

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 4TH QUARTER ENDED 31 DECEMBER 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Quarter 31/12/2011 RM'000	Preceding Year Corresponding Quarter 31/12/2010 RM'000	Current Year To Date 31/12/2011 RM'000	Preceding Year To Date 31/12/2010 RM'000
Revenue	13,200	12,680	50,273	50,196
Cost of sales	(8,631)	(8,315)	(32,703)	(32,910)
Gross Profit	4,569	4,365	17,570	17,286
Other income				
Gain on sale of landed property	-	(7)	-	101
Gain on foreign exchange	16	-	15	-
Impairment loss no longer required:				
- other investments	59	-	53	-
- slow-moving inventories	3	122	3	122
- receivables	36	236	133	1,575
Other incomes	25	56	139	181
	139	407	343	1,979
Operating expenses				
Bad debts written off	-	(161)	-	(1,455)
Depreciation & amortisation				
- total incurred	(175)	(129)	(591)	(525)
- absorbed into cost of sales	99	87	375	353
Impairment loss on:				
- other investments	-	(35)	-	(81)
- slow-moving inventories	(119)	(154)	(289)	(404)
- receivables	(281)	(27)	(281)	(177)
Loss on foreign exchange	-	(121)	-	(337)
Other operating expenses	(1,605)	(1,578)	(7,309)	(6,940)
	(2,081)	(2,118)	(8,095)	(9,566)
Results From Operating Activities	2,627	2,654	9,818	9,699
Interest income	106	31	184	93
Interest expense	-	(11)	(25)	(53)
Net Finance Costs	106	20	159	40
Profit Before Taxation	2,733	2,674	9,977	9,739
Income Tax Expense	(356)	(695)	(2,212)	(2,485)
Profit For The Period	2,376	1,979	7,765	7,254
Other Comprehensive Income, Net Of Tax	-	-	-	-
Total Comprehensive Income For The Period Attributable To Shareholders	2,376	1,979	7,765	7,254
Earnings per share (Sen)	5.91	4.93	19.32	18.05

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 31/12/2011 RM'000	Audited As At 31/12/2010 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	7,958	6,981
Goodwill on consolidation	10,878	10,878
Prepaid land lease payment	1,430	1,453
Capital work-in-progress	900	870
Deferred tax assets	202	143
	<u>21,368</u>	<u>20,325</u>
Current Assets		
Inventories	10,686	10,347
Trade receivables	14,750	14,990
Others receivables	338	480
Other Investments	170	116
Short term deposits	7,880	4,001
Cash and bank balances	980	2,595
	<u>34,804</u>	<u>32,529</u>
TOTAL ASSETS	<u>56,172</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	(73,379)	(78,733)
Total Equity	<u>48,622</u>	<u>43,268</u>
Non-Current Liabilities		
Bank borrowings	-	235
Deferred tax liabilities	162	472
	<u>162</u>	<u>707</u>
Current Liabilities		
Trade payables	3,691	3,770
Others payables	3,181	3,377
Bank borrowings	-	375
Bank overdrafts	176	764
Tax payable	340	593
	<u>7,388</u>	<u>8,879</u>
TOTAL EQUITY AND LIABILITIES	<u>56,172</u>	<u>52,854</u>
Net assets per share (RM)	1.21	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	-	-	7,765	7,765
First Interim Dividend (Note 28)	-	-	(2,411)	(2,411)
Balance as of 31.12.2011	<u>40,182</u>	<u>81,819</u>	<u>(73,379)</u>	<u>48,622</u>
Balance as of 1.1.2010	40,182	81,819	(85,987)	36,014
Total Comprehensive Income For The Period	-	-	7,254	7,254
Balance as of 31.12.2010	<u>40,182</u>	<u>81,819</u>	<u>(78,733)</u>	<u>43,268</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	12 months ended 31/12/2011 RM'000	12 months ended 31/12/2010 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before taxation	9,977	9,739
Adjustment for non-cash items	774	867
Operating Profit/(Loss) Before Working Capital Changes	10,751	10,606
Changes in working capital:		
Inventories	(626)	(1,571)
Receivables	234	(754)
Payables	(275)	(4,534)
Income tax paid	(2,835)	(2,358)
Net Cash From/(Used in) Operating Activities	7,249	1,389
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,609)	(1,035)
Proceeds from disposal of property, plant & equipment	74	202
Interest received	184	93
Net Cash (Used In)/ From Investing Activities	(1,351)	(740)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Dividend paid to shareholders	(2,411)	-
Finance costs paid	(25)	(53)
Repayment for term loan	(610)	(425)
Net Cash (Used In)/ From Financing Activities	(3,046)	(478)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,852	171
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	5,832	5,661
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	8,684	5,832

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

	As at 31/12/2011 RM'000	As at 31/12/2010 RM'000
Cash and bank balances	980	2,595
Bank overdrafts	(176)	(764)
Short term deposits	7,880	4,001
	8,684	5,832

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 31 December 2011 is as follows:

	YTD 31/12/2011 RM'000	YTD 31/12/2010 RM'000
Segmental Revenue		
Manufacturing and retailing	74,430	75,320
Investment holding	10,701	9,329
	<u>85,131</u>	<u>84,649</u>
Eliminations of inter-segment sales	(34,858)	(34,453)
External sales	<u>50,273</u>	<u>50,196</u>
Segmental Results		
Manufacturing and retailing	9,752	9,801
Investment holding	10,431	8,904
	<u>20,183</u>	<u>18,705</u>
Eliminations	(10,365)	(9,006)
Segment results	<u>9,818</u>	<u>9,699</u>
Net finance income	159	40
Profit Before Tax	<u>9,977</u>	<u>9,739</u>
Income Tax Expenses	(2,212)	(2,485)
Profit For The Period	<u>7,765</u>	<u>7,254</u>
Other Comprehensive Income, net of tax	-	-
Total Comprehensive Income For the Period	<u><u>7,765</u></u>	<u><u>7,254</u></u>

Sales Revenue By Geographical Market

	YTD 31/12/2011 RM'000	YTD 31/12/2010 RM'000
Malaysia	40,202	40,967
Other Countries*	10,071	9,229
	<u>50,273</u>	<u>50,196</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

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 to date 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 31 December 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 31 December 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 31 December 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 increased by 4.1% to RM13.2 million during the current quarter as compared to RM12.68 million achieved in the corresponding quarter in 2010, while Group pretax profit increased by 2.2% to RM2.73 million as compared to RM2.67 million achieved in the corresponding quarter of 2010.

The higher revenue in the current quarter as compared to the corresponding quarter in 2010 was due to the upward price adjustments in 2011 while the increase in pretax profit was due to the higher revenue achieved as compared to the corresponding quarter in 2010.

For the current year, Group revenue increased marginally by 0.2% to RM50.27 million while pretax profit increased by RM0.24 million (+2.4%) to RM9.98 million as compared to year 2010. The increase in pretax profit was attributable to the reduction in provision for impairment of assets and foreign exchange loss during the year as compared to 2010.

Generally, the cost of production has increased during the year due to the increase in prices of petroleum-based raw materials. However, the Group was able to alleviate this cost increase pressure through an upward adjustment in selling prices in the second quarter.

16. Comparison With Previous Quarter's Results

For the current quarter, revenue increased by 7.3% to RM13.2 million while pretax profit increased by 14.8% to RM2.73 million as compared to the previous quarter's revenue of RM12.31 million and pretax profit of RM2.38 million respectively. Stock replenishment by customers due to their lower offtake in the third quarter contributed to the higher sales in the current quarter. The increase in pretax profit in the current quarter was attributable to the higher revenue, higher interest income and lower operating expenses.

17. Prospects For 2012

In spite of the indications of a slowdown in the global economic growth, oil prices continued to remain high due to the political uncertainty in the Middle East. Since the major portion of the Group's raw materials is petroleum-based, any further spike in oil prices may negatively impact the profitability of the Group. With respect to the turnover of the Group, the impact of any slowdown in the economy is likely to be minimal as the Group products cater mostly to the auto refinishes industry which is demand resilient.

Therefore, barring any unforeseen circumstances, the Board is optimistic that the Group will continue to be profitable in 2012.

18. Variance From Profit Forecast

This note is not applicable.

19. Income Tax Expense

	Current Quarter 31/12/2011 RM'000	Period to date 31/12/2011 RM'000
Provision for current taxation		
- Current year	727	2,577
- Under/(Overprovision) in prior year	-	5
Provision for deferred taxation	(370)	(370)
	<u>356</u>	<u>2,212</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 31 December 2011 is as follows:

	As At 31/12/2011 RM'000	As At 31/12/2010 RM'000
Short Term Borrowings		
Secured	176	1,139
Long Term Borrowings		
Secured	-	235
	<u>176</u>	<u>1,374</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 31/12/2011 RM'000	As At 31/12/2010 RM'000
Analysed By:		
- Realised Loss	(73,426)	(78,442)
- Unrealised Gain/ (Loss)	47	(291)
	<u>(73,379)</u>	<u>(78,733)</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 31 December 2011. (31 December 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:-

	<u>Current Quarter</u>		<u>Period to date</u>	
	<u>31/12/2011</u>	<u>31/12/2010</u>	<u>31/12/2011</u>	<u>31/12/2010</u>
Net profit for the period (RM'000)	2,376	1,979	7,765	7,254
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>5.91</u>	<u>4.93</u>	<u>19.32</u>	<u>18.05</u>