

**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 2013**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Quarter <b>31-03-13</b> RM'000	Preceding Year Corresponding Quarter <b>31-03-12</b> RM'000	Current Period To Date <b>31-03-13</b> RM'000	Preceding Year Corresponding Period <b>31-03-12</b> RM'000
Revenue	11,761	11,411	11,761	11,411
Cost of sales	(7,757)	(7,387)	(7,757)	(7,387)
<b>Gross Profit</b>	<b>4,004</b>	<b>4,024</b>	<b>4,004</b>	<b>4,024</b>
<b>Other income</b>				
Impairment loss no longer required:				
- receivables	54	114	54	114
Other incomes	29	118	29	118
	83	232	83	232
<b>Operating expenses</b>				
Bad debts written off	-	(114)	-	(114)
Depreciation & amortisation				
- total incurred	(178)	(175)	(178)	(175)
- absorbed into cost of sales	106	100	106	100
Impairment loss on:				
- other investments	(5)	(19)	(5)	(19)
Loss on foreign exchange	(33)	(17)	(33)	(17)
Other operating expenses	(1,917)	(1,808)	(1,917)	(1,808)
	(2,027)	(2,033)	(2,027)	(2,033)
<b>Results From Operating Activities</b>	<b>2,060</b>	<b>2,223</b>	<b>2,060</b>	<b>2,223</b>
Interest income	77	13	77	13
Interest expense	-	-	-	-
<b>Net Finance Costs</b>	<b>77</b>	<b>13</b>	<b>77</b>	<b>13</b>
<b>Profit Before Taxation</b>	<b>2,137</b>	<b>2,236</b>	<b>2,137</b>	<b>2,236</b>
Income Tax Expense	(531)	(561)	(531)	(561)
<b>Profit For The Period</b>	<b>1,606</b>	<b>1,675</b>	<b>1,606</b>	<b>1,675</b>
<b>Other Comprehensive Income, Net Of Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Income For The Period Attributable To Shareholders</b>	<b>1,606</b>	<b>1,675</b>	<b>1,606</b>	<b>1,675</b>
<b>Earnings per share (Sen)</b>	<b>4.00</b>	<b>4.17</b>	<b>4.00</b>	<b>4.17</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2012

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited As At 31-03-13 RM'000</b>	<b>Audited As At 31-12-12 RM'000</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	6,882	6,874
Goodwill on consolidation	10,878	10,878
Prepaid land lease payment	1,402	1,408
Investment properties	788	791
Deferred tax assets	173	173
	<u>20,123</u>	<u>20,124</u>
<b>Current Assets</b>		
Inventories	10,384	10,953
Trade receivables	14,363	14,666
Others receivables	1,002	1,141
Other Investments	116	121
Tax recoverable	85	28
Short term deposits	11,624	10,442
Cash and bank balances	498	1,309
	<u>38,072</u>	<u>38,660</u>
<b>TOTAL ASSETS</b>	<b><u>58,195</u></b>	<b><u>58,784</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Share capital	40,182	40,182
Share premium	81,819	81,819
Accumulated loss	(68,920)	(70,526)
<b>Total Equity</b>	<b><u>53,081</u></b>	<b><u>51,475</u></b>
<b>Non-Current Liabilities</b>		
Bank borrowings	-	-
Deferred tax liabilities	325	325
	<u>325</u>	<u>325</u>
<b>Current Liabilities</b>		
Trade payables	2,773	3,625
Others payables	1,331	2,905
Bank overdrafts	473	273
Tax payable	212	181
	<u>4,789</u>	<u>6,984</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>58,195</u></b>	<b><u>58,784</u></b>
<b>Net assets per share (RM)</b>	<b>1.32</b>	<b>1.28</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2012.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<b>Issued Capital</b> RM'000	<b>Share Premium</b> RM'000	<b>Accumulated Loss</b> RM'000	<b>Total Equity</b> RM'000
<b>Balance as of 01.01.2013</b>	40,182	81,819	(70,526)	51,475
Total Comprehensive Income For The Period	-	-	1,606	1,606
<b>Balance as of 31.03.2013</b>	<b>40,182</b>	<b>81,819</b>	<b>(68,920)</b>	<b>53,081</b>
<b>Balance as of 01.01.2012</b>	40,182	81,819	(73,575)	48,426
Total Comprehensive Income For The Period	-	-	1,675	1,675
<b>Balance as of 31.03.2012</b>	<b>-</b>	<b>-</b>	<b>(71,900)</b>	<b>50,101</b>

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 2012.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

<b>The Group</b>	<b>3 months ended 31-03-13 RM'000</b>	<b>3 months ended 31-03-12 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,137	2,236
Adjustment for non-cash items	67	97
Operating Profit Before Working Capital Changes	<u>2,204</u>	<u>2,333</u>
Changes in working capital:		
Inventories	569	(85)
Receivables	478	615
Payables	(2,426)	(951)
Income tax paid	(556)	(475)
<b>Net Cash From Operating Activities</b>	<u>269</u>	<u>1,437</u>
<b>CASH FLOWS (USED IN)/ FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(178)	(28)
Proceeds from disposal of property, plant & equipment	3	90
Interest received	77	13
<b>Net cash (used in)/ from investing activities</b>	<u>(98)</u>	<u>75</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	171	1,512
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	11,478	8,684
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<u>11,649</u>	<u>10,196</u>

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

	<b>As at 31-03-13 RM'000</b>	<b>As at 31-03-12 RM'000</b>
Cash and bank balances	498	1,226
Bank overdrafts	(473)	(110)
Short term deposits	11,624	9,080
	<u>11,649</u>	<u>10,196</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 2012

## 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 2012.

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 2012.

### 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 2012.

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 2013. 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 2012.

### 4. Segmental Reporting

Segmental report for the financial period ended 31 March 2013 is as follows:

	<b>3 months ended 31-03-13 RM'000</b>	<b>3 months ended 31-03-12 RM'000</b>
<b>Segmental Revenue</b>		
Manufacturing and retailing	18,070	18,079
Investment holding	84	84
	<u>18,154</u>	<u>18,163</u>
Eliminations of inter-segment sales	(6,393)	(6,752)
External sales	<u>11,761</u>	<u>11,411</u>
<b>Segmental Results</b>		
Manufacturing and retailing	2,044	2,229
Investment holding	16	(6)
	<u>2,060</u>	<u>2,223</u>
Eliminations	-	-
Segment results	<u>2,060</u>	<u>2,223</u>
Net finance income	77	13
Profit Before Tax	<u>2,137</u>	<u>2,236</u>
Income Tax Expenses	(531)	(561)
Profit For The Period	<u>1,606</u>	<u>1,675</u>
Other Comprehensive Income, net of tax	-	-
Total Comprehensive Income For the Period	<u><u>1,606</u></u>	<u><u>1,675</u></u>

## Sales Revenue By Geographical Market

	<b>3 months ended 31-03-13 RM'000</b>	<b>3 months ended 31-03-12 RM'000</b>
Malaysia	9,649	9,798
Other Countries*	2,112	1,613
	<u>11,761</u>	<u>11,411</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 2013.

### 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 March 2013.

### 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 March 2013.

### 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 March 2013.

### 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 Events

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 RM0.35 million (+3.07%) to RM11.76 million during the current quarter as compared to RM11.41 million achieved in the corresponding quarter in 2012, while Group pretax profit decreased by RM0.1 million (-4.43%) to RM2.14 million as compared to RM2.24 million achieved in the corresponding quarter of 2012.

The increase in revenue in the current quarter as compared to the corresponding quarter in 2012 was attributable to the higher export sales while the decrease in pretax profit in the current quarter was attributable to the reduction in other income and higher operating expenses.

**16. Comparison With Previous Quarter's Results**

	<b>Current Quarter</b>	<b>Previous Quarter</b>	<b>Variance</b>	
	<b>31-03-13</b>	<b>31-12-12</b>	RM'000	%
Revenue	11,761	12,190	(429)	(3.52)
Profit Before Tax	2,137	2,176	(39)	(1.79)
Profit After Tax	1,606	1,551	55	3.55

For the current quarter, revenue decreased by 3.52% to RM11.76 million while pretax profit decreased by 1.79% to RM2.14 million as compared to the previous quarter's revenue of RM12.19 million and pretax profit of RM2.18 million respectively. The decrease in revenue during the current quarter was due to the reduction in export sales (- RM0.45 million) which also resulted in the decrease in pretax profit.

**17. Prospects For 2013**

The global economy is showing tentative signs of economic recovery. Emerging markets in Asia and Eastern Europe which are experiencing a growing base of newly affluence populations are driving the auto refinish market forward. The Asian economies are enjoying relatively healthy growth rates and an increased number of vehicles are sold year on year. The Group manufacturing facilities located in Malaysia will be primed to take advantage of the growing Asian economies and the huge population base.

The increasing motor vehicles population arising from the economic recovery of Asia's emerging economies will be growth positive to the auto refinish industry. Therefore, barring any unforeseen circumstances, the Board is optimistic that the Group will continue to perform satisfactorily and will remain profitable in 2013.

**18. Variance From Profit Forecast**

This note is not applicable.

**19. Income Tax Expense**

	<b>Current Quarter</b>	<b>Period to date</b>
	<b>31-03-13</b>	<b>31-03-13</b>
	RM'000	RM'000
Provision for current taxation		
- Current year	531	531
- Under/(Overprovision) in prior year	-	-
Provision for deferred taxation	-	-
	<u>531</u>	<u>531</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 March 2013 is as follows:

	<b>As At 31-03-13 RM'000</b>	<b>As At 31-03-12 RM'000</b>
<b>Short Term Borrowings</b>		
Secured	473	110
Unsecured	-	-
	<u>473</u>	<u>110</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:

	<b>As At 31-03-13 RM'000</b>	<b>As At 31-03-12 RM'000</b>
<b>Analysed By:</b>		
- Realised Loss	(68,943)	(71,952)
- Unrealised Gain	23	52
	<u>(68,920)</u>	<u>(71,900)</u>

### 25. Changes In Material Litigation

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

### 26. Dividend Payable

The Board is pleased to declare a First Interim Dividend (single tier) of 8% per ordinary share of RM1.00 each for the financial year ending 31 December 2013 (31 March 2012: First Interim Dividend (single tier) of 8%). The dividend amounting to RM3,214,560 will be payable on 9 July 2013 to shareholders registered in the Record of Depositors on 10 June 2013.

### 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>31-03-13</u>	<u>31-03-12</u>	<u>31-03-13</u>	<u>31-03-12</u>
Net profit for the period (RM'000)	1,606	1,675	1,606	1,675
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>4.00</u>	<u>4.17</u>	<u>4.00</u>	<u>4.17</u>