

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 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Quarter 31/12/2012 RM'000	Preceding Year Corresponding Quarter 31/12/2011 RM'000	Current Period To Date 31/12/2012 RM'000	Preceding Year Corresponding Period 31/12/2011 RM'000
Revenue	12,190	13,208	49,191	50,281
Cost of sales	(8,112)	(8,628)	(32,282)	(32,700)
Gross Profit	4,078	4,580	16,909	17,581
Other income				
Gain on foreign exchange	-	15	-	15
Impairment loss no longer required:				
- other investments	3	53	-	53
- slow-moving inventories	324	3	-	3
- receivables	34	36	480	133
Other incomes	31	33	431	148
	392	140	911	352
Operating expenses				
Bad debts written off	-	-	(136)	-
Depreciation & amortisation				
- total incurred	(166)	(175)	(685)	(591)
- absorbed into cost of sales	101	100	401	375
Impairment loss on:				
- other investments	-	-	(49)	-
- capital work-in-progress	-	-	(890)	-
- slow-moving inventories	-	(136)	(76)	(306)
- receivables	(304)	(281)	(305)	(281)
Loss on foreign exchange	(51)	-	(33)	-
Other operating expenses	(1,957)	(1,616)	(7,553)	(7,327)
	(2,377)	(2,108)	(9,326)	(8,130)
Results From Operating Activities	2,093	2,612	8,494	9,803
Interest income	83	106	302	184
Interest expense	-	-	-	(25)
Net Finance Costs	83	106	302	159
Profit Before Taxation	2,176	2,718	8,796	9,962
Income Tax Expense	(605)	(538)	(2,513)	(2,394)
Profit For The Period	1,571	2,180	6,283	7,568
Other Comprehensive Income, Net Of Tax	-	-	-	-
Total Comprehensive Income For The Period Attributable To Shareholders	1,571	2,180	6,283	7,568
Earnings per share (Sen)	3.91	5.43	15.64	18.83

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2011.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At 31/12/2012 RM'000	Audited As At 31/12/2011 RM'000	Restated As At 1/1/2011 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment	6,873	7,158	6,981
Goodwill on consolidation	10,878	10,878	10,878
Prepaid land lease payment	1,408	1,431	1,453
Investment properties	791	800	-
Capital work-in-progress	-	890	870
Deferred tax assets	223	181	143
	<u>20,173</u>	<u>21,338</u>	<u>20,325</u>
Current Assets			
Inventories	10,953	10,681	10,347
Trade receivables	14,650	14,834	14,990
Others receivables	1,039	348	480
Other Investments	121	170	116
Tax recoverable	-	1	-
Short term deposits	10,442	7,880	4,001
Cash and bank balances	993	980	2,595
	<u>38,198</u>	<u>34,894</u>	<u>32,529</u>
TOTAL ASSETS	<u>58,371</u>	<u>56,232</u>	<u>52,854</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	40,182	40,182	40,182
Share premium	81,819	81,819	81,819
Accumulated loss	(70,508)	(73,576)	(78,733)
Total Equity	<u>51,493</u>	<u>48,425</u>	<u>43,268</u>
Non-Current Liabilities			
Bank borrowings	-	-	235
Deferred tax liabilities	331	338	472
	<u>331</u>	<u>338</u>	<u>707</u>
Current Liabilities			
Trade payables	2,944	3,699	3,770
Others payables	3,153	3,269	3,377
Bank overdrafts	273	176	1,139
Tax payable	177	325	593
	<u>6,547</u>	<u>7,469</u>	<u>8,879</u>
TOTAL EQUITY AND LIABILITIES	<u>58,371</u>	<u>56,232</u>	<u>52,854</u>
Net assets per share (RM)	1.28	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 2011.

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 1.1.2012	40,182	81,819	(73,576)	48,425
Total Comprehensive Income For The Period	-	-	6,283	6,283
First Interim Dividend (Note 26)	-	-	(3,215)	(3,215)
Balance as of 31.12.2012	<u>40,182</u>	<u>81,819</u>	<u>(70,508)</u>	<u>51,493</u>
Balance as of 1.1.2011	40,182	81,819	(78,733)	43,268
Total Comprehensive Income For The Period	-	-	7,568	7,568
First Interim Dividend (Note 26)	-	-	(2,411)	(2,411)
Balance as of 31.12.2011	<u>40,182</u>	<u>81,819</u>	<u>(73,576)</u>	<u>48,425</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 2011.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

The Group	12 months ended 31/12/2012 RM'000	12 months ended 31/12/2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,796	9,962
Adjustment for non-cash items	1,322	789
Operating Profit Before Working Capital Changes	<u>10,118</u>	<u>10,751</u>
Changes in working capital:		
Inventories	(348)	(637)
Receivables	(521)	141
Payables	(871)	(180)
Income tax paid	(2,709)	(2,834)
Net Cash From Operating Activities	<u>5,669</u>	<u>7,241</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(368)	(1,580)
Purchase of capital work-in-progress	-	(20)
Proceeds from disposal of property, plant & equipment	90	74
Interest received	302	184
Net cash from/(used in) investing activities	<u>24</u>	<u>(1,342)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to shareholders	(3,215)	(2,411)
Finance costs paid	-	(25)
Repayment for term loan	-	(610)
Net Cash Used In Financing Activities	<u>(3,215)</u>	<u>(3,046)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,478	2,853
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	8,684	5,831
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	<u>11,162</u>	<u>8,684</u>

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

	As at 31/12/2012 RM'000	As at 31/12/2011 RM'000
Cash and bank balances	993	980
Bank overdrafts	(273)	(176)
Short term deposits with licensed financial institutions	10,442	7,880
	<u>11,162</u>	<u>8,684</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 2011.

Part A - Explanatory Notes Pursuant To Malaysian Financial Reporting Standard 134

1. Basis of Preparation

The interim financial report is unaudited and have been prepared in compliance with Malaysian Financial Reporting Standard (MFRS) 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 2011.

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 2011.

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 2011.

The Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by MASB with effect from 1 January 2012. This MFRS framework was introduced by MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board. There has been no material impact upon the adoption of the MFRS on the financial statements of the Group.

The Group has also adopted all the relevant new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2012. The adoption of these relevant new and revised MFRS and IC Interpretations have not resulted in any material impact upon the financial statements of the Group.

MFRSs 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 2011.

4. Segmental Reporting

Segmental report for the financial year ended 31 December 2012 is as follows:

	YTD 31/12/2012 RM'000	YTD 31/12/2011 RM'000
Segmental Revenue		
Manufacturing and retailing	74,459	74,465
Investment holding	4,736	10,701
	<u>79,195</u>	<u>85,166</u>
Eliminations of inter-segment sales	(30,004)	(34,885)
External sales	<u>49,191</u>	<u>50,281</u>
Segmental Results		
Manufacturing and retailing	9,437	9,774
Investment holding	3,457	10,418
	<u>12,894</u>	<u>20,192</u>
Eliminations	(4,400)	(10,389)
Segment results	<u>8,494</u>	<u>9,803</u>
Net finance income	302	159
Profit Before Tax	<u>8,796</u>	<u>9,962</u>
Income Tax Expenses	(2,513)	(2,394)
Profit For The Period	<u>6,283</u>	<u>7,568</u>
Other Comprehensive Income, net of tax	-	-
Total Comprehensive Income For the Period	<u><u>6,283</u></u>	<u><u>7,568</u></u>
Sales Revenue By Geographical Market		
	YTD 31/12/2012 RM'000	YTD 31/12/2011 RM'000
Malaysia	40,845	40,192
Other Countries*	8,346	10,089
	<u>49,191</u>	<u>50,281</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% amounting to RM3,214,560 (single tier) for 40,182,000 ordinary shares for the financial year ended 31 December 2012 was paid on 5 July 2012. (2011 : A first interim dividend of 8% less 25% tax amounting to RM2,410,920).

The total gross dividend paid for the financial year 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 2012.

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 2012.

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 2012.

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 7.7% to RM12.19 million during the current quarter as compared to RM13.21 million achieved in the corresponding quarter in 2011, while Group pretax profit decreased by 19.9% to RM2.18 million as compared to RM2.72 million achieved in the corresponding quarter of 2011. While the revenue was affected by lower export sales, the decrease in pretax profit was mainly attributable to higher production cost and lower revenue as compared to the corresponding quarter of 2011.

During the current financial year under review, Group revenue decreased marginally by RM1.09 million (-2.17%) to RM49.19 million as compared to year 2011 while pretax profit decreased by RM1.17 million (-11.7%) to RM8.80 million. In spite of the higher interest income and other incomes, pretax profit decreased mainly due to the impairment loss on capital work-in-progress and higher operating expenses in the year.

16. Comparison With Previous Quarter's Results

	Current Quarter	Previous Quarter	Variance	
	31/12/12	30/9/12	RM'000	%
Revenue	12,190	12,592	(402)	(3.19)
Profit Before Tax	2,176	1,922	254	13.22
Profit After Tax	1,571	1,254	317	25.28

For the current quarter, revenue decreased by 3.19% to RM12.19 million while pretax profit increased by 13.22% to RM2.18 million as compared to the previous quarter. In spite of the lower revenue in the current quarter, pretax profit was higher as the profitability of the previous quarter was adversely impacted by a larger provision of impairment losses on capital work-in-progress and slow-moving inventories.

17. Prospects For 2013

The global economy is showing tentative signs of economic recovery especially in the Asia-Pacific region while the financial crisis in the Eurozone has abated substantially. The GDP of Malaysia itself is forecasted to grow by more than 5% in 2013 and this will be positive for the Group. It is anticipated that the recent high oil prices will continue to prevail in 2013 due to the political uncertainties in the the Middle East. Although high oil prices will continue to affect the production cost of the Group's petroleum-based products, the Group will institute measures to minimise their impact on the Group's profitability.

In the light of the improving operating environment and barring any unforeseen circumstances, the Board is optimistic that the Group will continue to perform satisfactorily and will remain profitable in financial year 2013.

18. Variance From Profit Forecast

This note is not applicable.

19. Income Tax Expense

	Current Quarter 31/12/2012 RM'000	Period to date 31/12/2012 RM'000
Provision for current taxation		
- Current year	626	2,544
- Under/(Overprovision) in prior year	-	18
Provision for deferred taxation	<u>(21)</u>	<u>(49)</u>
	<u>605</u>	<u>2,513</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 2012 is as follows:

	As At 31/12/2012 RM'000	As At 31/12/2011 RM'000
Short Term Borrowings		
Secured	273	176
Unsecured	-	-
	<u>273</u>	<u>176</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 date is as follows:

	As At 31/12/2012 RM'000	As At 31/12/2011 RM'000
Analysed By:		
- Realised Loss	(70,403)	(73,569)
- Unrealised Loss	<u>(105)</u>	<u>(7)</u>
	<u>(70,508)</u>	<u>(73,576)</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 2012. (31 December 2011: 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>31/12/2012</u>	<u>31/12/2011</u>	<u>31/12/2012</u>	<u>31/12/2011</u>
Net profit for the period (RM'000)	1,571	2,180	6,283	7,568
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>3.91</u>	<u>5.43</u>	<u>15.64</u>	<u>18.83</u>