

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2014

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30.06.2014 RM'000	Preceding Year Corresponding Quarter 30.06.2013 RM'000	Current Year to Date 30.06.2014 RM'000	Preceding Year Corresponding Period 30.06.2013 RM'000
Continuing operations					
Revenue	A14	18,316	19,309	37,405	39,374
Other income		492	423	862	757
Depreciation		(1,534)	(1,931)	(3,128)	(3,804)
Other expenses		(15,395)	(16,400)	(32,167)	(33,580)
Finance costs		(435)	(525)	(887)	(1,036)
Interest income		9	-	24	1
Profit before tax		1,453	876	2,109	1,712
Income tax expense	B5	(130)	(68)	(241)	(138)
Profit for the period from continuing operations		1,323	808	1,868	1,574
Discontinued operations					
Loss for the period from discontinued operations		(108)	(125)	(225)	(251)
Profit for the period	B6	1,215	683	1,643	1,323
Attributable to:					
Owners of the Company		1,260	836	1,593	1,446
Non-controlling interests		(45)	(153)	50	(123)
		1,215	683	1,643	1,323
Earnings/(Loss) per ordinary share attributable to owners of the Company (sen)					
Basic					
Continuing operations		1.38	0.97	1.84	1.71
Discontinued operations		(0.11)	(0.13)	(0.23)	(0.25)
Total		1.27	0.84	1.61	1.46
Diluted					
Continuing operations		1.29	N/A	1.72	N/A
Discontinued operations		(0.10)	N/A	(0.21)	N/A
Total		1.19	N/A	1.51	N/A

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2014

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2014 RM'000	Preceding Year Corresponding Quarter 30.06.2013 RM'000	Current Year to Date 30.06.2014 RM'000	Preceding Year Corresponding Period 30.06.2013 RM'000
Profit for the period	1,215	683	1,643	1,323
Other comprehensive income/(loss)				
Exchange differences on translation of foreign operations	(2,284)	(871)	(2,135)	(157)
Total comprehensive income for the period, net of tax	(1,069)	(188)	(492)	1,166
Total comprehensive income attributable to:				
Owners of the Company	(852)	261	(464)	1,110
Non-controlling interests	(217)	(449)	(28)	56
	(1,069)	(188)	(492)	1,166

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2014

	Note	30.06.2014 Unaudited RM'000	31.12.2013 Audited RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		35,100	38,171
Investment Properties		2,624	2,624
Intangible Assets		120	34
Goodwill on consolidation		9,926	9,926
Deferred tax assets		2,298	2,411
Total Non-Current Assets		<u>50,068</u>	<u>53,166</u>
Current Assets			
Inventories		20,645	21,516
Receivables		18,620	20,245
Derivative financial assets	B9	-	13
Cash and bank balances		10,823	6,943
Total Current Assets		<u>50,088</u>	<u>48,717</u>
Total Assets		<u><u>100,156</u></u>	<u><u>101,883</u></u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Issued capital		29,715	29,715
Reserves		19,831	20,295
Equity attributable to owners of the Company		49,546	50,010
Non-controlling interests		9,281	9,308
Total Equity		<u>58,827</u>	<u>59,318</u>
Non-Current Liabilities			
Hire-purchase payables - non-current portion	B8	1,552	2,295
Long-term borrowings - non-current portion	B8	7,381	8,815
Deferred tax liabilities		96	96
Total Non-Current Liabilities		<u>9,029</u>	<u>11,206</u>
Current Liabilities			
Payables		13,121	11,348
Borrowings	B8	19,179	20,011
Total Current Liabilities		<u>32,300</u>	<u>31,359</u>
Total Liabilities		<u>41,329</u>	<u>42,565</u>
Total Equity and Liabilities		<u><u>100,156</u></u>	<u><u>101,883</u></u>
Net Assets Per Share (RM)		<u><u>0.50</u></u>	<u><u>0.50</u></u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013

ABRIC BERHAD
(Company No: 187259-W)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2014**

	Issued capital RM'000	Share premium RM'000	Translation adjustment account RM'000	Capital reserve RM'000	Warrant reserve RM'000	Revaluation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Attributable to owners of the Company RM'000	Non- controlling interests RM'000	Total RM'000
As at 1 January 2013	29,715	4,746	(6,332)	2,011	832	289	179	14,489	45,929	8,504	54,433
Profit for the period	-	-	-	-	-	-	-	1,446	1,446	(123)	1,323
Other comprehensive income	-	-	(336)	-	-	-	-	-	(336)	179	(157)
Total comprehensive income for the period, net of tax	-	-	(336)	-	-	-	-	1,446	1,110	56	1,166
As at 30 June 2013	<u>29,715</u>	<u>4,746</u>	<u>(6,668)</u>	<u>2,011</u>	<u>832</u>	<u>289</u>	<u>179</u>	<u>15,935</u>	<u>47,039</u>	<u>8,560</u>	<u>55,599</u>
As at 1 January 2014	29,715	4,746	(3,598)	2,011	832	289	179	15,836	50,010	9,309	59,319
Profit for the period	-	-	-	-	-	-	-	1,593	1,593	50	1,643
Other comprehensive income	-	-	(2,057)	-	-	-	-	-	(2,057)	(78)	(2,135)
Total comprehensive income for the period, net of tax	-	-	(2,057)	-	-	-	-	1,593	(464)	(28)	(492)
As at 30 June 2014	<u>29,715</u>	<u>4,746</u>	<u>(5,655)</u>	<u>2,011</u>	<u>832</u>	<u>289</u>	<u>179</u>	<u>17,429</u>	<u>49,546</u>	<u>9,281</u>	<u>58,827</u>

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2014

	3 months ended 30.06.2014 RM'000	3 months ended 30.06.2013 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit/(Loss) before tax for the period from:		
Continuing operations	2,109	1,712
Discontinued operations	(225)	(251)
Adjustments for:		
Depreciation	3,341	4,024
Finance costs	887	1,036
Unrealised gain on foreign exchange	(464)	-
Loss on disposal of property, plant and equipment	141	-
Allowance for slow-moving inventories	-	122
Allowance for doubtful debts	-	(1)
Allowances for doubtful debts no longer required	(2)	-
Other non-cash items	-	1
Fair value gain on financial derivatives	-	67
Interest income	(24)	(1)
Property, plant and equipment written off	66	-
Operating Profit Before Working Capital Changes	<u>5,829</u>	<u>6,709</u>
Decrease/(Increase) in:		
Inventories	625	(1,177)
Receivables	1,694	(489)
Increase/(Decrease) in payables	<u>427</u>	<u>(1,884)</u>
Cash Generated From Operations	8,575	3,159
Income tax paid	<u>(107)</u>	<u>(226)</u>
Net Cash Flows From Operating Activities	<u>8,468</u>	<u>2,933</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceed from disposal of property, plant and equipment	877	-
Additions to property, plant and equipment	(1,457)	(1,508)
Additions to intangible assets	(86)	-
Interest income	24	1
Net Cash Flows Used In Investing Activities	<u>(642)</u>	<u>(1,507)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Net repayment of long-term loan	(1,420)	(1,416)
Finance costs paid	(887)	(1,036)
Payment of hire-purchase payables	(818)	(871)
Net change in bank borrowings	(771)	2,349
Increase in cash and cash equivalents-restricted	<u>(64)</u>	<u>(50)</u>
Net Cash Used In Financing Activities	<u>(3,960)</u>	<u>(1,024)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,866	402
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,646	3,281
Effect of changes in exchange rates	<u>(49)</u>	<u>13</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note)	<u>9,463</u>	<u>3,696</u>
Note:		
Cash and cash equivalents comprise the followings:		
Cash and bank balances	10,823	4,942
Less: Restricted cash and bank balances	<u>(1,360)</u>	<u>(1,246)</u>
	<u>9,463</u>	<u>3,696</u>

The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2013

PART A: EXPLANATORY NOTES AS PER MFRS 134

A1. Basis of Preparation of Interim Financial Statements

The interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 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 2013. The 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 2013.

A2. Changes in Accounting Policies

Adoption of New and Revised Financial Reporting Standards

In the current financial period, the Group adopted all the new and revised MFRSs and Issues Committee Interpretations (“IC Interpretations”) and amendments to MFRSs and IC Interpretations issued by MASB that are relevant to their operations and effective for annual financial periods beginning on or after 1 January 2014.

Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)
Amendments to MFRS 136	Impairment of Assets (Amendments relating to Recoverable Amounts Disclosures for Non-Financial Assets)
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting)
IC Interpretation 21	Levies

The Directors anticipate that abovementioned Standards and IC Interpretations will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these Standards and IC Interpretations will have no material impact on the financial statements of the Group in the period of initial application.

Standards issued but not yet effective

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

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009) ¹
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010) ¹
MFRS 9	Financial Instruments (Hedge Accounting and amendments relating to MFRS 9, MFRS 7 and MFRS 139) ¹
Amendments to MFRS 9 and MFRS 7	Mandatory Effective Date of MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and Transition Disclosures ¹

Amendments to MFRS 119 Employees Benefits (Amendments relating to Defined Benefit Plans: Employee Contributions)²

Annual Improvements to FRSs 2010 – 2012 cycle (issued in December 2013)²

Annual Improvements to FRSs 2011 – 2013 cycle (issued in December 2013)²

¹ The mandatory effective date of MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) which was for annual period beginning on or after 1 January 2015 has been removed with the issuance of MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139. The effective date of MFRS 9 will be decided when IASB's IFRS 9 project is closer to completion. However, each version of the MFRS 9 is available for early adoption

² Effective for annual periods beginning on or after 1 July 2014

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 cash flows 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 June 2014.

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

There were no changes in the composition of the Group for the current financial period.

A12. Contingent Liabilities

As of to-date, the Company has given unsecured corporate guarantees totaling RM15,752,427 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 utilised 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 in respect of purchase of property, plant and equipment not provided for in this report as follows:

	RM'000
Approved and contracted for	<u><u>453</u></u>

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 30.06.2014 RM'000	Preceding Year Corresponding Quarter 30.06.2013 RM'000	Current Year Quarter 30.06.2014 RM'000	Preceding Year Corresponding Quarter 30.06.2013 RM'000
Asia Pacific	8,913	8,814	17,052	18,259
America	6,466	7,284	13,970	14,284
Europe	2,937	3,211	6,383	6,831
	<u>18,316</u>	<u>19,309</u>	<u>37,405</u>	<u>39,374</u>

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 second quarter 2014 (“Q2 2014”), the Group recorded a revenue of RM18.316 million, which is 5.1% lower than the corresponding quarter of the preceding year (“Q2 2013”). Revenue from Asia Pacific increased by 1.1%. Whereas there is a decline of 11.2% and 8.5% in revenue in the America and European markets respectively.

The Group generated a higher profit before tax of RM1.453 million compare to RM0.876 million of Q2 2013. This is mainly due to lower operating expenses in Q2 2014 as compared to Q2 2013.

B2. Variation of Results Against Preceding Quarter

	Current Quarter 30.06.2014 RM'000	Preceding Quarter 31.03.2014 RM'000
Revenue	<u>18,316</u>	<u>19,089</u>
Results		
Profit before tax	1,453	656
Income tax	<u>(130)</u>	<u>(111)</u>
Profit from continuing operations	1,323	545
Loss for the period from discontinued operations	<u>(108)</u>	<u>(117)</u>
Profit for the period	<u>1,215</u>	<u>428</u>

The Group reported revenue of RM18.316 million in Q2 2014, which represents an decrease of 4.0% as compared to RM19.089 million for the first quarter of 2014 (“Q1 2014”).

B3. Prospects of the Group

The Asia Pacific and America regions are expected to contribute to the sales growth of the Group. The sluggish European economic condition, together with the shrinking purchasing power in Europe continues to be a challenge to the Group.

B4. Profit Forecast or Profit Guarantee

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

B5. Income Tax Expense

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2014 RM'000	Preceding Year Corresponding Quarter 30.06.2013 RM'000	Current Year Quarter 30.06.2014 RM'000	Preceding Year Corresponding Quarter 30.06.2013 RM'000
Estimated tax payable:				
Current year:				
Malaysia	41	56	76	118
Foreign	26	4	58	41
Under/(Over) provision in prior years:				
Malaysia	-	-	-	-
Foreign	-	-	-	-
	67	60	134	159
Deferred tax:				
Current year:				
Malaysia	-	-	-	-
Foreign	63	8	144	(21)
Under/ (Over) provision in Prior years:				
Malaysia	-	-	(37)	-
Foreign	-	-	-	-
	<u>130</u>	<u>68</u>	<u>241</u>	<u>138</u>

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 non-taxable income.

B6. Profit for the Period

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2014 RM'000	Preceding Year Corresponding Quarter 30.06.2013 RM'000	Current Year Quarter 30.06.2014 RM'000	Preceding Year Corresponding Quarter 30.06.2013 RM'000
Allowance for slow-moving inventories	-	-	-	32
Allowance for doubtful debts no longer required	-	-	(2)	-
Loss on disposal of property, plant and equipment	4	-	141	-
Write-off of property, plant and equipment	6	-	14	-
Fair value loss on financial derivatives	-	67	-	67
Gain on foreign exchange - net	(451)	(433)	(508)	(259)

B7. Status of Corporate Proposals

There were no outstanding corporate proposals as at the date of this report.

B8. 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	10,388	-	10,388
Long-term borrowings	2,855	7,381	10,236
Hire-purchase payables	1,552	1,552	3,104
Bankers acceptances	1,871	-	1,871
Bank overdraft	-	-	-
	16,666	8,933	25,599
Unsecured			
Bank overdraft	1,013	-	1,013
Revolving credit	1,500	-	1,500
	2,513	-	2,513
	19,179	8,933	28,112

The group borrowings are denominated in the following currencies:

	RM'000
Ringgit Malaysia	17,708
Thai Baht	<u>10,404</u>
	<u><u>28,112</u></u>

B9. 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.

There were no outstanding forward foreign currency contracts as at 30 June 2014.

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.

B10. Dividend

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

B11. 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:

	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000
Total retained profits of the Group:		
Realised	12,428	17,273
Unrealised	<u>446</u>	<u>1,076</u>
	12,874	18,349
Add/(Less): Consolidated adjustments	<u>4,555</u>	<u>(2,513)</u>
Total retained earnings	<u><u>17,429</u></u>	<u><u>15,836</u></u>

B12. Earnings/(Loss) Per Share

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
Basic earnings/(loss) per ordinary shares				
Profit attributable to owners of the Company (RM'000):				
Profit from continuing operations	1,368	961	1,818	1,697
Loss from discontinued operations	(108)	(125)	(225)	(251)
	<u>1,260</u>	<u>836</u>	<u>1,593</u>	<u>1446</u>
Number of ordinary shares ('000)	99,052	99,052	99,052	99,052
Basic earnings/(loss) per share (sen):				
Continuing operations	1.38	0.97	1.84	1.71
Discontinued operations	(0.11)	(0.13)	(0.23)	(0.25)
	<u>1.27</u>	<u>0.84</u>	<u>1.61</u>	<u>1.46</u>
Diluted earnings/(loss) per ordinary shares				
Number of shares in issue ('000)	99,052	N/A	99,052	N/A
Shares deemed to be issued through the exercise of warrants	6,460	N/A	6,460	N/A
	<u>105,512</u>	<u>N/A</u>	<u>105,512</u>	<u>N/A</u>
Diluted earnings/(loss) per share (sen):				
Continuing operations	1.29	N/A	1.72	N/A
Discontinued operations	(0.10)	N/A	(0.21)	N/A
	<u>1.19</u>	<u>N/A</u>	<u>1.51</u>	<u>N/A</u>

The basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding at the end of the period.

The diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Company for the current individual quarter and the current cumulative quarter by the weighted average number of ordinary shares outstanding during the current individual quarter and the current cumulative quarter plus the weighted average number of ordinary shares which deemed to be issued on conversion of the remaining warrants into ordinary shares.

Shares deemed to be issued through the exercise of warrants are calculated based on the basis of the average price of an ordinary share for the period.

The fully diluted earnings per ordinary share of the Group for the corresponding quarter of the preceding year has not been presented as the warrants have anti-dilutive effect as the exercise price of the warrants is above the average market value of the Company's shares during the corresponding quarter of the preceding year.

By order of the Board,

Dato' Ong Eng Lock

Executive Chairman

Kuala Lumpur