

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 2013

CONDENSED CONSOLIDATED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Quarter 31/12/2013 RM'000	Preceding Year Corresponding Quarter 31/12/2012 RM'000	Current Period To Date 31/12/2013 RM'000	Preceding Year Corresponding Period 31/12/2012 RM'000
Revenue	11,497	12,190	47,711	49,191
Cost of sales	(7,675)	(8,112)	(31,695)	(32,282)
Gross Profit	3,822	4,078	16,016	16,909
Other income				
Gain on foreign exchange	77	-	106	-
Impairment loss no longer required:				
- other investments	6	-	6	-
- slow-moving inventories	7	-	7	-
- receivables	397	34	469	480
Other incomes	27	31	110	431
	514	65	698	911
Operating expenses				
Bad debts written off	(25)	-	(25)	(136)
Depreciation & amortisation				
- total incurred	(204)	(167)	(746)	(685)
- absorbed into cost of sales	105	101	423	401
Impairment loss on:				
- other investments	-	4	-	(48)
- capital work-in-progress	-	-	-	(890)
- slow-moving inventories	(84)	283	(84)	(117)
- receivables	(208)	(346)	(208)	(346)
Loss on foreign exchange	-	(51)	-	(33)
Other operating expenses	(1,965)	(1,874)	(7,817)	(7,471)
	(2,381)	(2,050)	(8,457)	(9,325)
Results From Operating Activities	1,955	2,093	8,257	8,495
Interest income	98	83	356	302
Interest expense	-	-	-	-
Net Finance Costs	98	83	356	302
Profit Before Taxation	2,053	2,176	8,613	8,797
Income Tax Expense	(555)	(625)	(2,130)	(2,533)
Profit For The Period	1,498	1,551	6,483	6,264
Other Comprehensive Income, Net Of Tax	-	-	-	-
Total Comprehensive Income For The Period Attributable To Shareholders	1,498	1,551	6,483	6,264
Earnings per share (Sen)	3.73	3.86	16.13	15.59

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 31/12/2013 RM'000	Audited As At 31/12/2012 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	6,918	6,874
Goodwill on consolidation	10,878	10,878
Prepaid land lease payment	1,385	1,408
Investment properties	782	791
Deferred tax assets	230	173
	<u>20,193</u>	<u>20,124</u>
Current Assets		
Inventories	11,962	10,953
Trade receivables	13,044	14,666
Others receivables	830	1,141
Other Investments	127	121
Tax recoverable	66	28
Short term deposits	15,130	10,442
Cash and bank balances	919	1,309
	<u>42,078</u>	<u>38,660</u>
TOTAL ASSETS	<u>62,271</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	(67,258)	(70,526)
Total Equity	<u>54,743</u>	<u>51,475</u>
Non-Current Liabilities		
Deferred tax liabilities	404	325
Current Liabilities		
Trade payables	2,634	3,625
Others payables	3,849	2,905
Bank overdrafts	364	273
Tax payable	277	181
	<u>7,124</u>	<u>6,984</u>
TOTAL EQUITY AND LIABILITIES	<u>62,271</u>	<u>58,784</u>
Net assets per share (RM)	1.36	1.28

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 1.1.2013	40,182	81,819	(70,526)	51,475
Total Comprehensive Income For The Period	-	-	6,483	6,483
First Interim Dividend (Note 26)	-	-	(3,215)	(3,215)
Balance as of 31.12.2013	<u>40,182</u>	<u>81,819</u>	<u>(67,258)</u>	<u>54,743</u>
Balance as of 1.1.2012	40,182	81,819	(73,575)	48,426
Total Comprehensive Income For The Period	-	-	6,264	6,264
First Interim Dividend (Note 26)	-	-	(3,215)	(3,215)
Balance as of 31.12.2012	<u>40,182</u>	<u>81,819</u>	<u>(70,526)</u>	<u>51,475</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	12 months ended 31/12/2013 RM'000	12 months ended 31/12/2012 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before taxation	8,613	8,797
Adjustment for non-cash items	(581)	1,321
Operating Profit/(Loss) Before Working Capital Changes	<u>8,032</u>	<u>10,118</u>
Changes in working capital:		
Inventories	(793)	(348)
Receivables	2,680	(642)
Payables	(49)	(433)
Income tax paid	(2,088)	(2,711)
Income tax refund	39	-
Net Cash From Operating Activities	<u>7,821</u>	<u>5,984</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(758)	(368)
Proceeds from disposal of property, plant & equipment	3	90
Interest received	356	302
Net cash (used in)/from investing activities	<u>(399)</u>	<u>24</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividend paid to shareholders	(3,215)	(3,215)
Net Cash Used In Financing Activities	<u>(3,215)</u>	<u>(3,215)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,207	2,793
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	11,478	8,685
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	<u>15,685</u>	<u>11,478</u>

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

	As at 31/12/2013 RM'000	As at 31/12/2012 RM'000
Cash and bank balances	919	1,309
Bank overdrafts	(364)	(273)
Short term deposits with licensed financial institutions	15,130	10,442
	<u>15,685</u>	<u>11,478</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 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

The interim financial statements of the Group have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the Companies Act, 1965.

The accounting policies and methods adopted by the Group are consistent with the audited financial statements for the financial year ended 31 December 2012. The adoption of the MFRS and Amendments to MFRS that came into effect on 1 January 2013 did not have any material financial impact upon the interim 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 year ended 31 December 2013 is as follows:

	YTD 31/12/2013 RM'000	YTD 31/12/2012 RM'000
Segmental Revenue		
Manufacturing and retailing	72,139	74,459
Investment holding	7,604	4,736
	<u>79,743</u>	<u>79,195</u>
Eliminations of inter-segment sales	(32,032)	(30,004)
External sales	<u>47,711</u>	<u>49,191</u>
Segmental Results		
Manufacturing and retailing	8,251	9,438
Investment holding	7,274	3,457
	<u>15,525</u>	<u>12,895</u>
Eliminations	(7,268)	(4,400)
Segment results	<u>8,257</u>	<u>8,495</u>
Net finance income	356	302
Profit Before Tax	<u>8,613</u>	<u>8,797</u>
Income Tax Expenses	(2,130)	(2,533)
Profit For The Period	<u>6,483</u>	<u>6,264</u>
Other Comprehensive Income, net of tax	-	-
Total Comprehensive Income For the Period	<u>6,483</u>	<u>6,264</u>

Sales Revenue By Geographical Market

	YTD 31/12/2013 RM'000	YTD 31/12/2012 RM'000
Malaysia	39,398	40,845
Other Countries*	8,313	8,346
	<u>47,711</u>	<u>49,191</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 ended 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 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 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 December 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 December 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 RM0.69 million (-5.68%) to RM11.50 million during the current quarter as compared to RM12.19 million achieved in the corresponding quarter in 2012, while Group pretax profit decreased marginally by RM0.12million (-5.65%) to RM2.05 million as compared to RM2.18 million achieved in the corresponding quarter of 2012.

The decrease in revenue in the current quarter was mainly attributable to the slower economic growth, the uncertainties in the market due to the weakening Ringgit as compared to the corresponding quarter in 2012.

For the current financial year, Group revenue decreased by RM1.48 million (-3.0%) to RM47.71 million while pretax profit decreased marginally by RM0.18 million (-2.09%) to RM8.61 million, as compared to the financial year 2012. The decrease in revenue during the current year was due to the lower local sales (-RM1.45 million) as a result of the slower economic growth in Malaysia while the reduction in pretax profit can be attributed to the lower sales volume, the increase in petroleum-based raw materials prices and the higher operating expenses.

16. Comparison With Previous Quarter's Results

	Current Quarter 31/12/13	Previous Quarter 30/9/13	Variance	
	RM'000	RM'000	RM'000	%
Revenue	11,497	11,998	(501)	(4.17)
Profit Before Tax	2,053	2,104	(51)	(2.42)
Profit After Tax	1,498	1,639	(141)	(8.60)

For the current quarter, revenue decreased by 4.17% to RM11.50 million while pretax profit decreased by 2.42% to RM2.05 million as compared to the previous quarter's revenue of RM12.0 million and pretax profit of RM2.10 million respectively. The decrease in revenue during the current quarter was attributable to the uncertainties in the market arising from the hike in petrol prices and the weakening of the Ringgit which resulted in the lower pretax profit.

17. Prospects For 2014

Although the global economy is showing signs of continuing recovery, the economic conditions 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 Asian economies 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. Capitalising on the weak Ringgit, the Group will redouble its effort to increase its export sales. Therefore, barring any unforeseen circumstances, the Board is optimistic that the Group will continue to remain profitable in financial year 2014.

18. Variance From Profit Forecast

This note is not applicable.

19. Income Tax Expense

	Current Quarter 31/12/2013 RM'000	Year to date 31/12/2013 RM'000
Provision for current taxation		
- Current year	533	2,170
- Under/(Overprovision) in prior year	-	(62)
Provision for deferred taxation	22	22
	<u>555</u>	<u>2,130</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 2013 is as follows:

	As At 31/12/2013 RM'000	As At 31/12/2012 RM'000
Short Term Borrowings		
Secured	364	273
Unsecured	-	-
	<u>364</u>	<u>273</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 31/12/2013 RM'000	As At 31/12/2012 RM'000
Analysed By:		
- Realised Loss	67,301	70,421
- Unrealised (Gain)/ Loss	(43)	105
	<u>67,258</u>	<u>70,526</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 ended 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>Year to date</u>	
	<u>31/12/2013</u>	<u>31/12/2012</u>	<u>31/12/2013</u>	<u>31/12/2012</u>
Net profit for the period (RM'000)	1,498	1,551	6,483	6,264
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>3.73</u>	<u>3.86</u>	<u>16.13</u>	<u>15.59</u>