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), Amendments to FRSs and IC Interpretations that are relevant to their operations and effective for annual periods beginning on or after 1 January 2011.

Adoption of FRSs, Amendments to FRSs and IC Interpretations

On 1 January 2011, the Group adopted the following FRSs, Amendments to FRSs, IC Interpretations and Amendments to IC Interpretation:

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.

Malaysian Financial Reporting Standards (MFRS)

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework") in conjunction with its planned convergence of FRSs with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board on 1 January 2012.

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ("MFRS 141") and IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venturer.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including indication of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of this report, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's and the Company's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

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 31 December 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

There were no material events subsequent to the quarter under review.

A11. Changes in Composition of the Group

a) 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. (“CESB”), a wholly owned subsidiary of the Company pursuant to Section 308 of the Companies Act, 1965 with effect from 6 July 2011.

   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.

Consequent thereto, the abovementioned subsidiary companies have ceased to be subsidiaries of the Company. The effects of the struck-off subsidiary companies on the statement of financial position of the Group are as follows:

	The Group Unaudited RM'000
Net assets not-consolidated:	
Cash and bank balances	1
Receivables	103
Payables	(116)
Translation reserve	13
Net assets	1
Adjustment on non-consolidation of subsidiary companies	(1)
Less: Cash and bank balances	-
	-

b) 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.

A12. Contingent Liabilities

As of to-date, the Company has given unsecured corporate guarantees totaling RM20,821,536 to certain financial institutions for term loan and other credit facilities granted to certain subsidiary companies. Accordingly, the Company 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 as follows:

	RM'000
Approved and contracted for:	
Purchase of property	3,365
Purchase of machineries to be utilised in production of security seals	600
	3,965

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 31.12.2011 RM'000	Preceding Year Corresponding Quarter 31.12.2010 RM'000	Current Year Quarter 31.12.2011 RM'000	Preceding Year Corresponding Quarter 31.12.2010 RM'000
Asia Pacific	7,014	8,590	28,536	30,819
Americas	5,341	4,921	23,169	18,554
Europe	3,232	4,531	18,893	17,141
	15,587	18,042	70,598	66,514
Results				
Results from continuing operations	2,274	1,676	8,308	9,322
Finance costs	(442)	(484)	(1,984)	(2,895)
Profit before tax	1,832	1,192	6,324	6,427
Income tax expense	(27)	62	(186)	54
Profit from continuing operations	1,805	1,254	6,138	6,481
Loss for the period from discontinued operations	(115)	(59)	(758)	(412)
Profit for the period	1,690	1,195	5,380	6,069

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 fourth quarter 2011 ("Q4 2011"), the Group recorded revenue of RM15.587 million, which represents a decrease of 13.6% as compared to revenue of RM18.042 million for the corresponding quarter of the preceding year ("Q4 2010"). 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. In addition, there were lower volumes delivered to Europe region due to slower demand.

Favorable raw material price and currency exchange has improved slightly the Group's gross profit margin in Q4 2011 as compared to Q4 2010. The Group registered RM1.517 million profit attributable to the owners of the parent for Q4 2011 as compared to RM1.328 million in Q4 2010.

On year-to-date basis, revenue for the year ended 31 December 2011 stood at RM70.598 million, which represents a growth of 6.14% from RM66.514 million reported for the year ended 31 December 2010. Revenue contributed by Asia Pacific region declined by 7.4% from RM30.819 million in 2010 to RM28.536 million in 2011 due to stiff competition and delivery disruptions due to the flood in Thailand. Americas and Europe regions on the other hand, have grown by 24.87% and 10.22% respectively as compared to year 2010 due to increased customer base.

The Group's earnings before interest, tax and depreciation ("EBITDA") stood at RM14.549 million for the twelve months period in 2011, a decrease of 7.6% from RM15.745 million in corresponding period of 2010. Unfavorable foreign currency exchange, higher raw material costs, increases in labour costs and relocation costs of UK operations have contributed to the decrease in EBITDA.

The Group Balance Sheet as at 31 December 2011, is in stronger position compared to prior year due to the capital reduction exercise, which restructured the Group's balance sheet by eliminating the accumulated losses and cancelling issued and paid up share capital that is lost or not represented by available assets. In addition, the Group has also restructured its RM13 million short term borrowings with a local bank in Malaysia to a long term loan in order to improve its liquidity.

The total shareholders' funds have increased to RM45.267 million as at 31 December 2011 from RM39.110 million as at 31 December 2010, an increase of 15.7%. The Group's gearing ratio has also reduced to 0.75 times as at 31 December 2011 as compared to 0.92 times as at 31 December 2010.

B2. Variation of Results Against Preceding Quarter

	Current Quarter 31.12.2011 RM'000	Preceding Quarter 30.9.2011 RM'000
Revenue – Seals	15,587	18,067
Results		
Profit before tax	1,832	1,200
Income tax expense	(27)	(73)
Profit from continuing operations	1,805	1,127
Loss for the period from discontinued operations	(115)	(315)
Profit for the period	1,690	812

The Group reported revenue of RM15.587 million in Q4 2011, which represents a decrease of 13.7% as compared to RM18.067 million for the third quarter of 2011 ("Q3 2011"). Despite registering lower revenue in Q4 2011 as compared to Q3 2011, the profit for the period was higher due to higher gross profit margins. In addition, during Q3 2011, expenses were higher as the Group incurred relocation costs for the move of the UK operations from Cannock, Staffordshire to Witham, Essex.

B3. Prospects of the Group

Despite the challenging global economic environment in 2011, Abric Group has been able to register revenue growth and maintain its healthy financial position. In 2012, Abric believes that the building blocks for growth that we have put in place over the past few years will continue to deliver positive results for the Group in the coming years.

The Group will continue to leverage on our global presence to develop stronger, more targeted relationships with our global customers. In addition, our focus will be to grow our global footprint, in order to improve our reach to customers.

External factors such as the strengthening of the Ringgit Malaysia against the major currencies such as USD, GBP and EUR are expected to continue to pose challenges to the Group in maintaining its profit margin. In addition, the still unfolding euro zone debt crisis might affect the Group's strategy in growing the European market. Notwithstanding that, the Group will strive to increase the overall revenue base as well as maintain its product competitiveness.

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 31.12.2011 RM'000	Preceding Year Corresponding Quarter 31.12.2010 RM'000	Current Year Quarter 31.12.2011 RM'000	Preceding Year Corresponding Quarter 31.12.2010 RM'000
Estimated tax payable:				
Current year:				
Malaysian	(79)	-	(195)	-
Foreign	-	(21)	-	(34)
Under/(Over)provision in prior years:				
Malaysian	-	-	-	-
Foreign	-	22	-	22
	(79)	1	(195)	(12)
Deferred tax:				
Current year – Foreign	52	61	9	66
	(27)	62	(186)	54

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. Profit for the Period

Profit for the period is arrived at after the following (credit)/charges:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2011 RM'000	Preceding Year Corresponding Quarter 31.12.2010 RM'000	Current Year Quarter 31.12.2011 RM'000	Preceding Year Corresponding Quarter 31.12.2010 RM'000
Allowance for slow-moving inventories	235	-	235	-
Fair value (gain)/loss on financial derivatives	105	-	(4)	-
Loss/(Gain) on disposal of property, plant and equipment	97	(92)	327	(234)
Allowance for doubtful debts	78	118	118	118
Write-off of receivables	45	-	45	75
Adjustment on non-consolidation of subsidiary companies	-	158	-	158
Amortisation of debts issuance costs	-	-	-	145
Loss on corporate guarantee called upon by a creditor	-	-	-	125
Gain on disposal of investment in subsidiary companies	-	-	-	(504)

B7. Status of Corporate Proposals

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

On 25 November 2011, the Company announced that its wholly-owned subsidiary, Abric Worldwide Sdn Bhd ("AWSB") had on the same date entered into a Sale and Purchase Agreement for the said purchases.

B8. 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		(55)		

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.

B9. 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			
Revolving credit	10,510	-	10,510
Long-term borrowings	2,693	11,845	14,538
Hire-purchase payables	1,320	3,424	4,744
	14,523	15,269	29,792
Unsecured			
Bank overdraft	980	-	980
Revolving credit	3,250	-	3,250
	4,230	-	4,230
	18,752	15,269	34,022

The group borrowings are denominated in the following currencies:

	RM'000
Ringgit Malaysia	23,427
Thai Baht	10,595
	34,022

B10. 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 31 December 2011 are as follows:

Type of Derivative	Notional Value RM'000	Fair Value RM'000	Fair Value Gain/(Loss) RM'000
Derivative Financial Assets:			
Forward foreign currency contracts			
- Less than 1 year	3,024	3,113	89
Derivative Financial Liabilities:			
Forward foreign currency contracts			
- Less than 1 year	2,443	2,358	(85)

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.

B11. Dividend

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

B12. 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 31.12.2011 RM'000	**Preceding Quarter Ended 30.9.2011 RM'000**
Total retained profits of the Group:		
Realised gain	9,823	8,539
Unrealised gain	2,104	1,872
	11,927	10,411

B13. Earnings Per Share

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Profit attributable to owners of the Parent (RM'000):				
Profit from:				
Continuing operations	1,632	1,387	5,904	6,420
Discontinued operations	(115)	(59)	(758)	(412)
	1,517	1,328	5,146	6,008
Number of ordinary shares ('000)	99,052	99,052	99,052	99,052
Basic profit per share (sen):				
Continuing operations	1.65	1.40	5.96	6.48
Discontinued operations	(0.12)	(0.06)	(0.76)	(0.42)
	1.53	1.34	5.20	6.06
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