

MERCURY RECYCLING GROUP PLC

CHAIRMAN'S STATEMENT

The Group's unaudited results for the six months ended 30th June 2009 show sales of £1,465,000 (2008 - £1,509,000), with operating profits of £235,000 (2008 - £312,000). The figures are down on the same period last year, but, given the extent of the current economic downturn, I believe the results are satisfactory. I understand from industry sources that lamp sales are down some 30%. It inevitably impacts on the numbers coming through for recycling, and this may prevail for some while longer, until usage recovers. The second half results may well reflect these continuing problems.

Despite the recession, our sales team have achieved a small increase in volume, but as the figures show, prices are down, and margins have been reduced with an obvious impact on operating profits. Once the recession is over, we should see our sales increasing much faster, especially as actual sales of lamps were around 200 million lamps last year (including compact fluorescent lamps which are now replacing the old non-hazardous tungsten-filament light bulb), whilst the numbers being recycled were only 30 million (15%), before this year's reduction.

In addition, under the draft recast WEEE Directive, for the first time actual recycling rates, based on a percentage of what was actually put on the market in the previous two years, will need to be achieved by manufacturers and importers. The proposed figure is 65%, which if applied today would mean approximately 130 million lamps per annum would need to be recycled in 2010. To have any hope of reaching this huge figure by the suggested date of 2016, manufacturers and importers of lamps would need to be asking us to achieve very large year on year increases in recycling. It is worth repeating, we have the capacity to recycle more than double the present sales, without further major capital expenditure.

We are also increasing our efforts to broaden the sales base to other areas such as batteries and general electrical products used by our thousands of customers and we are seeing some increased sales in these areas.

Our ongoing research into the feasibility of producing an automated recycling of mercury bearing flat panel displays, lcd tv's and computer screens plus plasma displays is in progress. We expect to have the results of the initial trials shortly, with further trials continuing over the next few months.

There has been growing concern in the recycling industry about personal safety from hazardous mercury. I am therefore pleased to confirm our continued commitment to health and safety. This has been demonstrated through the installation of a "state of the art" controlled air management and abatement system, resulting in industry leading standards with regard to emissions levels and operator protection.

I can assure shareholders that we are not simply waiting for the end of the recession. Apart from the potential increased sales referred to above, discussions are proceeding as to how best to handle the market opportunities offered by the new legislation relating to the future changes in the new energy efficient lamps, to be used by millions of householders. We believe the Group is well positioned to take advantage of this potential growth in the recycling industry.

I repeat the previous statement I have made, that as soon as circumstances are right, it remains the Board's policy to pay a dividend.

Once again I would like to thank all our staff who are coping so well in ensuring we consolidate our strong position in the recycling industry.

MERCURY RECYCLING GROUP PLC
CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2009

	6 Months ended 30.6.09 £'000	6 Months ended 30.6.08 £'000	Year ended 31.12.08 £'000
Revenue	1,465	1,509	3,074
Cost of sales	(96)	(102)	(170)
Gross profit	1,369	1,407	2,904
Administrative expenses	(1,134)	(1,095)	(2,346)
Operating profit	235	312	558
Investment revenues	-	9	11
Finance costs	(6)	(13)	(35)
Profit before taxation	229	308	534
Tax	(48)	(78)	(130)
Profit for the period	181	230	404
Earnings per share :			
Basic (pence)	0.54p	0.68p	1.20p
Diluted (pence)	0.53p	0.67p	1.19p

MERCURY RECYCLING GROUP PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2009

	6 Months ended 30.6.09 £'000	6 Months ended 30.6.08 £'000	Year ended 31.12.08 £'000
New shares issued	<u>27</u>	-	<u>2</u>
Net income recognised directly in equity	27	-	2
Profit for the period	<u>181</u>	230	<u>404</u>
Total income and expense for the period	208	230	406
Opening balance	<u>4,965</u>	4,559	<u>4,559</u>
Closing balance	<u>5,173</u>	4,789	<u>4,965</u>

MERCURY RECYCLING GROUP PLC
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2009

	As at 30.6.09 £'000	As at 30.6.08 £'000	As at 31.12.08 £'000
Non-current assets			
Goodwill	4,124	4,096	4,122
Other intangible assets	-	1	-
Property, plant and equipment	1,561	1,263	1,358
	5,685	5,360	5,480
Current assets			
Trade and other receivables	480	945	536
Cash and cash equivalents	34	84	38
Assets held for sale	-	-	5
	514	1,029	579
Total assets	6,199	6,389	6,059
Current liabilities			
Trade and other payables	(329)	(881)	(338)
Obligations under finance leases	-	(5)	(17)
Current tax liabilities	(130)	(124)	(140)
Bank overdrafts and loans	(153)	(131)	(153)
	(612)	(1,141)	(648)
Non-current liabilities			
Trade and other payables	(57)	(56)	(51)
Bank loans	(231)	(318)	(274)
Deferred tax liabilities	(126)	(85)	(121)
	(414)	(459)	(446)
Total liabilities	(1,026)	(1,600)	(1,094)
Net assets	5,173	4,789	4,965
Equity			
Share capital	3,402	3,373	3,375
Share premium	242	242	242
Other reserve	365	365	365
Retained earnings reserve	1,164	809	983
Total equity	5,173	4,789	4,965

MERCURY RECYCLING GROUP PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2009

	6 Months ended 30.6.09 £'000	6 Months ended 30.6.08 £'000	Year ended 31.12.08 £'000
Net cash from operating activities	344	499	965
Investing activities			
Interest received	-	9	11
Proceeds on disposal of plant and equipment	5	-	18
Purchases of property, plant and equipment	(318)	(169)	(400)
Acquisition of subsidiaries	(2)	(928)	(1,206)
Cash acquired with subsidiaries	-	229	229
Net cash used in investing activities	(315)	(859)	(1,348)
Financing activities			
Proceeds on issue of shares	27	-	2
Repayment of loans	(57)	(13)	(42)
Repayments of finance lease obligations	(17)	(4)	(7)
Net cash used in financing activities	(47)	(17)	(47)
Net decrease in cash and cash equivalents	(18)	(377)	(430)
Cash and cash equivalents at the beginning of period	(51)	379	379
Cash and cash equivalents at end of period	(69)	2	(51)
Note to the cash flow statement			
Operating profit	235	312	558
Depreciation on plant and equipment	102	79	185
Amortisation of other intangible assets	-	-	1
Decrease in deferred income	(5)	(5)	(9)
Loss on disposal of plant and equipment	3	-	8
Operating cash flows before movements in working capital	335	386	743
Movement in receivables	66	22	429
Movement in payables	1	104	(188)
Cash generated by operations	402	512	984
Interest paid	(6)	(13)	(19)
Tax paid	(52)	-	-
Net cash from operating activities	344	499	965

MERCURY RECYCLING GROUP PLC
NOTES TO CONSOLIDATED ACCOUNTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009

1. Basis of preparation and accounting policies

Basis of preparation

The results for the six months to 30 June 2009 have been prepared under International Financial Reporting Standards (IFRS) as adopted by the EU and International Accounting Standards Board.

The financial information does not constitute statutory accounts as defined by section 435 of the Companies Act 2006. Full accounts of the company for the year ended 31 December 2008 on which the Auditors gave an unqualified report, have been delivered to the Registrar of Companies.

2. Earnings per share

The calculation of basic and diluted earnings per share is based upon the profit for the period and the weighted average number of shares in issue during the period.

	6 months to 30.6.09 '000	6 months to 30.6.08 '000	Year to 31.12.08 '000
Weighted average number of shares	33,760	33,726	33,731
Options - dilution	133	480	213
	33,893	34,206	33,944
	6 months to 30.6.09 pence	6 months to 30.6.08 pence	Year to 31.12.08 pence
Basic earnings per share	0.54	0.68	1.20
Diluted earnings per share	0.53	0.67	1.19

3. Copies of report

Copies of this interim statement will be despatched to shareholders and will be available to the public at the Registered Office, Mercury House, 17 Commerce Way, Trafford Park, Manchester, M17 1HW.

**INDEPENDENT REVIEW REPORT TO
MERCURY RECYCLING GROUP PLC
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

Introduction

We have reviewed the accompanying balance sheet of Mercury Recycling Group Plc as at 30 June 2009 and the related statements of income, changes in equity and cash flows for the six month period then ended, and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at 30 June 2009, and of its financial performance and its cash flows for the six month period then ended in accordance with International Financial Reporting Standards as applicable in the United Kingdom.

UHY Hacker Young Manchester LLP
Chartered Accountants
Manchester

25 September 2009

**MERCURY RECYCLING GROUP PLC
ADVISORS AND OTHER INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

Directors	The Rt Hon The Lord Barnett JP PC (Chairman) Bryan Neill (Chief Executive) Joe Dwek CBE (Non-Executive Director) Anthony Leon DL FCA (Non-Executive Director)
Secretary	Kirsti Jane Pinnell
Company Number	4095614
Registered Office	Mercury House 17 Commerce Way Trafford Park Manchester M17 1HW
Nominated Advisor and Broker	Smith & Williamson Corporate Finance Limited 25 Moorgate London EC2R 6AY
Solicitors	Kuit Steinart Levy 3 St Marys Parsonage Manchester M3 2RD
Auditors	UHY Hacker Young Manchester LLP Chartered Accountants St James Building 79 Oxford Street Manchester M1 6HT
Bankers	The Co-operative Bank plc PO Box 101 1 Balloon Street Manchester M60 4EP
Registrars	Capita Registrars Plc Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA

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