

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 2ND QUARTER ENDED 30 JUNE 2013

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Quarter 30-06-13 RM'000	Preceding Year Corresponding Quarter 30-06-12 RM'000	Current Period To Date 30-06-13 RM'000	Preceding Year Corresponding Period 30-06-12 RM'000
Revenue	12,454	12,998	24,215	24,409
Cost of sales	(8,268)	(8,553)	(16,025)	(15,940)
Gross Profit	4,186	4,445	8,190	8,469
Other income				
Gain on foreign exchange	-	7	-	-
Impairment loss no longer required:				
- other investments	4	-	-	-
- receivables	13	61	67	175
Other incomes	27	33	56	150
	44	101	123	325
Operating expenses				
Bad debts written off	-	(22)	-	(136)
Depreciation & amortisation				
- total incurred	(178)	(172)	(356)	(347)
- absorbed into cost of sales	106	100	212	200
Impairment loss on:				
- other investments	-	(35)	(1)	(54)
- slow-moving inventories	-	(150)	-	(150)
Loss on foreign exchange	(3)	-	(36)	(10)
Other operating expenses	(1,927)	(1,934)	(3,845)	(3,741)
	(2,002)	(2,213)	(4,026)	(4,238)
Results From Operating Activities	2,228	2,333	4,287	4,556
Interest income	90	130	167	143
Interest expense	-	-	-	-
Net Finance Income	90	130	167	143
Profit Before Taxation	2,318	2,463	4,454	4,699
Income Tax Expense	(580)	(679)	(1,110)	(1,239)
Profit For The Period	1,738	1,784	3,344	3,460
Other Comprehensive Income, Net Of Tax	-	-	-	-
Total Comprehensive Income For The Period Attributable To Shareholders	1,738	1,784	3,344	3,460
Earnings per share (Sen)	4.32	4.44	8.32	8.61

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

	Unaudited As At 30-06-13 RM'000	Audited As At 31-12-12 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	6,718	6,874
Goodwill on consolidation	10,878	10,878
Prepaid land lease payment	1,397	1,408
Investment properties	786	791
Deferred tax assets	173	173
	<u>19,952</u>	<u>20,124</u>
Current Assets		
Inventories	9,748	10,953
Trade receivables	14,616	14,666
Others receivables	1,039	1,141
Other Investments	120	121
Tax recoverable	101	28
Short term deposits	14,773	10,442
Cash and bank balances	1,456	1,309
	<u>41,853</u>	<u>38,660</u>
TOTAL ASSETS	<u>61,805</u>	<u>58,784</u>
EQUITY AND LIABILITIES		
Capital and Reserves		
Share Capital	40,182	40,182
Share Premium	81,819	81,819
Accumulated loss	(70,397)	(70,526)
Total Equity	<u>51,604</u>	<u>51,475</u>
Non-Current Liabilities		
Deferred tax liabilities	325	325
Current Liabilities		
Trade payables	3,121	3,625
Others payables	2,987	2,905
Bank overdrafts	300	273
Tax payable	253	181
Proposed Dividend	3,215	-
	<u>9,876</u>	<u>6,984</u>
TOTAL EQUITY AND LIABILITIES	<u>61,805</u>	<u>58,784</u>
Net assets per share (RM)	1.284	1.281

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

	Issued Capital RM'000	Share Premium RM'000	Accumulated Loss RM'000	Total Equity RM'000
Balance as of 01.01.2013	40,182	81,819	(70,526)	51,475
Total Comprehensive Income For The Period	-	-	3,344	3,344
First Interim Dividend (Note 26)	-	-	(3,215)	(3,215)
Balance as of 30.06.2013	<u>40,182</u>	<u>81,819</u>	<u>(70,397)</u>	<u>51,604</u>
Balance as of 01.01.2012	40,182	81,819	(73,575)	48,426
Total Comprehensive Income For The Period	-	-	3,460	3,460
First Interim Dividend (Note 26)	-	-	(3,215)	(3,215)
Balance as of 30.06.2012	<u>40,182</u>	<u>81,819</u>	<u>(73,330)</u>	<u>48,671</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 2012.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

The Group	6 months ended 30-06-13 RM'000	6 months ended 30-06-12 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,454	4,699
Adjustment for non-cash items	131	278
Operating Profit Before Working Capital Changes	<u>4,585</u>	<u>4,977</u>
Changes in working capital:		
Inventories	1,206	1,134
Receivables	207	(363)
Payables	(422)	(2,177)
Income tax paid	(1,111)	(951)
Net Cash From Operating Activities	<u>4,465</u>	<u>2,620</u>
CASH FLOWS (USED IN)/ FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(184)	(81)
Proceeds from disposal of property, plant & equipment	3	90
Interest received	167	143
Net cash (used in)/from investing activities	<u>(14)</u>	<u>152</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,451	2,772
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	11,478	8,684
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>15,929</u>	<u>11,456</u>

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

	As at 30-06-13 RM'000	As at 30-06-12 RM'000
Cash and bank balances	1,456	363
Bank overdrafts	(300)	(947)
Short term deposits	14,773	12,040
	<u>15,929</u>	<u>11,456</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 30 June 2013 is as follows:

	6 months ended 30-06-13 RM'000	6 months ended 30-06-12 RM'000
Segmental Revenue		
Manufacturing and retailing	36,926	37,494
Investment holding	3,668	3,668
	<u>40,594</u>	<u>41,162</u>
Eliminations of inter-segment sales	(16,379)	(16,753)
External sales	<u>24,215</u>	<u>24,409</u>
Segmental Results		
Manufacturing and retailing	4,270	4,603
Investment holding	3,517	3,453
	<u>7,787</u>	<u>8,056</u>
Eliminations	(3,500)	(3,500)
Segment results	<u>4,287</u>	<u>4,556</u>
Net finance income	167	143
Profit Before Tax	<u>4,454</u>	<u>4,699</u>
Income Tax Expenses	(1,110)	(1,239)
Profit For The Period	<u>3,344</u>	<u>3,460</u>
Other Comprehensive Income, net of tax	-	-
Total Comprehensive Income For the Period	<u>3,344</u>	<u>3,460</u>

Sales Revenue By Geographical Market

	6 months ended 30-06-13 RM'000	6 months ended 30-06-12 RM'000
Malaysia	20,088	20,335
Other Countries*	4,127	4,074
	<u>24,215</u>	<u>24,409</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 30 June 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 30 June 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 30 June 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 30 June 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 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 RM0.54 million (-4.19%) to RM12.45 million during the current quarter as compared to RM13.0 million achieved in the corresponding quarter in 2012, while Group pretax profit decreased by RM0.14 million (-5.89%) to RM2.32 million as compared to RM2.46 million achieved in the corresponding quarter of 2012.

The decreased revenue and pretax profit in the current quarter as compared to the corresponding quarter in 2012 was mainly attributable to the lower export sales (-RM0.45 million).

For the current year to-date, Group revenue decreased marginally by RM0.19 million (-0.79%) to RM24.22 million while Group pretax profit decreased by RM0.25 million (-5.21%) to RM4.45 million as compared to the corresponding period in 2012. The decrease in pretax profit was mainly attributable to the increase in the cost of petroleum based raw materials.

16. Comparison With Previous Quarter's Results

	Current Quarter	Previous Quarter	Variance	
	30-06-13	31-03-13	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	12,454	11,761	693	5.89
Profit Before Tax	2,318	2,137	181	8.47
Profit After Tax	1,738	1,606	132	8.22

For the current quarter, revenue increased by 5.89% to RM12.45 million while pretax profit increased by 8.47% to RM2.32 million as compared to the previous quarter's revenue of RM11.76 million and pretax profit of RM2.14 million respectively. The increase in revenue during the current quarter was due to the increase in export sales (RM0.79 million) which also resulted in the increase in the pretax profit.

17. Prospects For 2013

The global economic condition is very mixed with the United States of America showing signs of recovery while China and the Asian economies are showing slower growth. However, the Asian economies continue to enjoy relatively healthy growth in motor vehicles sales which will support the auto refinish industry. The Group manufacturing facilities located in Malaysia will be primed to take advantage of the growing motor vehicles population in the emerging economies of Asia.

While the increasing motor vehicles population will be growth positive to the Group's revenue, the rising prices of crude oil and the weakening of the Ringgit may marginally affect the profitability of the Group. However, 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

	Current Quarter	Period to-date
	30-06-13	30-06-13
	RM'000	RM'000
Provision for current taxation		
- Current year	580	1,110

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 June 2013 is as follows:

	As At 30-06-13 RM'000	As At 30-06-12 RM'000
Short Term Borrowings		
Secured	300	947
Unsecured	-	-
	<u>300</u>	<u>947</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 30-06-13 RM'000	As At 30-06-12 RM'000
Analysed By:		
- Realised Loss	(70,450)	(73,380)
- Unrealised Gain	53	50
	<u>(70,397)</u>	<u>(73,330)</u>

25. Changes In Material Litigation

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

26. Dividend Payable

On 27/5/13 a First Interim Single Tier Dividend of 8% amounting to RM3,214,560 has been declared for the financial year ending 31 December 2013 (2012 : A First Interim Single Tier Dividend of 8% amounting to RM3,214,560). The dividend amount of RM3,214,560 for 40,182,000 ordinary shares was paid on 9 July 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>	
	30-06-13	30-06-12	30-06-13	30-06-12
Net profit for the period (RM'000)	1,738	1,784	3,344	3,460
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>4.44</u>	<u>8.32</u>	<u>8.61</u>