

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 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Quarter 30/9/2010 RM'000	Preceding Year Corresponding Quarter 30/9/2009 RM'000	Current Period To Date 30/9/2010 RM'000	Preceding Year Corresponding Period 30/9/2009 RM'000
Revenue	12,804	12,482	37,516	36,332
Cost of sales	(8,307)	(7,964)	(24,595)	(23,210)
Gross Profit	4,497	4,518	12,921	13,122
Other income	278	24	1,465	104
Operating expenses	(2,483)	(2,198)	(7,402)	(6,163)
Results From Operating Activities	2,292	2,344	6,984	7,063
Interest income	16	4	62	28
Interest expense	(13)	(18)	(42)	(113)
Net Finance Costs	3	(14)	20	(85)
Profit Before Taxation	2,295	2,330	7,004	6,978
Income Tax Expense	(610)	(644)	(1,790)	(2,130)
Profit For The Period	1,685	1,686	5,214	4,848
Other Comprehensive Income, Net Of Tax				
Gain on disposal of Assets held for sale	-	-	107	-
Gain/(Loss) on revaluation of Available for sale investments	(20)	(54)	(46)	35
	(20)	(54)	61	35
Total Comprehensive Income For The Period Attributable To Shareholders	1,665	1,632	5,275	4,883
Earnings per share (Sen)	4.19	4.20	12.98	12.07

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 30/9/2010 RM'000	Audited As At 31/12/2009 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	7,903	7,319
Goodwill on consolidation	10,878	10,878
Prepaid land lease payment	1,459	1,476
Available-for sale investments	151	197
Deferred tax assets	79	79
	<u>20,470</u>	<u>19,949</u>
Current Assets		
Assets held for sale	-	99
Inventories	9,944	9,058
Trade receivables	14,957	14,635
Others receivables	325	213
Short term deposits with licensed bank	3,709	4,107
Cash and bank balances	1,366	1,650
	<u>30,301</u>	<u>29,762</u>
TOTAL ASSETS	<u><u>50,771</u></u>	<u><u>49,711</u></u>
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	40,182	40,182
Share premium	81,819	81,819
Accumulated loss	(80,712)	(85,987)
Total Equity	<u>41,289</u>	<u>36,014</u>
Non-Current Liabilities		
Bank borrowings	274	632
Deferred tax liabilities	394	394
	<u>668</u>	<u>1,026</u>
Current Liabilities		
Trade payables	4,479	4,067
Others payables	3,362	7,625
Bank borrowings	443	499
Tax payable	530	480
	<u>8,814</u>	<u>12,671</u>
TOTAL EQUITY AND LIABILITIES	<u><u>50,771</u></u>	<u><u>49,711</u></u>
Net assets per share (RM)	1.03	0.90

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
Balance as of 1.1.2010	40,182	81,819	(85,987)	36,014
Total comprehensive income for the period	-	-	5,275	5,275
Balance as of 30.9.2010	<u>40,182</u>	<u>81,819</u>	<u>(80,712)</u>	<u>41,289</u>
Balance as of 1.1.2009	40,182	81,819	(91,697)	30,304
Total comprehensive income 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>

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

	9 months ended 30/9/2010 RM'000	9 months ended 30/9/2009 RM'000
The Group		
Net Cash (Used in)/ From Operating Activities	4,533	4,330
Net Cash (Used In)/ From Investing Activities	(4,762)	(4,206)
Net Cash (Used) in)/ From Financing Activity	(357)	(261)
Net (Decrease)/ Increase in cash and cash equivalents	<u>(586)</u>	<u>(137)</u>
Cash and cash equivalents at beginning of financial period	5,661	2,965
Cash and cash equivalents at end of financial period	<u>5,075</u>	<u>2,828</u>

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

	As at 30/9/2010 RM'000	As at 30/9/2009 RM'000
Cash and bank balances	1,366	2,328
Short term deposits with licensed bank	3,709	500
	<u>5,075</u>	<u>2,828</u>

The Condensed Consolidated statement of Cash Flow 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 30 September 2010 is as follows:

	YTD 30/9/2010 RM'000	YTD 30/9/2009 RM'000
Segmental Revenue		
Manufacturing and retailing	56,630	54,260
Investment holding	9,245	9,570
	<u>65,875</u>	<u>63,830</u>
Eliminations of inter-segment sales	(28,359)	(27,498)
External sales	<u>37,516</u>	<u>36,332</u>
Segmental Results		
Manufacturing and retailing	6,986	7,066
Investment holding	8,991	9,315
	<u>15,977</u>	<u>16,381</u>
Eliminations	(8,993)	(9,318)
Segment results	<u>6,984</u>	<u>7,063</u>
Net finance costs	20	(85)
Profit Before Tax	<u>7,004</u>	<u>6,978</u>
Income Tax Expenses	(1,790)	(2,130)
Profit For The Period	<u>5,214</u>	<u>4,848</u>
Other Comprehensive Income, net of tax	61	35
Total Comprehensive Income For the Period	<u>5,275</u>	<u>4,883</u>

Sales Revenue By Geographical Market

	YTD 30/9/2010 RM'000	YTD 30/9/2009 RM'000
Malaysia	30,334	29,017
Other Countries*	7,182	7,315
	<u>37,516</u>	<u>36,332</u>

* less than 6% 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 30 September 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 for the current quarter ended 30 September 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 30 September 2010.

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 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 is 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 2.6% to RM12.80 million during the current quarter as compared to RM12.48 million achieved in the corresponding quarter in 2009, while Group pretax profit decreased marginally by 1.5% to RM2.29 million as compared to RM2.34 million achieved in the corresponding quarter of 2009.

The reduction in pretax profit in the current quarter as compared to the corresponding quarter in 2009 was due to the higher raw materials cost in the current quarter.

Group revenue for the current nine-month period in 2010 however showed an increase of 3.3% to RM37.5 million as compared to RM36.3 million achieved in the corresponding nine-month period in 2009. Despite the increase in raw materials cost, there was a marginal increase in Group pretax profit to RM7.0 million for the nine-month period in 2010.

17. Comparison With Previous Quarter's Results

For the current quarter, revenue increased by 4.5% to RM12.80 million as compared to the previous quarter while pretax profit increased by 6.5% to RM 2.29 million. The increase in pretax profit was due to the higher turnover achieved in the current quarter.

18. Prospects For 2010

The Board expects the Group will continue with its profitable performance in the next financial quarter.

19. Variance From Profit Forecast

This note is not applicable.

20. Income Tax Expense

	Current Quarter 30/9/2010 RM'000	Period to date 30/9/2010 RM'000
Provision for current taxation		
- Current year	673	1,853
- Under/(Overprovision) in prior year	(63)	(63)
Provision for deferred taxation	-	-
	610	1,790

21. Sale Of Unquoted Investments And/Or Properties

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

22. Purchase Or Disposal Of Quoted Securities

(a) There were no disposal of quoted securities for the current quarter ended 30 September 2010.

(b) As at 30 September 2010, investments in quoted securities are as follows :

	As At 30/9/2010 RM'000
i) Quoted shares in Malaysia at cost	1,482
ii) Quoted shares in Malaysia at carrying value	151
iii) Market value of quoted shares as at 30 September 2010	151

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 2010 is as follows:

	As At 30/9/2010 RM'000	As At 30/9/2009 RM'000
Short Term Borrowings		
Secured	443	422
Unsecured	-	-
	443	422
Long Term Borrowings		
Secured	274	715
	717	1,137

(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 2010 (30 September 2009 : 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>30/9/2010</u>	<u>30/9/2009</u>	<u>30/9/2010</u>	<u>30/9/2009</u>
Net profit for the period (RM'000)	1,685	1,686	5,214	4,848
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>4.19</u>	<u>4.20</u>	<u>12.98</u>	<u>12.07</u>