

PART A: EXPLANATORY NOTES AS PER FRS 134

A1. Basis of Preparation of Interim Financial Reports

The interim financial statements are prepared in accordance with the requirements of the Financial Reporting Standards (“FRS”) 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements (“Main LR”) and should be read in conjunction with the Company’s annual audited financial statements for the year ended 31 December 2008.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2008.

At the date of authorisation of these interim financial statements, the following FRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group:

FRSs and IC Interpretations		Effective for financial periods beginning on or after
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2010
Amendment to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendment to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments: Presentation and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefits Asset, Minimum Funding Requirements and their Interaction	1 January 2010

The adoption of the above Amendment to FRSs, FRSs and Interpretations upon their effective dates are not expected to have any significant impact on the interim financial statements of the Group. The Group is exempted from disclosing the possible impact, if any, to the financial statements upon its initial application of FRS 139.

A3. Qualification of Financial Statements

The preceding year annual financial statements were not subject to any qualification.

A4. Seasonal and Cyclical Factors

The Group’s results were not materially affected by any major seasonal or cyclical factors.

A5. Unusual and Extraordinary Items

There were no exceptional and/or extraordinary items affecting assets, liabilities, equity, net income or cashflows during the current quarter under review.

A6. Material Changes in Estimates

There were no significant changes in estimates reported in prior financial years which have a material effect in the current quarter.

A7. Debts and Equity Securities

There were no issuances, cancellations, share buy-backs, resale of shares bought back, and repayment of debts and debts equity securities during the financial quarter under review.

A8. Dividends Paid

No dividends were paid during the current quarter.

A9. Valuation of Property, Plant and Equipment

There is no revaluation of property, plant and equipment, as the Group does not adopt a revaluation policy on property, plant and equipment.

A10. Subsequent Events

On 29 July 2009, the Company acquired 15,000 ordinary shares of RM1.00 each representing 15% equity interest in CabRICT Energy Sdn. Bhd. ("CESB") from Dato' Murad Muhamed Hashim for a total consideration of RM15,000. Consequent thereto, CESB became a wholly-owned subsidiary of the Company.

A11. Changes in Composition of the Group

In addition to the abovementioned, the Company, on 26 June 2009, subscribed for an additional 20,000,000 new ordinary shares of RM1.00 each in Abric International Sdn. Bhd. (formerly known as Abric Micromechanics Sdn. Bhd.) ("AISB") at par for a total consideration of RM20,000,000 and increased its investment in AISB from RM18,200,000 to RM38,200,000 by way of capitalisation of the amount owing by AISB to the Company.

A12. Contingent Liabilities

There were no changes in contingent liabilities during the current quarter since the last audited financial statements.

A13. Capital Commitment

There were no material capital commitments for the Group as at the current quarter end.

A14. Segmental Information

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2009 RM	Preceding Year Corresponding Quarter 30.06.2008 RM	Current Year Quarter 30.06.2009 RM	Preceding Year Corresponding Quarter 30.06.2008 RM
Segmental Revenue				
Manufacturing	12,555	14,450	25,446	28,076
Marketing and trading	42	3,786	67	8,187
Revenue from continuing operations	12,597	18,236	25,513	36,263
Discontinued operations	-	869	-	1,847
Total revenue	<u>12,597</u>	<u>19,105</u>	<u>25,513</u>	<u>38,110</u>
Results				
Investment holding	(120)	(458)	(239)	(901)
Manufacturing	(364)	(627)	(508)	348
Marketing and trading	(34)	55	26	142
Profit/(Loss) before tax	(518)	(1,030)	(721)	(411)
Income tax credit/(expense)	-	(5)	(22)	111
Profit/(Loss) from continuing operations	(518)	(1,035)	(743)	(300)
Profit/(Loss) from discontinued operations	(50)	(694)	(234)	(1,096)
Profit/(Loss) for the period	<u>(568)</u>	<u>(1,729)</u>	<u>(977)</u>	<u>(1,396)</u>

PART B: ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS (“MAIN LR”)**B1. Review of Performance for the Quarter Ended 30 June 2009**

B1 should be read in conjunction with A14 above.

The Group recorded turnover from security seals business of RM12.555 million for the second quarter ended 30 June 2009 (“Q2 2009”) compared to RM14.450 million for the corresponding quarter in 2008 (“Q2 2008”). On a cumulative basis, the Group turnover declined by 9% from RM28.076 million to RM25.446 million due to delay in orders from our shipping and logistics customers.

Although the overall gross profit margin has been reduced, the savings from various cost-cutting exercises partly mitigated the declining margins.

B2. Variation of Results Against Preceding Quarter

	Current Quarter 30.06.2009 RM	Preceding Quarter 31.03.2009 RM
Segmental Revenue		
Manufacturing	12,555	12,891
Marketing and trading	42	25
	<hr/>	<hr/>
Revenue from continuing operations	<u>12,597</u>	<u>12,916</u>
Results		
Investment holding	(120)	(119)
Manufacturing	(364)	(144)
Marketing and trading	(34)	60
	<hr/>	<hr/>
Profit/(Loss) before tax	(518)	(203)
Income tax credit/(expense)	-	(22)
	<hr/>	<hr/>
Profit/(Loss) from continuing operations	(518)	(225)
Profit/(Loss) from discontinued operations	(50)	(184)
	<hr/>	<hr/>
Profit/(Loss) for the period	<u>(568)</u>	<u>(409)</u>

With the current global economic climate, the Group registered consistent revenue trend in the two consecutive quarters in 2009. There was slight erosion in gross profit margin from last quarter due to stiff competition in Asia Pacific market. Owing to this, the Group concluded Q2 2009 with net loss after tax of RM0.568 million as opposed to RM0.409 million in preceding quarter ended 31 March 2009 (“Q1 2009”).

B3. Current Year Prospect

Major indicators suggest that the global economy may have passed its worst and will likely head towards recovery. The Group expects a modest recovery in turnover, translating to improved bottom-line performance in the second half of 2009. We envisage that Europe and the US markets will continue to contribute to the revenue growth owing to our aggressive sales and marketing initiatives implemented. As for Asia Pacific market, we expect that our shipping and logistics customers will start replenish their inventories level in the second half of 2009.

The Group will continue to implement aggressive sales and marketing initiatives in order to expand market coverage and to register better results for 2009.

B4. Profit Forecast or Profit Guarantee

The Group has not provided any quarterly profit forecast for the period under review.

B5. Income Tax Expense/(Credit)

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Year	Year	Year	Year
	Quarter	Corresponding	Quarter	Corresponding
	30.06.2009	Quarter	30.06.2009	Quarter
	RM	30.06.2008	RM	30.06.2008
		RM		RM
Estimated tax payable:				
Current year:				
Malaysian	-	-	-	-
Foreign	-	4	-	17
Over/(Under)provision in prior years:				
Malaysian	-	-	-	(129)
Foreign	-	1	11	1
	-	5	11	(111)
Deferred tax – Foreign	-	-	11	-
	-	5	22	(111)

B6. Unquoted Investments and/or Properties

There were no disposals of unquoted investments or properties during the period under review.

B7. Quoted and Marketable Investments

There were no investments in quoted securities as at the period under review.

B8. Status of Corporate Proposals

There were no significant corporate events during and subsequent to the period under review.

B9. Group Borrowings

The Group borrowings as at the end of the reporting period are as follows:

	RM'000
Secured	
Bank overdraft	354
Trust receipts	372
Bankers acceptances	1,610
Revolving credits	18,374
Long-term borrowings	20,062
	40,772
Unsecured	
Bank overdraft	1,970
Revolving credits	17,489
	19,459
Total	60,231

The group borrowings are denominated in the following currencies:

	RM'000
Ringgit Malaysia	47,727
Thai Baht	12,504
	60,231

B10. Off Balance Sheet Financial Instruments

The financial instruments with off balance sheet risk as at the date of this report are as follows:

Instruments	Contract Date	Terms	RM Equivalent RM'000	Foreign Currency CU'000
Foreign Exchange	Various	3-6 months	1,021	GBP175
- Forward Contract			203	USD 57

B11. Dividend

No dividends has been paid, proposed or declared during the quarter under review.

B12. Earnings/(Loss) Per Share

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
Profit/(Loss) attributable to ordinary equity holders of the Company (RM'000):				
Profit/(Loss) from:				
Continuing operations	(431)	(1,103)	(605)	(543)
Discontinued operations	(50)	(694)	(234)	(1,096)
	<u>(481)</u>	<u>(1,797)</u>	<u>(839)</u>	<u>(1,639)</u>
Number of ordinary shares ('000)	99,052	99,052	99,052	99,052
Basic earnings/(loss) per share (sen):				
Continuing operations	(0.44)	(1.11)	(0.61)	(0.55)
Discontinued operations	(0.05)	(0.70)	(0.24)	(1.11)
	<u>(0.49)</u>	<u>(1.81)</u>	<u>(0.85)</u>	<u>(1.65)</u>

The fully diluted earnings per share has not been presented as the warrants and options over unissued ordinary shares granted pursuant to the Executives' Share Option Scheme have anti-dilutive effect as the exercise price of the warrants/options is above the average market value of the Company's shares during the year.

By order of the Board,
Dato' Ong Eng Lock
 Executive Chairman
 Kuala Lumpur