

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

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30.09.2014 RM'000	Preceding Year Corresponding Quarter 30.09.2013 RM'000	Current Year to Date 30.09.2014 RM'000	Preceding Year Corresponding Period 30.09.2013 RM'000
<b>Continuing operations</b>					
Revenue	A15	-	-	-	-
Other income		54	281	162	753
Depreciation		(130)	(53)	(236)	(159)
Other expenses		(600)	(257)	(1,019)	(701)
Finance costs		(98)	(57)	(206)	(204)
Interest income		-	-	-	-
<b>Loss before tax</b>		<b>(774)</b>	<b>(86)</b>	<b>(1,299)</b>	<b>(311)</b>
Income tax expense	B5	(83)	(32)	(116)	(100)
<b>Loss for the period from continuing operations</b>		<b>(857)</b>	<b>(118)</b>	<b>(1,415)</b>	<b>(411)</b>
<b>Discontinued operations</b>					
Profit for the period from discontinued operations, net of tax	A12	2,217	886	4,418	2,502
<b>Profit for the period</b>	B6	<b>1,360</b>	<b>768</b>	<b>3,003</b>	<b>2,091</b>
<b>Attributable to:</b>					
Owners of the Company		1,229	81	2,822	1,527
Non-controlling interests		131	687	181	564
		<b>1,360</b>	<b>768</b>	<b>3,003</b>	<b>2,091</b>
<b>Earnings/(Loss) per ordinary share attributable to owners of the Company (sen)</b>					
Basic					
Continuing operations		(0.87)	(0.12)	(1.43)	(0.41)
Discontinued operations		2.11	0.20	4.28	1.95
<b>Total</b>		<b>1.24</b>	<b>0.08</b>	<b>2.85</b>	<b>1.54</b>
Diluted					
Continuing operations		(0.75)	N/A	(1.23)	N/A
Discontinued operations		1.82	N/A	3.69	N/A
<b>Total</b>		<b>1.07</b>	<b>N/A</b>	<b>2.46</b>	<b>N/A</b>

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 SEPTEMBER 2014

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2014 RM'000	Preceding Year Corresponding Quarter 30.09.2013 RM'000	Current Year to Date 30.09.2014 RM'000	Preceding Year Corresponding Period 30.09.2013 RM'000
<b>Profit for the period</b>	<b>1,360</b>	<b>768</b>	<b>3,003</b>	<b>2,091</b>
<b>Other comprehensive income/(loss)</b>				
<i>Item that may be subsequently reclassified to profit or loss</i>				
Exchange differences on translation of foreign operations	2,123	2,132	(12)	1,975
<b>Total comprehensive income for the period, net of tax</b>	<b>3,483</b>	<b>2,900</b>	<b>2,991</b>	<b>4,066</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	3,149	2,058	2,685	3,168
Non-controlling interests	334	842	306	898
	<b>3,483</b>	<b>2,900</b>	<b>2,991</b>	<b>4,066</b>
<b>Total comprehensive income attributable to owners of the Company arises from:</b>				
- Continuing Operations	383	1,254	(998)	247
- Discontinued Operations	2,766	804	3,683	2,921
	<b>3,149</b>	<b>2,058</b>	<b>2,685</b>	<b>3,168</b>

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

**ABRIC BERHAD**  
**(Company No: 187259-W)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF 30 SEPTEMBER 2014**

		<b>30.09.2014</b>	<b>31.12.2013</b>
	<b>Note</b>	<b>Unaudited</b>	<b>Audited</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		7,330	38,171
Investment properties		2,624	2,624
Intangible assets		-	34
Goodwill on consolidation		-	9,926
Deferred tax assets		-	2,411
<b>Total Non-Current Assets</b>		<u>9,954</u>	<u>53,166</u>
<b>Current Assets</b>			
Inventories		-	21,516
Receivables		408	20,245
Derivative financial assets	B9	-	13
Cash and bank balances		5,899	6,943
Assets classified as held for sale	A12	84,009	-
<b>Total Current Assets</b>		<u>90,316</u>	<u>48,717</u>
<b>Total Assets</b>		<u><u>100,270</u></u>	<u><u>101,883</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Issued capital		29,715	29,715
Reserves		22,980	20,295
Equity attributable to owners of the Company		52,695	50,010
Non-controlling interests		9,615	9,308
<b>Total Equity</b>		<u>62,310</u>	<u>59,318</u>
<b>Non-Current Liabilities</b>			
Hire-purchase payables - non-current portion	B8	9	2,295
Long-term borrowings - non-current portion	B8	4,465	8,815
Deferred tax liabilities		96	96
<b>Total Non-Current Liabilities</b>		<u>4,570</u>	<u>11,206</u>
<b>Current Liabilities</b>			
Payables		561	11,348
Borrowings	B8	4,203	20,011
Liabilities classified as held for sale	A12	28,626	-
<b>Total Current Liabilities</b>		<u>33,390</u>	<u>31,359</u>
<b>Total Liabilities</b>		<u>37,960</u>	<u>42,565</u>
<b>Total Equity and Liabilities</b>		<u><u>100,270</u></u>	<u><u>101,883</u></u>
<b>Net Assets Per Share (RM)</b>		<u><u>0.53</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 SEPTEMBER 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
<b>As at 1 January 2013</b>	29,715	4,746	(6,332)	2,011	832	289	179	14,489	45,929	8,504	54,433
Profit for the period	-	-	-	-	-	-	-	1,527	1,527	564	2,091
Other comprehensive income	-	-	1,641	-	-	-	-	-	1,641	334	1,975
Total comprehensive income for the period, net of tax	-	-	1,641	-	-	-	-	1,527	3,168	898	4,066
Acquisition of a subsidiary company	-	-	-	-	-	-	-	-	-	40	40
<b>As at 30 September 2013</b>	<u>29,715</u>	<u>4,746</u>	<u>(4,691)</u>	<u>2,011</u>	<u>832</u>	<u>289</u>	<u>179</u>	<u>16,016</u>	<u>49,097</u>	<u>9,442</u>	<u>58,539</u>
<b>As at 1 January 2014</b>	29,715	4,746	(3,598)	2,011	832	289	179	15,836	50,010	9,309	59,319
Profit for the period	-	-	-	-	-	-	-	2,822	2,822	181	3,003
Other comprehensive (loss)/ income	-	-	(137)	-	-	-	-	-	(137)	125	(12)
Total comprehensive income for the period, net of tax	-	-	(137)	-	-	-	-	2,822	2,685	306	2,991
<b>As at 30 September 2014</b>	<u>29,715</u>	<u>4,746</u>	<u>(3,735)</u>	<u>2,011</u>	<u>832</u>	<u>289</u>	<u>179</u>	<u>18,658</u>	<u>52,695</u>	<u>9,615</u>	<u>62,310</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 SEPTEMBER 2014**

	<b>9 months ended 30.09.2014 RM'000</b>	<b>9 months ended 30.09.2013 RM'000</b>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax for the period from:		
Continuing operations	(1,299)	(311)
Discontinued operations	5,079	2,536
Adjustments for:		
Depreciation	5,023	6,093
Finance costs	1,350	1,543
Unrealised loss on foreign exchange	853	-
Loss on disposal of property, plant and equipment	107	-
Allowance for slow-moving inventories	-	33
Allowance for doubtful debts	-	2
Allowances for doubtful debts no longer required	(2)	-
Inventories written down	-	89
Fair value loss on financial derivatives	-	68
Interest income	(28)	(1)
Property, plant and equipment written off	14	-
	<u>11,097</u>	<u>10,052</u>
Operating Profit Before Working Capital Changes	11,097	10,052
Decrease/(Increase) in:		
Inventories	279	(2,950)
Receivables	1,989	296
Decrease in payables	<u>(1,799)</u>	<u>(2,075)</u>
Cash Generated From Operations	11,566	5,323
Income tax paid	<u>(182)</u>	<u>(219)</u>
Net Cash Flows From Operating Activities	<u>11,384</u>	<u>5,104</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Acquisition of a subsidiary company, net of cash acquired	-	40
Proceed from disposal of property, plant and equipment	364	-
Additions to property, plant and equipment	(2,173)	(2,573)
Additions to intangible assets	(122)	-
Interest income	28	1
Net Cash Flows Used In Investing Activities	<u>(1,903)</u>	<u>(2,532)</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Net repayment of long-term loan	(2,120)	(2,126)
Finance costs paid	(1,350)	(1,543)
Payment of hire-purchase payables	(1,314)	(1,308)
Net change in bank borrowings	(432)	2,930
Increase in cash and cash equivalents-restricted	<u>(77)</u>	<u>(50)</u>
Net Cash Used In Financing Activities	<u>(5,293)</u>	<u>(2,097)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,188	475
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	5,646	3,281
Effect of changes in exchange rates	<u>96</u>	<u>80</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note)</b>	<u><u>9,930</u></u>	<u><u>3,836</u></u>
Note:		
Cash and cash equivalents comprise the followings:		
Cash and bank balances	11,312	5,094
Less: Restricted cash and bank balances	<u>(1,382)</u>	<u>(1,258)</u>
	<u><u>9,930</u></u>	<u><u>3,836</u></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 adoption of these Standards and IC Interpretations do not have a material impact on the financial statements of the Group in the current financial year.

#### **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:

Annual Improvements to MFRS 2010 – 2012 cycle (effective for annual periods beginning on or after 1 July 2014)

Annual Improvements to MFRS 2011 – 2013 cycle (effective for annual periods beginning on or after 1 July 2014)

Amendments to MFRS 119 “Defined Benefit Plans: Employees Contributions” (effective for annual periods beginning on or after 1 July 2014)

MFRS 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after 1 January 2016)

Amendments to MFRS 116 and MFRS 138 “Clarification of Acceptable Methods of Depreciation

and Amortisation” (effective for annual periods beginning on or after 1 January 2016)  
Amendments to MFRS 11 “Accounting for Acquisition of Interests in Joint Operations” (effective for annual periods beginning on or after 1 January 2016)  
MFRS 15 “Revenue” (effective for annual periods beginning on or after 1 January 2017)  
MFRS 9 “Financial Instruments” (effective for annual periods beginning on or after 1 January 2018)

**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 September 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**

The Board of Directors of Abric Berhad (“ABRIC”) had on 21 July 2014 announced on Bursa Malaysia Securities Berhad that the Company had received a non-binding indication of interest to acquire the manufacturing, distribution and sale of security seals business, which represents the entire core business of ABRIC.

Subsequently on 24 September 2014, AmInvestment Bank announced, on behalf of the Board that ABRIC and its subsidiary, Abric Worldwide Sdn Bhd (“AWSB”) had on even date entered into the following agreements respectively:-

- (a) the Abric Eastern International Ltd (“AEIL”) conditional sale and purchase agreement (“SPA”) dated 24 September 2014 entered into between AWSB and Vitoorapakorn Holdings Co., Ltd to acquire the remaining 40% equity interest in AEIL, not already owned by AWSB, for a cash consideration amounting to THB113.0 million (equivalent to approximately RM11.3 million); and
- (b) the SPA dated 24 September 2014 entered into between ABRIC and ESNT International Ltd (“ESNT”) to dispose of ABRIC’s entire equity interest in the 9 subsidiaries (“Disposal Companies”) for a cash consideration amounting to RM146,000,000 on a cash-free, debt-free basis, subject to adjustments on the Working Capital amounts. The Disposal Consideration is payable by ESNT to ABRIC on Completion, subject to the Net Debt and/or Working Capital adjustments, escrow amount and deduction of the Purchase Consideration payable by AWSB pursuant to the Proposed AEIL Acquisition as set out in (a) above.

The Disposal Companies represent principally the entire core business of the ABRIC Group.

(Hereinafter collectively referred to as the Proposals)

The proposed disposal of the entire core business of ABRIC is a major disposal pursuant to Paragraph 10.11A of the Main Market Listing Requirements of Bursa Securities whereby shareholders’ approval of at least seventy five percent (75%) in value present and voting either in person or by proxy at the Company’s forthcoming EGM is required.

The Proposed AEIL Acquisition is to be undertaken as a condition to the SPA pursuant to the Proposed Disposal and will be completed concurrently with the Proposed Disposal in view of the inter-conditional of the Proposals.

Upon completion of the Proposals, the Company may be classified as a “Cash Company” within the ambit of PN16 of the Listing Requirements and an “Affected Issuer” pursuant to PN17 of the Listing Requirements. Nonetheless, it is the Board’s intention to maintain the listing status of ABRIC. As such, ABRIC is required to regularize its financial and operational position within twelve (12) months, failing which, may result in ABRIC Shares being suspended and subsequently delisted.

On 1 October 2014, AmInvestment Bank announced on behalf of the Board, that the Company had on 30 September 2014, received irrevocable undertakings via the letters of undertaking dated 23 September 2014 from the following Directors and/or major shareholders of ABRIC in respect of their respective equity interests, to vote in favour of the resolutions for the Proposals to be tabled at the Company’s forthcoming EGM:-

<b>Name</b>	<b>No. of ABRIC Shares held</b>	<b><sup>(a)</sup> % of ABRIC Shares held</b>	<b>No. of Warrants held</b>	<b><sup>(b)</sup> % of Warrants held</b>
Abric Capital Sdn Bhd	28,226,700	28.50	8,038,774	16.23
Dato’ Ong Eng Lock	3,000,000	3.03	1,679,300	3.39
Datin Tai Mee Yong	3,000,000	3.03	1,679,300	3.39



Ong Ying Hwey, Adeline	2,500,000	2.52	1,399,400	2.83
Ong Zhong Hwey, Brian	1,000,000	1.01	559,700	1.13
Ong Xing Hwey, Caroline	1,000,000	1.01	559,700	1.13
<b>Total</b>	<b>38,726,700</b>	<b>39.10</b>	<b>13,916,174</b>	<b>28.10</b>

**Notes:**

(a) Based on 99,052,500 ABRIC Shares as at 10 November 2014, being the latest practicable date prior to the printing of this Circular.

(b) Based on 49,526,250 outstanding ABRIC warrants 2011/2016 as at 10 November 2014

The abovementioned Directors and/or major shareholders have given their undertakings that the aforementioned ABRIC Shares held and/or new ABRIC Shares arising from the conversion of the Warrants shall not be amongst others, transferred, disposed or used in any manner to detract or frustrate the Proposals.

For illustration purposes, assuming the full exercise of all the Warrants as at 10 November 2014, the abovementioned Directors' and/or major shareholders' shareholdings would represent 35.4% of the enlarged issued and paid-up share capital of ABRIC.

Upon completion of the Proposed Disposal, the Board proposes to declare a special dividend of RM0.30 per ABRIC Share pursuant to the Proposed Special Dividend.

On 14 November 2014, the Board of Directors of Abric announced that an Extraordinary General Meeting will be held on 9 December 2014 for the Proposals.

On 17 November 2014, Circular to Shareholders in relation to Proposals have been sent.

Other than the above, there were no material events subsequent to the end of the current quarter under review that have not been reflected in the financial statements for the current quarter.

**A11. Changes in Composition of the Group**

(a) On 28 Oct 2014, the Board of Directors of the Company announced the transfer of 10,000 ordinary shares of HK\$1.00 each representing 100% of the total issued and paid-up capital in Abric (Hong Kong) Ltd from Abric Worldwide Sdn Bhd to its subsidiary company, namely Abric One Sdn Bhd for a cash consideration of RM1.00.

(b) On 28 Oct 2014, the Board of Directors of the Company announced the transfer of 500,000 ordinary shares of RM1.00 each representing 100% of the total issued and paid-up capital in Abric One Sdn Bhd from Abric Worldwide Sdn Bhd to its immediate holding company, namely Abric Berhad for a cash consideration of RM1.00.

Other than the above, there were no changes in the composition of the Group during the quarter under review.

**A12. Discontinued Operations and Disposal Group Classified As Held For Sale**

The Board of Directors of ABRIC had on 21 July 2014 announced on Bursa Malaysia Securities Berhad that the Company had received a non-binding indication of interest to acquire the manufacturing, distribution and sale of security seals business, which represents the entire core business of ABRIC.

Subsequently on 24 September 2014, AmlInvestment Bank announced, on behalf of the Board that ABRIC and its subsidiary, Abric Worldwide Sdn Bhd had on even date entered into the following agreements respectively:-

- (a) the AEIL SPA dated 24 September 2014 entered into between AWSB and Vitoorapakorn Holdings Co., Ltd to acquire the remaining 40% equity interest in AEIL, not already owned by AWSB, for a cash consideration amounting to THB113.0 million (equivalent to approximately RM11.3 million); and
- (b) the SPA dated 24 September 2014 entered into between ABRIC and ESNT International Ltd to dispose of ABRIC's entire equity interest in the Disposal Companies for a cash consideration amounting to RM146,000,000 on a cash-free, debt-free basis, subject to adjustments on the Working Capital amounts. The Disposal Consideration is payable by ESNT to ABRIC on Completion, subject to the Net Debt and/or Working Capital adjustments, escrow amount and deduction of the Purchase Consideration payable by AWSB pursuant to the Proposed AEIL Acquisition as set out in (a) above.

Accordingly, the results of the Disposal Companies have been classified as discontinued operations in accordance with MFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

Profit attributable to the discontinued operations is as follows:-

**Results of discontinued operation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2014 RM'000	Preceding Year Corresponding Quarter 30.09.2013 RM'000	Current Year Quarter 30.09.2014 RM'000	Preceding Year Corresponding Quarter 30.09.2013 RM'000
Revenue	21,000	19,775	58,405	59,149
Other operating income	1,583	308	2,338	592
Other operating expenses	(19,552)	(18,783)	(54,547)	(55,867)
<b>Profit from operation</b>	<b>3,031</b>	<b>1,300</b>	<b>6,196</b>	<b>3,874</b>
Interest income	4	-	28	1
Finance Cost	(365)	(448)	(1,145)	(1,339)
<b>Profit before taxation</b>	<b>2,670</b>	<b>852</b>	<b>5,079</b>	<b>2,536</b>
Tax expense	(453)	34	(661)	(34)
<b>Profit after taxation</b>	<b>2,217</b>	<b>886</b>	<b>4,418</b>	<b>2,502</b>

<b>Cash flows from/(used in) discontinued operations</b>	<b>Nine Months Ended 30.09.2014 RM'000</b>	<b>Nine Months Ended 30.09.2013 RM'000</b>
Net cash from operating activities	12,667	3,643
Net cash (used in) investing activities	(1,900)	(2,492)
Net cash (used in)/ from financing activities	(2,056)	823
<b>Net increase in cash and cash equivalents</b>	<u>8,711</u>	<u>1,974</u>

**Breakdown of assets and liabilities of disposal group**

	<b>As at 30.09.2014 RM'000</b>
Property, plant and equipment	27,510
Intangible Assets	157
Goodwill on consolidation	9,926
Deferred tax assets	2,252
Inventories	21,731
Receivables	17,021
Cash and bank balances	5,413
Hire-purchase payables - non-current	(1,204)
Long-term borrowings - noncurrent portion	(2,219)
Payables	(9,957)
Borrowings	<u>(15,247)</u>
Net assets and liabilities	<u>55,383</u>

The carrying value of property and equipment of the disposal group is the same as its carrying value before it was being reclassified to current assets.

**Cumulative income or expense recognized in other comprehensive income**

The cumulative income or expense recognized in other comprehensive income relating to the disposal group is RM414,379.

**A13. Contingent Liabilities**

As of to-date, the Company has given unsecured corporate guarantees totaling RM15,010,211 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.

**A14. 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:

	<b>RM'000</b>
Approved and contracted for	<u>296</u>

**A15. 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 30.09.2014 RM'000	Preceding Year Corresponding Quarter 30.09.2013 RM'000	Current Year Quarter 30.09.2014 RM'000	Preceding Year Corresponding Quarter 30.09.2013 RM'000
<b>Continuing Operations</b>	-	-	-	-
<b>Discontinued Operations:</b>				
Asia Pacific	9,771	8,700	26,824	26,958
America	7,968	7,453	21,937	21,738
Europe	3,261	3,622	9,644	10,453
	<u>21,000</u>	<u>19,775</u>	<u>58,405</u>	<u>59,149</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 third quarter 2014 (“Q3 2014”), the Group recorded a revenue of RM21.0 million, which is 6.2% higher than the corresponding quarter of the preceding year (“Q3 2013”). Revenue from Asia Pacific and the America increased by 12.3% and 6.9% respectively. Whereas there is a decline of 10.0% in revenue in European markets.

The Group generated a higher profit before tax of RM1.9 million compare to RM0.8 million of Q3 2013. This is mainly due to decrease in staff costs for operating expense in 2014.

**B2. Variation of Results Against Preceding Quarter**

	<b>Current Quarter 30.09.2014 RM’000</b>	<b>Preceding Quarter 30.06.2014 RM’000</b>
Revenue		
- Continuing operations	-	-
- Discontinued operations	21,000	18,316
	<u>21,000</u>	<u>18,316</u>
Profit/ (Loss) Before tax		
- Continuing operations	(774)	(588)
- Discontinued operations	2,670	1,933
	<u>1,896</u>	<u>1,345</u>

The Group reported revenue of RM21.0 million in Q3 2014, which represents an increase of 14.8% as compared to RM18.3 million for the second quarter of 2014 (“Q2 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.

Other than the financial impact of the Proposed Disposals, the performance of the Group for the financial year ending 31 December 2014 is expected to remain satisfactory.

**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 30.09.2014 RM'000	Preceding Year Corresponding Quarter 30.09.2013 RM'000	Current Year Quarter 30.09.2014 RM'000	Preceding Year Corresponding Quarter 30.09.2013 RM'000
<b>Continuing Operations:</b>				
Estimated tax payable:				
Current year:				
Malaysia	83	32	116	100
Foreign	-	-	-	-
	<u>83</u>	<u>32</u>	<u>116</u>	<u>100</u>
<b>Discontinued Operations:</b>				
Estimated tax payable:				
Current year:				
Malaysia	-	24	42	74
Foreign	392	22	451	62
	392	46	493	136
Deferred tax:				
Current year:				
Malaysia	-	-	-	-
Foreign	61	(80)	205	(102)
Under/ (Over) provision in				
Prior years:				
Malaysia	-	-	(37)	-
Foreign	-	-	-	-
	<u>453</u>	<u>(34)</u>	<u>661</u>	<u>34</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 30.09.2014 RM'000	Preceding Year Corresponding Quarter 30.09.2013 RM'000	Current Year Quarter 30.09.2014 RM'000	Preceding Year Corresponding Quarter 30.09.2013 RM'000
Allowance for slow-moving inventories	-	-	-	33
Allowance for doubtful debts no longer required	-	-	(2)	-
(Gain)/ Loss on disposal of property, plant and equipment	(34)	-	107	-
Write-off of property, plant and equipment	-	-	14	-
Fair value loss on financial derivatives	-	4	-	71
Loss/ (Gain) on foreign exchange - net	496	(192)	(12)	(451)

**B7. Status of Corporate Proposals**

There were no corporate proposals announced which remain uncompleted at the end of the financial period ended 30 September 2014 except those stated in Note A10.

**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
<b>Secured</b>			
Revolving credit	10,613	-	10,613
Long-term borrowings	2,852	6,684	9,536
Hire-purchase payables	1,486	1,213	2,699
Bankers acceptances	1,981	-	1,981
Bank overdraft	379	-	379
Trust receipts	639	-	639
	17,950	7,897	25,847
<b>Unsecured</b>			
Bank overdraft	-	-	-
Revolving credit	1,500	-	1,500
	1,500	-	1,500
	19,450	7,897	27,347

The group borrowings are denominated in the following currencies:

	<b>RM'000</b>
Ringgit Malaysia	16,083
Thai Baht	11,264
	<u>27,347</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 September 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 except those stated in Note A10.

## 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:

	<b>As at 30.09.2014 RM'000</b>	<b>As at 31.12.2013 RM'000</b>
Total retained profits of the Group:		
Realised	13,145	17,273
Unrealised	(916)	1,076
	<u>12,229</u>	<u>18,349</u>
Add/(Less): Consolidated adjustments	6,429	(2,513)
Total retained earnings	<u>18,658</u>	<u>15,836</u>



**B12. Earnings/(Loss) Per Share**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
<b>Basic earnings/(loss) per ordinary shares</b>				
Profit attributable to owners of the Company (RM'000):				
Loss from continuing operations	(857)	(118)	(1,415)	(411)
Profit from discontinued operations	2,086	199	4,237	1,938
	<u>1,229</u>	<u>81</u>	<u>2,822</u>	<u>1,527</u>
Number of ordinary shares ('000)	99,052	99,052	99,052	99,052
Basic earnings/(loss) per share (sen):				
Continuing operations	(0.87)	(0.12)	(1.43)	(0.41)
Discontinued operations	2.11	0.20	4.28	1.95
	<u>1.24</u>	<u>0.08</u>	<u>2.85</u>	<u>1.54</u>
<b>Diluted earnings/(loss) per ordinary shares</b>				
Number of shares in issue ('000)	99,052	N/A	99,052	N/A
Shares deemed to be issued through the exercise of warrants	15,797	N/A	15,797	N/A
	<u>114,849</u>	<u>N/A</u>	<u>114,849</u>	<u>N/A</u>
Diluted earnings/(loss) per share (sen):				
Continuing operations	(0.75)	N/A	(1.23)	N/A
Discontinued operations	1.82	N/A	3.69	N/A
	<u>1.07</u>	<u>N/A</u>	<u>2.46</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*