

MERCURY RECYCLING GROUP PLC

INTERIM REPORT FOR THE PERIOD ENDED 30 JUNE 2008

CHAIRMAN'S STATEMENT

I am pleased to report that the Group's unaudited results for the six months ended 30 June 2008, show an increase in sales, compared to the same period last year, to £1,508,831 from £1,304,000. Operating profits increased by approximately 34% from £233,000 to £312,000 and only include one month's trading figures from our newly acquired subsidiary Envirolite Limited and its associated companies.

The full integration of the businesses is proceeding smoothly. In addition, implementation of the WEEE Directive, as anticipated, is bringing increased sales every month.

Even after taking into account the recent cash purchase of Envirolite, our financial position remains healthy and is improving all the time. We continue to look for complementary businesses which can help us broaden our service and further develop our customer base, whilst also focusing on our recently introduced WEEE and Battery Recycling services.

In my Annual Statement in the 2007 accounts, I said, subject to satisfactory results of course, that the Directors would hope to pay a dividend in respect of this financial year. On the basis of current trading and in the absence of unforeseen circumstances, I am hopeful that this intention might be fulfilled.

I conclude by thanking all our staff for coping so well with the increased workload, which augers well for the future of the Group.

The Rt Hon The Lord Barnett JP PC
Chairman
12 September 2008

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**CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2008**

	6 Months ended 30.6.08 £'000	6 Months ended 30.6.07 £'000	Year ended 31.12.07 £'000
Revenue	1,509	1,304	2,657
Cost of sales	(102)	(204)	(173)
Gross profit	1,407	1,100	2,484
Administrative expenses	(1,095)	(877)	(2,023)
Operating profit	312	223	461
Investment revenues	9	2	7
Finance costs	(13)	(13)	(23)
Profit before taxation	308	212	445
Tax	(78)	-	(79)
Profit for the period	230	212	366
Earnings per share:			
Basic (pence)	0.68p	0.63p	1.09p
Diluted (pence)	0.67p	0.62p	1.07p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	6 Months ended 30.6.08 £'000	6 Months ended 30.6.07 £'000	Year ended 31.12.07 £'000
Share based payment costs	-	10	18
Net income recognised directly in equity	-	10	18
Profit for the period	230	212	366
Total income and expense for the period	230	222	384
Opening balance	4,559	4,175	4,175
Closing balance	4,789	4,397	4,559

**CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008**

	As at 30.6.08 £'000	As at 30.6.07 £'000	As at 31.12.07 £'000
Non-current assets			
Goodwill	4,096	3,021	3,021
Other intangible assets	1	2	1
Property, plant and equipment	1,263	1,109	1,158
	5,360	4,132	4,180
Current assets			
Trade and other receivables	945	578	673
Cash and cash equivalents	84	323	379
	1,029	901	1,052
Total assets	6,389	5,033	5,232
Current liabilities			
Trade and other payables	(881)	(163)	(265)
Obligations under finance leases	(5)	(17)	(7)
Current tax liabilities	(124)	(108)	-
Bank overdrafts and loans	(131)	(25)	(28)
	(1,141)	(313)	(300)
Non-current liabilities			
Trade and other payables	(56)	(70)	(60)
Bank loans	(318)	(248)	(233)
Deferred tax liabilities	(85)	-	(79)
Obligations under finance leases	-	(5)	(1)
	(459)	(323)	(373)
Total liabilities	(1,600)	(636)	(673)
Net assets	4,789	4,397	4,559
Equity			
Share capital	3,373	3,373	3,373
Share premium	242	242	242
Other reserve	365	283	365
Retained earnings reserve	809	499	579
Total equity	4,789	4,397	4,559

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

	6 Months ended 30.6.08 £'000	6 Months ended 30.6.07 £'000	6 Months ended 31.12.07 £'000
Net cash from operating activities	499	255	471
Investing activities			
Interest received	9	2	7
Purchases of property, plant and equipment	(169)	(47)	(201)
Acquisition of subsidiaries (net of cash acquired)	(699)	-	-
Net cash used in investing activities	(859)	(45)	(194)
Financing activities			
Proceeds on issue of shares	-	-	17
Repayment of loans	(13)	(12)	(26)
Repayments of finance lease obligations	(4)	(10)	(24)
Net cash used in financing activities	(17)	(22)	(33)
Net increase in cash and cash equivalents	(377)	188	244
Cash and cash equivalents at the beginning of period	379	135	135
Cash and cash equivalents at end of period	2	323	379
Note to the cash flow statement			
Operating profit for the period	312	223	461
Depreciation on plant and equipment	79	79	183
Amortisation of other intangible assets	-	-	1
Decrease in deferred income	(5)	(5)	(9)
Share-based payment expense	-	10	18
Operating cash flows before movements in working capital	386	307	654
Decrease / (increase) in receivables	22	(45)	(157)
(Decrease) / increase in payables	104	6	(2)
Cash generated by operations	512	268	495
Interest paid	(13)	(13)	(24)
Net cash from operating activities	499	255	471

**NOTES TO CONSOLIDATED ACCOUNTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

1. Basis of preparation and accounting policies

Basis of preparation

The results for the six months to 30 June 2008 have been prepared under International Financial Reporting Standards (IFRS).

The financial information does not constitute statutory accounts as defined by section 240 of the Companies Act 1985. Full accounts of the company for the year ended 31 December 2007 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 30.6.08 '000	6 Months to 30.6.07 '000	Year to 31.12.07 '000
Weighted average number of shares	33,726	33,726	33,726
Options - dilution	480	661	577
	34,206	34,387	34,303

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.