

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 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Quarter 31/3/2011 RM'000	Preceding Year Corresponding Quarter 31/3/2010 RM'000	Current Period To Date 31/3/2011 RM'000	Preceding Year Corresponding Period 31/3/2010 RM'000
Revenue	12,245	12,457	12,245	12,457
Cost of sales	(8,034)	(8,008)	(8,034)	(8,008)
Gross Profit	4,211	4,449	4,211	4,449
Other income	66	1,125	66	1,125
Operating expenses	(1,837)	(2,913)	(1,837)	(2,913)
Results From Operating Activities	2,440	2,661	2,440	2,661
Interest income	7	21	7	21
Interest expense	(6)	(15)	(6)	(15)
Net Finance Costs	1	6	1	6
Profit Before Taxation	2,441	2,667	2,441	2,667
Income Tax Expense	(603)	(639)	(603)	(639)
Profit For The Period	1,838	2,028	1,838	2,028
Other Comprehensive Income, Net Of Tax	-	-	-	-
Total Comprehensive Income For The Period Attributable To Shareholders	1,838	2,028	1,838	2,028
Earnings per share (Sen)	4.57	5.05	4.57	5.05

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2010.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 31/3/2011 RM'000	Audited As At 31/12/2010 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	7,222	6,981
Goodwill on consolidation	10,878	10,878
Prepaid land lease payment	1,448	1,453
Capital work-in-progress	870	870
Deferred tax assets	143	143
	<u>20,561</u>	<u>20,325</u>
Current Assets		
Inventories	10,991	10,347
Trade receivables	14,997	14,990
Others receivables	183	480
Other investments	132	116
Short term deposits with licensed financial institutions	4,035	4,001
Cash and bank balances	1,222	2,595
	<u>31,560</u>	<u>32,529</u>
TOTAL ASSETS	<u>52,121</u>	<u>52,854</u>
EQUITY AND LIABILITIES		
Capital and Reserves		
Share Capital	40,182	40,182
Share Premium	81,819	81,819
Accumulated loss	(76,895)	(78,733)
Total Equity	<u>45,106</u>	<u>43,268</u>
Non-Current Liabilities		
Bank borrowings	-	235
Deferred tax liabilities	472	472
	<u>472</u>	<u>707</u>
Current Liabilities		
Trade payables	3,592	3,770
Others payables	2,049	3,377
Bank borrowings	-	375
Bank overdrafts	119	764
Tax payable	783	593
	<u>6,543</u>	<u>8,879</u>
TOTAL EQUITY AND LIABILITIES	<u>52,121</u>	<u>52,854</u>
Net assets per share (RM)	1.12	1.08

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2010.

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 1.1.2011	40,182	81,819	(78,733)	43,268
Total Comprehensive Income For The Period	-	-	1,838	1,838
Balance as of 31.3.2011	<u>40,182</u>	<u>81,819</u>	<u>(76,895)</u>	<u>45,106</u>
Balance as of 1.1.2010	40,182	81,819	(85,987)	36,014
Total Comprehensive Income For The Period	-	-	2,028	2,028
Balance as of 31.3.2010	<u>40,182</u>	<u>81,819</u>	<u>(83,959)</u>	<u>38,042</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 2010.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 31/3/2011 RM'000	3 months ended 31/3/2010 RM'000
The Group		
Net Cash (Used in)/ From Operating Activities	266	(488)
Net Cash (Used In)/ From Investing Activities	(350)	194
Net Cash (Used) in)/ From Financing Activity	(609)	(135)
Net (Decrease)/ Increase in cash and cash equivalents	<u>(693)</u>	<u>(429)</u>
Cash and cash equivalents at beginning of financial period	5,831	5,660
Cash and cash equivalents at end of financial period	<u>5,138</u>	<u>5,231</u>

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

	As at 31/3/2011 RM'000	As at 31/3/2010 RM'000
Cash and bank balances	1,222	1,581
Bank overdrafts	(119)	(60)
Short term deposits with licensed financial institutions	4,035	3,710
	<u>5,138</u>	<u>5,231</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 2010.

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 2010.

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 2010.

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 2010.

The interim financial statements are prepared based on all Financial Reporting Standards ("FRSs") and IC Interpretations which became effective on 1 January 2011 except for those that are not expected to be relevant to the operations of the Group such as FRS 4, Amendments to FRS 1, 2, 120, 128, 129, 131, 140, IC Interpretation 9, 10, 11, 12, 13, 14 and the Amendment to the IC Interpretation.

FRSs and IC Interpretations that were issued but are not yet effective have not been early adopted by the Group.

3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification of the Group audited financial statements for the year ended 31 December 2010

4. Segmental Reporting

Segmental report for the financial period ended 31 March 2011 is as follows:

	YTD 31/3/2011 RM'000	YTD 31/3/2010 RM'000
Segmental Revenue		
Manufacturing and retailing	18,358	19,170
Investment holding	84	84
	<hr/>	<hr/>
	18,442	19,254
Eliminations of inter-segment sales	(6,197)	(6,797)
External sales	<hr/>	<hr/>
	12,245	12,457
Segmental Results		
Manufacturing and retailing	2,411	2,651
Investment holding	29	10
	<hr/>	<hr/>
	2,440	2,661
Eliminations	-	-
Segment results	<hr/>	<hr/>
	2,440	2,661
Net finance costs	1	6
Profit Before Tax	<hr/>	<hr/>
	2,441	2,667
Income Tax Expenses	(603)	(639)
Profit For The Period	<hr/>	<hr/>
	1,838	2,028
Other Comprehensive Income, net of tax	-	-
Total Comprehensive Income For the Period	<hr/>	<hr/>
	1,838	2,028

Sales Revenue By Geographical Market

	YTD 31/3/2011 RM'000	YTD 31/3/2010 RM'000
Malaysia	9,631	9,932
Other Countries*	2,614	2,525
	<u>12,245</u>	<u>12,457</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 2011.

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 31 March 2011.

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 2011.

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 2011.

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 quarter 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 marginally by 1.7% to RM12.25 million during the current quarter as compared to RM12.46 million achieved in the corresponding quarter in 2010, while Group pretax profit decreased by 8.5% to RM2.44 million as compared to RM2.67 million achieved in the corresponding quarter of 2010.

The reduction in pretax profit in the current quarter was due to the higher raw materials cost as compared to the corresponding quarter in 2010.

17. Comparison With Previous Quarter's Results

For the current quarter, revenue decreased by 3.4% to RM12.25 million while pretax profit decreased by 8.6% to RM2.44 million as compared to the previous quarter's revenue of RM12.68 million and pretax profit of RM2.67 million respectively. Pretax profit in the previous quarter was higher due to the write-back of allowances no longer required.

18. Prospects For 2011

Barring any unforeseen circumstances, the Board expects the Group to continue with its profitable performance in year 2011, in spite of the increase in raw materials cost.

19. Variance From Profit Forecast

This note is not applicable.

20. Income Tax Expense

	Current Quarter 31/3/2011 RM'000	Period to date 31/3/2011 RM'000
Provision for current taxation		
- Current year	603	603
- Under/(Overprovision) in prior year	-	-
Provision for deferred taxation	-	-
	<u>603</u>	<u>603</u>

21. Sale Of Unquoted Investments And/Or Properties

There were no sales of unquoted investments and/or properties for the current 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 2011.

(b) As at 31 March 2011, investments in quoted securities are as follows :

	As At 31/3/2011 RM'000
i) Quoted shares in Malaysia at cost	1,482
ii) Quoted shares in Malaysia at carrying value	132
iii) Market value of quoted shares as at 31 March 2011	132

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 2011 is as follows:

	As At 31/3/2011 RM'000	As At 31/3/2010 RM'000
Short Term Borrowings		
Secured	119	493
Long Term Borrowings		
Secured	-	497
	<u>119</u>	<u>990</u>

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

25. Accumulated Loss

The breakdown of the accumulated loss of the Group as at the reporting date is as follows:

	As At 31/3/2011 RM'000	As At 31/12/2010 RM'000
Analysed By:		
- Realised Loss	(76,611)	(78,442)
- Unrealised Loss	(284)	(291)
	<u>(76,895)</u>	<u>(78,733)</u>

Comparative figures are not required as this is the first year of implementation of the directive issued by BMSB dated 20 December 2010.

26. Off Balance Sheet Financial Instruments

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

27. Changes In Material Litigation

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

28. Dividend Payable

No interim ordinary dividend has been declared for the financial period ended 31 March 2011 (31 March 2010 : Nil).

29. 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>	
	31/3/2011	31/3/2010	31/3/2011	31/3/2010
Net profit for the period (RM'000)	1,838	2,028	1,838	2,028
Weighted average number of ordinary shares in issue ('000)	40,182	40,182	40,182	40,182
Basic earnings per share (Sen)	<u>4.57</u>	<u>5.05</u>	<u>4.57</u>	<u>5.05</u>