abric.com

malaysia • united states of america • united kingdom • thailand • china

ABRIC BERHAD | ANNUAL REPORT 2009

ABRIC BERHAD

(187259-W)

Annual Report 2009

ABRIC™

sealing assets globally

MISSION

Sealing assets globally with quality and integrity

VISION

To be the world's leading provider of security sealing solutions

CORE VALUES

Shareholders	Uphold commitment to growth and performance, while operating with complete integrity.
Stakeholders	Treat stakeholders with professionalism and fairness to engender trust and create mutual benefits.
Customers	Provide quality products and outstanding service in a professional manner to develop meaningful relationships.
Employees	Instill passion and teamwork to encourage personal growth.
Environment	Take responsibility for the society and environment in which we conduct our business.

TABLE OF CONTENTS

ABOUT US

ABRIC is one of the top five global providers of security sealing solutions, with a presence in over 80 countries worldwide. Established more than 25 years, ABRIC is headquartered in Malaysia and is a public company listed on Bursa Malaysia Securities Berhad. Our history dates back to the founding of ABRIC in 1983 when we designed and patented our first security seal for the plantation sector in Malaysia – this seal design has since become a global industry standard. Renowned for one of the largest and strongest portfolio of trusted products in the industry, ABRIC security seals are used for a wide range of applications across industrial sectors to protect customers' brands and products.

As ABRIC continues to grow and evolve, we continue to hold strong to our core mission of "sealing assets globally with quality and integrity". Our 600 employees located in 5 countries on 3 continents are committed to providing security sealing products of high quality and value to organisations worldwide. ABRIC's global sales and distribution centres in Asia Pacific, North America and Europe support a worldwide network of established distributors and customers who are testament to our responsive and superior customer service.

Product innovation is at the core of ABRIC's growth in the security seals industry. To ensure that our seals continue to meet the stringent requirements of today's increasingly demanding applications, our team of research and development engineers is constantly working on new product ideas that keep ABRIC at the forefront of this industry. We collaborate closely with our customers to ensure that ABRIC products are constantly being enhanced and take pride in our wide range of security sealing solutions that are easily customised to specific needs.

ABRIC seals are produced in-house in three modern and high-capacity plants in Thailand, Malaysia and China. Collectively, the plants are well able to produce more than 1 billion seals annually.

ABRIC seals are manufactured under stringent security and manufacturing standards, including the ISO 9001:2000 Quality Management System, ISO 14001:2004 Environmental Management Standards, ISO 17712 Freight Container-Mechanical Seal Standards. ABRIC's high security seals, classified as the Barrier Seals are Customs–Trade Partnership Against Terrorism ("C-TPAT") compliant and U.K. customs approved. Complying with these international standards underscores ABRIC's total and uncompromising commitment to integrity, product quality and customer satisfaction.

Dear Shareholders,

The ABRIC team has spent the past three years rebuilding the fundamentals of the ABRIC Group. In doing so, we believe that we have now put in place strong foundations that will fuel the growth of ABRIC in the coming years.

Industry Trends

The global recession in 2009 presented us with one of the most challenging economic environments since the company's beginnings. Global trade declined, many anxious customers quickly reduced inventory levels in order to conserve cash. Demand for security sealing continued to decline in the first half of 2009 and only started to recover in the second half of 2009. As global trade continues to recover, we expect to see the demand for security seals recover as well.

A Review of ABRIC in 2009

We had to act swiftly to address the crisis and we believe that by executing several critical strategies in 2009, we have managed to put ABRIC in a sound position to capture the opportunities that expected ahead of us.

In 2009, we continued to streamline our business operations to focus on our core business of security seals. In line with this strategy, we believe that we were able to execute the following actions well in 2009:

1. Keep a tight rein on costs across the Group's operations – We continued to invest in automation and re-engineered our processes to reduce our production costs. Across the Group, we successfully implemented changes to achieve higher efficiencies to reduce costs, without compromising on our quality and service. Over the course of 2009, we managed to reduce our expenses by approximately 30% compared to previous year – this has put us in a more competitive position as we move ahead into 2010.

2. Disciplined focus on cashflow management – In the challenging environment of 2009, we focused on building our financial stability through careful management of our cash position. We believe in building a solid financial foundation to aid our growth in the coming years. Through careful and disciplined cash management, we have improved our cash position in 2009.

3. Invest in greater value creation for future growth – The Group also focused on product and service innovation as a key driver for long-term growth. The focus of our innovation activities was to ensure that we introduce products that bring more value to our customers, whilst still maintaining our mission of "Sealing assets globally with quality and integrity". In 2009, we brought to market several new key products that will enhance our growth in the coming years – and by the end of 2009, as evidenced by our order books, these products have been successful in helping us to capture new market segments.

4. Continue investing in our brand and expand market penetration – Our investment in our sales and distribution activities over the years has put us in a good position to capture opportunities in the industry. More customers now require a global supplier that they can rely on to provide security sealing solutions to their offices worldwide – and because of our investment in our global network, we are well-positioned to secure global contracts with major users of security seals.

To enable us to further invest in our core business in the coming years, we have in December 2009 entered into a Sale and Purchase Agreement for the Proposed Disposal of our investment property, a leasehold land and building located at Jalan Tandang, Petaling Jaya for a cash consideration of RM20.8 million. The Proposed Disposal is in line with the Group's objective of unlocking the values of assets acquired by the Group, which are not currently used in the core business of security seals.

The Proposed Disposal, however resulted in RM4.2 million loss on fair value adjustment of the said investment property, of which has been accounted for in the audited financial statements of the Group for the financial year ended 31 December 2009. Apart from that, the Group results also consolidate losses from precision metal parts business of RM0.536 million, which was discontinued since year 2008. As a result, after adjusting for tax expense, the Group closed the year with RM4.175 million losses.

The Group regards that RM4.2 million loss on fair value adjustment as mentioned above as non-operational losses. As such, not counting such effect to the Group's bottom line, the Group managed to close the year with slight profit of RM0.025 million. This is indeed an encouraging result for the Group as the operating profits generated in second half of the year were strong and was sufficient to recover the operating losses suffered in first half of the year.

Prospects for ABRIC

We believe that ABRIC is now well-positioned to grow within the security seal industry. In 2009, we started to see some early results of the ABRIC transformation, as we have been successful in securing several long-term major contracts for the coming years. Our strategy to focus on improving the value and quality of our products has also put us in a favourable position to aggressively grow our market share within the industry. ABRIC is confident that we are in a good position to grow within the security seal market and we are looking forward to a successful 2010.

On behalf of the Board of Directors and management of ABRIC, we would like to thank you, our shareholders, for your continued support and confidence in ABRIC.

Dato' Ong Eng Lock, DIMP, JP
Executive Chairman

BOARD OF DIRECTORS

Dato' Ong Eng Lock, DIMP, JP
Executive Chairman

Adeline Ong Ying Hwey
Chief Executive Officer

Albert Tan Tin Yau
Chief Operating Officer

Dato' Abu Bakar bin Abdul Hamid
Independent Non-Executive Director

Ir. Hon Hin See
Independent Non-Executive Director

Soong Chee Keong
Independent Non-Executive Director

BOARD COMMITTEES

Audit Committee

- Dato' Abu Bakar bin Abdul Hamid
  Chairman/Independent Non-Executive Director
- Ir. Hon Hin See
  Independent Non-Executive Director
- Soong Chee Keong
  Independent Non-Executive Director

Risk Management Committee

- Dato' Abu Bakar bin Abdul Hamid
  Chairman/Independent Non-Executive Director
- Adeline Ong Ying Hwey
  Chief Executive Officer
- Albert Tan Tin Yau
  (appointed on 25 February 2010, replacing Yap Yoon Lean)
  Chief Operating Officer

Nomination Committee

- Dato' Abu Bakar bin Abdul Hamid
  Chairman/Independent Non-Executive Director
- Ir. Hon Hin See
  Independent Non-Executive Director
- Soong Chee Keong
  Independent Non-Executive Director

Remuneration Committee

- Dato' Abu Bakar bin Abdul Hamid
  Chairman/Independent Non-Executive Director
- Ir. Hon Hin See
  Independent Non-Executive Director
- Soong Chee Keong
  Independent Non-Executive Director

Option Committee

- Dato' Ong Eng Lock, DIMP, JP
  Chairman/Executive Chairman
- Adeline Ong Ying Hwey
  Chief Executive Officer
- Soong Chee Keong
  Independent Non-Executive Director

COMPANY SECRETARIES

- Kuan Hui Fang
  MIA 16876
- Ng Yen Hoong
  LS 008016

REGISTERED OFFICE

Level 18, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : +603 2264 8888
Fax : +603 2282 2733

REGISTRAR

Tricor Investor Services Sdn. Bhd.
(formerly known as Tenaga Koperat Sdn. Bhd.)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : +603 2264 3883
Fax : +603 2282 1886

PRINCIPAL BANKERS

- RHB Islamic Bank Berhad
- United Overseas Bank (Malaysia) Berhad
- CIMB Bank Berhad

AUDITORS

Deloitte & Touche

STOCK EXCHANGE LISTING

Listed on Main Market of Bursa Malaysia Securities Berhad on 11 January 1999
Stock Code : 7061
Stock Name : ABRIC

WEBSITE

www.abric.com

EMAIL

abhd@abric.com

DATO' ONG ENG LOCK, DIMP, JP
Executive Chairman

Dato' Ong Eng Lock, a Malaysian aged 52, was appointed to the Board on 27 September 1989. He is also the Chairman of Executive Committee and Option Committee. He holds a Master of Business Administration and a Fellow of Institute of Management (UK) and New Zealand Institute of Management. He started his career with Gadelius Sdn. Bhd. in 1979 before joining United Engineers (Malaysia) Berhad in 1982 where he was involved in industrial products and project management. He started ABRIC in 1983 when he successfully designed and patented plastic security seals for use by the petroleum and plantation industries. Dato' Ong 's spouse is indirectly a major shareholder of Abric Berhad via Abric Capital Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965. Daughter of Dato' Ong, Adeline Ong Ying Hwey is the Chief Executive Officer of Abric Berhad.

ADELINE ONG YING HWEY
Chief Executive Officer

Adeline Ong Ying Hwey, a Malaysian aged 29, was appointed to the Board on 16 April 2007. She is also a member of the Executive Committee, Risk Management Committee and Option Committee. She holds both BA and M.Eng degrees in Manufacturing Engineering from Cambridge University. She also holds a M.A from Cambridge University and has obtained the ACCA Certified Diploma in Accounting and Finance. She started her career in 2002 when she joined Citibank Malaysia. Adeline is the daughter of Dato' Ong Eng Lock, the Executive Chairman of Abric Berhad.

ALBERT TAN TIN YAU
Chief Operating Officer

Albert Tan Tin Yau, a Malaysian aged 33, graduated with a Bachelor of Engineering from University of Malaya and a Master of Business Administration from the University of Strathclyde, UK. He was appointed to the Board on 1 January 2010 and also a member of the Risk Management Committee. Albert started his career as a Project Engineer in Sime Engineering Sdn. Bhd. in 1999 and was the Procument Manager from 2004 to 2005. He then joined Venturelink3 Sdn. Bhd., a new start-up providing innovative solutions in corporate training and business consultancy services in July 2005 as the Director of Operations. In December 2006, he joined ABRIC as a Senior Manager – Business Development. He was promoted to VP-Head of Marketing in January 2008 and was subsequently promoted to Chief Operating Officer of ABRIC in January 2009. He is also a Graduate Member of Institution of Engineers, Malaysia.

DATO' ABU BAKAR BIN ABDUL HAMID, DSDK, AMK, KMN
Independent Non-Executive Director

Dato' Abu Bakar bin Abdul Hamid, a Malaysian aged 66, was appointed to the Board on 23 May 2001 and is presently the Chairman of Audit Committee, Risk Management Committee, Nomination Committee and Remuneration Committee. Dato' Abu Bakar graduated with a Bachelor of Economics (Hons) from University of Malaya and a diploma of International Trade from Indian Institute of Foreign Trade in New Delhi, India. He commenced his career as an Agricultural Economist in the Federal Agricultural Marketing Authority (FAMA) in 1967 and its Director General from 1995 to 1998. He was a Board Member of FAMA Corporation Sdn. Bhd. and Muda Agricultural Development Authority (MADA). Between 1996 and 1998 he was also the Chairman of Koperasi Kakitangan Kementerian Pertanian Malaysia Berhad and the deputy Chairman of the Association of Food Marketing Agencies in Asia and the Pacific. Dato' Abu Bakar is currently the Chairman of SAAG Consolidated (M) Berhad.

IR. HON HIN SEE
Independent Non-Executive Director

Ir. Hon Hin See, a Malaysian aged 51, was appointed to the Board on 23 May 2001. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee. He completed the Council of Engineering Part II Examination (UK) and is a member of the Institution of Engineers Malaysia and Association of Consulting Engineers, Malaysia. Ir. Hon is a Registered Professional Engineer in Malaysia and has more than 25 years experience in building industries. He joined Perunding Hashim & NEH Sdn. Bhd. as a Mechanical Engineer in 1980. Subsequently, he was appointed as its Associate Director in 1992 and Board of Director in 1994. Presently, he sits on the Board of SAAG Consolidated (M) Berhad.

SOONG CHEE KEONG
Independent Non-Executive Director

Soong Chee Keong, a Malaysian aged 40, joined ABRIC in February 1999 as General Manager of Corporate Finance and was subsequently appointed to the Board on 16 February 2000 as Executive Director. On 1 May 2007, Soong was redesignated from Executive Director to Non-Independent Non-Executive Director following his resignation from ABRIC. He was further redesignated to Independent Non-Executive Director on 2 May 2009. Soong started his career in financial audit in 1993 at BDO Binder. In 1995, he joined the Corporate Finance Department of Bumiputra Merchant Bankers Berhad and was involved in advising on mergers and acquisitions, initial public offers and equity restructuring and project feasibility studies. He is the member of the Association of Chartered Certified Accountants ("ACCA") and the Malaysia Institute of Accountants ("MIA"). Soong is a member of Audit Committee, Option Committee, Nomination Committee and Remuneration Committee. He also sits on the Board of Wonderful Wire & Cable Berhad and Century Logistics Holdings Berhad.

Note:
Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of Abric Berhad, have no conflict of interest with Abric Berhad and have not been convicted of any offence within the past ten (10) years.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Abric Berhad ('the Board") is committed to ensure that high standards of corporate governance are practiced throughout the Group and that integrity and fair dealing are paramount in all its activities with the objective of protecting the Group's assets and enhancing shareholders' value.

In line with this commitment, the Board has taken and is continuously reviewing, where appropriate, the necessary steps to comply with the requirements on standard of corporate responsibility, integrity and accountability and provide greater disclosure and transparency by fully complying with all the Principles in Part 1 of the Malaysian Code on Corporate Governance ("the Code") and adopting the Best Practices as recommended in Part 2 of the Code, details of which are prescribed in this statement.

A. THE BOARD OF DIRECTORS

The Board

ABRIC is led by an experienced Board comprising a mix of members with a wide range of experience and expertise in the relevant fields such as accounting, economics and management, engineering, business and banking. With their broad range of skills, experience and knowledge, the Board effectively oversee the Group's business activities.

As a team, the Board brings to bear independent and sound judgement on issues encompassing strategy, performance, resources and standards of conduct.

A profile of each Director is published on pages 7 to 8 of this Annual Report.

Board Composition

The Board has six (6) directors comprising three (3) Executive members and three (3) Non-Executive members, who are independent.

The composition is in compliance with the Paragraph 15.02 of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") which requires at least two (2) directors or one-third (1/3) of the Board, which ever is higher, to be independent directors.

The Board's composition is such that no individual or group of individuals dominates the Board's decision making.

Board Responsibilities and Duties

The roles and functions of the Board as well as the differing roles of Executive Directors and Non-Executive Directors have been clearly defined. The Executive Chairman is responsible in ensuring the integrity and effectiveness of the Board in all aspects of its role and agenda, whilst the Chief Executive Officer has overall responsibility for the operating units, organisational effectiveness and implementation of Board policies and decisions.

The Independent Non-Executive Directors also contribute to the formulation of policies, providing unbiased and independent views, advice and judgement. They also act to safeguard the interest of the minority shareholders in respect of decisions taken by the Board pertaining to the undertaking of the various business initiatives.

Apart from the above, the Board's more specific responsibilities include the followings:

- Reviewing and guiding the Group and the Company's corporate strategy and adopting a strategic plan for the Company through the development of risk policy and annual budgets.
- Monitoring corporate performance and the conduct of the Group's business and ensuring compliance to best practices and principles of corporate governance.
- Identifying and implementing appropriate systems to manage risks. The Board undertakes this responsibility through the Risk Management Committee and the Audit Committee.
- Ensuring the existence of and reviewing the adequacy and soundness of the Group's financial systems, internal control systems and that management systems are in compliance with applicable standards, laws and regulations.
- Developing and implementing an investor relations programme or shareholders' communication policy for the company.
- Ensuring a transparent Board nomination and remuneration process including succession planning for top management and ensuring the skills and experience of the directors in the Board are adequate for the discharge of their responsibilities.

Board Meeting

Board Meetings for each calendar year are scheduled at the beginning of the year with firm dates, venue and time. This enables directors to plan their schedules to ensure full attendance.

The planned schedule take into consideration the timing for the release of the quarterly results of the Group and allow the members to review and deliberate on the Group's results before these are announced to Bursa Securities. The Board is however, not restrained by scheduled meetings and wherever there is a need for matters to be discussed between planned Board Meetings, a special Board Meeting will be convened.

During the financial year ended 31 December 2009, five (5) Board meetings were held. Details of attendance of the directors at Board Meetings held during the financial year are as follows:

Name of Director	No. of Meetings Attended	Percentage
Dato' Ong Eng Lock	5/5	100%
Adeline Ong Ying Hwey	5/5	100%
Dato' Abu Bakar bin Abdul Hamid	5/5	100%
Ir. Hon Hin See	5/5	100%
Soong Chee Keong	5/5	100%
Albert Tan Tin Yau (appointed on 1 January 2010)	N/A	N/A

Supply of Information to the Board

The Board recognises that the decision making process is highly dependent on the reliability and completeness of information furnished to it. As such, the Board members have full and unrestricted access to information on the Group's business and affairs, whether as a full Board or in their individual capacity, in discharging their duties. The Board receives timely advice on all relevant information about the Group.

Prior to Board meetings, the directors receive the agenda and a full set of Board papers containing information relevant to the matters to be deliberated at the meeting. The Board papers are comprehensive and encompass both quantitative and qualitative factors to facilitate prudent and informed decision making. The minutes of the previous Board meeting are also circulated to the directors and confirmed at each meeting. Minutes of the Board Meetings are maintained at the Registered Office of the Company.

All directors also have full access to the advice and service of the Company Secretaries in the course of their duties. The Company Secretaries are responsible for ensuring that Board meeting procedures are adhered to at all times and that applicable rules and regulations are complied with. Where necessary, the directors may obtain independent professional advice at the Company's expense on specific issues to enable the Board to discharge their duties on matters being deliberated.

Board Committees

The Board of Directors delegates specific responsibilities to the respective Committees of the Board namely the Audit Committee, Nomination Committee, Remuneration Committee, and Option Committee.

Appointments to the Board

The Nomination Committee consists of three (3) Directors who are Independent Non-Executive Directors. This Committee is responsible for making recommendations on the new nominees for Board appointments and assessing these directors on an on-going basis. The final decision on the appointment of directors lies with the full Board.

Re-election of Directors

In accordance with the Company's Articles of Association, at least one third (1/3) of the Board members are required to retire from office by rotation annually and subject to re-election at each Annual General Meeting. Newly appointed directors will hold office only until the next Annual General Meeting and be subject to re-election. The directors seeking re-election at the forthcoming meeting are disclosed in the Statement Accompanying the Notice of the Annual General Meeting on pages 108 to 110 of this Annual Report.

Directors' Training

Continuous education is vital for the Board members to gain insight into the state of the economy, technological development, latest regulatory developments and management strategies in relations to the Group's business.

All directors have attended and completed the Mandatory Accreditation Program ("MAP") as required by Bursa Securities. Albert Tan Tin Yau, who appointed to the Board on 1 January 2010 has attended and completed the MAP on 14 to 15 April 2010.

Details of training attended by directors during the financial year ended 31 December 2009 are shown below:

Name of Director Attended	List of Training/Conference/Seminar/Workshop
Dato' Ong Eng Lock	• Directors' Duties
Adeline Ong Ying Hwey	• Transfer Pricing Asia 2009
Dato' Abu Bakar bin Abdul Hamid	• Towards Enhancing Corporate Integrity – From Roots to Fruits • Strengthening the Financial Reporting Chain in Enhancing CG • Governance and Sustainability Reporting: Is there a link? • Governance in Action in Today's World • Internal Auditing: Assurance and Value Creation • CG Best Practices • Raising the Bar for Corporate Directors Toward Global Competitiveness • Directors Training on Corporate Governance and Risk Management

	• Forum on FRS 139 Financial Instruments: Recognition and Measurement
Ir. Hon Hin See	• High Level Forum for Directors of Listed Issuers in Enhancing Corporate Governance
Soong Chee Keong	• Forum on FRS 139 Financial Instruments: Recognition and Measurement

B. DIRECTORS' REMUNERATION

The Remuneration Committee is entrusted with the role of determining and recommending suitable policies in respect of remuneration packages for Executive Directors and Senior Management of the Group to ensure that rewards commensurate with their experience and individual performances. The Remuneration Committee consists of three (3) Independent Non-Executive Directors.

The Non-Executive Directors are provided with fixed directors' monthly allowance. The Board as a whole determines the remuneration of Non-Executive Directors based on experience and level of responsibilities undertaken. Each individual director shall abstain from discussion pertaining to his own remuneration.

Director fees are approved at the Annual General Meeting. The aggregate remuneration of directors distinguishing between Executive and Non-Executive directors for the financial year ended 31 December 2009 are set out below:

	Fee RM	Salaries & Other Emoluments RM	Total RM
Executive Directors *	–	655,610^	655,610
Non-Executive Directors	40,000	–	40,000

The number of directors distinguishing between Executive and Non-Executive directors whose remuneration falls into the following bands are set out below:

Range of Remuneration (RM)	Executive Director	Non-Executive Director
50,000 and below	–	3
200,001 – 250,000	1	–
400,001 – 450,000	1	–
Total	2*	3

* *Excluding remuneration for Albert Tan Tin Yau, who appointed to the Board effective 1 January 2010.*

^ *The amount is inclusive of salary, bonus, allowances, benefits-in-kind and Employee Provident Fund (employer's contribution).*

C. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Group recognises the importance of effective communication with its shareholders, other stakeholders and the financial community on all major developments of the Group on a timely and accurate basis.

Dialogue between the Group and Investors

The Group communicates regularly with shareholders and investors through the annual report, quarterly financial reports, and various announcements made via the Group's website.

The Annual Report is the key channel of communication with shareholders and investors, which incorporates comprehensive and sufficient details about financial results, and activities of the Group throughout the year. As part of cost-saving initiatives and in support of the government's effort to increase IT awareness among members of the public, the Group has initiated the despatch of its Annual Report in CD format to shareholders since year 2008. Notice of Annual General Meeting and other information is distributed together with the CD to shareholders. Shareholders may also request for printed copies of the Annual Report. The Annual Report is also made available on the Group's website.

The Group maintains a website at www.abric.com where shareholders as well as members of the public are invited to access the latest information about the Group. The website offers information on the full range of ABRIC security sealing solutions, news and announcements, industry requirements and industry insights.

As part of the Group's effort to increase and enhance communication with our stakeholders in general, the Group launched a newsletter "Seals" in 2009 which provides interesting articles on the security sealing industry.

To enhance access and to effectively address any issues and concerns, the Group has set up a dedicated email address (abhd@abric.com), to which its stakeholders can direct their queries.

Annual General Meeting

The Annual General Meeting remains the principal forum for dialogue with shareholders and provides an open forum at which shareholders and investors are informed of current developments. Shareholders are given the opportunity to ask questions about the resolutions being proposed or about the Group's operations in general.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for ensuring that financial statements prepared for each financial year give a true and fair view of the Group's state of affairs. The directors took due care and reasonable steps to ensure that the requirements of accounting standards were fully met. Quarterly financial statements were reviewed by the Audit Committee and approved by the Board prior to their release to Bursa Securities.

Statement on the Extent of Compliance with the Best Practices in Corporate Governance Set Out in Part 2 of the Code

The Group is committed to achieving high standards of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings. In this regard, the Board considers that the Group has complied with the Best Practices as stipulated in Part 2 of the Code throughout the financial year ended 31 December 2009.

Statement on Director's Responsibility Statement for Preparing the Audited Financial Statements

The Board are required by the Companies Act, 1965 to ensure that the Group's financial statements are prepared in accordance with applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

In the course of preparing the annual financial statements, the directors have:

- adopted applicable accounting policies and applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured that all applicable accounting standards have been complied with; and
- prepared the financial statements on a going concern basis, as the Board has reasonable expectations, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

Internal Control

The Board has overall responsibility of maintaining a system of internal controls that provides reasonable assurance of effective and efficient operations and compliance with laws and regulations, as well as with internal control procedures and guidelines.

The Statement on Internal Control which provides an overview of the system of internal control within the Group is set out in pages 22 to 24 of this Annual Report.

Relationship with the Auditors

An appropriate relationship is maintained with the Company's auditors through the Audit Committee and the Board. The Audit Committee has been explicitly accorded the power to communicate directly with both the external and internal auditors.

The Audit Committee meets with the external and internal auditors to discuss the audit plan, annual financial statements and their audit findings. The Audit Committee maintains a formal yet open and transparent relationship with the external auditors and is at liberty to request for a meeting at their discretion. The Audit Committee also met twice with the External Auditor without the presence of Management for the financial year ended 31 December 2009.

A full Audit Committee Report is set out in pages 17 to 21 of this Annual Report.

AUDIT COMMITTEE REPORT

The Board of is pleased to present the Audit Committee Report for the financial year ended 31 December 2009.

A. COMPOSITION OF AUDIT COMMITTEE

Name	Status
Dato' Abu Bakar bin Abdul Hamid	*Chairman, Independent Non-Executive Director*
Ir. Hon Hin See	*Independent Non-Executive Director*
Soong Chee Keong	*Independent Non-Executive Director*

In line with the Corporate Governance Code, all three (3) members of the Audit Committee are Non-Executive Directors. All three (3) members are independent directors. Soong Chee Keong is a member of the ACCA and the MIA. In this respect, Abric Berhad is in compliance with the paragraph 15.09(1)(c) of the Maain Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad.

B. TERMS OF REFERENCE

Composition of Audit Committee

The Audit Committee shall be appointed from amongst the Board of Directors and shall:

(a) consist of not less than 3 members;

(b) all members must be non-executive directors, with a majority of them being Independent Director; and

(c) at least one member of the Committee must be a member of MIA or such other qualifications or experience as approved by Bursa Malaysia Securities Berhad.

The Chairman of the Committee shall be an Independent Director.

In the event of any vacancy on the Audit Committee resulting in the non-compliance of the above, the Board shall within three (3) months appoint new members as required to make up the minimum numbers.

Authority and Duties

(a) The Committee is authorised to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Committee is also authorised by the Board to obtain external legal or other independent professional advice as necessary.

(b) To review:

- With the external auditors, the audit plan; their evaluation of the system of internal controls; and their audit report;
- The assistance given by the employees to the external auditors;
- The adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- The internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- The quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
  (i) changes in or implementation of major accounting policy changes;
  (ii) significant and unusual events; and
  (iii) compliance with accounting standards and other legal requirements;
- Any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- Any letter of resignation from the external auditors of the Company; and
- Whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.

(d) Recommend the nomination of a person or persons as external auditors.

(e) Such other matters as the Committee may from time to time determine.

Meetings

The Committee shall meet on at least four (4) occasions each year. The Chairman shall convene a meeting of the Committee if requested to do so by any member, the management or the internal or external auditors to consider any matter within the scope and responsibilities of the Committee.

In order to form a quorum in respect of a meeting of an audit committee, the majority of members present must be Independent Directors. Any questions arising at any meeting shall be decided by a majority of votes and in case of equality of votes the Chairman shall have a second or casting vote.

The Company Secretary shall act as the Secretary of the Committee and shall be responsible for sending out notices of meetings and preparing and keeping the minutes of meetings.

Except in the case of any emergency, reasonable notice of every meeting shall be given in writing and the notice of each meeting shall be served to any member entitled personally or by sending it via fax or through post or by courier or by email to such member to his registered address as appearing in the Register of Directors, as the case may be.

Participants may be invited from time to time to attend the meetings depending on the nature of the subject under review. These participants may include the Director, General Managers, Division Heads, representatives from the Finance, Internal and External Auditors, and officers of subsidiary companies.

The Committee should meet with the External and/or Internal Auditors without executive board members present at least twice a year.

C. MEETINGS OF THE AUDIT COMMITTEE

A total of five (5) meetings were held during the financial year and details of attendance of each member are as follows:

Name	Attendance	Percentage
Dato' Abu Bakar bin Abdul Hamid	5/5	100%
Ir. Hon Hin See	5/5	100%
Soong Chee Keong	5/5	100%

Representatives of Management, Internal Auditors and the External Auditors also attended the meetings at the invitation of the Committee.

The External Auditors attended three (3) Audit Committee meetings in 2009 to present the auditors' review reports on the unaudited quarterly financial statements for the financial year ended 31 December 2008, auditors' report on the annual audited financial statements for financial year ended 31 December 2008 and Audit Planning Memorandum for the financial year ended 31 December 2009.

The Audit Committee also met with the External Auditors on two (2) occasions in 2009 without the presence of the Management, to make enquiries in relation to the management's corporation in financial reporting and to make known their views on any matter to the Audit Committee or, which in their opinion, should be brought to the Audit Committee's attention.

Deliberations during the Audit Committee meetings, including the issues discussed and the rationale for decisions, were recorded. Minutes of Audit Committee meetings were tabled for confirmation at the next Audit Committee meeting and subsequently distributed to the Board for notation. The Audit Committee Chairman presented the Audit Committee's recommendation, together with rationale, to the Board for approval of the quarterly and annual financial statements. The Audit Committee Chairman also conveyed to the Board matters of significant concern as and when raised by the External Auditors or Internal Auditors.

D. SUMMARY OF ACTIVITIES

The Audit Committee carried out its duties in accordance with its terms of reference during the financial year ended 31 December 2009. The main activities undertaken by the Committee are as follows:

Financial Results

- Reviewed the quarterly results and audited financial statements of the Group to ensure compliance with the relevant MMLR of Bursa Securities, the provisions of the Companies Act, 1965 and applicable accounting standards in Malaysia, prior to submission to the Board for consideration and approval. The review was also focus on changes in or implementation of major accounting policy changes, and significant and unusual events.

External Audit

- Reviewed with External Auditors the Audit Planning Memorandum covering the audit objectives and approach, current development, key audit areas, fraud consideration, independent policies and procedure and recent technical pronouncements and regulations.
- Reviewed with External Auditor the results of the audit and audit report in particular inclusive accounting issues and significant audit adjustments arising from the audit.
- Noted the Review Report of the External Auditors to the Board on the Statement on Internal Control.
- Evaluate the performance of the External Auditor and make recommendations to the Board on their re-appointment and remuneration.

Internal Audit

- Deliberated on the nomination of new outsourced Internal Auditors.
- Reviewed the Internal Audit Plan to ensure adequate scope and coverage on the activities of the Group taking into consideration the assessment of the key risks areas.
- Reviewed the results of the Group's internal audit procedures and the adequacy of actions taken by the management based on the Internal Audit Reports. Where appropriate, the Audit Committee has directed the management to rectify and improve controls and operational workflow based on the internal audit's recommendations for improvements.
- Reviewed the Internal Audit Reports arising from the follow-up review following each audit.

Others

- Reviewed the draft Annual Report for the year ended 31 December 2008, inclusive Audit Committee Report and Statement on Internal Control and recommended to the Board for consideration and approval.

E. INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to a professional services firm whose primary responsibility is to independently assure the Board, through the Audit Committee, that the systems of internal control are functioning effectively and reliably.

The outsourced Internal Audit function focuses on the key areas of operations, adopting a risk-based approach in the planning and conduct its audits.

The Internal Audit reports, incorporating the audit recommendations and management responses with regards to audit findings relating to the weaknesses in the systems and controls of the respective operations audited, were issued to the Audit Committee and the management of the respective operations.

The Internal Audit function also followed up with the management on the implementation of the agreed audit recommendations. The extent of compliance is reported to the Audit Committee on a regular basis. The Audit Committee in turn reviews the effectiveness of the system of internal controls in operation and reports the results thereon to the Board.

The Board, in striving for continuous improvement, will put in place appropriate action plans, where necessary, to further enhance the Group's systems of internal control.

Business functions under review for the financial year ended 31 December 2009 are as follows:

Operating Unit	Auditable Functions
Abric Worldwide Sdn. Bhd. Abric One Sdn. Bhd.	• Sales & Order Management • Human Resources Management • Information Technology

The costs incurred in maintaining the outsourced internal audit function for the financial year ended 31 December 2009 amounted to RM13,500.

F. STATEMENT IN RELATION TO THE ALLOCATION OF OPTIONS PURSUANT TO ESOS BYE-LAWS

The Audit Committee reported that they have verified that no options were allocated to during the financial year ended 31 December 2009.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Listing Requirements of the Bursa Malaysia Securities Berhad and the Malaysian Code of Corporate Governance ("the Code"), the Board of Directors ("the Board") is pleased to provide a statement on the state of the Group's internal controls.

BOARD'S RESPONSIBILITY

The Board affirms its overall responsibility for the Group's systems of internal control which includes the establishment of an appropriate control environment and risk management framework as well as for reviewing the adequacy and integrity of its internal control system.

Due to the limitations that are inherent in any system of internal control, such system put in place within the Group can only manage risks to an acceptable level rather than eliminate the risk of failure to achieve the business objectives of the Group. Accordingly, such a system of internal control can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board is of the view that the system of internal controls in place for the year under review and up to the date of issuance of the financial statements is sound and adequate to safeguard the shareholders' investment and the Group's assets.

RISK MANAGEMENT

The Board recognise that risk management is an integral part of the Group's business operations and that the identification and management of risks will affect the achievement of the Group's business objectives. During the financial year, the Management assisted the Board in the implementation of the Board's policies and procedures relating to risk management of the Group. This serves as the on-going process of identifying, assessing and managing risks faced by the Group.

INTERNAL CONTROL MECHANISM

The responsibility for reviewing the adequacy and integrity of the internal control system has been delegated by the Board to the Audit Committee. In turn, the Audit Committee assesses the adequacy and integrity of the internal control system through independent reviews conducted on reports it receives from external auditors, the outsourced internal audit function and the Management.

During the financial year under review, the outsourced internal audit function conducted internal audit reviews in accordance with the internal audit plan approved by the Audit Committee. The results of the reviews and recommendations for improvement were formally tabled at the quarterly Audit Committee meetings. Based on the internal audit reviews conducted, no significant weaknesses were identified which have resulted in material losses, contingencies or uncertainties requiring separate disclosure in the annual report.

The external auditors provide assurance in the form of their annual statutory audit of the financial statements of the Group. Significant areas of audit and areas for improvement identified during the course of the statutory audit were highlighted to the Audit Committee's attention through Audit Review Memorandum, or were articulated at Audit Committee meetings.

MANAGEMENT CONTROL PROCESSES

The Group has set in place well-established standard operating procedures covering all significant business processes of the Group. Internal control mechanisms are embedded in such business processes to ensure smooth and continuous check and balances exist throughout the business operations. The Board has also put in place clear lines of responsibility and accountability that ensures proper delegation of authority at various management and functional levels.

The other key elements of the Group's internal control systems are:

- The Board conducts an annual review of the Group's strategic business plan and annual budget. Each subsidiary produces and submits an annual budget for Management's review and ultimately to the Board for its approval.
- The Management monitors the performance of companies within the Group by reviewing its results and comparing its against its budget. Any material variances are deliberated, analysed and corrective actions are taken on a timely manner.
- The Group Executive Chairman reports to the Board on significant changes in the business and the external environment which affects the Group.
- The releases of financial and non-financial information are made after being reviewed by the Audit Committee and approved by the Board.
- The Risk Management Committee was established to assist the Board in overseeing the risks of the Group and the overall risk management processes implemented by the Group to manage risks.
- An organisational structure with formally defined lines of responsibility and delegation of authority is in place.
- There are proper guidelines within the Group for hiring and termination of staff, and annual performance appraisals in place to ensure that staffs remain competent in carrying out their responsibilities.
- Training and development programmes are established to ensure that staff are kept up to date with the necessary skills and competencies to carry out their responsibilities
- The Group's manufacturing plants have established a series of documented procedures in conjunction with ISO 9001:2000 and ISO 14001:2004 requirements. Conformance to the system and procedures is further ensured by periodic internal quality audits and surveillance audits.

- The Employee Handbook which governs the ethical standards and conduct at work has been established for all employees.

REVIEW OF THIS STATEMENT

Pursuant to paragraph 15.23 of the Main Market Listing Requirements, the External Auditors have reviewed this Statement for the inclusion in the annual report for financial year ended 31 December 2009, and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

CONCLUSION

The Board is of the view that the system of internal controls in place for the year under review and up to the date of issuance of this annual report is sound and sufficient to safeguard the shareholders' investment, the interest of stakeholders and the Group's assets.

The Group has in place an on-going process of identifying, evaluating and managing the risks faced by the Group in pursuing its business objectives and strategies throughout the financial year.

A. COMPOSITION OF RISK MANAGEMENT COMMITTEE

Name	Status
Dato' Abu Bakar bin Abdul Hamid	*Chairman, Independent Non-Executive Director*
Adeline Ong Ying Hwey	*Chief Executive Officer*
Yap Yoon Lean (resigned from Risk Management Committee on 25 February 2010)	*Senior Vice-President*
Albert Tan Tin Yau (appointed to Risk Management Committee on 25 February 2010)	*Chief Operating Officer*

B. TERMS OF REFERENCE

Authority and Duties

The role of the Committee shall be as follows:`

a) Identification of the nature and extent of risks facing the company;
b) Evaluation of the likelihood of such risks materialising;
c) Assessment of Company's ability to reduce the incidence of risks and their impact on the business;
d) Delineation of the extent and category of risks acceptable for company to bear;
e) Assessment of the cost of operating particular controls relative to benefits obtainable in managing the related risks;
f) Recommendation of actions to the Board of Directors; and
g) Monitoring the adequacy of risk management framework implemented.

Meetings

Meeting of the committee shall be held not less than four (4) times a year and the Chairman may call a meeting of the committee if any committee member makes a request.

Two (2) members present shall constitute a quorum and the Chairman may nominate any of the other two (2) members to chair the meeting in his absence.

All employees of the Group are directed to give full assistance to the committee and it is granted the authority to obtain external assistance as and when required.

C. RISK MANAGEMENT FRAMEWORK

The Committee recognises that business face risks when operating in their dynamic environments. As such, control systems need to be established to measure and manage the likelihood of the risks to acceptable levels as well as minimise the consequences that may arise as a result of exposure to these risks. In designing the control systems, the cost of control should also be managed corresponding to the significance of the risk factors.

The Committee delineated risks in four (4) main categories, together with proposed measures to address the risks. Action items to mitigate these risks together with the personnel responsible to execute the follow-up measures are also recommended by the Committee. The risk categories are as follows:

Management Risks

- Regulatory risk
- Industry/Strategic decision risk
- Operational risk
- Empowerment/Integrity risk
- Project viability/Financial decision making risk
- Contract commitment risk
- Capacity risk
- Overhead risk
- Organisation and human resources risk
- Information processing/Communications risk

Products and Services

- Competitor risk
- Products defects and customer satisfaction
- Product development risk
- Obsolescence risk

Financial Risks

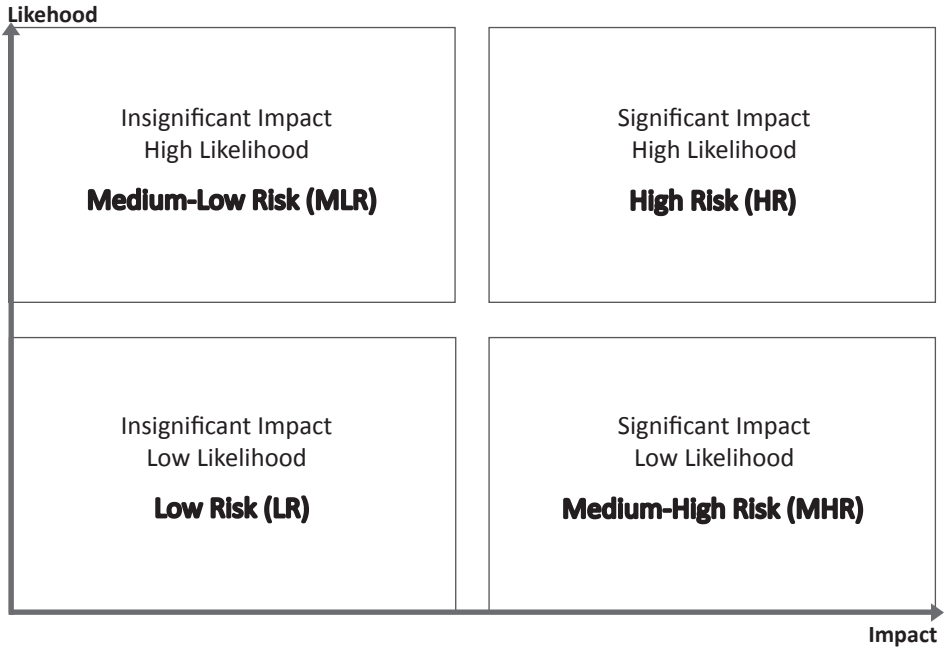
- Credit risk
- Foreign currency risk
- Loan interest rate risk
- Liquidity risk
- Cash flow risk

Political and Economic Risks

- Political and economic stability

Risk Matrix

A Risk Matrix depicting the significance of the risks in terms of the impact and likelihood of occurrence was updated accordingly after every review. The location of the risks in each quadrant depicts the following:



There were meetings held during the financial year ended 31 December 2009 of which, the Committee and Management jointly updated the Group's Risk Matrix and risk mitigation action plans.

STATEMENT OF ADDITIONAL COMPLIANCE INFORMATION

The information set below is disclosed in compliance with the Main Market Listing Requirements ("MMLR") of Bursa Securities:

Options, Warrants or Convertible Securities

The Executives' Share Options Scheme ("ESOS") for eligible executives and executive directors of the Group, which was effective on 15 May 2002, expired on 14 May 2007. In accordance with Bye-Law 4.1 of the ESOS Bye-Laws and upon recommendation by the Option Committee, the Board has approved the extension of the ESOS for another five (5) years to 14 May 2012. Details of the ESOS are disclosed in the Directors' report on page 36 of this Annual Report. No options have been exercised by the eligible executives and executives directors for the financial year ended 31 December 2009.

Sanctions and /or Penalties Imposed

There were no sanctions and/or penalties imposed on the Company, Directors or management by the relevant regulatory authorities.

Non-Audit Fees

Non-audit fees totaling RM3,000 were paid to the external auditors during the financial year ended 31 December 2009 for the provision of professional advisory services for the review of the Statement on Internal Control pursuant to MMLR of Bursa Securities.

Material Contracts

There were no material contracts involving the Company and its subsidiaries with directors and major shareholders of the Company either still subsisting at the end of the financial year ended 31 December 2009 or entered into since the end of the financial year.

Revaluation Policy

The Company has not adopted a revaluation policy on landed properties.

Share Buy-Backs

There was no share buy-backs during the financial year ended 31 December 2009.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

The Company has not sponsored any ADR or GDR programme for the financial year ended 31 December 2009.

Variation in Results

There were no material variances of 10% or more between the audited results and unaudited results of the Group for the financial year ended 31 December 2009.

Profit Guarantee

The Company did not issue any profit guarantee for the financial year ended 31 December 2009.

Recurrent Related Party Transactions ("RRPT") Statement

The details of related party transactions undertaken by the Group during the financial year ended 31 December 2009 are stated in Note 34 to the Financial Statements on page 102 of this Annual Report.

Utilisation of Proceeds

There was no capital raising exercise carried out by the Company for the financial year ended 31 December 2009.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Group is driven by the belief that in pursuit of our business objectives, we need to strike a balance between profitability and our contribution to the environment and society in which we operate. With such belief, the Group is committed and uses its best endeavour to integrate CSR practices into its day to day business operations and they form our core values which govern the way in which we operate.

OUR ENVIRONMENT

It is our responsibility to apply our capabilities towards creating a better and safer world. The Group is very committed to achieve excellence in manufacturing and manage our operations in an environmentally sustainable manner. Our products are manufactured under stringent environmental and manufacturing standards including ISO 14001:2004 Environmental Management Standards.

The Group undertakes to:

- Minimise raw material wastages wherever feasible, whilst ensuring product quality;
- Ensure compliance to all relevant environmental laws and raise the environmental awareness levels among employees; and
- Continuously improve and maintain our environmental and quality management systems.

At ABRIC, we take our responsibility as a corporate citizen very seriously and contribute to the society in which we conduct our business. The Group assists in providing industrial training for students from local universities and technical schools. The Group also makes donation to charitable organisations from time to time.

OUR STAKEHOLDERS

We are committed to the interests of all our stakeholders – our shareholders, customers and suppliers. The Group emphasises good corporate governance practices to meet shareholder's expectations. Our seals are manufactured under stringent security and manufacturing standards, including ISO 9001:2000 Quality Management System, ISO 14001:2004 Environmental Management Standards, ISO 17712 Freight Container-Mechanical Seal Standards. ABRIC's high security seals, classified as the Barrier Seals are C-TPAT compliant and U.K. customs approved.

Complying with these international standards underscores the Group's total and uncompromising commitment to integrity, product quality and customer satisfaction. For our suppliers, we practise transparent and fair procurement policies. We ensure that our suppliers not only meet our stringent technical requirements but that their business practices are aligned with ABRIC's core values.

OUR EMPLOYEES

We recognise that human capital is our primary driver for success. The main activities undertaken by the Group during the year were as follows:

- Conducted various in-house training and sharing programmes;
- Conducted on-the-job training for all new employees; and
- Promote participation in external training, conducted by professional trainers to enhance skills and knowledge of the employees.

Creating a safe working environment and ensuring adherence to safety practices is also of the paramount importance to the Group. Our Group's Occupational Safety and Health Policy is implemented to ensure that the safety and health of all employees at the workplace is not compromised. As part of our commitment to provide a safe workplace, we regularly carry out health and safety programmes such as fire drills, safety checks on equipment, first aid training, and plant evacuation exercises.

The directors of ABRIC BERHAD hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of administrative services.

The principal activities of the subsidiary companies are disclosed in Note 18 to the Financial Statements.

There have been no significant changes in the nature of the activities of the Company and of its subsidiary companies during the financial year other than those disclosed in the significant corporate events.

SIGNIFICANT CORPORATE EVENTS

(i) On 26 June 2009, the Company subscribed for an additional 20,000,000 new ordinary shares of RM1.00 each in Abric International Sdn. Bhd. ("AISB") at par for a total consideration of RM20,000,000 and increased its investment in AISB from RM18,200,000 to RM38,200,000 by way of capitalisation of amount owing by AISB to the Company.

(ii) On 29 July 2009, the Company acquired 15,000 ordinary shares of RM1.00 each representing 15% equity interest in Cabrict Energy Sdn. Bhd. ("CESB") from a minority shareholder for a total consideration of RM15,000. Consequent thereto, CESB became a wholly-owned subsidiary of the Company.

(iii) On 30 November 2009, the Company subscribed for an additional 15,000,000 new ordinary shares of RM1.00 each in Abric Worldwide Sdn. Bhd. ("AWSB") at par for a total consideration of RM15,000,000 and increased its investment in AWSB from RM20,000,000 to RM35,000,000 by way of capitalisation of amount owing by AWSB to the Company.

(iv) On 22 December 2009, the Group entered into a Sale and Purchase Agreement with a third party for the disposal of leasehold land and building for a cash consideration of RM20,800,000. The said disposal is expected to be completed within a year from the date of Sale and Purchase Agreement. Accordingly, the said leasehold land and building have been classified as assets held for sale.

The said leasehold land and building has been charged to financial institution for a term loan facility with outstanding balance of RM11,126,725 as of 31 December 2009 granted to the Group, as disclosed in Note 29 to the Financial Statements, and accordingly, the said term loan has been classified as liabilities directly associated with assets classified as held for sale.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
(Loss)/Profit before tax from continuing operations	(3,627,507)	1,171,344
(Loss) before tax from discontinued operations	(535,984)	–
(Loss)/Profit before tax	(4,163,491)	1,171,344
Income tax expense	(12,081)	–
Net (loss)/profit for the year	(4,175,572)	1,171,344
Attributable to:		
Equity holders of the Company	(4,172,725)	
Minority interests	(2,847)	
	(4,175,572)	

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the loss on fair value adjustment of investment property held for sale as disclosed in the income statements and impairment loss on investment in subsidiary companies as disclosed in Note 10 to the Financial Statements.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors also do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the Financial Statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

The Executives' Share Option Scheme ("ESOS") for eligible executives and executive directors of the Group, which was effective on 15 May 2002, expired on 14 May 2007. In accordance with Bye-Law 4.1 of the ESOS Bye-Laws and upon recommendation by the Option Committee, the Board of Directors has approved the extension of the ESOS for another five years to 14 May 2012.

The movement in the number of options granted pursuant to the ESOS during the financial year is as follows:

	Number of Options
As of 1.1.2009	1,770,000
Lapsed due to resignation	(100,000)
As of 31.12.2009	1,670,000

The salient features of the ESOS are as follows:

(a) the total number of shares which may be made available shall not exceed 10% of the issued and paid-up share capital of the Company at the time of offer of the ESOS.

(b) the ESOS shall be in force for a duration of five years.

(c) all executives (including Executive Directors) who are confirmed full-time employees of a company within the Group (other than a company which is dormant) are eligible.

(d) any allocation of options under the ESOS to an Executive Director of the Company shall require prior approval from the shareholders of the Company at a general meeting.

(e) no option shall be granted for less than 1,000 shares or for more than the maximum allowable allotment as follows:

    (i) the number of options allocated, in aggregate, to the directors and senior management of the Group shall not exceed 50% of the total options available under the ESOS; and

    (ii) the number of options allocated to any individual director or executive who, either singly or collectively through his/her associates (as defined in the Companies Act, 1965), holds 20% or more in the issued and paid-up share capital of the Company shall not exceed 10% of the total options available under the ESOS.

(f) the option price shall be at a discount of not more than 10% from the weighted average market price of the Company as shown in the Daily Official List issued by Bursa Malaysia Securities Berhad for the five market days immediately preceding the date of offer or at par value of the ordinary shares of the Company, whichever is higher.

(g) the Option Committee may at any time and from time to time, before and/or after an option is granted, limit the exercise of the number and/or percentage of the option offered during the duration of the ESOS and impose any other terms and/or conditions deemed appropriate by the Option Committee in its sole discretion including amending or varying any terms and conditions imposed earlier.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of eligible employees who have been granted less than 150,000 options for each grant under the ESOS. As of the balance sheet date, no eligible employee has been granted more than 150,000 ESOS other than certain directors as disclosed under Directors' Interests below.

OTHER STATUTORY INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen and render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Dato' Ong Eng Lock
Dato' Abu Bakar Bin Abdul Hamid
Soong Chee Keong
Ir. Hon Hin See
Ong Ying Hwey, Adeline
Albert Tan Tin Yau (appointed on 1.1.2010)

Mr. Albert Tan Tin Yau, who was appointed to the Board since the last Annual General Meeting, retires under Article 104 of the Company's Articles of Association and, being eligible, offers himself for re-election at the forthcoming Annual General Meeting.

In accordance with Article 99 of the Company's Articles of Association, Dato' Abu Bakar Bin Abdul Hamid and Ong Ying Hwey, Adeline retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM1.00 each			
	As of 1.1.2009	Bought	Sold	As of 31.12.2009
Shares in the Company				
Registered in name of directors				
Dato' Ong Eng Lock	8,000,000	–	–	8,000,000
Ong Ying Hwey, Adeline	800,000	–	–	800,000
Deemed interest				
Dato' Ong Eng Lock	26,263,600*^@	–	–	26,263,600

	Number of warrants over ordinary shares of RM1.00 each				
	As of 1.1.2009	Bought	Sold	Exercised	As of 31.12.2009
Deemed interest					
Dato' Ong Eng Lock	51,665*	–	–	–	51,665

* Held through Abric Capital Sdn. Bhd.

^ Includes 300,000 ordinary shares of RM1.00 each in the Company treated as interest of the director by virtue of direct shareholdings of his child, Mr. Ong Zhong Hwey, Brian who is not himself a director in the Company pursuant to Section 134(12)(c) of the Companies (Amendment) Act, 2007.

@ Includes 600,000 ordinary shares of RM1.00 each in the Company treated as interest of the director by virtue of direct shareholdings of his spouse, Datin Tai Mee Yong who is not herself a director in the Company pursuant to Section 134(12)(c) of the Companies (Amendment) Act, 2007.

In addition to the above, the directors are deemed to have an interest in the shares of the Company to the extent of options granted to them pursuant to the ESOS as follows:

	Number of options over ordinary shares of RM1.00 each				
	As of 1.1.2009	Granted	Exercised	Lapsed	As of 31.12.2009
Share options in the Company					
Registered in name of a director					
Dato' Ong Eng Lock	500,000	–	–	–	500,000

By virtue of the above directors' interests in the shares of the Company, they are deemed to have an interest in the shares of all the subsidiary companies to the extent the Company has an interest.

Other than as disclosed above, the other directors do not have any other interest in the shares of the Company and of its related companies during and at the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements or the fixed salary of full-time employees of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which a close family member of a director of the Company is also a director and/or shareholders as disclosed in Note 34 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the options granted to the directors pursuant to the ESOS of the Company as disclosed above and in Note 34 to the Financial Statements.

AUDITORS

The auditors, Messrs. Deloitte & Touche, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

DATO' ONG ENG LOCK, DIMP, JP

ONG YING HWEY, ADELINE

Kuala Lumpur,
20 April 2010

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of **ABRIC BERHAD**, which comprise the balance sheets of the Group and of the Company as of 31 December 2009 and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 39 to 103.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that:

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act;

(b) we have considered the accounts and auditors' report of the subsidiary companies, of which we have not acted as auditors, as mentioned in Note 18 to the Financial Statements, being accounts that have been included in the financial statements of the Group;

(c) we are satisfied that the accounts of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and

(d) the auditors' report on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

DELOITTE & TOUCHE
AF 0834
Chartered Accountants

YEE YOON CHONG
Partner - 1829/07/11 (J)
Chartered Accountant

Petaling Jaya
20 April 2010

	Note	The Group 2009 RM	The Group 2008 RM	The Company 2009 RM	The Company 2008 RM
Continuing operations					
Revenue	5	53,858,475	66,918,283	–	–
Other operating income		612,496	347,333	17,188,295	2,377,023
Raw materials and consumables used		(23,549,207)	(33,526,740)	–	–
Net changes in inventories of finished goods and work-in-progress		(964,067)	1,638,689	–	–
Staff costs	10	(10,902,812)	(13,250,766)	(54,914)	(75,747)
Depreciation of property, plant and equipment	15	(6,125,805)	(6,771,559)	(2,236)	(500,928)
Amortisation of prepaid lease payments	16	(21,277)	(21,277)	–	–
Directors' remuneration	7	(1,234,122)	(1,986,669)	(40,000)	(48,000)
Loss on fair value adjustment of investment property held for sale	17	(4,200,000)	–	–	–
Other operating expenses		(9,854,839)	(15,313,363)	(15,397,176)	(2,478,539)
(Loss)/Profit from operations	10	(2,381,158)	(1,966,069)	1,693,969	(726,191)
Finance costs	8	(3,321,426)	(3,621,567)	(522,625)	(639,960)
Investment income	9	2,075,077	2,021,849	–	–
(Loss)/Profit before tax		(3,627,507)	(3,565,787)	1,171,344	(1,366,151)
Income tax (expense)/credit	11	(12,081)	374,088	–	284,154
(Loss)/Profit for the year from continuing operations		(3,639,588)	(3,191,699)	1,171,344	(1,081,997)
Discontinued operations					
Loss for the year from discontinued operations	12	(535,984)	(18,480,746)	–	–
(Loss)/Profit for the year		(4,175,572)	(21,672,445)	1,171,344	(1,081,997)

	Note	The Group 2009 RM	2008 RM
Attributable to:			
Equity holders of the Company		(4,172,725)	(22,151,609)
Minority interests		(2,847)	479,164
		(4,175,572)	(21,672,445)
Loss per ordinary share attributable to equity holders of the Company (sen)			
Basic	14		
Continuing operations		(3.67)	(3.71)
Discontinued operations		(0.54)	(18.65)
Total		(4.21)	(22.36)
Diluted	14		
Continuing operations		(3.67)	(3.71)
Discontinued operations		(0.54)	(18.65)
Total		(4.21)	(22.36)

The accompanying Notes form an integral part of the Financial Statements.

	Note	The Group 2009 RM	The Group 2008 RM	The Company 2009 RM	The Company 2008 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	15	48,606,510	52,582,047	8,994	7,190
Prepaid lease payments	16	914,892	936,169	–	–
Investment properties	17	125,000	25,125,000	–	–
Investment in subsidiary companies	18	–	–	42,158,385	22,143,385
Investment in associated company	19	–	–	–	–
Other investments	20	–	–	–	–
Goodwill on consolidation	21	9,928,610	9,928,610	–	–
Deferred tax assets	22	1,082,009	1,053,149	–	–
Total Non-Current Assets		60,657,021	89,624,975	42,167,379	22,150,575
Current Assets					
Inventories	23	12,472,777	14,038,874	–	–
Receivables	24	14,142,793	12,417,548	18,366,445	39,830,302
Cash and bank balances	25	6,493,577	1,857,749	41,586	159,432
		33,109,147	28,314,171	18,408,031	39,989,734
Assets classified as held for sale	13	20,921,980	–	–	–
Total Current Assets		54,031,127	28,314,171	18,408,031	39,989,734
Total Assets		114,688,148	117,939,146	60,575,410	62,140,309
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	26	99,052,500	99,052,500	99,052,500	99,052,500
Reserves	27	(62,028,532)	(58,618,479)	(54,133,660)	(55,305,004)
Equity attributable to equity holders of the Company		37,023,968	40,434,021	44,918,840	43,747,496
Minority interests		7,990,215	7,769,146	–	–
Total Equity		45,014,183	48,203,167	44,918,840	43,747,496

	Note	The Group 2009 RM	The Group 2008 RM	The Company 2009 RM	The Company 2008 RM
Non-Current Liabilities					
Hire-purchase payables - non-current portion	28	524,456	53,419	–	–
Long-term borrowings - non-current portion	29	6,751,883	18,659,818	–	–
Total Non-Current Liabilities		7,276,339	18,713,237	–	–
Current Liabilities					
Payables	30	10,687,605	11,152,911	7,313,672	8,952,789
Borrowings	31	39,892,611	39,869,831	8,342,898	9,440,024
		50,580,216	51,022,742	15,656,570	18,392,813
Liabilities directly associated with assets classified as held for sale	13	11,817,410	–	–	–
Total Current Liabilities		62,397,626	51,022,742	15,656,570	18,392,813
Total Liabilities		69,673,965	69,735,979	15,656,570	18,392,813
Total Equity and Liabilities		114,688,148	117,939,146	60,575,410	62,140,309

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY
for the Year Ended 31 December 2009

The Group	Share capital RM	Share premium RM	Translation adjustment account RM	Capital reserve RM	Other reserve RM	Accumulated losses RM	Attributable to equity holders of the Company RM	Minority interests RM	Total RM
As of 1 January 2008	99,052,500	21,843,480	192,699	2,060,982	178,866	(59,482,216)	63,846,311	7,246,840	71,093,151
Net income/(loss) recognised directly in equity - Translation adjustment for the year	–	–	(1,210,681)	–	–	–	(1,210,681)	40,441	(1,170,240)
Net loss for the year	–	–	–	–	–	(22,151,609)	(22,151,609)	479,164	(21,672,445)
Total recognised income and expense	–	–	(1,210,681)	–	–	(22,151,609)	(23,362,290)	519,605	(22,842,685)
Realised upon disposal of subsidiary company	–	–	–	(50,000)	–	–	(50,000)	53,651	3,651
Dividend paid to minority shareholder of a subsidiary company	–	–	–	–	–	–	–	(50,950)	(50,950)
As of 31 December 2008	99,052,500	21,843,480	(1,017,982)	2,010,982	178,866	(81,633,825)	40,434,021	7,769,146	48,203,167
As of 1 January 2009	99,052,500	21,843,480	(1,017,982)	2,010,982	178,866	(81,633,825)	40,434,021	7,769,146	48,203,167
Net income recognised directly in equity - Translation adjustment for the year	–	–	762,672	–	–	–	762,672	257,040	1,019,712
Net loss for the year	–	–	–	–	–	(4,172,725)	(4,172,725)	(2,847)	(4,175,572)
Total recognised income and expense	–	–	762,672	–	–	(4,172,725)	(3,410,053)	254,193	(3,155,860)
Purchase of shares from minority interest	–	–	–	–	–	–	–	(33,124)	(33,124)
As of 31 December 2009	99,052,500	21,843,480	(255,310)	2,010,982	178,866	(85,806,550)	37,023,968	7,990,215	45,014,183

The Company	Share capital RM	Share premium RM	Accumulated losses RM	Total RM
As of 1 January 2008	99,052,500	21,843,480	(76,066,487)	44,829,493
Total recognised income and expense				
- Net loss for the year	–	–	(1,081,997)	(1,081,997)
As of 31 December 2008	99,052,500	21,843,480	(77,148,484)	43,747,496
As of 1 January 2009	99,052,500	21,843,480	(77,148,484)	43,747,496
Total recognised income and expense				
- Net profit for the year	–	–	1,171,344	1,171,344
As of 31 December 2009	99,052,500	21,843,480	(75,977,140)	44,918,840

The accompanying Notes form an integral part of the Financial Statements.

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Net (loss)/profit for the year from:				
Continuing operations	(3,639,588)	(3,191,699)	1,171,344	(1,081,997)
Discontinued operations	(535,984)	(18,480,746)	–	–
Adjustments for:				
Depreciation of property, plant and equipment	6,600,125	8,191,764	2,236	500,928
Loss on fair value adjustment of investment property held for sale	4,200,000	–	–	–
Finance costs	3,321,426	3,621,567	522,625	639,960
Write-off of:				
Inventories	224,573	1,232,856	–	–
Trade receivables	7,653	21,545	–	–
Property, plant and equipment	1,751	1,142,272	–	1,072,384
Amortisation of prepaid lease payments	21,277	21,277	–	–
Allowance for slow-moving inventories	19,666	38,263	–	–
Income tax expense/(credit) recognised in income statements	12,081	(374,088)	–	(284,154)
Impairment loss on:				
Property, plant and equipment	–	14,975,485	–	–
Goodwill on consolidation	–	149,440	–	–
Investment in subsidiary companies	–	–	15,000,000	800,000
Unrealised (gain)/loss on foreign exchange	(345,575)	5,489	–	–
(Gain)/Loss on disposal of:				
Property, plant and equipment	(254,781)	382,550	–	–
Investment in a subsidiary company	–	(83,357)	–	–
Allowance for doubtful debts no longer required in respect of:				
Trade receivables	(126,619)	(478,925)	–	–
Amount owing by subsidiary companies	–	–	(17,188,295)	(2,095,123)
Interest income	(7,297)	(12,474)	–	–
Allowance for doubtful debts in respect of:				
Trade receivables	–	223,174	–	–
Other receivables	–	27,654	–	15,927

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Operating Profit/(Loss) Before Working Capital Changes	9,498,708	7,412,047	(492,090)	(432,075)
(Increase)/Decrease in:				
Inventories	1,293,781	(3,920,659)	–	–
Receivables	(3,696,524)	4,336,185	3,652,152	121,086
Increase/(Decrease) in payables, excluding hire-purchase payables, amount owing to a major shareholder and deposits received in relation to disposal of investment property	2,528,631	(3,553,683)	163,760	314,923
Cash Generated From Operations	9,624,596	4,273,890	3,323,822	3,934
Tax paid	(47,763)	(67,037)	–	–
Tax refunded	–	284,154	–	391,372
Net Cash From Operating Activities	9,576,833	4,491,007	3,323,822	395,306
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Deposit received in relation to disposal of investment property	2,080,000	–	–	–
Proceeds from disposal of property, plant and equipment	840,606	438,087	–	–
Interest received	7,297	12,474	–	–
Additions to property, plant and equipment (Note)	(1,901,067)	(2,681,955)	(4,040)	–
Disposal of a subsidiary company (Note 18)	–	(178,304)	–	–
Increase in deposits pledged with licensed banks	–	(7,906)	–	–
Increase in investment in subsidiary companies	–	–	(15,000)	–
Net Cash From/(Used In) Investing Activities	1,026,836	(2,417,604)	(19,040)	–

	Note	The Group 2009 RM	The Group 2008 RM	The Company 2009 RM	The Company 2008 RM
CASH FLOWS USED IN FINANCING ACTIVITIES					
Increase/(Decrease) in borrowings, excluding long-term borrowings - current portion		2,003,914	845,139	(1,097,126)	(1,520,192)
Finance costs paid		(3,321,426)	(3,621,567)	(522,625)	(639,960)
Net repayment of long-term borrowings		(2,762,344)	(3,371,818)	–	–
(Decrease)/Increase in amount owing to a major shareholder		(1,802,877)	1,802,877	(1,802,877)	1,802,877
Payment of hire-purchase payables		(135,849)	(139,147)	–	–
Net Cash Used In Financing Activities		(6,018,582)	(4,484,516)	(3,422,628)	(357,275)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		4,585,087	(2,411,113)	(117,846)	38,031
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,632,038	3,918,022	159,432	121,401
Effect of changes in exchange rates		64,834	125,129	–	–
CASH AND CASH EQUIVALENTS AT END OF YEAR	33	6,281,959	1,632,038	41,586	159,432

Note: Purchase of property, plant and equipment by the Group and the Company during the financial year were through the following:

	The Group 2009 RM	The Group 2008 RM	The Company 2009 RM	The Company 2008 RM
Payment by cash	1,901,067	2,681,955	4,040	–
Financed by hire-purchase	710,020	–	–	–
Financed by term loans	–	1,698,216	–	–
	2,611,087	4,380,171	4,040	–

The accompanying Notes form an integral part of the Financial Statements.

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are investment holding and provision of administrative services.

The principal activities of the subsidiary companies are disclosed in Note 18.

There have been no significant changes in the nature of the activities of the Company and of its subsidiary companies during the financial year.

The Company's registered office is located at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia.

The Company's principal place of business is located at J-8-8, 2 Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur, Malaysia.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 20 April 2010.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards ("FRSs") in Malaysia.

FRSs, Amendments to FRSs and IC Interpretations issued but not yet effective

At the date of authorisation for issue of these financial statements, the FRSs, Issues Committee Interpretations ("IC Interpretation") and amendments to FRSs and IC Interpretation which were issued but not yet effective until future periods are as listed below:

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)[2]
FRS 1	First-time Adoption of Financial Reporting Standards (Revised in 2010)[3]
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS Disclosures for First-time Adopters)[4]
FRS 2	Share-based Payment (Amendments relating to vesting conditions and cancellations)[2]
FRS 2	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3)[3]
FRS 3	Busines Combinations (Revised in 2010)[3]
FRS 4	Insurance Contracts[2]
FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell the controlling interest in a subsidiary)[3]

FRS 7	Financial Instruments: Disclosures[2]
FRS 7	Financial Instruments: Disclosures (Amendments relating to reclassification of financial assets and reclassification of financial assets - effective date and transition)[2]
FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments)[4]
FRS 8	Operating Segments[1]
FRS 101	Presentation of Financial Statements (Revised in 2009)[2]
FRS 123	Borrowing Costs (Revised)[2]
FRS 127	Consolidated and Separate Financial Statements (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate)[2]
FRS 127	Consolidated and Separate Financial Statements (Revised in 2010)[3]
FRS 132	Financial Instruments: Presentation (Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation)[2]
FRS 132	Financial Instruments: Presentation (Amendments relating to classification of rights issue)[5]
FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from FRS 3)[3]
FRS 139	Financial Instruments: Recognition and Measurement[2]
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to eligible hedged items, reclassification of financial assets, reclassification of financial assets - effective date and transition, embedded derivatives and revised FRS 3 and Revised FRS 127)[2]
Improvements to FRSs (2009)[2]	
IC Interpretation 9	Reassessment of Embedded Derivatives[2]
IC Interpretation 9	Reassessment of Embedded Derivatives (Amendments relating to embedded derivatives)[2]
IC Interpretation 9	Reassessment of Embedded Derivatives (Amendments relating to scope of IC Interpretation 9 and revised FRS 3)[3]
IC Interpretation 10	Interim Financial Reporting and Impairment[2]
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions[2]
IC Interpretation 12	Service Concession Arrangements[3]
IC Interpretation 13	Customer Loyalty Programmes[2]
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction[2]
IC Interpretation 15	Agreements for the Construction of Real Estate[3]
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation[3]
IC Interpretation 17	Distributions of Non-cash Assets to Owners[3]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2010
3 Effective for annual periods beginning on or after 1 July 2010
4 Effective for annual periods beginning on or after 1 January 2011
5 Effective for annual periods beginning on or after 1 March 2010

Consequential amendments were also made to various FRSs as a result of these new/revised FRSs.

The directors anticipate that the adoption of the above standards and interpretations, when they become effective, are not expected to be relevant or have material impact on the financial statements of the Group and of the Company in the period of initial application except for the following:

FRS 7: Financial Instruments: Disclosures

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments of the Group's and the Company's financial position and performance, the nature and extent of risks arising from the financial instruments, and the objectives, policies and processes for managing capital. By virtue of exemption in paragraph 44AB of FRS 7, the impact on the financial statements upon initial application of this standard as required by paragraph 30(b) of FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

FRS 7: Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments)

The amendments to FRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.

FRS 8: Operating Segments

FRS 8, which replaces FRS 114_{2004} Segment Reporting, requires the identification of operating segments based on the internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess its performance. Currently, the Group presents its segment information based on its business segments and geographical segments as disclosed in Note 6.

FRS 101: Presentation of Financial Statements (Revised in 2009)

FRS 101 introduces terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position in the event that the entity has applied new accounting policies retrospectively. There is no impact on the Group's and the Company's financial statements as this change in accounting policy affects only the presentation of the Group's and the Company's financial statements.

FRS 139: Financial Instruments: Recognition and Measurement

This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. By virtue of the exemption in paragraph 103AB of FRS 139, the impact on the financial statements upon initial application of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed.

Improvements to FRSs (2009)

Improvements to FRSs (2009) contain amendments to 21 FRSs. Some of the improvements involve accounting changes to presentation, recognition or measurement whilst some are changes to terminology with little effect on accounting. However, only the following two improvements are expected to have an impact on the Group's financial statements.

- FRS 117 Leases generally requires leases of land with an indefinite useful life to be classified as operating leases. Following the amendments, leases of land are classified as either 'finance' or 'operating' using the general principles of FRS 117. These amendments are effective for annual periods beginning on or after 1 January 2010, and they are to be applied retrospectively to unexpired leases as of 1 January 2010 if the necessary information was available at the inception of the lease. Otherwise, the revised Standard will be applied based on the facts and circumstances existing on 1 January 2010 (i.e. the date of adoption of the amendments) and the Group will recognise assets and liabilities relating to land leases newly classified as finance leases at their fair values on that date; any difference between those fair values will be recognised in retained earnings. It is likely that the changes will affect the classification of some of the Group's leases of land.

- FRS140 Investment Property has been amended to include within its scope investment property in the course of construction. In accordance with the Group's accounting policy for investment property, such properties are to be measured at fair value (where that fair value is reliably determinable), with changes in fair value recognised in the income statements. The Group's accounting policy is currently to account for such assets at cost less accumulated impairment losses under FRS 116 Property, Plant and Equipment. The change will be applied prospectively.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group made up to the end of the financial year. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the Group owns, directly or indirectly through subsidiary companies, more than half of the voting power of the entity.

The results of subsidiary companies acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Minority interest in the net assets of consolidated subsidiary company is identified separately from the Group's equity therein. Minority interest consists of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary company's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business Combinations

The Group adopts both the purchase and merger method of consolidation.

(a) When the purchase method is adopted, the results of subsidiary companies acquired or disposed of during the year are included in the Group's financial statements from the effective date of acquisition or to the effective date of disposal, as applicable.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business exceeds the cost of the business combination, the excess is recognised immediately in the income statements.

(b) Under the merger method of consolidation, acquisition of subsidiary companies which meets the criteria for merger accounting under the Companies Act, 1965 and $FRS122_{2004}$ - Business Combinations, are accounted for using merger accounting principles. When the merger method of consolidation is used, the cost of investment is recorded at the nominal value of shares issued and the difference between the carrying value of the investment and the nominal value of shares transferred is treated as merger reserve/deficit in the Group's financial statements in accordance with the merger relief provisions under Section 60(4) of the Companies Act, 1965. The results of the subsidiary companies being merged are presented as if the merger had been effected throughout the financial year.

The financial statements of all subsidiary companies are consolidated under the purchase method except for the financial statements of e-LOCKED Asia Limited and e-LOCKED Holdings Limited, which were consolidated under the merger method. The Group has taken advantage of the exemption provided by FRS 3 - Business Combinations ("FRS 3") to apply the standard prospectively. Accordingly, business combinations entered into prior to the effective date of FRS 3 on 1 January 2006 have not been restated to comply with FRS 3, which allows only the purchase method to be used in business combinations.

Revenue Recognition

Revenue of the Company consists of dividend income received or receivable from subsidiary companies.

Revenue of the Group consists mainly of gross invoice value of sales net of discounts and returns, and income from provision of software systems and solutions, customer relationship management services and energy performance services and distribution of heat process equipment and recover unit.

Revenue in respect of sales of goods is recognised upon delivery of products and when the risks and rewards of ownership have passed.

Revenue in respect of customer relationship management services is recognised when the services are rendered.

Revenue in respect of provision of software systems and solutions is recognised when the outcome of a transaction can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Group.

Revenue in respect of provision of energy performance services and distribution of heat process equipment and recover unit are recognised when the services are rendered and accepted by customers.

Dividend income from subsidiary companies is recognised when the shareholder's right to receive payment is established.

Rental income from investment properties is recognised on a straight-line basis over the lease terms.

Interest income is recognised on an accrual basis.

Employee Benefits

(i) **Short-term employee benefits**

Wages, salaries, paid annual leaves, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group and of the Company.

(ii) **Post-employment benefits**

The Company and certain subsidiary companies make contributions to approved provident funds and contributions are charged to the income statements. Once the contributions have been paid, there are no further payment obligations. The approved provident funds are in accordance with local practices in which the Company and certain subsidiary companies operate and are defined contribution plans.

(iii) **Equity compensation benefits**

Under the Company's ESOS, share options to acquire ordinary shares of the Company are granted to eligible executives and executive directors of the Group. Details of the Company's ESOS are disclosed in Note 26. In accordance with the transitional provisions of FRS 2 - Share-based Payment ("FRS 2"), no compensation cost in respect of the Company's ESOS has been recognised in the financial statements of the Group and of the Company as there were no share options granted after 31 December 2004 and not vested as of the effective date of FRS 2 on 1 January 2006. In addition, no compensation cost has been recognised as a result of the ESOS extension for another 5 years during the current financial year as such modification did not result in any increase in the fair value of the ESOS granted.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year, calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or recoverable).

Deferred tax is provided for, using the "balance sheet liability" method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statements, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Foreign Currency Conversion

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which such entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Ringgit Malaysia using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation adjustment account. Such translation differences are recognised in the income statements in the period in which the foreign operation is disposed of.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statements for the period.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statements for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Impairment of Assets Excluding Goodwill

At each balance sheet date, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statements.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statements.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Depreciation of property, plant and equipment, other than freehold land and capital work-in-progress, which are not depreciated, is computed on the straight-line method at the following annual rates based on the estimated useful lives of the various assets:

Freehold buildings and improvements	4%
Leasehold building	Over the remaining lease term of 60 years
Plant and machinery	5% - 20%
Office equipment, furniture and fittings	10% - 20%
Leasehold improvements	10% - 20%
Motor vehicles	20% - 25%
Computer software and equipment	20% - 50%

The residual value, estimated useful life and depreciation method of property, plant and equipment are reviewed at each balance sheet date and, if expectations differ from previous estimates, the changes will be accounted for as a change in an accounting estimate.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements.

Investment Properties

Investment properties, comprising certain long-term leasehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the investment properties are measured at fair value.

Gains or losses arising from changes in the fair values of investment properties are recognised in the income statements in the year in which they arise.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the balance sheets). The difference between the net disposal proceeds and the carrying amount is recognised in the income statements.

Prepaid Lease Payments

Leasehold interests in long leasehold land are accounted for as operating leases and are classified as prepaid lease payments. Such leasehold land will no longer be revalued.

The prepaid lease payments are amortised evenly over the lease term of the land.

Non-Current Assets Held for Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

Capitalisation of Borrowing Cost

Borrowing cost incurred on the construction of property, plant and equipment which require a period of time to get them ready for their intended use is capitalised and included as part of the cost of the related assets.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the income statements on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread evenly over the lease term.

Property, Plant and Equipment under Hire-Purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the income statements to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Investments

Investment in unquoted shares of subsidiary companies, which is eliminated on consolidation, and investment in unquoted shares of associated company are stated in the Company's financial statements at cost less impairment losses.

Other investment in unquoted shares is stated at cost less impairment losses.

Associated Company

An associated company is a non-subsidiary company in which the Group holds as long-term investment not less than 20% of the equity voting rights and in which the Group is in a position to exercise significant influence in its management.

The Group's investment in associated company is accounted for by the equity method of accounting based on the audited financial statements of the associated company made up to the end of the financial year. Under this method of accounting, the Group's interest in the post-acquisition profit and reserves of the associated company is included in the consolidated results while dividend received is reflected as a reduction of the investment in the consolidated balance sheet.

Unrealised profits and losses arising on transactions between the Group and its associated company are eliminated to the extent of the Group's equity interest in the relevant associated company except where unrealised losses provide evidence of an impairment of the asset transferred.

Goodwill on Consolidation

Goodwill on consolidation represents the excess of the cost of acquisition of subsidiary companies over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary companies at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary company, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Inventories

Inventories are stated at the lower of cost (determined on the 'first-in, first-out' basis) and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

The cost of raw materials and spare parts comprises the original cost of purchase plus the incidental cost incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour and an appropriate allocation of manufacturing overheads.

In arriving at net realisable value, due allowance is made for slow-moving and obsolete items.

Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts. Bad debts are written off in the period in which they incurred.

Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are measured at the directors' best estimate of the amount required to settle the obligation at the balance sheet, and are discounted to present value where the effect is material.

At each balance sheet date, provisions are reviewed by the directors and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that the Group will be required to settle the obligation.

Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

Financial Instruments not Recognised in the Balance Sheets

The Group is a party to financial instruments that comprises foreign currency forward contracts and this instrument is not recognised in the financial statements on inception.

Foreign currency forward contracts are used to hedge foreign currency exposures as a result of receipts and payments in foreign currency. Any gains or losses arising from contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions at which time they are included in the measurement of such transactions.

All other gains or losses relating to hedged instruments are recognised in the income statements in the same period as the exchange differences on the underlying hedged items.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as follows:

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was RM9,928,610 (RM9,928,610 in 2008). In prior financial year, management exercised its judgement in recognising impairment loss amounting to RM149,440 in conjunction with the discontinuation of the precision metal part business as mentioned in Note 12. Details on the value-in-use calculation are disclosed in Note 21.

Allowance for Doubtful Debts

Allowance for doubtful debts is made based on the evaluation of collectibility and aging analysis of accounts and on management's estimate. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers with which the Group deals were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

Impairment of Assets Excluding Goodwill

Determining whether assets are impaired requires an estimation of the recoverable amounts of the assets.

(a) Property, plant and equipment

In 2008, the Group recognised impairment losses amounting to RM14,975,485 in respect of its precision metal parts machines. The said precision metal parts business was badly affected by the economic downturn. Minimal revenue was generated during prior year as compared to the previous years. In addition, the lower order book, intense price competition and high production costs have further prompted the Group to review the viability of the business moving forward. Detailed internal and external feasibility studies were conducted and concluded.

As mentioned in Note 12, owing to the uncertainty of the market condition of this industry in the near future, the Board had decided to discontinue its precision metal parts operation. This decision also formed part of the Group's business streamlining strategy which focusses on the security seals business. The impairment was made on the basis that there were indications that the market value of the machines had declined and the machines will become idle upon discontinuation of the precision metal parts business.

Also, as mentioned in Note 12, during the current financial year, the Group had fully exited from the precision metal parts operations. No further impairment need to be made to the carrying value of the precision metal parts machines as there were no indications that the market value of these machines has further declined.

b) Investment in subsidiary company

During the current financial year, the Company recognised impairment losses amounting to RM15,000,000 (RM800,000 in 2008) in respect of its investment in subsidiary companies as the carrying value of certain investment in subsidiary companies has exceeded their net tangible assets. Management exercises its judgement in estimating the recoverable amounts of such assets.

5. REVENUE

An analysis of revenue is as follows:

	The Group	
	2009	2008
	RM	RM
Continuing operations		
Sales of security seals	53,629,315	56,512,337
Sales of consumer products	229,160	147,587
Customer relationship management services	–	1,006,260
Distribution of heat process equipment and recover unit, energy performance services and provision of software systems and solutions	–	9,252,099
	53,858,475	66,918,283
Discontinued operations		
Sales of miniature precision metal parts (Note 12)	–	2,427,413
	53,858,475	69,345,696

6. SEGMENT REPORTING

Business segments

For management purposes, the Group is organised into the following operating divisions:

Industry Segment	Description
Investment holding	Investment holding and provision of administrative services
Manufacturing of security seals	Manufacturing and marketing of security seals
Marketing and trading	Provision of systems integration, software development, customer relationship management, energy performances services and distribution of heat process equipment and recover unit as well as marketing and distribution of consumer products

The Group 2009	Investment holding division RM	Manufacturing of security seals division RM	Marketing and trading division RM	Eliminations RM	Consolidated RM
Revenue					
External sales	–	53,629,315	229,160	–	53,858,475
Inter-segment sales	–	36,315,095	–	(36,315,095)	–
Total revenue from continuing operations	–	89,944,410	229,160	(36,315,095)	53,858,475
Results					
Segment results from continuing operations	(5,087,195)	2,610,804	95,233	–	(2,381,158)
Finance costs					(3,321,426)
Investment income					2,075,077
Loss before tax					(3,627,507)
Income tax expense					(12,081)
Loss for the year from continuing operations					(3,639,588)
Loss for the year from discontinued operations					(535,984)
Loss for the year					(4,175,572)
Other Information					
Capital additions for continuing operations	4,040	2,607,047	–	–	2,611,087
Capital additions for discontinued operations					–
Capital additions (Note 15)					2,611,087

The Group 2009	Investment holding division RM	Manufacturing of security seals division RM	Marketing and trading division RM	Eliminations RM	Consolidated RM
Depreciation of property, plant and equipment (Note 15):					
Continuing operations					6,125,805
Discontinued operations					474,320
					6,600,125
Amortisation of prepaid lease payments - continuing operations (Note 16)					21,277
Consolidated Balance Sheet					
Assets					
Segment assets from continuing operations	31,862,437	73,138,110	564,132	–	105,564,679
Segment assets from discontinued operations					7,731,030
Unallocated corporate assets:					
Deferred tax assets					1,082,009
Tax recoverable					310,430
					114,688,148

The Group 2009	Investment holding division RM	Manufacturing of security seals division RM	Marketing and trading division RM	Eliminations RM	Consolidated RM
Liabilities					
Segment liabilities from continuing operations	30,126,674	38,607,925	875,859	–	69,610,458
Segment liabilities from discontinued operations					14,879
Unallocated corporate liabilities:					
Tax liabilities					48,628
					69,673,965
The Group 2008					
Revenue					
External sales	–	56,512,337	10,405,946	–	66,918,283
Inter-segment sales	–	49,609,553	734,580	(50,344,133)	–
Total revenue from continuing operations	–	106,121,890	11,140,526	(50,344,133)	66,918,283
Results					
Segment results from continuing operations	(2,243,480)	319,739	(42,328)	–	(1,966,069)
Finance costs					(3,621,567)
Investment income					2,021,849
Loss before tax					(3,565,787)
Income tax credit					374,088
Loss for the year from continuing operations					(3,191,699)
Loss for the year from discontinued operations					(18,480,746)
Loss for the year					(21,672,445)

The Group 2008	Investment holding division RM	Manufacturing of security seals division RM	Marketing and trading division RM	Eliminations RM	Consolidated RM
Other Information					
Capital additions for continuing operations	2,622,162	1,758,009	–	–	4,380,171
Capital additions for discontinued operations					–
Capital additions (Note 15)					4,380,171
Depreciation of property, plant and equipment (Note 15):					
Continuing operations	707,522	5,918,776	145,261	–	6,771,559
Discontinued operations					1,420,205
					8,191,764
Amortisation of prepaid lease payments - continuing operations (Note 16)	–	21,277	–	–	21,277

The Group 2008	Investment holding division RM	Manufacturing of security seals division RM	Marketing and trading division RM	Eliminations RM	Consolidated RM
Consolidated Balance Sheet					
Assets					
Segment assets from continuing operations	35,278,753	71,911,348	684,805	–	107,874,906
Segment assets from discontinued operations					8,756,111
Unallocated corporate assets:					
Deferred tax assets					1,053,149
Tax recoverable					254,980
					117,939,146
Liabilities					
Segment liabilities from continuing operations	32,914,915	35,729,514	1,051,206	–	69,695,635
Segment liabilities from discontinued operations					40,344
					69,735,979

Geographical segments

The Group's operations are mainly located in Asia Pacific, Europe and America.

The following is an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods and services:

	Revenue by geographical market	
	2009	2008
	RM	RM
Continuing operations		
Asia Pacific	24,560,368	39,553,042
Europe	15,710,939	15,908,001
America	13,587,168	11,457,240
	53,858,475	66,918,283
Discontinued operations		
Asia Pacific	–	2,427,413

The following is an analysis of the carrying amount of segment assets and capital additions by the geographical area in which the assets are located:

	Carrying amount of segment assets		Capital additions	
	2009	2008	2009	2008
	RM	RM	RM	RM
Continuing operations				
Asia Pacific	97,094,073	99,895,598	2,597,542	4,220,118
Europe	5,366,690	4,149,937	6,529	27,679
America	4,496,355	5,137,500	7,016	132,374
	106,957,118	109,183,035	2,611,087	4,380,171
Discontinued operations				
Asia Pacific	7,731,030	8,756,111	–	–

7. DIRECTORS' REMUNERATION

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Directors of the Company				
Executive directors:				
Salaries and other emoluments	632,910	774,520	–	–
Non-executive directors:				
Fees	40,000	48,000	40,000	48,000
	672,910	822,520	40,000	48,000
Directors of the subsidiaries				
Executive directors:				
Salaries and other emoluments	561,212	1,164,149	–	–
Total	1,234,122	1,986,669	40,000	48,000

Included in salaries and other emoluments of executive directors are contributions to approved provident funds by the Group amounting to RM159,013 (RM245,576 in 2008).

The estimated monetary value of benefits-in-kind received and receivable by the directors otherwise than in cash from the Group amounted to RM22,700 (RM35,200 in 2008).

8. FINANCE COSTS

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest expense on:				
Long-term loans	1,282,363	1,445,695	–	–
Short-term loans	1,875,326	1,950,108	391,950	491,784
Bank overdrafts	149,167	215,381	130,675	148,176
Hire-purchase	14,570	10,383	–	–
	3,321,426	3,621,567	522,625	639,960

9. INVESTMENT INCOME

	The Group	
	2009	2008
	RM	RM
Rental income from an investment property	2,067,780	2,009,375
Interest income on fixed deposits	7,297	12,474
	2,075,077	2,021,849

Direct operating expenses incurred by the Group in respect of an investment property that generated rental income during the year amounted to RM859,030 (RM927,477 in 2008).

At the balance sheet date, non-cancellable operating lease receivables are as follows:

	The Group	
	2009	2008
	RM	RM
Within one year	810,000	1,215,000
In the second to fifth years inclusive	–	1,822,500
	810,000	3,037,500

As mentioned in Note 13, on 22 December 2009, the Group entered into Sale and Purchase Agreement with a third party for the disposal of the said investment property for a cash consideration of RM20,800,000. The said disposal is expected to be completed within a year from the date of the Sale and Purchase Agreement.

10. (LOSS)/PROFIT FROM OPERATIONS FOR CONTINUING OPERATIONS/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS

(Loss)/Profit from operations for continuing operations/loss before tax from discontinued operations is arrived at after the following credits/(charges):

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Continuing operations				
Gain/(Loss) on foreign exchange:				
Unrealised	345,575	(5,489)	–	–
Realised	21,187	(94,935)	–	–

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Gain on disposal of:				
Property, plant and equipment	170,760	32,163	–	–
Investment in a subsidiary company (Note 18)	–	83,357	–	–
Allowance for doubtful debts no longer required in respect of:				
Trade receivables	126,619	478,925	–	–
Amount owing by subsidiary companies	–	–	17,188,295	2,095,123
Rental of:				
Premises	(505,219)	(691,762)	–	(342,261)
Office equipment	(123,240)	(253,273)	–	–
Motor vehicles	(102,715)	(112,024)	–	–
Fees paid/payable to external auditors:				
Statutory audit:				
- auditors of the Company	178,361	174,289	60,000	60,000
- other member firm of the auditors of the Company	–	119,392	–	–
- other auditors of subsidiaries	111,009	63,714	–	–
- overprovision in prior years	13,695	23,152	–	–
Non-audit services:				
- auditors of the Company	3,000	3,000	3,000	3,000
Write-off of:				
Inventories	(224,573)	(157,147)	–	–
Trade receivables	(7,653)	(21,545)	–	–
Property, plant and equipment	(1,751)	(1,142,272)	–	(1,072,384)
Allowance for slow-moving inventories	(19,666)	(38,263)	–	–
Allowance for doubtful debts in respect of:				
Trade receivables	–	(223,174)	–	–
Other receivables	–	(27,654)	–	(15,927)
Impairment loss on investment in subsidiary companies (Note 18)	–	–	(15,000,000)	(800,000)

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Discontinued operations				
Gain/(Loss) on disposal of property, plant and equipment	84,021	(414,713)	–	–
Impairment loss on:				
Property, plant and equipment	–	(14,975,485)	–	–
Goodwill on consolidation (Note 21)	–	(149,440)	–	–
Write-off of inventories	–	(1,075,709)	–	–

Staff costs include salaries, bonuses, contributions to approved provident funds and all other staff related costs. Contributions to approved provident funds by the Group and the Company during the financial year are allocated as follows:

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Continuing operations	289,958	324,195	2,628	3,812
Discontinued operations	16,071	116,489	–	–
	306,029	440,684	2,628	3,812

Compensation of Key Management Personnel

The remuneration of key management personnel, excluding directors, during the year are as follows:

	The Group	
	2009 RM	2008 RM
Short-term employee benefits	562,525	505,200
Defined contribution plans	51,122	58,464
	613,647	563,664

11. INCOME TAX (EXPENSE)/CREDIT

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Estimated tax payable:				
Current year:				
Malaysian	(2,290)	–	–	–
Foreign	(87,279)	(58,571)	–	–
Over/(Under)provision in prior years:				
Malaysian	–	373,125	–	284,154
Foreign	48,628	(621)	–	–
	(40,941)	313,933	–	284,154
Deferred tax (Note 22):				
Foreign	28,860	60,155	–	–
	(12,081)	374,088	–	284,154

A numerical reconciliation of income tax credit applicable to (loss)/profit before tax at the applicable statutory income tax rate to income tax credit at the effective income tax rate is as follows:

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
(Loss)/Profit before tax:				
Continuing operations	(3,627,507)	(3,565,787)	1,171,344	(1,366,151)
Discontinued operations	(535,984)	(18,480,746)	–	–
	(4,163,491)	(22,046,533)	1,171,344	(1,366,151)
Tax at statutory tax rate of 25% (26% in 2008)	1,040,873	5,732,098	(292,836)	355,199
Tax effects of:				
Different tax rates in other tax jurisdictions	(23,974)	(77,864)	–	–
Income not taxable	–	–	4,297,000	–
Expenses not deductible for tax purposes	(2,679,408)	(4,661,550)	(4,004,164)	(651,599)

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Deferred tax assets not recognised	–	(991,100)	–	–
Realisation of deferred tax assets previously not recognised	1,601,800	–	–	296,400
Over/(Under) provision in prior years:				
Malaysian	–	373,125	–	284,154
Foreign	48,628	(621)	–	–
	(12,081)	374,088	–	284,154

As of 31 December 2009, the balances in the tax-exempt accounts of the Company are as follows:

	The Company	
	2009 RM	2008 RM
Tax-exempt accounts in respect of:		
Tax-exempt dividend received pursuant to the Income Tax Act, 1967	2,600,000	2,600,000
Income tax waived in accordance with the Income Tax (Amendment) Act, 1999	7,880,301	7,880,301
	10,480,301	10,480,301

The above balances in the tax-exempt accounts, if agreed with the tax authorities, will enable the Company to distribute tax-exempt dividends up to the same amounts.

12. DISCONTINUED OPERATIONS

In 2008, the precision metal parts business, which was undertaken by a subsidiary company, was badly affected by the economic downturn. Minimal revenue was generated during that year as compared to the previous years. The lower order book, intense price competition and high production costs have prompted the Board to review the viability of the business moving forward. Detailed internal and external feasibility studies were conducted and concluded. Owing to the uncertainty of the market condition of this industry in the near future, the Board had decided to discontinue its precision metal parts operation. This decision also formed part of the Group's business streamlining strategy which focusses on the security seals business.

During the current financial year, the Group had fully exited from the precision metal parts operations. No further impairment need to be made to the carrying value of the precision metal parts machines as there were no indications that the market value of these machines has further declined.

The results of the precision metal parts operation are as follows:

		The Group	
		2009	2008
	Note	RM	RM
Revenue	5	–	2,427,413
Other operating income		284,854	459,638
Raw materials and consumables used		–	(2,292,747)
Net changes in inventories of finished goods and work-in-progress		–	(133,825)
Staff costs	10	(175,748)	(529,340)
Depreciation of property, plant and equipment	15	(474,320)	(1,420,205)
Impairment loss on property, plant and equipment	15	–	(14,975,485)
Other operating expenses		(170,770)	(2,016,195)
Loss before tax	10	(535,984)	(18,480,746)
Income tax expense	11	–	–
Loss for the year		(535,984)	(18,480,746)

13. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

(a) Asset classified as held for sale consist of the following:

	The Group	
	2009	2008
	RM	RM
Investment property	20,800,000	–
Investment in Cabrict Group	121,980	–
	20,921,980	–

(b) Liabilities directly associated with assets classified as held for sale consist of the following:

	The Group	
	2009	2008
	RM	RM
Liabilities directly associated with:		
Investment property	11,126,725	–
Investment in Cabrict Group	690,685	–
	11,817,410	–

(i) Investment Property

On 22 December 2009, the Group entered into a Sale and Purchase Agreement with a third party for the disposal of leasehold land and building for a cash consideration of RM20,800,000. The said disposal is expected to be completed within a year from the date of the Sale and Purchase Agreement. Accordingly, the said leasehold land and building has been classified as an asset held for sale.

The said leasehold land and building has been charged to financial institution for a term loan facility with outstanding balance of RM11,126,725 as of 31 December 2009 granted to the Group, as disclosed in Note 29, and accordingly, the said term loan has been classified as liabilities directly associated with assets classified as held for sale.

(ii) Investment in Cabrict Group

On 11 January 2010, the Company entered into a Sale and Purchase of Shares Agreement with a third party to dispose of its entire equity interest in Cabrict Group, which consists of Cabrict Sdn. Bhd. ("CSB") and Cabrict North America Inc. ("CNA") for a total cash consideration of RM2. The equity interest of the Company in CSB is 70%, whilst CSB holds 90% equity interest in CNA.

The divestment of the Cabrict Group forms part of the Group's business streamlining strategy which focusses on the security seals business. The assets and liabilities attributable to the Cabrict Group, which will be divested within twelve months from the balance sheet date have been classified as a disposal group held for sale and are presented separately in the balance sheets. The operations are included in the Group's marketing and trading segment for segment reporting purposes (Note 6).

The major classes of assets and liabilities comprising the disposal of Cabrict Group classified as held for sale are as follows:

	2009 **RM**
Property, plant and equipment (Note 15)	189
Inventories (Note 23)	28,077
Receivables (Note 24)	65,695
Cash and bank balances (Note 25)	28,019
Total assets classified as held for sale	121,980
Payables, and total liabilities associated with assets held for sale (Note 30)	(690,685)
Net liabilities of disposal group	(568,705)

14. LOSS PER ORDINARY SHARE

Basic loss per ordinary share

Basic loss per ordinary share of the Group is calculated by dividing loss for the year attributable to ordinary equity holders of the Company by the number of ordinary shares in issue during the financial year.

	The Group	
	2009	**2008**
	RM	**RM**
Loss attributable to ordinary equity holders of the Company:		
Loss from continuing operations	(3,636,741)	(3,670,863)
Loss from discontinued operations	(535,984)	(18,480,746)
	(4,172,725)	(22,151,609)
Number of ordinary shares	99,052,500	99,052,500
Basic loss per share (sen):		
Continuing operations	(3.67)	(3.71)
Discontinued operations	(0.54)	(18.65)
Total	(4.21)	(22.36)

Fully diluted

The fully diluted loss per ordinary share of the Group for 2009 and 2008 are the same as the basic loss per ordinary share of the Group as the warrants and the options over unissued ordinary shares granted pursuant to the ESOS at the end of the financial year have anti-dilutive effect since the exercise price of the warrants/options was above the average market value of the Company's shares during the financial years ended 31 December 2009 and 2008.

15. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

The Group	Freehold Land, Buildings and Improvements RM	Leasehold Building RM	Plant and Machinery RM	Office Equipment, Furniture and Fittings RM	Leasehold Improvements RM	Motor Vehicles RM	Computer Software and Equipment RM	Capital Work-In-Progress RM	Total RM
Cost									
As of 1 January 2008	9,550,652	7,352,994	73,056,549	3,123,708	4,987,362	2,130,590	116,837	–	100,318,692
Additions	2,642,606	–	963,639	289,146	–	–	–	484,780	4,380,171
Disposals	–	–	(1,534,522)	(32,906)	–	(267,155)	–	–	(1,834,583)
Write-offs	–	–	(14,064)	(1,193,093)	(4,984,767)	(5,214)	–	–	(6,197,138)
Disposal of a subsidiary	–	–	–	(82,685)	(2,595)	–	–	–	(85,280)
Translation adjustment	131,981	–	359,408	(54,763)	–	(14,316)	630	–	422,940
As of 31 December 2008/1 January 2009	12,325,239	7,352,994	72,831,010	2,049,407	–	1,843,905	117,467	484,780	97,004,802
Additions	–	–	1,519,857	48,232	–	750,000	–	292,998	2,611,087
Disposals	–	–	(563,160)	(34,361)	–	(1,000,095)	–	–	(1,597,616)
Write-offs	–	–	(3,831)	(8,086)	–	–	–	–	(11,917)
Classified as part of a disposal group held for sale (Note 13 (ii))	–	–	–	(503)	–	–	(13,702)	–	(14,205)
Translation adjustment	316,349	–	762,050	49,885	–	23,354	(158)	–	1,151,480
As of 31 December 2009	12,641,588	7,352,994	74,545,926	2,104,574	–	1,617,164	103,607	777,778	99,143,631

The Group	Freehold Land, Buildings and Improvements RM	Leasehold Building RM	Plant and Machinery RM	Office Equipment, Furniture and Fittings RM	Leasehold Improvements RM	Motor Vehicles RM	Computer Software and Equipment RM	Capital Work-In-Progress RM	Total RM
Accumulated depreciation									
As of 1 January 2008	1,676,996	595,569	17,756,424	2,059,339	3,531,886	1,274,642	58,174	–	26,953,030
Charge for the year	407,593	185,316	6,498,992	299,839	451,326	322,795	25,903	–	8,191,764
Disposals	–	–	(421,539)	(32,024)	–	(218,672)	–	–	(672,235)
Write-offs	–	–	(10,685)	(1,057,561)	(3,981,406)	(5,214)	–	–	(5,054,866)
Disposal of a subsidiary	–	–	–	(49,845)	(1,806)	–	–	–	(51,651)
Translation adjustment	19,266	–	134,479	(47,922)	–	(25,225)	630	–	81,228
As of 31 December 2008/ 1 January 2009	2,103,855	780,885	23,957,671	1,171,826	–	1,348,326	84,707	–	29,447,270
Charge for the year	519,139	158,695	5,563,954	153,056	–	179,379	25,902	–	6,600,125
Disposals	–	–	(82,889)	(23,917)	–	(904,985)	–	–	(1,011,791)
Write-offs	–	–	(3,831)	(6,335)	–	–	–	–	(10,166)
Classified as part of a disposal group held for sale (Note 13 (ii))	–	–	–	(327)	–	–	(13,689)	–	(14,016)
Translation adjustment	66,702	–	426,036	41,201	–	16,433	(158)	–	550,214
As of 31 December 2009	2,689,696	939,580	29,860,941	1,335,504	–	639,153	96,762	–	35,561,636
Accumulated impairment loss									
As of 1 January 2008	–	–	–	–	–	–	–	–	–
Charge for the year	–	–	14,975,485	–	–	–	–	–	14,975,485
As of 31 December 2008/ 1 January 2009 and 31 December 2009	–	–	14,975,485	–	–	–	–	–	14,975,485
Net book value									
As of 31 December 2009	9,951,892	6,413,414	29,709,500	769,070	–	978,011	6,845	777,778	48,606,510
As of 31 December 2008	10,221,384	6,572,109	33,897,854	877,581	–	495,579	32,760	484,780	52,582,047

The Company	Office Equipment, Furniture and Fittings RM	Leasehold Improvements RM	Total RM
Cost			
As of 1 January 2008	756,184	4,937,645	5,693,829
Write-offs	(737,860)	(4,937,645)	(5,675,505)
As of 31 December 2008/ 1 January 2009	18,324	–	18,324
Additions	4,040	–	4,040
As of 31 December 2009	22,364	–	22,364
Accumulated depreciation			
As of 1 January 2008	624,942	3,488,385	4,113,327
Charge for the year	55,608	445,320	500,928
Write-offs	(669,416)	(3,933,705)	(4,603,121)
As of 31 December 2008/ 1 January 2009	11,134	–	11,134
Charge for the year	2,236	–	2,236
As of 31 December 2009	13,370	–	13,370
Net book value			
As of 31 December 2009	8,994	–	8,994
As of 31 December 2008	7,190	–	7,190

(i) Included in property, plant and equipment of the Group are assets acquired under hire-purchase arrangements with cost of RM1,607,238 (RM764,521 in 2008) and accumulated depreciation of RM538,810 (RM470,475 in 2008).

(ii) As of 31 December 2009, property, plant and equipment of the Group with net book value amounting to RM32,900,305 (RM34,460,493 in 2008) have been charged as securities to financial institutions for financing obtained as disclosed in Notes 29 and 31.

(iii) Included in property, plant and equipment of the Group are fully depreciated assets with cost of RM4,884,358 (RM3,332,031 in 2008) which are still in use.

(iv) Included in property, plant and equipment of the Group are assets with net book value amounting to RM7,731,030 (RMNil in 2008) which have been retired from active use in the current financial year.

(v) As of 31 December 2009, a motor vehicle with net book value amounting to RM750,000 (RMNil in 2008) is registered in the name of a director and a major shareholder of the Company, who holds the said asset in trust for the Group.

(vi) Depreciation charged for the year is allocated as follows:

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Continuing operations	6,125,805	6,771,559	2,236	500,928
Discontinued operations (Note 12)	474,320	1,420,205	–	–
	6,600,125	8,191,764	2,236	500,928

16. PREPAID LEASE PAYMENTS

Prepaid lease payments relate to the lease of land for factory buildings of a subsidiary company located in Ipoh, Perak Darul Ridzuan. The lease will expire in 2052 and the subsidiary company does not have an option to purchase the leased land at the expiry of the lease period. Prepaid lease payments are amortised over the lease term of the land.

The movements in prepaid lease payments during the financial year are as follows:

	The Group	
	2009 RM	2008 RM
Cost		
At beginning and end of year	1,000,000	1,000,000
Cumulative Amortisation		
At beginning of year	(63,831)	(42,554)
Amortisation during the year	(21,277)	(21,277)
At end of year	(85,108)	(63,831)
Unamortised Prepaid Lease Payments		
At end of year	914,892	936,169

17. INVESTMENT PROPERTIES

	The Group	
	2009	2008
	RM	RM
At fair value:		
At beginning of year	25,125,000	25,125,000
Loss on fair value adjustment	(4,200,000)	–
	20,925,000	25,125,000
Transfer to assets classified as held for sale (Note 13(i))	(20,800,000)	–
At end of year	125,000	25,125,000

(i) As of 31 December 2008, an investment property of the Group had been charged as securities to a financial institution for a loan facility granted to the Group as disclosed in Notes 29 and 31.

(ii) The fair value of the investment properties in 2009 is estimated by the Directors based on recent prices of similar properties in the same location. In year 2008, the fair value was determined by the directors based, among others, on a valuation carried out in 2007 by Konsortium Perunding Hartanah Sdn. Bhd., Colliers, Jordan Lee & Jaafar (JH) Sdn. Bhd. and Rahim & Co., independent valuers that were not related to the Group. Valuations were based on current prices in an active market for the properties.

18. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2009	2008
	RM	RM
Unquoted shares - at cost	84,408,385	49,393,385
Impairment loss	(42,250,000)	(27,250,000)
	42,158,385	22,143,385

During the current financial year, the directors reviewed the Company's investment in subsidiary companies for indications of impairment and concluded that the carrying values of certain subsidiary companies are in excess of their recoverable amounts. Accordingly, the directors have made an additional allowance for impairment loss amounting to RM15,000,000 (RM800,000 in 2008) as disclosed in Note 10 in respect of the investment in the said subsidiary companies.

On 26 June 2009, the Company subscribed for an additional 20,000,000 new ordinary shares of RM1.00 each in Abric International Sdn. Bhd. ("AISB") at par for a total consideration of RM20,000,000 and increased its investment in AISB from RM18,200,000 to RM38,200,000 by way of capitalisation of amount owing by AISB to the Company.

On 29 July 2009, the Company acquired 15,000 ordinary shares of RM1.00 each representing 15% equity interest in Cabrict Energy Sdn. Bhd. ("CESB") from a minority shareholder for a total consideration of RM15,000. Consequent thereto, CESB became a wholly-owned subsidiary of the Company.

On 30 November 2009, the Company subscribed for an additional 15,000,000 new ordinary shares of RM1.00 each in Abric Worldwide Sdn. Bhd. ("AWSB") at par for a total consideration of RM15,000,000 and increased its investment in AWSB from RM20,000,000 to RM35,000,000 by way of capitalisation of amount owing by AWSB to the Company.

The subsidiary companies, all incorporated in Malaysia except as otherwise indicated, are as follows:

Name of Company	Effective Equity Interest 2009 %	Effective Equity Interest 2008 %	Principal Activities
Direct Subsidiary Companies			
Abric Management Services Sdn. Bhd. +	100.0	100.0	Dormant
Abric Properties Sdn. Bhd.	100.0	100.0	Property investment holding
Abric Quantum Sdn. Bhd. +	60.0	60.0	Dormant
Abric Worldwide Sdn. Bhd. @	100.0	100.0	Investment holding and marketing of security seals
Cabrict Sdn. Bhd. @	70.0	70.0	Investment holding and provision of software development and systems integration services
Abric International Ltd. (Incorporated in Labuan, Malaysia)	100.0	100.0	Marketing and distribution of consumer products
Cabrict Energy Sdn. Bhd. *	100.0	85.0	Investment holding
Abric Commerce (China) Co. Ltd. * (Incorporated in the People's Republic of China)	100.0	100.0	Dormant
Abric Shanghai Ltd. * (Incorporated in the People's Republic of China)	100.0	100.0	Manufacturing and marketing of security seals
Abric International Sdn. Bhd.	100.0	100.0	Manufacturing and distribution of security seals
Abric One Sdn Bhd @	100.0	100.0	Marketing of security seals

Name of Company	Effective Equity Interest 2009 %	2008 %	Principal Activities
Indirect Subsidiary Companies			
Abric (Europe) Limited * (Incorporated in the United Kingdom)	100.0	100.0	Marketing of security seals
Abric North America, Inc. (Incorporated in the United States of America) @	100.0	100.0	Marketing of security seals
Abric (Hong Kong) Ltd. * (Incorporated in Hong Kong)	100.0	100.0	Marketing of security seals
Abric Eastern International Ltd.* (Incorporated in Thailand)	60.0	60.0	Manufacturing and marketing of security seals
Manz Facade Engineering Sdn. Bhd. +	51.0	51.0	Dormant
Lockseals International Limited + (Incorporated in the British Virgin Islands)	75.0	75.0	Dormant
e-LOCKED Inc. + (Incorporated in the Cayman Islands)	72.4	72.4	Dormant
e-LOCKED Asia Limited + (Incorporated in Hong Kong)	72.4	72.4	Dormant
e-LOCKED Holdings Limited + (Incorporated in the British Virgin Islands)	72.4	72.4	Dormant
Cabrict North America, Inc (Incorporated in the United States of America)	63.0	63.0	Provision of customer relationship management (CRM) software and services

* The financial statements of these companies are examined by auditors other than the auditors of the Company.

\+ Consolidated using unaudited financial statements as no audited financial statements are presently available.

@ The auditors' reports on the financial statements of these subsidiary companies include an emphasis of matter regarding the ability of these subsidiary companies to continue as a going-concern in view of their capital deficiency positions as at the end of the financial year. The financial statements of these subsidiary companies have been prepared on a going-concern basis as the Company has undertaken to provide continued financial support to these subsidiary companies.

In 2008, the Group disposed of a subsidiary company. The effects of the said disposal on the financial results of the Group for that year, up to the date of disposal, were as follows:

	The Group Unaudited 2008 RM
Revenue	9,252,099
Raw materials and consumables used	(8,653,217)
Other operating expenses	(130,949)
Profit before tax	467,933
Income tax expense	–
Increase in Group loss after tax attributable to equity holders of the Company	467,933

The effects of the disposal of the said subsidiary company on the financial position of the Group were as follows:

	The Group Unaudited 2008 RM
Property, plant and equipment	33,629
Inventories	168
Receivables	656,283
Cash and bank balances	233,343
Payables	(969,448)
Net liabilities	(46,025)
Add: Minority interest	53,651
Less: Capital reserve	(50,000)
	(42,374)
Add: Goodwill on consolidation (Note 21)	14,056
Gain on disposal of a subsidiary company (Note 10)	83,357
Less: Cash and bank balances	(233,343)
Net cash outflow on disposal of a subsidiary company	(178,304)

19. INVESTMENT IN ASSOCIATED COMPANY

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Unquoted shares - at cost	110,249	110,249	110,249	110,249
Share of post-acquisition accumulated loss	(110,249)	(110,249)	–	–
	–	–	110,249	110,249
Impairment loss	–	–	(110,249)	(110,249)
	–	–	–	–

Analysis of the Group's carrying value of investment in associated company is as follows:

	The Group	
	2009 RM	2008 RM
Group's share of net liabilities	(4,617)	(4,617)
Premium on acquisition	4,617	4,617
	–	–

The associated company of the Group, which is incorporated in Malaysia, is as follows:

Name of Company	Effective Equity Interest		Principal Activities
	2009 %	2008 %	
Palstore Sdn. Bhd.	49.0	49.0	Dormant

The summarised financial information of the associated company are as follows:

	2009 RM	2008 RM
Revenue	–	–
Expenses	(2,108)	(1,625)
Current assets	–	–
Non-current assets	–	–
Current liabilities	(1,479,988)	(1,477,880)
Non-current liabilities	–	–
Net liabilities	(1,479,988)	(1,477,880)

20. OTHER INVESTMENTS

	The Group and The Company	
	2009 RM	2008 RM
At cost:		
Investment in unquoted shares	18,000,000	18,000,000
Impairment loss	(18,000,000)	(18,000,000)
	–	–

21. GOODWILL ON CONSOLIDATION

	The Group	
	2009 RM	2008 RM
Cost		
At beginning of year	10,078,050	10,092,106
Realisation upon disposal of a subsidiary company (Note 18)	–	(14,056)
At end of year	10,078,050	10,078,050
Accumulated impairment loss		
At beginning of year	149,440	–
Charge for the year (Note 10)	–	149,440
At end of year	149,440	149,440
Carrying amount	9,928,610	9,928,610

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated to the following business segments as independent CGUs:

	The Group	
	2009 RM	2008 RM
Security seals division	9,926,430	9,926,430
Precision metal parts division	149,440	149,440
Technology division	2,180	2,180
	10,078,050	10,078,050

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined from value-in-use calculation. The key assumptions for the value-in-use calculation are those regarding the discount rate, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates and changes in selling prices and direct costs are based on expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next three years and extrapolates cash flows for the following three years based on estimated growth rates ranging from 10% to 30% (10% to 30% in 2008).

The Group assessed the recoverable amount of goodwill, and determined that goodwill associated with the Group's precision metal parts division was impaired by RM149,440 in 2008. The main factor contributing to the impairment of the precision metal parts division CGU is due to discontinuation of the said business as mentioned in Note 12.

22. DEFERRED TAX ASSETS

	The Group	
	2009	**2008**
	RM	**RM**
At beginning of year	1,053,149	992,994
Transfer to income statements (Note 11):		
Inventories	(651)	49,126
Unused tax losses	29,511	11,029
	28,860	60,155
At end of year	1,082,009	1,053,149

The deferred tax assets provided in the financial statements are in respect of the tax effects of the following:

	The Group	
	2009	**2008**
	RM	**RM**
Temporary differences arising from inventories	167,854	168,505
Unused tax losses	914,155	884,644
	1,082,009	1,053,149

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of 31 December 2009, the estimated amount of deductible temporary differences, unused tax losses and unused tax credits which are not recognised in the financial statements due to uncertainty of their realisation is as follows:

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Temporary differences arising from property, plant and equipment	(1,184,000)	(1,184,000)	–	–
Unused tax losses	7,764,000	9,048,000	944,000	944,000
Unabsorbed capital allowances	22,320,000	27,443,200	1,224,000	1,224,000
	28,900,000	35,307,200	2,168,000	2,168,000

The unused tax losses and unabsorbed capital allowances, which are subject to the agreement by the tax authorities, are available for offset against future chargeable income.

23. INVENTORIES

	The Group	
	2009 RM	2008 RM
Finished goods	5,279,697	5,246,574
Raw materials	4,049,499	4,975,830
Work-in-progress	1,662,173	2,659,363
Others	1,554,368	1,161,390
Spare parts	32,920	53,854
	12,578,657	14,097,011
Allowance for slow-moving inventories	(77,803)	(58,137)
	12,500,854	14,038,874
Classified as part of disposal group held for sale (Note 13(i))	(28,077)	–
	12,472,777	14,038,874

24. RECEIVABLES

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade receivables	13,620,493	11,177,321	–	–
Allowance for doubtful debts	(698,993)	(825,612)	–	–
	12,921,500	10,351,709	–	–
Other receivables	325,493	1,064,899	19,293	25,045
Allowance for doubtful debts	(31,020)	(31,020)	(19,293)	(19,293)
	294,473	1,033,879	–	5,752
Refundable deposits	459,264	390,550	103,084	106,944
Prepaid expenses	216,747	382,464	–	487
Tax recoverable	310,430	254,980	254,980	254,980
Amount owing by associated company	23,426	21,318	–	–
Allowance for doubtful debts	(17,352)	(17,352)	–	–
	6,074	3,966	–	–
Amount owing by subsidiary companies	–	–	19,521,795	58,163,848
Allowance for doubtful debts	–	–	(1,513,414)	(18,701,709)
	–	–	18,008,381	39,462,139
	14,208,488	12,417,548	18,366,445	39,830,302
Classified as part of a disposal group held for sale (Note 13(ii))	(65,695)	–	–	–
	14,142,793	12,417,548	18,366,445	39,830,302

(i) Trade receivables of the Group represent amounts receivable for the sales of goods and provision of services. The credit period granted to customers ranges from 30 to 90 days (10 to 90 days in 2008).

(ii) Amounts owing by/to subsidiary companies, which arose mainly from rental receivable, secretarial fee receivable, administrative charges receivable, dividend receivable, assignment of debts, short-term advances and payments on behalf, are interest-free and repayable on demand.

(iii) Amount owing by associated company, which arose mainly from expenses paid on behalf, is interest-free and repayable on demand.

25. CASH AND BANK BALANCES

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Deposits with licensed banks	239,637	225,711	–	–
Cash on hand and at banks	6,281,959	1,632,038	41,586	159,432
	6,521,596	1,857,749	41,586	159,432
Classified as part of a disposal group held for sale (Note 13(ii))	(28,019)	–	–	–
	6,493,577	1,857,749	41,586	159,432

Deposits with licensed banks of the Group have been pledged with financial institutions as collateral for the utilisation of credit facilities by a subsidiary company as mentioned in Note 31.

Deposits with licensed banks of the Group earn interest at rates ranging from 2.68% to 3.00% (2.33% to 4.00% in 2008) per annum with maturity period of 12 months (12 months in 2008).

26. SHARE CAPITAL

Share capital is represented by:

	The Group and The Company	
	2009 RM	2008 RM
Authorised:		
500,000,000 ordinary shares of RM1.00 each	500,000,000	500,000,000
Issued and fully paid:		
99,052,500 ordinary shares of RM1.00 each	99,052,500	99,052,500

Share Options

The Executives' Share Option Scheme ("ESOS") for eligible executives and executive directors of the Group, which was effective on 15 May 2002 expired on 14 May 2007. In accordance with Bye-Law 4.1 of the ESOS Bye-Laws and upon recommendation by the Option Committee, the Board of Directors has approved the extension of the ESOS for another five years to 14 May 2012.

The movement in the number of options granted pursuant to the ESOS during the financial year is as follows:

	Number of Options
Balance as of 1.1.2009	1,770,000
Lapsed due to resignation	(100,000)
Balance as of 31.12.2009	1,670,000

The salient features of the ESOS are as follows:

(a) the total number of shares which may be made available shall not exceed 10% of the issued and paid-up share capital of the Company at the time of offer of the ESOS.

(b) the ESOS shall be in force for a duration of five years.

(c) all executives (including Executive Directors) who are confirmed full-time employees of a company within the Group (other than a company which is dormant) are eligible.

(d) any allocation of options under the ESOS to an Executive Director of the Company shall require prior approval from the shareholders of the Company at a general meeting.

(e) no option shall be granted for less than 1,000 shares or for more than the maximum allowable allotment as follows:

    (i) the number of options allocated, in aggregate, to the directors and senior management of the Group shall not exceed 50% of the total options available under the ESOS; and

    (ii) the number of options allocated to any individual director or executive who, either singly or collectively through his/her associates (as defined in the Companies Act, 1965), holds 20% or more in the issued and paid-up share capital of the Company shall not exceed 10% of the total options available under the ESOS.

(f) the option price shall be at a discount of not more than 10% from the weighted average market price of the Company as shown in the Daily Official List issued by Bursa Malaysia Securities Berhad ("BMSB") for the five market days immediately preceding the date of offer or at par value of the ordinary shares of the Company, whichever is higher.

(g) the Option Committee may at any time and from time to time, before and/or after an option is granted, limit the exercise of the number and/or percentage of the option offered during the duration of the ESOS and impose any other terms and/or conditions deemed appropriate by the Option Committee in its sole discretion including amending or varying any terms and conditions imposed earlier.

Warrants

The number of warrants remain unexercised at the end of the financial year is as follows:

	The Company	
	2009	**2008**
	RM	**RM**
Unexercised warrants	33,017,500	33,017,500

33,017,500 warrants were issued and listed on BMSB on 3 May 2005 in conjunction with the rights issue of 33,017,500 ordinary shares. Each warrant entitles its holder the right to subscribe for 2 ordinary shares of RM1.00 in the Company at any time up to the expiry date of 24 April 2010 at an exercise price of RM0.50 payable in cash.

27. RESERVES

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RM	**RM**	**RM**	**RM**
Non-distributable				
Share premium	21,843,480	21,843,480	21,843,480	21,843,480
Translation adjustment account	(255,310)	(1,017,982)	–	–
Capital reserve	2,010,982	2,010,982	–	–
Other reserve	178,866	178,866	–	–
	23,778,018	23,015,346	21,843,480	21,843,480
Accumulated losses	(85,628,804)	(81,456,079)	(75,977,140)	(77,148,484)
Merger deficit arising on consolidation	(177,746)	(177,746)	–	–
Net	(85,806,550)	(81,633,825)	(75,977,140)	(77,148,484)
	(62,028,532)	(58,618,479)	(54,133,660)	(55,305,004)

Share premium

Share premium arose from the following:

	The Group and The Company	
	2009 RM	**2008 RM**
New issue of 500,000 ordinary shares at a premium of RM2.50 per ordinary share in 1991	1,250,000	1,250,000
Rights issue of 19,250,000 ordinary shares at a premium of RM0.10 per ordinary share in 1998	1,925,000	1,925,000
Public issue of 2,000,000 ordinary shares at a premium of RM1.50 per ordinary share in 1998, net of share issue expenses of RM1,789,036	1,210,964	1,210,964
Capitalised for bonus issue in 2000	(4,385,964)	(4,385,964)
Rights issue of 15,000,000 ordinary shares at a premium of RM2.50 per ordinary share in 2000, net of share issue expenses of RM1,205,302	36,294,698	36,294,698
Issue of 35,000 ordinary shares pursuant to the ESOS at a premium of RM0.71 per ordinary share in 2002, net of share issue expenses of RM3,200	21,650	21,650
Private placement of 4,000,000 ordinary shares at a premium of RM0.70 per ordinary share in 2002, net of share issue expenses of RM360,395	2,439,605	2,439,605
Private placement of 2,000,000 ordinary shares at a premium of RM0.21 per ordinary share in 2002, net of share issue expenses of RM54,058	365,942	365,942
Capitalised for rights issue in 2005, and share issue expenses of RM769,665	(17,278,415)	(17,278,415)
	21,843,480	21,843,480

Translation adjustment account

Exchange differences arising on translation of foreign controlled entities are taken to the translation adjustment account as described in the accounting policies.

Capital reserve

Capital reserve arose from the following:

	The Group	
	2009	**2008**
	RM	**RM**
Bonus issue by subsidiary companies	1,850,000	1,850,000
Cancellation of shares by a subsidiary company	160,982	160,982
	2,010,982	2,010,982

Other reserve

Under the provision of the Civil and Commercial Code of Thailand, a subsidiary company of the Group incorporated in Thailand is required to set aside a legal reserve of at least 5% of its net income for the year each time a dividend is declared until the reserve reaches 10% of registered capital. This legal reserve cannot be utilised for any purposes up to dissolution of the said subsidiary company.

28. HIRE-PURCHASE PAYABLES

	The Group	
	2009	**2008**
	RM	**RM**
Total amount outstanding	826,336	169,591
Less: Interest-in-suspense	(99,915)	(17,341)
Principal portion	726,421	152,250
Less: Amount due within 12 months (Note 30)	(201,965)	(98,831)
Non-current portion	524,456	53,419

The non-current portion is payable as follows:

	The Group	
	2009	**2008**
	RM	**RM**
Between 1 - 2 years	154,450	51,191
Between 2 - 3 years	150,006	2,228
Between 3 - 4 years	110,000	–
More than 4 years	110,000	–
	524,456	53,419

The interest rates implicit in these hire-purchase obligations range from 2.90% to 3.90% (2.35% to 3.75% in 2008) per annum.

29. LONG-TERM BORROWINGS - SECURED

	The Group	
	2009	2008
	RM	RM
Outstanding loan principal	19,003,884	21,766,228
Classified as liability directly associated with investment property held for sale (Note 13(i))	(11,126,725)	–
	7,877,159	21,766,228
Portion due within the next 12 months (Note 31)	(1,125,276)	(3,106,410)
Non-current portion	6,751,883	18,659,818

The non-current portion is repayable as follows:

	The Group	
	2009	2008
	RM	RM
Between 1 - 2 years	833,453	2,127,276
Between 2 - 3 years	889,580	2,271,776
Between 3 - 4 years	949,882	2,426,119
More than 4 years	4,078,968	11,834,647
	6,751,883	18,659,818

Term loan of the Group amounting to RM18,659,381 (RM20,666,887 in 2008) bears interest at rates ranging from 4.43% to 6.63% (6.43% to 6.63% in 2008) per annum and is secured by investment property and property, plant and equipment as disclosed in Notes 13(i), 15(ii) and 17.

Included in term loan of the Group is an amount of RM344,503 (RM1,099,341 in 2008) obtained by a foreign subsidiary company which bears interest at rates ranging from 4.87% to 5.37% (5.75% to 6.25% in 2008) per annum. The said term loan is secured by property, plant and equipment of the said foreign subsidiary company as disclosed in Note 15(ii).

30. PAYABLES

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade payables	5,814,115	6,277,018	–	–
Other payables	4,381,584	2,548,950	232,959	1,945,498
Accrued expenses	931,998	2,228,112	72,611	87,349
Hire-purchase payables - current portion (Note 28)	201,965	98,831	–	–
Tax liabilities	48,628	–	–	–
Amount owing to subsidiary companies (Note 24 (ii))	–	–	7,008,102	6,919,942
	11,378,290	11,152,911	7,313,672	8,952,789
Classified as part of a disposal group held for sale (Note 13(ii))	(690,685)	–	–	–
	10,687,605	11,152,911	7,313,672	8,952,789

Trade payables consist of amounts outstanding for trade purchases. The credit period granted to the Group for trade purchases ranges from 30 to 90 days (7 to 90 days in 2008).

Included in other payables of the Group is an amount of RM2,080,000 (RMNil in 2008) representing deposits received from a third party for the disposal of leasehold land and building as mentioned in Note 13(i).

Included in other payables of the Group and of the Company in 2008 was a loan amounting to RM1,802,877 from a major shareholder of the Company. The said amount was interest-free and repayable on demand.

31. BORROWINGS

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Secured				
Revolving credits	28,650,501	16,262,001	–	–
Bankers acceptances	1,639,221	2,979,000	–	–
Long-term borrowings - current portion (Note 29)	1,125,276	3,106,410	–	–
Trust receipts	634,715	–	–	–
Bank overdrafts	–	540,807	–	–
	32,049,713	22,888,218	–	–

	The Group		The Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Unsecured				
Revolving credits	6,000,000	15,041,589	6,500,000	7,500,000
Bank overdrafts	1,842,898	1,940,024	1,842,898	1,940,024
	7,842,898	16,981,613	8,342,898	9,440,024
Total	39,892,611	39,869,831	8,342,898	9,440,024

The Group and the Company have bank overdrafts and other credit facilities totalling RM45,500,000 (RM42,100,000 in 2008) and RM8,500,000 (RM9,500,000 in 2008), respectively obtained from various financial institutions. The bank overdrafts and other credit facilities of the Group and of the Company bear interest at rates ranging from 3.80% to 7.50% (4.25% to 8.25% in 2008) per annum and 3.80% to 7.50% (5.05% to 8.25% in 2008) per annum respectively. The said facilities are unsecured except for an amount of RM30,924,437 (RM19,781,808 in 2008) of the Group, which are secured by:

(a) Mortgage on freehold land and building of a local subsidiary company and, plant and machinery and fixed deposits of a foreign subsidiary company as disclosed in Notes 15 and 25 respectively;

(b) Second legal charge on leasehold land and building as disclosed in Note 15(ii);

(c) Second legal charge on investment properties of a subsidiary company as disclosed in Note 17;

(d) A debenture with fixed and floating charges over the assets of a subsidiary company; and

(e) Third party fixed deposits of not less than RM500,000.

Certain credit facilities of the subsidiary companies are guaranteed by the Company.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group has taken measures to minimise its exposure to risks and/or costs associated with the financing, investing and operating activities.

(i) **Foreign currency risk**

The Group transacts business in various foreign currencies including the United States Dollar and Euro, and therefore is exposed to foreign currency exchange risk. During the financial year, the Group entered into forward foreign currency contracts to hedge its exposure to foreign currency risk for receivables in the local reporting currency. As at balance sheet date, there were no outstanding amounts of the forward foreign exchange contracts.

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. Currency exposure to the net assets of the Group's subsidiaries is managed primarily through borrowings denominated in the related foreign currencies.

The currency profile of the financial assets and financial liabilities of the Group are as follows:

	The Group	
	2009	**2008**
	RM	**RM**
Trade receivables (Note 24)		
Thai Baht	4,423,748	2,846,049
United States Dollar	3,576,322	3,808,782
Great Britain Pound	3,493,105	2,339,598
Ringgit Malaysia	1,379,834	1,528,335
Australian Dollar	376,186	259,485
Chinese Renminbi	262,402	288,391
Singapore Dollar	108,896	74,375
Euro	–	17,911
Hong Kong Dollar	–	11,025
Taiwan Dollar	–	3,370
	13,620,493	11,177,321
Other receivables (Note 24)		
Thai Baht	122,935	268,398
Ringgit Malaysia	121,729	730,386
United States Dollar	30,082	28,452
Chinese Renminbi	27,752	31,129
Great Britain Pound	22,995	6,534
	325,493	1,064,899
Trade payables (Note 30)		
Thai Baht	2,835,911	3,008,152
Ringgit Malaysia	1,513,673	2,167,160
Great Britain Pound	596,279	659,625
Korean Won	417,152	–
United States Dollar	272,362	248,285
Chinese Renminbi	178,738	193,796
	5,814,115	6,277,018
Other payables (Note 30)		
Ringgit Malaysia	2,941,196	2,301,242
Thai Baht	1,268,386	106,355
United States Dollar	99,868	50,883
Chinese Renminbi	45,618	61,162
Great Britain Pound	26,516	29,308
	4,381,584	2,548,950

	The Group	
	2009 RM	2008 RM
Cash and bank balances (Note 25)		
Ringgit Malaysia	3,818,909	744,888
Thai Baht	1,263,099	372,328
United States Dollar	735,289	301,866
Chinese Renminbi	292,900	158,775
Great Britain Pound	242,917	223,046
Euro	111,636	–
Hong Kong Dollar	56,846	56,846
	6,521,596	1,857,749
Borrowings (Note 31)		
Ringgit Malaysia	27,614,854	26,422,841
Thai Baht	12,277,757	13,446,990
	39,892,611	39,869,831
Long-term borrowings (Note 29)		
Ringgit Malaysia	6,751,883	18,659,818

(ii) **Interest rate risk**

The Group is exposed to interest rate risk through the impact of rate changes on fixed deposits and interest bearing borrowings. The interest rate for the Group's borrowings is disclosed in Notes 29 and 31, and the interest rate for the Group's fixed deposits is disclosed in Note 25.

Interest rates for hire-purchase payables as disclosed in Note 28 are fixed at the inception of the financing arrangement.

The Group manages its interest rate risk by actively reviewing its debt portfolio. This strategy will allow the Group to capitalise on more favourable funding in a low interest rate environment and hence, to achieve a certain level of protection against interest rate hikes.

(iii) **Credit risk**

Concentrations of credit risk exist when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

Certain subsidiary companies are dependent on a few key customers, the composition of which may vary from year to year. In line with the Group's efforts to enter into transactions with a diversity of credit-worthy parties, the said subsidiary companies continue to diversify their customer base to mitigate the significant concentration of credit risk.

Management believes that the credit risk on bank balances and deposit with licensed banks are limited as they are placed with credit worthy financial institutions.

(iv) **Liquidity risk**

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and financial liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

(v) **Cash flow risk**

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Financial Assets

The principal financial assets of the Group and of the Company are other investments, cash and bank balances and receivables.

The accounting policies applicable to the major financial assets are as disclosed in Note 3.

Financial Liabilities and Equity Instruments

Debts and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

Significant financial liabilities include payables, borrowings, long-term borrowings and hire-purchase payables, which are stated at their nominal values.

Bank borrowings are recorded at the proceeds received. Finance charges are accounted for on an accrual basis.

Equity instruments are recorded at the proceeds received net of direct issue costs.

Fair Values

The carrying amounts and the estimated fair values of financial instruments of the Group and of the Company are as follows:

	2009		2008	
The Group	**Carrying Amount RM**	**Fair Value RM**	**Carrying Amount RM**	**Fair Value RM**
Financial Liabilities				
Hire-purchase payables (Note 28)	726,421	804,638	152,250	162,004
Long-term borrowings (Note 29)	7,877,159	9,075,394	21,766,228	26,850,192

Hire-purchase payables and long-term borrowings

The fair values of hire-purchase payables and long-term borrowings are estimated using discounted cash flow analysis based on current borrowing rates for similar types of borrowing arrangements.

Cash and cash equivalents, receivables, payables and borrowings

The carrying amounts approximate fair values because of the short maturity period of these instruments.

33. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	The Group		The Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Cash on hand and at banks (Note 25)	6,281,959	1,632,038	41,586	159,432

34. RELATED PARTY TRANSACTIONS

The options over ordinary shares of the Company granted to the executive directors of the Company are as follows:

	Unexercised options	
	2009	2008
Dato' Ong Eng Lock	500,000	500,000

Significant transaction, undertaken with related parties in 2009, was as follows:

	The Group	
	2009	2008
	RM	RM
Trade purchases made from My-Turf Sdn. Bhd. (a company connected to Datin Tai Mee Yong, a director of certain subsidiary companies and spouse of Dato' Ong Eng Lock, a director and major shareholder of the Company)	147,000	146,557

35. CONTINGENT LIABILITIES - UNSECURED

The Company has given unsecured corporate guarantees totalling RM44,700,400 (RM44,700,400 in 2008) to certain financial institutions for term loan, overdraft and other credit facilities granted to certain subsidiary companies. Accordingly, the Company is contingently liable to the financial institutions to the extent of the amount of facilities utilised by the said subsidiary companies.

36. SUBSEQUENT EVENT

On 11 January 2010, the Company entered into a Sale and Purchase of Shares Agreement with a third party to disposed of its entire equity interest in Cabrict Group, which consists of Cabrict Sdn. Bhd. ("CSB") and Cabrict North America Inc. ("CNA") for a total cash consideration of RM2. The equity interest of the Company in CSB is 70%, whilst CSB holds 90% equity interest in CNA.

37. COMMITMENTS

(i) As of 31 December 2009, the Group has lease commitments in respect of rental of premises as follows:

	Future Minimum Lease Payments The Group	
	2009	**2008**
	RM	**RM**
Within 1 year	400,426	134,970
Within 2 - 5 years	117,332	269,941
	517,758	404,911

(ii) As of 31 December 2009, the Group has approved and contracted for capital commitment not provided for in the financial statements amounting to RM125,000 (RM228,803 in 2008) in respect of the purchase of property, plant and equipment.

STATEMENT BY DIRECTORS

The directors of **ABRIC BERHAD** state that, in their opinion, the accompanying balance sheets as of 31 December 2009 and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 39 to 103, are drawn up in accordance with the provisions of the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of 31 December 2009 and of the results of operations and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with
a resolution of the Directors,

DATO' ONG ENG LOCK, DIMP, JP

ONG YING HWEY, ADELINE

Kuala Lumpur,
20 April 2010

DECLARATION BY THE DIRECTOR
Primarily Responsible for the Financial Management of the Company

I, **DATO' ONG ENG LOCK**, the director primarily responsible for the financial management of **ABRIC BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and the income statements, statements of changes in equity and cash flow statements, are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

DATO' ONG ENG LOCK

Subscribed and solemnly declared by the
abovenamed **DATO' ONG ENG LOCK**,
at **KUALA LUMPUR** this 20th day of
April 2010.

Before me,

COMMISSIONER FOR OATHS

Address	Description/ Existing Usage of Properties	Land Area/ Build-Up Area (sq. ft.)	Tenure and Expiry Date	Approximate Age of Building (Years)	Net Book Value as at 31 December 2009 (RM)	Date of Acquisition/ Last Revaluation
17, Jalan Tandang 46050 Petaling Jaya Selangor Malaysia	Land and buildings *Office cum warehouse*	108,627/ 84,386	Leasehold for 99 years expiring on 1 February 2058	51	20,800,000**	14 April 1997 30 November 2009^
Lot 196803 Hala Jati 12 Kawasan Perindustrian Taman Meru Off Jalan Jelapang 30020 Ipoh, Perak Malaysia	Land and buildings *Office cum warehouse/ Factory*	145,643/ 142,000	Leasehold for 60 years expiring on 21 June 2052	19	6,413,414	9 November 2005
111/5 Moo2 Makamku District Amphur Nikom Pattana Rayong 21180 Thailand	Land and buildings *Office cum warehouse/ Factory*	148,540/ 103,000	Freehold	8	7,366,562	18 January 2001
J-8-6, J-8-7, J-8-8 2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Malaysia	Office *Corporate office*	3,748*	Freehold	2	2,517,276	7 May 2008
3A-1 Jalan Kajang Perdana 9 Kajang Perdana Selangor Malaysia	An intermediate townhouse *Vacant*	1,191*	Leasehold for 99 years expiring 24 March 2101	8	125,000#	31 December 2006

* Built-up area

** Represents fair value of the property as disclosed in Note 13(a) of the Financial Statement on pages 75 to 76 of this Annual Report

^ Valuation carried out by S*M*Y Valuers & Consultants Sdn. Bhd. for the purpose of Proposed Disposal of the said property as disclosed in Note 13(a) of the Financial Statement on pages 75 to 76 of this Annual Report

Represents fair value of the property as disclosed in Note 17 of the Financial Statement on page 82 of this Annual Report. The fair value was determined based on Director's estimation based on recent prices of similar properties in the same location.

ANALYSIS OF SHAREHOLDINGS
as at 4 May 2010

Authorised Share Capital	:	RM500,000,000
Paid-up Share Capital	:	RM99,052,500
Class of Shares	:	Ordinary Shares of RM1.00 each
No. of shareholders	:	3,559
Voting Rights	:	One (1) Vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDERS as at 4 May 2010

No. of Shareholders	Size of Shareholdings	No. of Shares	%
12	Less than 100 shares	293	0.000
698	100 – 1,000 shares	659,771	0.666
2,087	1,001 – 10,000 shares	9,121,486	9.208
684	10,001 – 100,000 shares	20,920,550	21.120
76	100,001 – 4,952,624 shares	35,141,548	35.477
2	4,952,625 and above of issued shares	33,208,852	33.526
3,559		**99,052,500**	**100.000**

30 LARGEST SHAREHOLDERS
(Without aggregating securities accounts belonging to the same person)

No.	Name	No. of Shares	%
1.	Abric Capital Sdn. Bhd.	25,208,852	25.449
2.	Ong Eng Lock	8,000,000	8.076
3.	Chew Weng Yew	4,593,900	4.637
4.	Hibiscus Capital Sdn. Bhd.	4,000,000	4.038
5.	Ee Wei Yen	2,500,000	2.523
6.	Ong Boon Cheow	2,253,100	2.274
7.	Tham Wai Cheng @ Tham Kwee Cheng	2,179,700	2.200
8.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	1,200,000	1.211
9.	Tan Han Chong	1,000,000	1.009
10.	Ong Ying Hwey, Adeline	800,000	0.807
11.	Yeo Peng Huat	621,500	0.627
12.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Swee Thaim (E-KTN/JRT)	616,200	0.622
13.	Wong Siew Len	611,400	0.617
14.	Tai Mee Yong	600,000	0.605
15.	Chin Lin Thai	530,000	0.535
16.	Law Chee Kheong	523,400	0.528
17.	A.A. Anthony Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ser Yu Beng	500,000	0.504
18.	Mohd Nazarudin bin Asmuni	500,000	0.504
19.	Yeunh Kwai Foong	500,000	0.504
20.	Leong Poh Hoong	488,000	0.492
21.	Tasec Nominees (Tempatan) Sdn. Bhd. TA Securities (HK) Limited for TA First Credit Sdn. Bhd. (A/C Venture Capital)	471,600	0.476
22.	Heng Aik Koon	398,500	0.402
23.	Tan Pak Nang	373,000	0.376

No.	Name	No. of Shares	%
24.	Tan Eng Huat	317,800	0.320
25.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Lee Yu Yong @ Lee Yuen Ying	309,600	0.312
26.	Ong Zhong Hwey, Brian	300,000	0.302
27.	Yeoh Kean Hua	300,000	0.302
28.	Lim Boon Liat	280,000	0.282
29.	Teoh Hunt Thuim	242,800	0.245
30.	Toh Hee Chooy	240,000	0.242
	Total	60,459,352	61.037

LIST OF SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)

	Direct		Indirect (excluding bare trustees)	
Name	**No. of Ordinary Shares**	**%**	**No. of Ordinary Shares**	**%**
Abric Capital Sdn. Bhd.	25,363,600	25.606	–	–
Dato' Ong Eng Lock	8,000,000	8.076	26,263,600 (1)	26.515
Datin Tai Mee Yong	600,000	0.606	25,363,600 (2)	25.606

LIST OF DIRECTORS' SHAREHOLDINGS

	Direct		Indirect (excluding bare trustees)	
Name	**No. of Ordinary Shares**	**%**	**No. of Ordinary Shares**	**%**
Dato' Ong Eng Lock	8,000,000	8.076	26,263,600 (1)	26.515
Ong Ying Hwey, Adeline	800,000	0.807	–	–
Albert Tan Tin Yau	10,000	0.010	–	–
Dato' Abu Bakar bin Abdul Hamid	–	–	–	–
Ir Hon Hin See	–	–	–	–
Soong Chee Keong	–	–	–	–

Notes:-

(1) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Abric Capital Sdn. Bhd., Datin Tai Mee Yong and Ong Zhong Hwey, Brian.

(2) Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Abric Capital Sdn. Bhd.

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of Abric Berhad will be held at Dewan Tan Sri Hamzah, Royal Selangor Club, Kiara Sports Annex, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, on Friday, 25 June 2010 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2009 together with the Directors' and Auditors' Reports thereon. [Please refer to Explanatory Note 1]

2. To approve the payment of Directors' fees for the financial year ended 31 December 2009. [Resolution 1]

3. To re-elect Ong Ying Hwey, Adeline who retires under Article 99 of the Company's Articles of Association. [Resolution 2]

4. To re-elect Dato' Abu Bakar bin Abdul Hamid who retires under Article 99 of the Company's Articles of Association. [Resolution 3]

5. To re-elect Albert Tan Tin Yau who retires under Article 104 of the Company's Articles of Association. [Resolution 4]

6. To re-appoint Messrs Deloitte & Touche as Auditors of the Company and to authorise the Directors to fix their remuneration. [Resolution 5]

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions/Special Resolution of the Company:

7. **ORDINARY RESOLUTION I** [Resolution 6]
AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR THE DIRECTORS TO ISSUE SHARES

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting."

8. **ORDINARY RESOLUTION II** [Resolution 7]
PROPOSED ALLOCATION TO ALBERT TAN TIN YAU, AN EXECUTIVE DIRECTOR AND CHIEF OPERATING OFFICER PURSUANT TO THE EXECUTIVES' SHARE OPTION SCHEME ("ESOS")

"THAT the Board of Directors of the Company be and is hereby authorized at any time and from time to time to offer and to grant to Albert Tan Tin Yau, an Executive Director and Chief Operating Officer, options to subscribe for such number of ordinary shares subject to the provisions of Clause 7 of the Bye-Laws of the ESOS and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the Bye-Laws of the ESOS."

9. **SPECIAL RESOLUTION** [Resolution 8]
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

"THAT the amendments to the Articles of Association of the Company as contained in the Appendix II which is attached in the Circular to Shareholders dated 27 May 2010 be and are hereby approved and adopted.

AND THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities."

By Order of the Board
NG YEN HOONG (LS 008016)
KUAN HUI FANG (MIA 16876)
Company Secretaries
Kuala Lumpur
Dated 27 May 2010

i. NOTES ON APPOINTMENT OF PROXY:

A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy/proxies to attend and vote in his stead. A proxy need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member who appoints more than one proxy shall specify the proportion of his shareholdings to be represented by each proxy.

The instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney and in the case of a corporation shall be either under the Common Seal or signed by its attorney or by an officer on behalf of the corporation.

The instrument appointing a proxy must be deposited at the Registered Office of the Company situated at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for the meeting or any adjournment thereof, and in default, the instrument of proxy shall not be treated as valid.

ii. EXPLANATORY NOTES

1. Item 1 of Agenda-Ordinary Business

This item is meant for discussion only as the provision of Section 169(1) of the Companies Act, does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. Item 7 of Agenda-Special Business
Ordinary Resolution I
Resolution Pursuant To Section 132D Of The Companies Act, 1965

The Ordinary Resolution proposed under Resolution 6 is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilised and accordingly no proceeds were raised.

The Ordinary Resolution proposed under Resolution 6, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the issued and paid-up share capital of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

3. Item 8 of Agenda-Special Business
Ordinary Resolution II
Resolution on the Proposed Allocation pursuant to ESOS

The Ordinary Resolution proposed under Resolution 7, if passed, will empower the Directors to issue shares to Albert Tan Tin Yau, an Executive Director and Chief Operating Officer of Abric Berhad pursuant to the ESOS.

4. Item 9 of Agenda-Special Business
Special Resolution
Proposed Amendments to the Articles of Association

The Special Resolution proposed under Resolution 8, if passed, will authorise the Directors to amend the Company's Articles of Association. The Proposed Amendments are made for the purpose of allowing for the payment of cash dividends via eDividends as well as to facilitate some administrative issues.

Please refer to the Circular to Shareholders dated 27 May 2010 for full details of the Proposed Amendments.

ABRIC BERHAD (187259-W)
(Incorporated in Malaysia)

Number of shares held:
If more than 1 proxy, please specify number of shares represented by each proxy
Name of Proxy 1:
Name of Proxy 2:

FORM OF PROXY
(Before completing the form please refer to notes below)

I/We_____ NRIC/Company No. _____
(PLEASE USE BLOCK CAPITAL)

of _____ Contact No. _____
(FULL ADDRESS)

a member/members of **ABRIC BERHAD** hereby appoint_____

of _____

or failing whom, _____ of_____

_____or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf, at the Twentieth Annual General Meeting of the Company to be held at Dewan Tan Sri Hamzah, Royal Selangor Club, Kiara Sports Annex, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Friday, 25 June 2010 at 10.00 a.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of the Twentieth Annual General Meeting.

Item	Agenda		
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2009 together with the Directors' and Auditors' Report thereon.		
		***For**	***Against**
2.	**ORDINARY BUSINESS** To approve the payment of Directors' fees for the financial year ended 31 December 2009. **(Resolution 1)**		
3.	To re-elect Ong Ying Hwey, Adeline who retires under Article 99 of the Company's Articles of Association. **(Resolution 2)**		
4.	To re-elect Dato' Abu Bakar bin Abdul Hamid who retires under Article 99 of the Company's Articles of Association. **(Resolution 3)**		
5.	To re-elect Albert Tan Tin Yau who retires under Article 104 of the Company's Articles of Association. **(Resolution 4)**		
6.	To re-appoint Messrs Deloitte & Touche as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**		
7.	**AS SPECIAL BUSINESS** To authorise Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965. **(Resolution 6)**		
8.	Proposed Allocation to Albert Tan Tin Yau pursuant to the Executives' Share Option Scheme. **(Resolution 7)**		
9.	Proposed Amendments to the Articles of Association **(Resolution 8)**		

*(*Please indicate with an "X" in the space provided above how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)*

Dated this _____ day of _____2010.

_____
Signature of Shareholder or Common Seal

Notes:-

1. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy/proxies to attend and vote in his stead. A proxy need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member who appoints more than one proxy shall specify the proportion of his shareholdings to be represented by each proxy.*
2. *The instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney and in the case of a corporation shall be either under the Common Seal or signed by its attorney or by an officer on behalf of the corporation.*
3. *The instrument appointing a proxy must be deposited at the Registered Office of the Company situated at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for the meeting or any adjournment thereof, and in default, the instrument of proxy shall not be treated as valid.*

Affix
Stamp
Here

Registered Office
Abric Berhad (187259-W)
Level 18,
The Gardens North Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur

Sealing assets globally with quality & integrity

OUR GLOBAL PRESENCE

Sales & Marketing Offices

ABRIC WORLDWIDE SDN. BHD.
J-8-8, 2 Jalan Solaris
Solaris Mont' Kiara
50480 Kuala Lumpur
Malaysia
T : +603 6207 3333
F : +603 6207 3232
Email : awsb@abric.com

ABRIC NORTH AMERICA INC
220 Barren Springs Dr#11
Houston
Texas 77090
United States of America
T : +1 281 569 7100
F : +1 281 569 7101
Toll Free : 1-888-9ABRIC9
Email : ana@abric.com

ABRIC EUROPE LTD
Unit 4, Hemlock Park
Hyssop Close, Hawks Green
Cannock, WS11 7FB
United Kingdom
T : +44 1543 500 144
F : +44 1543 500 252
Email : ael@abric.com

Manufacturing Facilities

ABRIC INTERNATIONAL SDN. BHD.
Lot 196803 Hala Jati 12
Kawasan Perindustrian Taman Meru
Off Jalan Jelapang, 30020 Ipoh
Perak Darul Ridzuan
Malaysia
T : +605 501 8100
F : +605 501 8102
Email : aisb@abric.com

ABRIC EASTERN INTERNATIONAL LTD
111/5 Moo2, Makamku District
Amphur Nikom Pattana
Rayong 21180
Thailand
T : +66 38 893 833
F : +66 38 893 727
Email : aei@abric.com

ABRIC SHANGHAI LTD
8, Furong Road, Yexie Town
Songjiang District
201609 Shanghai
China
T : +86 21 6780 9077
F : +86 21 6780 9091
Email : asl@abric.com