

**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 2010**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Quarter 31/3/2010 RM'000	Preceding Year Corresponding Quarter 31/3/2009 RM'000	Current Period To Date 31/3/2010 RM'000	Preceding Year Corresponding Period 31/3/2009 RM'000
Revenue	12,457	10,430	12,457	10,430
Cost of sales	(8,008)	(6,891)	(8,008)	(6,891)
<b>Gross Profit</b>	<b>4,449</b>	<b>3,539</b>	<b>4,449</b>	<b>3,539</b>
Other income	1,013	46	1,013	46
Operating expenses	(2,913)	(1,787)	(2,913)	(1,787)
<b>Results From Operating Activities</b>	<b>2,549</b>	<b>1,798</b>	<b>2,549</b>	<b>1,798</b>
Interest income	21	9	21	9
Interest expense	(15)	(63)	(15)	(63)
<b>Net Finance Costs</b>	<b>6</b>	<b>(54)</b>	<b>6</b>	<b>(54)</b>
<b>Profit Before Taxation</b>	<b>2,555</b>	<b>1,744</b>	<b>2,555</b>	<b>1,744</b>
Income Tax Expense	(639)	(441)	(639)	(441)
<b>Profit For The Period</b>	<b>1,916</b>	<b>1,303</b>	<b>1,916</b>	<b>1,303</b>
<b>Other Comprehensive Income, Net Of Tax</b>				
Gain on disposal of Assets held for sale	107	-	107	-
Gain on revaluation of Available-for-sale investments	5	-	5	-
	<b>112</b>	<b>-</b>	<b>112</b>	<b>-</b>
<b>Total Comprehensive Income For The Period Attributable To Shareholders</b>	<b>2,028</b>	<b>1,303</b>	<b>2,028</b>	<b>1,303</b>
<b>Earnings per share (Sen)</b>	<b>5.05</b>	<b>3.24</b>	<b>5.05</b>	<b>3.24</b>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2009.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Unaudited As At 31/3/2010 RM'000	Audited As At 31/12/2009 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	7,199	7,319
Goodwill on consolidation	10,878	10,878
Prepaid land lease payment	1,470	1,476
Available-for-sale investments	202	197
Deferred tax assets	79	79
	<u>19,828</u>	<u>19,949</u>
<b>Current Assets</b>		
Assets held for sale	-	99
Inventories	9,827	9,058
Trade receivables	16,281	14,635
Others receivables	237	213
Short term deposits with licensed bank	3,710	4,107
Cash and bank balances	1,581	1,650
	<u>31,636</u>	<u>29,762</u>
<b>TOTAL ASSETS</b>	<u><b>51,464</b></u>	<u><b>49,711</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	(83,959)	(85,987)
<b>Total Equity</b>	<u><b>38,042</b></u>	<u><b>36,014</b></u>
<b>Non-Current Liabilities</b>		
Bank borrowings	497	632
Deferred tax liabilities	394	394
	<u>891</u>	<u>1,026</u>
<b>Current Liabilities</b>		
Trade payables	4,910	4,067
Others payables	6,428	7,625
Bank borrowings	433	499
Bank overdrafts	60	-
Tax payable	700	480
	<u>12,531</u>	<u>12,671</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>51,464</b></u>	<u><b>49,711</b></u>
<b>Net assets per share (RM)</b>	<b>0.95</b>	<b>0.90</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2009.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital RM'000	Share Premium RM'000	Accumulated Loss RM'000	Total Equity RM'000
<b>Balance as of 1.1.2010</b>	40,182	81,819	(85,987)	36,014
Net profit for the period	-	-	2,028	2,028
<b>Balance as of 31.3.2010</b>	<u>40,182</u>	<u>81,819</u>	<u>(83,959)</u>	<u>38,042</u>
<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>

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 2009.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 31/3/2010 RM'000	3 months ended 31/3/2009 RM'000
<b>The Group</b>		
Net Cash (Used in)/ From Operating Activities	(488)	685
Net Cash Used In Investing Activities	194	(20)
Net Cash From Financing Activity	(135)	-
Net (Decrease)/ Increase in cash and cash equivalents	<u>(429)</u>	<u>665</u>
Cash and cash equivalents at beginning of financial period	5,660	2,965
Cash and cash equivalents at end of financial period	<u>5,231</u>	<u>3,630</u>

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

	As at 31/3/2010 RM'000	As at 31/3/2009 RM'000
Cash and bank balances	1,581	3,630
Bank overdrafts	(60)	-
Short term deposits with licensed bank	3,710	-
	<u>5,231</u>	<u>3,630</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2009.

## 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 2009.

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 2009.

### 2. Financial Reporting Standards

Significant accounting policies adopted by the Group in these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2009.

The interim financial statements are prepared based on all Financial Reporting Standards ("FRSs") and IC Interpretations which became effective on 1 January 2010 except for those that are not expected to be relevant to the operations of the Group such as FRS 1, 2, 4, 120, 128, 129, 131, 140, IC Interpretation 9, 11, 12, 13, 15, 16 and 17.

FRSs and IC Interpretations that were issued but are not yet effective have not been early adopted by 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 financial statements for the year ended 31 December 2009.

### 4. Segmental Reporting

Segmental report for the financial period ended 31 March 2010 is as follows:

	YTD 31/3/2010 RM'000	YTD 31/3/2009 RM'000
<b>Segmental Revenue</b>		
Manufacturing and retailing	19,170	16,472
Investment holding	84	84
	<u>19,254</u>	<u>16,556</u>
Eliminations of inter-segment sales	(6,797)	(6,126)
External sales	<u>12,457</u>	<u>10,430</u>
<b>Segmental Results</b>		
Manufacturing and retailing	2,544	1,772
Investment holding	5	26
	<u>2,549</u>	<u>1,798</u>
Eliminations	-	-
Segment results	<u>2,549</u>	<u>1,798</u>
Net finance costs	6	(54)
Profit Before Tax	<u>2,555</u>	<u>1,744</u>
Income tax expense	(639)	(441)
Profit For The Period	<u>1,916</u>	<u>1,303</u>
Other Comprehensive Income, net of tax	112	-
Total Comprehensive Income For the Period	<u>2,028</u>	<u>1,303</u>

## Sales Revenue By Geographical Market

	YTD 31/3/2010 RM'000	YTD 31/3/2009 RM'000
Malaysia	9,932	8,826
Other Countries*	2,525	1,604
	<u>12,457</u>	<u>10,430</u>

\* less than 5% for each of the components.

### 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 31 March 2010.

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

The property, plant and equipment of the Group are stated at cost or valuation less accumulated depreciation. The valuation of property, plant and equipment have been brought forward without amendment from the previous year's 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 during the current quarter ended 31 March 2010.

### 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 2010.

### 13. Capital Commitments

Capital commitment for the purchase of property, plant and equipment amounting to RM825,413 (US\$253,000) was not provided for in the interim financial statements as at 31 March 2010.

### 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 19.4% to RM12.46 million during the current quarter as compared to RM10.43 million achieved in the corresponding quarter in 2009, while Group pretax profit increased by 46.5% to RM2.56 million as compared to RM1.74 million achieved in the corresponding quarter of 2009. Other comprehensive income, net of tax amounted to RM0.11 million in the current quarter.

Group revenue was boosted by the improved economy in the current quarter as compared to the recessionary environment experienced during the corresponding quarter in 2009. The higher Group pretax profit was due to the substantial increase in revenue as compared to the corresponding quarter in 2009.

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

For the current quarter, revenue was maintained near the previous quarter's level of RM12.47million while pretax profit increased by 99.1% to RM2.56 million. Pretax profit was higher in the current quarter as the previous quarter's pretax profit was affected by the recognition of impairment in the value of inventories. In the current quarter, total profit was further enhanced by other comprehensive income, net of tax amounting to RM0.11 million.

#### 18. Prospects For 2010

With the world economy showing signs of recovery and barring any unforeseen circumstances, the Board expects the Group to continue with its profitable performance in the current financial year.

#### 19. Variance From Profit Forecast

This note is not applicable.

#### 20. Income Tax Expense

	Current Quarter 31/3/2010 RM'000	Period to date 31/3/2010 RM'000
Provision for current taxation		
- Current year	639	639
- Under/(Overprovision) in prior year	-	-
Provision for deferred taxation	-	-
	<u>639</u>	<u>639</u>

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

Except for the sale of a short leasehold property for RM200,000, there were no sales of unquoted investments or other properties during 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 2010.

(b) As at 31 March 2010, investments in quoted securities are as follows :

	As At 31/3/2010 RM'000
i) Quoted shares in Malaysia at cost	1,482
ii) Quoted shares in Malaysia at carrying value	202
iii) Market value of quoted shares as at 31 March 2010	202

#### 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 2010 are as follows:

	As At 31/3/2010 RM'000	As At 31/3/2009 RM'000
<b>Short Term Borrowings</b>		
Secured	493	278
Unsecured	-	-
	<u>493</u>	<u>278</u>
<b>Long Term Borrowings</b>		
Secured	497	1,061
	<u>990</u>	<u>1,339</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 31 March 2010 (31 March 2009 : Nil).

**28. Earnings Per Ordinary share**

The basic earnings per share is calculated by dividing the Group's total comprehensive income 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>31/3/2010</u>	<u>31/3/2009</u>	<u>31/3/2010</u>	<u>31/3/2009</u>
Net profit for the period (RM'000)	2,028	1,303	2,028	1,303
Weighted average number of ordinary shares in issue ('000)	40,182	40,182	40,182	40,182
Basic earnings per share (Sen)	5.05	3.24	5.05	3.24