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.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since 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**
FRS 1	First-time Adoption of Financial Reporting Standards (revised)	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 101	Presentation of Financial Statement (revised)	1 January 2010
FRS 127	Consolidated and Separate Financial Statement (revised)	1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
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 2	Share Based Payment	1 July 2010
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendment to FRS 8	Operating Segments	1 January 2010
Amendment to FRS 107	Statements of Cash Flows	1 January 2010
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
Amendment to FRS 110	Events After the Reporting Period	1 January 2010
Amendment to FRS 116	Property, Plant and Equipment	1 January 2010
Amendment to FRS 117	Leases	1 January 2010
Amendment to FRS 118	Revenue	1 January 2010
Amendment to FRS 119	Employee Benefits	1 January 2010
Amendment to FRS 123	Borrowing Costs	1 January 2010
Amendment to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associates	1 January 2010
Amendment to FRS 128	Investments in Associates	1 January 2010
Amendment to FRS 132	Financial Instruments: Presentation	1 January 2010
Amendment to FRS 134	Interim Financial Reporting	1 January 2010
Amendment to FRS 136	Impairment of Assets	1 January 2010
Amendment to FRS 138	Intangible Assets	1 January 2010

FRSs and IC Interpretations		Effective for financial periods beginning on or after
Amendment to FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendment to FRS 140	Investment Property	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
Amendment to IC Interpretation 9	Reassessment of Embedded Derivatives	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 7 and FRS 139.

FRS 8, which replaces FRS 114, Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the Group for allocation of resources to the segment and to assess its performance. The Group presents segment information in respect of its business segments, which provided to Chief Executive Officer and the Board of Directors.

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 except as disclosed in Section B6.

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 11 January 2010, the Company entered into a Sale and Purchase of Shares Agreement with Colrex Ltd. to dispose of Cabrict Sdn. Bhd. (“CSB”) and Cabrict North America Inc. (“CNA”) for a total consideration of RM2.00. The equity interest of the Company in CSB is 70%. CNA is a wholly-owned by CSB.

A11. Changes in Composition of the Group

On 26 June 2009, the Company 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.

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.

On 30 November 2009, the Company subscribed for an additional 15,000,000 new ordinary shares of RM1.00 each in Abric Worldwide Sdn. Bhd. (“AWSB”) at par for a total consideration of RM15,000,000 and increased its investment in AWSB from RM20,000,000 to RM35,000,000 by way of capitalisation of the amount owing by AWSB 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 31.12.2009 RM	Preceding Year Corresponding Quarter 31.12.2008 RM	Current Year Quarter 31.12.2009 RM	Preceding Year Corresponding Quarter 31.12.2008 RM
Segmental Revenue				
Manufacturing	13,950	13,081	53,578	56,512
Marketing and trading	104	57	229	10,406
Revenue from continuing operations	14,054	13,138	53,807	66,918
Discontinued operations	-	133	-	2,427
Total revenue	14,054	13,271	53,807	69,345
Results				
Investment holding	(4,491)	(1,302)	(4,793)	(2,292)
Manufacturing	1,301	(1,152)	1,123	(1,231)
Marketing and trading	18	(172)	95	(42)
Loss before tax	(3,172)	(2,626)	(3,575)	(3,565)
Income tax credit/(expense)	21	18	(8)	374
Loss from continuing operations	(3,151)	(2,608)	(3,583)	(3,191)
Loss from discontinued operations	(127)	(16,822)	(536)	(18,481)
Loss for the period	(3,278)	(19,430)	(4,119)	(21,672)

PART B: ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS ("MAIN LR")

B1. Review of Performance for the Quarter Ended 31 December 2009

B1 should be read in conjunction with A14 above.

The Group recorded turnover from security seals business of RM53.578 million for the financial year ended 31 December 2009, representing a decrease of 5.2% from the previous year sales of RM56.512 million. The lower turnover was mainly due to lower sales from Asia Pacific market. However, on quarterly basis, the Group registered RM13.950 million sales from security seals business for the fourth quarter ended 31 December 2009 ("Q4 2009"), an improvement of 6.6% or RM0.869 million as compared to the previous corresponding quarter in 2008 ("Q4 2008").

The Group's operating performance showed improvement since the third quarter ended 30 September 2009 ("Q3 2009") owing to Management's efforts on cost-cutting measures and increased efficiencies, which resulted in improved gross profit margin. Better operational performance, however, was hindered by one-off item of RM4.200 million in respect of fair value loss in relation to Proposed Disposal of investment property as mentioned in Section B6.

As a result, the continuing operations of the Group reported loss before tax of RM3.575 million and RM3.172 million for the year and for Q4 2009, respectively. However, excluding the impact of the abovementioned one-off item, the continuing operations of the Group closed at pre-tax profit of RM0.625 million and RM1.028 million for the year and for Q4 2009, respectively.

B2. Variation of Results Against Preceding Quarter

	Current Quarter 31.12.2009 RM	Preceding Quarter 30.09.2009 RM
Segmental Revenue		
Manufacturing	13,950	14,182
Marketing and trading	104	58
Revenue from continuing operations	14,054	14,240
Results		
Investment holding	(4,491)	(63)
Manufacturing	1,301	330
Marketing and trading	18	51
Profit/(Loss) before tax	(3,172)	318
Income tax credit/(expense)	21	(7)
Profit/(Loss) from continuing operations	(3,151)	311
Loss from discontinued operations	(127)	(175)
Profit/(Loss) for the period	(3,278)	136

The Group's revenue of RM13.950 million for the Q4 2009 shows a slight decrease of RM0.232 million or 1.6% as compared to RM14.182 million in Q3 2009. Operationally, not counting the effect of the one-off item as mentioned in Section B6 below, profit before tax for the Group improved from RM0.318 million in Q3 2009 to RM1.028 million in Q4 2009, driven by improved gross profit margin.

B3. Prospects for 2010

Despite the challenges in the overall market condition in 2009, the Group is pleased that the Group has managed to register an operational profit for the year, excluding the effect of the fair value loss in relation to the Proposed Disposal of investment property.

In the coming year, the Group will continue to focus solely on growing its core business of security seals. The Group's sales and marketing team will continue to expand our market coverage in industries, namely airlines, food and beverages, retail, postal/courier and cash-in-transit industries. The Group has been fairly successful in penetrating these industries through targeted coverage and securing several long-term contracts in 2009. The Group will continue to build on our market share in these industries in the coming year. In addition, expanding and strengthening our global distribution network will continue to be a key priority for the Group.

The Group expects that prices in the market will continue to be more competitive in the coming year. Furthermore, the prices of raw materials are also expected to continue to rise. These two factors, together with the effect of currency exchange rate, will put pressure on the Group's gross profit margin in 2010. To mitigate these factors, the Group will strive to further reduce overall costs through continuous process improvements and automation, continuing from our efforts in 2009.

In 2010, the Group will focus strongly on strengthening ABRIC's position in the global security seals industry and aims to improve our operational profits and cash-flow results from our core business.

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 Year Quarter 31.12.2009 RM	Preceding Year Corresponding Quarter 31.12.2008 RM	Current Year Quarter 31.12.2009 RM	Preceding Year Corresponding Quarter 31.12.2008 RM
Estimated tax payable:				
Current year:				
Malaysian	-	-	-	-
Foreign	41	31	48	58
(Over)/Underprovision in prior years:				
Malaysian	-	-	-	(384)
Foreign	(50)	-	(39)	1
	(9)	31	9	(325)
Deferred tax – Foreign	(12)	(49)	(1)	(49)
	(21)	(18)	8	(374)

Although the Group is in a loss before tax position, provision for taxation has been made due mainly to losses of certain subsidiary companies, which for tax purposes cannot be offset, with profit of other companies within the Group and certain expenses which are non-deductible for tax purposes.

B6. Unquoted Investments and/or Properties

On 22 December 2009, the Group announced that its wholly-owned subsidiary, Abric Properties Sdn. Bhd. ("APSB"), entered into a Sale and Purchase Agreement with GD Facilities & Assets Management Sdn. Bhd. ("GD Facilities"), a wholly-owned subsidiary of GD Express Carrier Berhad ("GDEX") for the Proposed Disposal of a property known as Lot 80, No. 17, Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan at a total cash Disposal Consideration of RM20.800 million, determined on a willing buyer-willing seller basis.

The fair value of the property based on audited financial statement as at 31 December 2008 was RM25.000 million. The Group recognised one-off fair value loss amounting RM4.200 million during Q4 2009 to capture the shortfall of fair value of the said property as compared to the Disposal Consideration of the Proposed Disposal.

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:

	Current RM'000	Non-current RM'000	Associated with Investment Property Classified as Held for Sale RM'000	Total RM'000
Secured				
Trust receipts	1,639	-	-	1,639
Bankers acceptances	635	-	-	635
Revolving credits	18,222	-	-	18,222
Long-term borrowings	1,125	6,752	11,127	19,004
	21,621	6,752	11,127	39,500
Unsecured				
Bank overdraft	1,843	-	-	1,843
Revolving credits	16,428	-	-	16,428
	18,271	-	-	18,271
	39,892	6,752	11,127	57,771

The group borrowings are denominated in the following currencies:

	RM'000
Ringgit Malaysia	45,494
Thai Baht	12,277
	57,771

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as of the date of this announcement.

B11. Dividend

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

B12. Loss Per Share

	Individual Quarter Ended		**Cumulative Quarter Ended**	
	31.12.2009	**31.12.2008**	**31.12.2009**	**31.12.2008**
Loss attributable to ordinary equity holders of the Company (RM'000):				
Loss from:				
Continuing operations	(3,344)	(2,702)	(3,602)	(3,670)
Discontinued operations	(127)	(16,822)	(536)	(18,481)
	(3,471)	(19,524)	(4,138)	(22,151)
Number of ordinary shares ('000)	99,052	99,052	99,052	99,052
Basic loss per share (sen):				
Continuing operations	(3.38)	(2.73)	(3.64)	(3.71)
Discontinued operations	(0.13)	(16.98)	(0.54)	(18.66)
	(3.51)	(19.71)	(4.18)	(22.37)

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