PART A: EXPLANATORY NOTES AS PER FRS 134

A1. Basis of Preparation of Interim Financial Statements

The interim financial statements have been prepared in accordance with 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 ("MMLR") of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2010.

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 2010.

A2. Changes in Accounting Policies

The accounting policies and presentation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2010, except for the changes arising from the adoption of revised Financial Reporting Standards (FRSs), IC Interpretations and Amendments that are relevant to their operations and effective for annual periods beginning on or after 1 January 2011 as follows:

FRSs and IC Interpretations

FRS 1	First-time Adoption of Financial Reporting Standards (Revised)
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS 7 Disclosures for First-time Adopters)
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to additional exemptions for first-time adopters)
FRS 2	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3)
FRS 2	Share-based Payment (Amendments relating to group cash-settled share-based payment transactions)
FRS 3	Business Combinations (Revised)
FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell controlling interest in a subsidiary)
FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments)
FRS 127	Consolidated and Separate Financial Statements (Revised)
FRS 128	Investments in Associates (Revised)
FRS 132	Financial Instruments: Presentation (Amendments relating to classification of rights issue)
FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3)
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to additional consequential amendments arising from revised FRS 3 and revised FRS 127)

Improvements to FRSs 2010

IC Int. 4	Determining whether an Arrangement contains a Lease
IC Int. 9	Reassessment of Embedded Derivatives (Amendments relating to additional consequential amendments arising from revised FRS 3)
IC Int. 12	Service Concession Arrangements
IC Int. 14	FRS 119- The limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (Amendments relating to prepayments of a minimum funding requirement)
IC Int. 16	Hedges of a Net Investment in a Foreign Operation
IC Int. 17	Distributions of Non-cash Assets to Owners
IC Int. 18	Transfers of Assets from Customers
IC Int. 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of these new and revised Standards and IC Interpretations did not have any effect on the financial performance, position or presentation of financials of the Group except as follows:

FRS 3: Business Combinations (Revised)

The revised FRS 3:

- allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority interest') either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree;

- changes the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss;

- requires the recognition of the settlement gain or loss where the business combination in effect settles a pre-existing relationship between the Group and the acquiree; and

- requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit and loss as incurred, whereas previously they were accounted for as part of the cost of the business combination.

This Standard was adopted prospectively and therefore, no restatements will be required in respect of transactions prior to the date of adoption.

FRS 127: Consolidated and Separate Financial Statements (Revised)

The revised Standard will affect the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control. Previously, in the absence of specific requirements in FRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, where appropriate; for decreases in interests in existing subsidiaries regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss.

Under FRS 127 (revised), increases or decreases in ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are dealt with in equity and attributed to the owners of the parent, with no impact on goodwill or profit or loss. When control of a subsidiary is lost as a result of a transaction, event or other circumstance, FRS 127 (revised) requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary is recognised at its fair value at the date when control is lost, with the resulting gain or loss being recognised in profit or loss.

This Standard was applied prospectively and therefore, no restatements will be required in respect of transactions prior to the date of adoption.

The Group has not adopted the following new/revised FRSs, Amendments and IC Interpretations that have been issued but not yet effective:

FRSs, Amendments to FRSs and IC Interpretations		**Effective date**
FRS 124	Related Party Disclosures (Revised)	1 January 2012
Improvements to FRSs 2010		
IC Int. 15	Agreements for the Construction of Real Estate	1 January 2012

A3. Qualification of Financial Statements

The preceding year annual audited 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 period 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 issuance or repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current quarter ended 30 September 2011.

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

a) On 20 October 2011, Abric Worldwide Sdn. Bhd. ("AWSB"), a wholly-owned subsidiary of the Company incorporated a wholly-owned subsidiary in Singapore by the name of Abric Asia Pacific Pte Ltd ("AAP"). The authorised and paid-up share capital of AAP is SGD2.00 divided into 2 ordinary shares of SGD1.00 each. The principal activity of AAP is trading.

   The subscription of shares in AAP by AWSB will not have any significant effect on the earnings or net assets of Abric Group for the financial year ended 31 December 2011.

   None of the directors and/or substantial shareholders of the Company or person connected with them have any interest, direct or indirect, in the acquisition.

b) On 24 October 2011, the Company announced that the Company had on 21 October 2011 signed Letter of Intent with a third party, to express the Company's intention to acquire the Property located in Solaris Dutamas for a total cash consideration of RM3,365,320.

c) On 15 November 2011, the Company announced that the Company had received the letter dated 11 November 2011 from the Labuan Financial Services Authority pertaining the strike-off of Abric International Limited ("AIL"), a wholly-owned subsidiary of the Company pursuant to Section 151(4) of the Labuan Companies Act 1990.

   The strike-off of AIL will not have material effect on the earnings and net assets of the Group for the financial year ending 31 December 2011, and the share capital of the Company.

A11. Changes in Composition of the Group

On 19 July 2011, the Company announced that the Company has received notification from the Companies Commissions of Malaysia pertaining to the strike off of Cabrict Energy Sdn. Bhd., a wholly owned subsidiary of the Company pursuant to Section 308 of the Companies Act, 1965 with effect from 6 July 2011.

The striking off of Cabrict Energy Sdn. Bhd. will not have a material effect on the earnings or net assets of Abric Group for the financial year ending 31 December 2011.

A12. Contingent Liabilities

As of to-date, the Group has given unsecured corporate guarantees totaling RM18,830,980 to certain financial institutions for term loan, overdraft and other credit facilities granted to certain subsidiary companies. Accordingly, the Group is contingently liable to the financial institution to the extent of the amount of credit facilities utilized by the said subsidiary companies. The financial guarantees have not been recognised since the fair value on initial recognition is negligible.

A13. Capital Commitment

As of the date of this report, The Group has capital commitment not provided for in this report, for the purchase of machineries to be utilised in production of security seals as follows:

	RM'000
Approved and contracted for	350

A14. Segmental Information

For management purposes, the Group is organised as one integrated business segment. The Group however, reviews sales performance by geographical market:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2011 RM	Preceding Year Corresponding Quarter 30.09.2010 RM	Current Year Quarter 30.09.2011 RM	Preceding Year Corresponding Quarter 30.09.2010 RM
Asia Pacific	6,595	7,763	21,522	22,229
Americas	6,634	4,605	17,828	13,633
Europe	4,838	4,848	15,661	12,610
	18,067	17,216	55,011	48,472
Results				
Results from continuing operations	1,715	2,635	6,034	7,646
Finance costs	(515)	(798)	(1,542)	(2,411)
Profit before tax	1,200	1,837	4,492	5,235
Income tax expense	(73)	-	(159)	(8)
Profit from continuing operations	1,127	1,837	4,333	5,227
Loss for the period from discontinued operations	(315)	(131)	(643)	(353)
Profit for the period	812	1,706	3,690	4,874

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

For the third quarter 2011 ("Q3 2011"), the Group recorded revenue of RM18.067 million, which represents an increase of 5% as compared to revenue of RM17.216 million for the corresponding quarter of the preceding year ("Q3 2010"). The growth was driven by stronger customers' demand in America region. Revenue contribution from America region for Q3 2011 stood at RM6.634 million or an increase of 44% compared to RM4.605 million in Q3 2010.

Whilst revenue has grown for the current quarter compared to the corresponding quarter last year, gross profit margins have been slightly eroded in view of the strengthening of Ringgit Malaysia against United States Dollar ("USD") and Great Britain Pound ("GBP"), higher raw material prices and increase in labour costs. In addition, the Group incurred relocation cost for the move of the UK office from Cannock, Staffordshire to Witham, Essex. The Group closed the period with a profit of RM0.812 million. The Group's earnings before interest, tax and depreciation ("EBITDA") for the period stood at RM3.158 million.

Similarly, on year-to-date basis, revenue for the nine-month period ended 30 September 2011 stood at RM55.011 million, which represents a growth of 13% from RM48.472 million reported in corresponding period of 2010. Profit attributable to the owners of the parent for the nine-month period ended 30 September 2011 was at RM3.629 million compared to RM4.680 million reported in corresponding period of 2010.

B2. Variation of Results Against Preceding Quarter

	Current Quarter 30.9.2011 RM	Preceding Quarter 30.6.2011 RM
Revenue – Seals	18,067	18,582
Results		
Profit before tax	1,200	1,778
Income tax expense	(73)	(28)
Profit from continuing operations	1,127	1,750
Loss for the period from discontinued operations	(315)	(225)
Profit for the period	812	1,525

Despite registering revenue in Q3 that was comparable to Q2 2011, the profit for the period reported was 47% lower as compared to Q2 2011. Gross profit margins have been slightly eroded in view of the strengthening of Ringgit Malaysia against United States Dollar ("USD") and Great Britain Pound ("GBP") and higher raw material prices. In addition, during Q3 2011, the Group incurred relocation cost for in the move of the UK office from Cannock, Staffordshire to Witham Essex.

B3. Prospects of the Group

The final quarter of 2011 will remain challenging for the Group. Although our Thailand factory has not been affected by the recent flood situation, the flood has caused supply chain disruptions to our Thai customers and this has resulted in delivery disruptions for our Thai office.

To mitigate the risk of delivery disruptions to customers, a portion of Thailand's production orders have been diverted to Ipoh factory for production since early October 2011.

Despite of the external factors mentioned above, the Group expects that the positive bottom-line trend will sustain in coming quarter of year 2011.

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 30.9.2011 RM	**Preceding Year Corresponding Quarter 30.9.2010 RM**	**Current Year Quarter 30.9.2011 RM**	**Preceding Year Corresponding Quarter 30.9.2010 RM**
Estimated tax payable:				
Current year:				
Malaysian	(64)	-	(116)	-
Foreign	-	-	-	(13)
Under/(Over)provision in prior years:				
Malaysian	-	-	-	-
Foreign	-	-	-	-
	(64)	-	(116)	(13)
Deferred tax:				
Current year – Foreign	(9)	-	(43)	5
	(73)	-	(159)	(8)

Domestic current income tax is calculated at the statutory tax rate of 25% of the taxable profit for the period. Taxation for the other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The effective tax rate as calculated above is lower than the prevailing statutory tax rate principally due to utilisation of unabsorbed tax losses and capital allowances as well as tax incentives available to a subsidiary company.

B6. Unquoted Investments and/or Properties

There were no disposals of unquoted investments and 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. Utilisation of Rights Proceeds

As at the date of this report, the status of the utilisation of proceeds from the Renounceable Rights Issue of 49,526,250 Warrants on the basis of one (1) warrant for every two (2) existing shares of the Company at an issue price of RM0.03 per Warrant which was completed on 14 April 2011 is as follows:

Purposes	Proposed Utilisation RM'000	Actual Utilisation RM'000	Time frame	Deviation RM'000	Deviation %	Explanation
Working capital	886	886	Within six (6) months from the receipt of the proceeds	-	0	N1
Estimated expenses for the Proposals	600	655	Within one (1) month from the receipt of the proceeds	(55)	(9)	N2
Total	1,486	1,151		325		

N1 Fully utilised as at the date of this report.

N2 Being under-estimation of expenses in relation to the Proposal which include professional fees payable to relevant authorities and other related expenses inclusive expenses incurred for the termination of previous ESOS, establishment of the new ESOS, Capital Reduction and amendments to the Memorandum and Articles of Association.

B10. Group Borrowings

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

	Current RM'000	Non-current RM'000	Total RM'000
Secured			
Bank overdraft	-	-	-
Revolving credit	24,082	-	24,082
Long-term borrowings	356	1,465	1,821
Hire-purchase payables	1,231	3,394	4,625
	25,669	4,859	30,528
Unsecured			
Bank overdraft	1,208	-	1,208
Revolving credit	3,500	-	3,500
	4,708	-	4,708
	30,377	4,859	35,236

The group borrowings are denominated in the following currencies:

	RM'000
Ringgit Malaysia	23,649
Thai Baht	11,587
	35,236

B11. Derivative Financial Instruments

Forward foreign currency contracts are entered into by the Group in currencies other than the functional currency to manage exposure to the fluctuations in foreign currency exchange rates on specific transactions.

Forward foreign currency contracts are recognised on the contract dates and are measured at fair value with changes in fair value are recognised in profit or loss.

The outstanding forward foreign currency contracts as at 30 September 2011 are as follows:

Type of Derivative	Notional Value RM'000	Fair Value RM'000	Fair Value Gain RM'000
Forward foreign currency contracts			
- Less than 1 year	3,513	3,623	110

Any forward foreign currency contracts, entered by the Group, were executed with creditworthy financial institutions in Malaysia.

There have been no changes since the end of the previous financial year in respect of the following:

(i) the Group's exposures to credit risk, market risk and liquidity risk;

(ii) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;

(iii) the risk management policies in place for mitigating and controlling the risks associated with financial derivatives contracts; and

(iv) the related accounting policies.

B12. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instrument not recognised in the statement of financial position as at the quarter end.

B13. Dividend

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

B14. Disclosure of Realised and Unrealised Profits or Losses

The breakdown of the retained profits of the Group into realised and unrealised profits, pursuant to the directive issued by Bursa Securities on 25 March 2010 and 20 December 2010 is as follows:

	Current Quarter Ended 30.9.2011 RM	**Preceding Quarter Ended 30.6.2011 RM**
Total retained profits of the Group:		
Realised gain	8,539	7,657
Unrealised gain	1,872	1,875
	10,411	9,532

B15. Earnings Per Share

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.9.2011	30.9.2010	30.9.2011	30.9.2010
Profit attributable to owners of the Parent (RM'000):				
Profit from:				
Continuing operations	1,193	1,801	4,272	5,033
Discontinued operations	(315)	(131)	(643)	(353)
	878	1,670	3,629	4,680
Number of ordinary shares ('000)	99,052	99,052	99,052	99,052
Basic profit per share (sen):				
Continuing operations	1.20	1.82	4.31	5.08
Discontinued operations	(0.32)	(0.13)	(0.65)	(0.36)
	0.88	1.69	3.66	4.72
Diluted profit per share (sen):				
Continuing operations	N/A	1.82	N/A	5.08
Discontinued operations	N/A	(0.13)	N/A	(0.36)
	N/A	1.69	N/A	4.72

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