500)</u>	<u>29,501</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

	9 months ended 30/9/2009 RM'000	9 months ended 30/9/2008 RM'000
The Group		
Net Cash (Used in)/ From Operating Activities	330	(3,382)
Net Cash Used In Investing Activities	(206)	(1,878)
Net Cash From Financing Activity	(261)	-
Net (Decrease)/ Increase in cash and cash equivalents	<u>(137)</u>	<u>(5,260)</u>
Cash and cash equivalents at beginning of financial period	2,965	5,498
Cash and cash equivalents at end of financial period	<u><u>2,828</u></u>	<u><u>238</u></u>

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

	As at 30/9/2009 RM'000	As at 30/9/2008 RM'000
Cash and bank balances	2,828	1,872
Bank overdrafts	-	(1,634)
	<u><u>2,828</u></u>	<u><u>238</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. 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 September 2009 is as follows:

By Industry	Manufacturing of paints, retailing of paints & related products		Others		Eliminations		Group	
	9 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	36,332	36,174	-	-	-	-	36,332	36,174
Inter-segment	17,928	18,512	9,570	7,297	(27,498)	(25,809)	-	-
Total Revenue	54,260	54,686	9,570	7,297	(27,498)	(25,809)	36,332	36,174
Results								
Segment result	7,044	6,284	9,372	6,563	(9,318)	(7,297)	7,098	5,550
Operating profit							7,098	5,550
Interest expense							(113)	(211)
Interest income							28	10
Profit before tax							7,013	5,349
Income tax							(2,130)	(1,571)
Profit for the period							4,883	3,778

Sales Revenue By Geographical Market

	YTD 30/9/2009 RM'000	YTD 30/9/2008 RM'000
Malaysia	29,017	29,994
Other Countries	7,315	6,180
	<u>36,332</u>	<u>36,174</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 September 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 September 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 September 2009.

However, on 23 October 2009, a wholly-owned subsidiary, Good Frontier Sdn Bhd ("GFSB") was acquired. GFSB has a paid-up capital of RM 2.00 and is currently dormant.

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 September 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 1.8% to RM12.48 million during the current quarter as compared to RM12.7 million achieved in the corresponding quarter in 2008, while Group pretax profit increased by 6.5% to RM2.28 million as compared to RM2.14 million achieved in the corresponding quarter in 2008.

By focusing on its marketing strategies, the Group revenue was only marginally affected by the recession during the current quarter. However, Group pretax profit was higher due to the benefits of lower costs and operating expenses as compared to the corresponding quarter in 2008.

For the year to date, Group revenue was maintained at the level of the corresponding period in 2008 in spite of the global recession. However, Group pretax profit increased by RM1.66 million (+31.1%) due to the benefits of lower costs and operating expenses as compared to the corresponding period in 2008.

17. Comparison With Previous Quarter's Results

Revenue and pretax profit for the current quarter at RM12.48 million and RM2.28 million were lower by 7.0% and 23.7% respectively as compared to the revenue of RM13.42 million and pretax profit of RM2.99 million achieved in the previous quarter.

The decrease in revenue is due to the delayed impact of the recession in the current quarter while the decrease in pretax profit was mainly due to the effect of the lower turnover achieved. Rising crude oil prices in the current quarter also contributed to the lower profit margin as compared to the previous quarter.

18. Prospects For 2009

The Board expects the Group profitability in the fourth quarter to be affected by the expected rise in crude oil prices as the global economy recovers from the recession. However, the board is confident that the Group results for financial year 2009 will still be better than the previous year.

19. Variance From Profit Forecast

This note is not applicable.

20. Income Tax Expense

	Current Quarter 30/9/2009 RM'000	Period to date 30/9/2009 RM'000
Provision for current taxation		
- Current year	644	1,875
- Under/(Overprovision) in prior year	-	255
Provision for deferred taxation	-	-
	<u>644</u>	<u>2,130</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 30 September 2009.

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

	As At 30/9/2009 RM'000
i) Quoted shares in Malaysia at cost	1,482
ii) Quoted shares in Malaysia at carrying value	218
iii) Market value of quoted shares as at 30 September 2009	218

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 September 2009 are as follows:

	As At 30/9/2009 RM'000	As At 30/9/2008 RM'000
Short Term Borrowings		
Secured	422	3,906
Unsecured	-	-
	<u>422</u>	<u>3,906</u>
Long Term Borrowings		
Secured	715	-
	<u>1,137</u>	<u>3,906</u>

(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 September 2009 (30 September 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>30/9/2009</u>	<u>30/9/2008</u>	<u>30/9/2009</u>	<u>30/9/2008</u>
Net profit for the period (RM'000)	1,632	1,392	4,883	3,778
Weighted average number of ordinary shares in issue ('000)	40,182	40,182	40,182	40,182
Basic earnings per share (Sen)	<u>4.06</u>	<u>3.47</u>	<u>12.15</u>	<u>9.40</u>