

MERCURY RECYCLING GROUP PLC

CHAIRMAN'S STATEMENT

The Group's un-audited results for the six months ended 30th June 2010, show sales of £1,330,000 with operating profits of £154,000 before tax. These figures compare to £1,465,000 and £229,000 respectively for the same period in 2009. However, our current results show an improvement in profit compared to the last six months of 2009 (£104,000).

I am pleased to report a healthy cash position. There was an overdraft of £71,000 at the year end for 2009. At the end of June there was a positive bank balance of £38,000.

The figures however, are somewhat overshadowed, by the statement I have made in the circular enclosed with these accounts, convening a General Meeting on 22nd October 2010.

Westleigh Investments Holdings Limited will in due course, subject to shareholder approval and exercise of their warrants, control 29.9% of the issued shares in the company. More importantly, their two representatives on the Board, Giles Clarke and Nick Harrison, will, I am confident, help to transform the future of the Group. They have a successful track record, and are very well respected in the City. This, together with the strategy broadly spelt-out in today's statement, can only help to move the Group forward even faster than envisaged by the Recycling Industry.

Reverting to the six months figures themselves, I believe they are very good, considering we were still affected by the recession, but also the month of January lost many days trading because of the serious national freeze. All industry was of course affected, but we were hit particularly hard, as our vehicles were simply unable to collect lamps for recycling, and our business virtually stopped.

More generally, the new Recast WEEE and Battery Directive should make sure that the Recycling Industry's future is very promising. The proposed Recast WEEE Directive currently dictates that 85% of lamps sold must be recycled by 2016. Once ratified, this will mean that Lamp Manufacturers will need to dramatically improve their lamp recovery rates, year on year, in order to be compliant. New battery recycling targets set under the 2010 Battery Directive also offer further opportunities for us. We hope to report on developments in this area over the coming months. In addition, the new Board and strategy, announced today, stands ready to take advantage of other wider opportunities that will be coming available.

The current position indicates that the improvement referred to above, is being maintained. The cash balance is also improving every month, as no new major capital expenditure is currently required.

I would like to assure shareholders that the proposed major changes have not happened overnight, I have had a number of meetings with the new proposed Directors. I have always expressed confidence in the Group's prospects, and the future of the Recycling Industry, this confidence has been substantially boosted by the proposed changes.

Finally, I should emphasise that, with the approval of shareholders, I will be staying as Chairman of the Group. However, the two existing non-executive Directors, Joe Dwek and Anthony Leon, propose to retire at the time of the AGM. I would like to take this early opportunity of thanking both of them for their tremendous work for the Group. Their work, over many years, has made sure that we are in the current strong and stable position, that will enable us to take full advantage of the exciting new prospects that lie ahead.

Once again I would like to thank all our staff for their commitment and diligence during the last year.

MERCURY RECYCLING GROUP PLC
CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2010

	6 Months ended 30.6.10 £'000	6 Months ended 30.6.09 £'000	Year ended 31.12.09 £'000
Revenue	1,330	1,465	2,789
Cost of sales	(109)	(96)	(163)
Gross profit	1,221	1,369	2,626
Administrative expenses	(1,063)	(1,134)	(2,283)
Operating profit	158	235	343
Finance costs	(4)	(6)	(10)
Profit before taxation	154	229	333
Tax	(40)	(48)	(53)
Profit for the period	114	181	280
Earnings per share :			
Basic (pence)	0.34p	0.54p	0.83p
Diluted (pence)	0.33p	0.53p	0.82p

MERCURY RECYCLING GROUP PLC
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2010

	As at 30.6.10 £'000	As at 30.6.09 £'000	As at 31.12.09 £'000
Non-current assets			
Goodwill	4,122	4,122	4,122
Property, plant and equipment	1,513	1,563	1,509
	5,635	5,685	5,631
Current assets			
Trade and other receivables	511	480	471
Cash and cash equivalents	82	34	1
Current tax assets	-	-	10
	593	514	482
Total assets	6,228	6,199	6,113
Current liabilities			
Trade and other payables	(281)	(329)	(249)
Bank overdrafts and loans	(103)	(153)	(139)
Current tax liabilities	(58)	(130)	(39)
	(442)	(612)	(427)
Non-current liabilities			
Trade and other payables	(39)	(57)	(42)
Bank loans	(192)	(231)	(225)
Deferred tax liabilities	(168)	(126)	(146)
	(399)	(414)	(413)
Total liabilities	(841)	(1,026)	(840)
Net assets	5,387	5,173	5,273
Equity			
Share capital	3,403	3,402	3,403
Share premium	242	242	242
Other reserves	365	365	365
Retained earnings reserve	1,377	1,164	1,263
Total equity	5,387	5,173	5,273

MERCURY RECYCLING GROUP PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2010

	Share Capital £000	Share Premium £000	Other Reserves £000	Retained Earnings £000	Total Equity £000
Balance at 1 January 2009	3,375	242	365	983	4,965
Profit for the period	-	-	-	181	181
Issue of share capital	27	-	-	-	27
Balance at 30 June 2009	3,402	242	365	1,164	5,173
Balance at 1 January 2009	3,375	242	365	983	4,965
Profit for the period	-	-	-	280	280
Issue of share capital	28	-	-	-	28
Balance at 31 December 2009	3,403	242	365	1,263	5,273
Balance at 1 January 2010	3,403	242	365	1,263	5,273
Profit for the period	-	-	-	114	114
Issue of share capital	-	-	-	-	-
Balance at 30 June 2010	3,403	242	365	1,377	5,387

MERCURY RECYCLING GROUP PLC
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2010

	6 Months ended 30.6.10 £'000	6 Months ended 30.6.09 £'000	Year ended 31.12.09 £'000
Net cash from operating activities	271	344	395
Investing activities			
Proceeds on disposal of plant and equipment	-	5	14
Purchases of plant and equipment	(121)	(320)	(393)
Net cash used in investing activities	(121)	(315)	(379)
Financing activities			
Proceeds on issue of shares	-	27	28
New bank loans raised	-	-	100
Repayment of loans	(34)	(57)	(145)
Repayments of finance lease obligations	-	(17)	(17)
Net cash used in financing activities	(34)	(47)	(34)
Net increase (decrease) in cash and cash equivalents	116	(18)	(19)
Cash and cash equivalents at the beginning of period	(70)	(51)	(51)
Cash and cash equivalents at end of period	46	(69)	(70)
Note to the cash flow statement			
Operating profit	158	235	343
Depreciation on plant and equipment	117	102	229
Decrease in deferred income	(5)	(5)	(9)
Loss on disposal of plant and equipment	-	3	4
Operating cash flows before movements in working capital	270	335	567
Movement in receivables	(30)	66	64
Movement in payables	35	1	(89)
Cash generated by operations	275	402	542
Interest paid	(4)	(6)	(10)
Tax paid	-	(52)	(137)
Net cash from operating activities	271	344	395

MERCURY RECYCLING GROUP PLC
NOTES TO CONSOLIDATED ACCOUNTS
FOR THE PERIOD ENDED 30 JUNE 2010

1. Basis of preparation and accounting policies

Basis of preparation

The results for the six months to 30 June 2010 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 2009 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 30.6.10 '000	6 months to 30.6.09 '000	Year to 31.12.09 '000
Weighted average number of shares	34,026	33,760	33,891
Options - dilution	55	133	207
	34,081	33,893	34,098
	6 months to 30.6.10 pence	6 months to 30.6.09 pence	Year to 31.12.09 pence
Basic earnings per share	0.34	0.54	0.83
Diluted earnings per share	0.33	0.53	0.82
	0.33	0.53	0.82

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



St. James Building
79 Oxford Street
Manchester M1 6HT

24 September 2010

TO MERCURY RECYCLING GROUP PLC

Introduction

We have reviewed the accompanying balance sheet of Mercury Recycling Group Plc as at 30 June 2010 and the related statements of income, changes in equity and cash flows for the six month period then ended, significant accounting policies 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 2010, 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

**MERCURY RECYCLING GROUP PLC
ADVISORS AND OTHER INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2010**

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

Note to printers

[This is information on the reverse cover usually]

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