

**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 SEPT 2013**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Quarter 30-09-13 RM'000	Preceding Year Corresponding Quarter 30-09-12 RM'000	Current Period To Date 30-09-13 RM'000	Preceding Year Corresponding Period 30-09-12 RM'000
Revenue	11,998	12,592	36,213	37,001
Cost of sales	(7,995)	(8,230)	(24,020)	(24,170)
<b>Gross Profit</b>	<b>4,003</b>	<b>4,362</b>	<b>12,193</b>	<b>12,831</b>
<b><u>Other income</u></b>				
Gain on foreign exchange	64	28	29	18
Impairment loss no longer required:				
- other investments	-	2	-	-
- receivables	5	271	72	446
Other incomes	27	249	83	400
	96	550	184	864
<b><u>Operating expenses</u></b>				
Bad debts written off	-	-	-	(136)
Depreciation & amortisation				
- total incurred	(186)	(171)	(542)	(518)
- absorbed into cost of sales	106	100	318	300
Impairment loss on:				
- other investments	-	-	(1)	(52)
- capital work-in-progress	-	(890)	-	(890)
- slow-moving inventories	-	(250)	-	(400)
Other operating expenses	(2,006)	(1,855)	(5,851)	(5,597)
	(2,086)	(3,066)	(6,076)	(7,293)
<b>Results From Operating Activities</b>	<b>2,013</b>	<b>1,846</b>	<b>6,301</b>	<b>6,402</b>
Interest income	91	76	257	219
Interest expense	-	-	0	-
<b>Net Finance Income</b>	<b>91</b>	<b>76</b>	<b>257</b>	<b>219</b>
<b>Profit Before Taxation</b>	<b>2,104</b>	<b>1,922</b>	<b>6,558</b>	<b>6,621</b>
Income Tax Expense	(465)	(668)	(1,575)	(1,908)
<b>Profit For The Period</b>	<b>1,639</b>	<b>1,254</b>	<b>4,983</b>	<b>4,713</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>1,639</b>	<b>1,254</b>	<b>4,983</b>	<b>4,713</b>
<b>Earnings per share (Sen)</b>	<b>4.08</b>	<b>3.12</b>	<b>12.40</b>	<b>11.73</b>

The Condensed Consolidated Statement of Profit & Loss And Other 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 30-09-13 RM'000	Audited As At 31-12-12 RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	7,104	6,874
Goodwill on consolidation	10,878	10,878
Prepaid land lease payment	1,391	1,408
Investment properties	784	791
Deferred tax assets	173	173
	<u>20,330</u>	<u>20,124</u>
<b>Current Assets</b>		
Inventories	10,620	10,953
Trade receivables	14,435	14,666
Others receivables	978	1,141
Other Investments	120	121
Tax recoverable	50	28
Short term deposits	11,805	10,442
Cash and bank balances	1,138	1,309
	<u>39,146</u>	<u>38,660</u>
<b>TOTAL ASSETS</b>	<u><b>59,476</b></u>	<u><b>58,784</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and Reserves</b>		
Share Capital	40,182	40,182
Share Premium	81,819	81,819
Accumulated loss	(68,758)	(70,526)
<b>Total Equity</b>	<u><b>53,243</b></u>	<u><b>51,475</b></u>
<b>Non-Current Liability</b>		
Deferred tax liabilities	325	325
<b>Current Liabilities</b>		
Trade payables	2,985	3,625
Others payables	2,625	2,905
Bank overdrafts	250	273
Tax payable	48	181
	<u>5,908</u>	<u>6,984</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>59,476</b></u>	<u><b>58,784</b></u>
<b>Net assets per share (RM)</b>	<b>1.33</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	-	-	4,983	4,983
First Interim Dividend (Note 26)	-	-	(3,215)	(3,215)
<b>Balance as of 30.09.2013</b>	<u>40,182</u>	<u>81,819</u>	<u>(68,758)</u>	<u>53,243</u>
<b>Balance as of 01.01.2012</b>	40,182	81,819	(73,575)	48,426
Total Comprehensive Income For The Period	-	-	4,713	4,713
First Interim Dividend (Note 26)	-	-	(3,215)	(3,215)
<b>Balance as of 30.09.2012</b>	<u>40,182</u>	<u>81,819</u>	<u>(72,077)</u>	<u>49,924</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**

<b>The Group</b>	<b>9 months ended 30-09-13 RM'000</b>	<b>9 months ended 30-09-12 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	6,558	6,621
Adjustment for non-cash items	218	1,194
Operating Profit Before Working Capital Changes	<u>6,776</u>	<u>7,815</u>
Changes in working capital:		
Inventories	333	393
Receivables	459	(377)
Payables	(920)	(1,197)
Income tax paid	(1,730)	(1,885)
<b>Net Cash From Operating Activities</b>	<u>4,918</u>	<u>4,749</u>
<b>CASH FLOWS (USED IN) / FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(748)	(83)
Proceeds from disposal of property, plant & equipment	3	90
Interest received	257	281
<b>Net cash (used in) / from investing activities</b>	<u>(488)</u>	<u>288</u>
<b>CASH FLOWS USED IN FINANCING ACTIVITY</b>		
Dividend paid to shareholders	(3,215)	(3,215)
<b>Net Cash Used In Financing Activity</b>	<u>(3,215)</u>	<u>(3,215)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,215	1,822
<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>12,693</u>	<u>10,506</u>

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

	<b>As at 30-09-13 RM'000</b>	<b>As at 30-09-12 RM'000</b>
Cash and bank balances	1,138	1,074
Bank overdrafts	(250)	(440)
Short term deposits with licensed financial institutions	11,805	9,872
	<u>12,693</u>	<u>10,506</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 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 September 2013 is as follows:

	<b>9 months ended 30-09-13 RM'000</b>	<b>9 months ended 30-09-12 RM'000</b>
<b><u>Segmental Revenue</u></b>		
Manufacturing and retailing	55,041	56,737
Investment holding	7,520	4,452
	<u>62,561</u>	<u>61,189</u>
Eliminations of inter-segment sales	(26,348)	(24,188)
External sales	<u>36,213</u>	<u>37,001</u>
<b><u>Segmental Results</u></b>		
Manufacturing and retailing	6,295	7,349
Investment holding	7,274	3,253
	<u>13,569</u>	<u>10,602</u>
Eliminations	(7,268)	(4,200)
Segment results	<u>6,301</u>	<u>6,402</u>
Net finance income	257	219
Profit Before Tax	6,558	6,621
Income Tax Expenses	(1,575)	(1,908)
Profit For The Period	4,983	4,713
Other Comprehensive Income, net of tax	-	-
Total Comprehensive Income For the Period	<u>4,983</u>	<u>4,713</u>

## Sales Revenue By Geographical Market

	9 months ended 30-09-13 RM'000	9 months ended 30-09-12 RM'000
Malaysia	30,071	31,217
Other Countries*	6,142	5,784
	<u>36,213</u>	<u>37,001</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 Single-tier Dividend of 8% amounting to RM3,214,560 for 40,182,000 ordinary shares for the financial year ending 31 December 2013 was paid on 9 July 2013. (2012 : A First Interim Single-tier Dividend of 8% amounting to RM3,214,560).

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 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

### 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 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 September 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 RM0.59 million (-4.72%) to RM12.0 million during the current quarter as compared to RM12.59 million achieved in the corresponding quarter in 2012, while Group pretax profit increased by RM0.18 million (+9.47%) to RM2.10 million as compared to RM1.92 million achieved in the corresponding quarter of 2012.

The decrease in revenue in the current quarter was mainly attributable to the slower economic growth in Malaysia as compared to the corresponding quarter in 2012. Pretax profit in the current quarter was higher because in the corresponding quarter in 2012, there were impairment losses on capital work-in-progress and slow-moving stocks.

For the current year to-date, Group revenue decreased by RM0.79 million (-2.13%) to RM36.21million while Group pretax profit decreased marginally by RM0.06 million (-0.95%) to RM6.56 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 and higher operating costs.

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

	Current Quarter	Previous Quarter	Variance	
	30-09-13	30-06-13	RM'000	%
Revenue	11,998	12,454	(456)	(3.66)
Profit Before Tax	2,104	2,318	(214)	(9.23)
Profit After Tax	1,639	1,738	(99)	(5.70)

For the current quarter, revenue decreased by 3.66% to RM12.00 million while pretax profit decreased by 9.23% to RM2.10 million as compared to the previous quarter's revenue of RM12.45 million and pretax profit of RM2.32 million respectively. The decrease in revenue during the current quarter was due to slower local sales (-RM0.46 million) which also contributed to the reduction in the pretax profit.

**17. Prospects For 2013**

The global economic condition continued to be very mixed, with the United States of America showing signs of recovery while the Euro zone region and the Asian economies are reporting slower growth. In spite of the economic slowdown, the Asean, as well as the Malaysian automobile industry, are still enjoying relatively healthy growth in motor vehicles sales which will continue to support the auto refinish industry and this trend is beneficial to the Group's principal activities.

While the Group's revenue may be underpinned by the increasing motor vehicles population, Group's profitability may be marginally affected by the rising cost of petroleum-based raw materials and the weakening of the Ringgit. However, barring any unforeseen circumstances, the Board is optimistic that the Group will remain profitable in the last quarter of 2013.

**18. Variance From Profit Forecast**

This note is not applicable.

**19. Income Tax Expense**

	Current Quarter	Period to date
	30-09-13	30-09-13
	RM'000	RM'000
Provision for current taxation		
- Current year	527	1,637
- Under/(Overprovision) in prior year	(62)	(62)
	<u>465</u>	<u>1,575</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 Sept 2013 is as follows:

	As At 30-09-13 RM'000	As At 30-09-12 RM'000
<b>Short Term Borrowings</b>		
Secured	250	440
Unsecured	-	-
	<u>250</u>	<u>440</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 30-09-13 RM'000	As At 30-09-12 RM'000
<b>Analysed By:</b>		
- Realised Loss	(68,805)	(72,158)
- Unrealised Gain	47	81
	<u>(68,758)</u>	<u>(72,077)</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 net 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>	
	30-09-13	30-09-12	30-09-13	30-09-12
Net profit for the period (RM'000)	1,639	1,254	4,983	4,713
Weighted average number of ordinary shares in issue ('000)	40,182	40,182	40,182	40,182
Basic earnings per share (Sen)	<u>4.08</u>	<u>3.12</u>	<u>12.40</u>	<u>11.73</u>