

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 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Quarter 30/9/2011 RM'000	Preceding Year Corresponding Quarter 30/9/2010 RM'000	Current Period To Date 30/9/2011 RM'000	Preceding Year Corresponding Period 30/9/2010 RM'000
Revenue	12,306	12,804	37,073	37,516
Cost of sales	(7,915)	(8,307)	(24,072)	(24,595)
Gross Profit	4,391	4,497	13,001	12,921
Other income				
Gain on sale of landed property	-	-	-	108
Gain on foreign exchange	14	-	-	-
Impairment loss no longer required:				
- receivables	42	201	97	1,339
Other incomes	24	78	115	125
	80	279	212	1,572
Operating expenses				
Bad debts written off	-	(201)	-	(1,294)
Depreciation & amortisation:				
- total incurred	(147)	(131)	(416)	(396)
- absorbed into cost of sales	99	88	275	266
Impairment loss on:				
- other investments	(4)	(20)	(6)	(46)
- slow-moving inventories	(170)	(250)	(170)	(250)
- receivables	-	(150)	-	(150)
Loss on foreign exchange	-	(78)	-	(216)
Other operating expenses	(1,912)	(1,762)	(5,705)	(5,362)
	(2,134)	(2,504)	(6,022)	(7,448)
Results From Operating Activities	2,337	2,272	7,191	7,045
Interest income	43	16	78	62
Interest expense	-	(13)	(25)	(42)
Net Finance Income	43	3	53	20
Profit Before Taxation	2,380	2,275	7,244	7,065
Income Tax Expense	(646)	(610)	(1,856)	(1,790)
Profit For The Period	1,734	1,665	5,388	5,275
Other Comprehensive Income, Net Of Tax	-	-	-	-
Total Comprehensive Income For The Period Attributable To Shareholders	1,734	1,665	5,388	5,275
Earnings per share (Sen)	4.32	4.14	13.41	13.13

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 30/9/2011 RM'000	Audited As At 31/12/2010 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	7,474	6,981
Goodwill on consolidation	10,878	10,878
Prepaid land lease payment	1,436	1,453
Capital work-in-progress	900	870
Deferred tax assets	143	143
	<u>20,831</u>	<u>20,325</u>
Current Assets		
Inventories	11,067	10,347
Trade receivables	14,717	14,990
Others receivables	173	480
Other Investments	111	116
Short term deposits	4,789	4,001
Cash and bank balances	1,679	2,595
	<u>32,536</u>	<u>32,529</u>
TOTAL ASSETS	<u>53,367</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	(75,756)	(78,733)
Total Equity	<u>46,245</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	3,339	3,770
Others payables	2,844	3,377
Bank borrowings	-	375
Bank overdrafts	-	764
Tax payable	467	593
	<u>6,650</u>	<u>8,879</u>
TOTAL EQUITY AND LIABILITIES	<u>53,367</u>	<u>52,854</u>
Net assets per share (RM)	1.15	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	-	-	5,388	5,388
First Interim Dividend (Note 28)	-	-	(2,411)	(2,411)
Balance as of 30.09.2011	<u>40,182</u>	<u>81,819</u>	<u>(75,756)</u>	<u>46,245</u>
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 30.09.2010	<u>40,182</u>	<u>81,819</u>	<u>(80,712)</u>	<u>41,289</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

THE GROUP	9 months ended 30/9/2011 RM'000	9 months ended 30/9/2010 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Operating Profit/(Loss) Before Working Capital Changes	7,646	7,734
Changes in working capital:		
Inventories	(890)	(1,136)
Receivables	677	(540)
Payables	(964)	154
Bills payable	-	41
Income tax paid	(1,982)	(1,740)
Net Cash From/(Used in) Operating Activities	4,487	4,513
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Acquisition of subsidiary company	-	(4,000)
Purchase of property, plant and equipment	(957)	(964)
Proceeds from disposal of property, plant & equipment	74	202
Interest received	78	62
Net cash (used in)/from investing activities	(805)	(4,700)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Dividend paid to shareholders	(2,411)	-
Finance costs paid	(25)	(42)
Repayment for term loan	(610)	(357)
Net Cash From Financing Activities	(3,046)	(399)
NET INCREASE IN CASH AND CASH EQUIVALENTS	636	(586)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	5,832	5,661
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	6,468	5,075

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

	As at 30/9/2011 RM'000	As at 30/9/2010 RM'000
Cash and bank balances	1,679	1,366
Short term deposits	4,789	3,709
	6,468	5,075

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 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 30 September 2011 is as follows:

	YTD 30/9/2011 RM'000	YTD 30/9/2010 RM'000
Segmental Revenue		
Manufacturing and retailing	55,366	56,630
Investment holding	10,617	9,245
	<u>65,983</u>	<u>65,875</u>
Eliminations of inter-segment sales	(28,910)	(28,359)
External sales	<u>37,073</u>	<u>37,516</u>
Segmental Results		
Manufacturing and retailing	7,186	7,047
Investment holding	10,370	8,991
	<u>17,556</u>	<u>16,038</u>
Eliminations	(10,365)	(8,993)
Segment results	<u>7,191</u>	<u>7,045</u>
Net finance income	53	20
Profit Before Tax	<u>7,244</u>	<u>7,065</u>
Income Tax Expenses	(1,856)	(1,790)
Profit For The Period	<u>5,388</u>	<u>5,275</u>
Other Comprehensive Income, net of tax	-	-
Total Comprehensive Income For the Period	<u>5,388</u>	<u>5,275</u>

Sales Revenue By Geographical Market

	YTD 30/9/2011 RM'000	YTD 30/9/2010 RM'000
Malaysia	29,731	30,334
Other Countries*	7,342	7,182
	<u>37,073</u>	<u>37,516</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

A First Interim Dividend of 8% per share less 25% income tax amounting to RM2,410,920 for the financial year ending 31 December 2011 was paid on 29 July 2011.

The total gross dividend paid for the financial year todate is 8% per share.

9. 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 2011.

10. Material Events Not Reflected In The Financial Statements

There were no material events in the financial quarter under review that have not been reflected in the financial statements for the said period.

11. Changes In The Composition Of The Group

There were no changes in the composition of the Group for the current quarter ended 30 September 2011.

12. 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 2011.

13. 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.

14. 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

15. Review Of Performance

Group revenue decreased by 3.9% to RM12.31 million during the current quarter as compared to RM12.8 million achieved in the corresponding quarter in 2010, while Group pretax profit increased by 4.6% to RM2.38 million as compared to RM2.28 million achieved in the corresponding quarter of 2010.

In the current quarter, revenue was slightly affected by the slowing economy while the increase in pretax profit was due to the reduction in provision for impairment of financial assets as compared to the corresponding quarter in 2010.

For the current year todate, Group revenue decreased marginally by RM0.44 million (-1.2%) to RM37.07 million as compared to year 2010 while pretax profit increased by RM0.18 million (+2.5%) to RM7.24 million. The increase in pretax profit was attributable to the reduction in provision for impairment of financial assets and foreign exchange loss during the year.

16. Comparison With Previous Quarter's Results

For the current quarter, revenue decreased by 1.7% to RM12.31 million while pretax profit decreased by 1.8% to RM2.38 million as compared to the previous quarter's revenue of RM12.52 million and pretax profit of RM2.42 million respectively. Pretax profit in the current quarter was lower due to the provision for impairment of slow-moving inventories.

17. Prospects For 2011

Barring any unforeseen circumstances, the Board expects the Group to maintain its performance in the last quarter of the current financial year.

18. Variance From Profit Forecast

This note is not applicable.

19. Income Tax Expense

	Current Quarter 30/9/2011 RM'000	Period to date 30/9/2011 RM'000
Provision for current taxation		
- Current year	641	1,851
- Under/(Overprovision) in prior year	5	5
	<u>646</u>	<u>1,856</u>

20. Gain or Loss On Derivatives

This is not applicable as the Group does not deal in derivatives.

21. Exceptional Items

There were no exceptional items during the financial quarter under review.

22. Status Of Corporate Proposals

There is no outstanding corporate proposal.

23. Group Borrowings And Debt Securities

(a) The Group's borrowings as of 30 September 2011 is as follows:

	As At 30/9/2011 RM'000	As At 30/9/2010 RM'000
Short Term Borrowings		
Secured	-	443
Long Term Borrowings		
Secured	-	274
	<u>-</u>	<u>717</u>

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

24. Accumulated Loss

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

	As At 30/9/2011 RM'000	As At 30/9/2010 RM'000
Analysed By:		
- Realised Loss	(75,576)	(80,405)
- Unrealised Loss	(180)	(307)
	<u>(75,756)</u>	<u>(80,712)</u>

25. Changes In Material Litigation

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

26. Dividend Payable

No interim ordinary dividend has been declared for the financial quarter ended 30 September 2011 (30 September 2010: Nil).

27. 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:-

	Current Quarter		Period to date	
	30/9/2011	30/9/2010	30/9/2011	30/9/2010
Net profit for the period (RM'000)	1,734	1,665	5,388	5,275
Weighted average number of ordinary shares in issue ('000)	40,182	40,182	40,182	40,182
Basic earnings per share (Sen)	<u>4.32</u>	<u>4.14</u>	<u>13.41</u>	<u>13.13</u>