NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS ("FRS") NO. 134 – INTERIM FINANCIAL REPORTING

1. Basis of preparation

The interim financial statements have been prepared under the historical cost convention unless specifically stated otherwise, as modified by the revaluation of certain properties.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting and Chapter 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements have been reviewed by the Company's auditors in accordance with the International Standards on Review Engagements ("ISRE") 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2007.

2. Changes in accounting policies

The same accounting policies and methods of computation are followed in the interim financial statements as in the audited annual financial statements for the year ended 31 December 2007 except for the adoption of the following new/revised FRS and IC Interpretations by the Group effective from the financial period beginning 1 January 2008:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121_{2007}	The effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 7	Applying the Restatement Approach to FRS 129 Financial Accounting in Hyperinflationary Economies
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 8	Scope of FRS 2

The adoption of the above FRSs and IC Interpretations does not have any significant financial impact to the Group.

3. Status of Annual Report 2007

The auditors' report on the Group's most recent annual audited financial statements for the year ended 31 December 2007 was not subject to any audit qualification.

4. Seasonal or cyclical factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factors during the current quarter under review.

5. Unusual item

There were no unusual items affecting assets, liabilities, equity, net income or cash flows to date.

6. Changes in estimates

There were no changes in estimates of amounts reported in prior interim period of current financial year or in prior financial years that may have a material effect in the current quarter.

7. Issuance/repayment of debts and equity securities

There were no issuance, cancellation, repurchase, resale or repayment of debts and equity securities in the current quarter.

The cumulative shares bought back since the previous financial years and up to the current quarter ended 30 September 2008 was 7,604,100 shares and held as treasury shares in accordance with Section 67A of the Companies Act, 1965. As at 30 September 2008, the number of outstanding shares issued and fully paid with voting rights was 80,540,900 ordinary shares of RM0.50 each.

8. Dividends paid

No dividends were paid during the current quarter under review.

9. Segmental reporting

The financial results by business segments for the nine months period ended 30 September 2008 are as follows:

	Engineering	Ice Manufacturing	Temperature-controlled logistics/ warehousing	Others	Total	Elimination	Consolidated Amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE							
-External	37,323	7,433	35,613	2	80,371		80,371
-Internal segment only	639	443	6,536	1,022	8,640	(8,640)	-
Total revenue	37,962	7,876	42,149	1,024	89,011	(8,640)	80,371
RESULT							
Segments Result	9,759	481	1,695	1,844	13,779	(1,304)	12,475
Interest income	18	1	4	2,533	2,556	(2,034)	522
Unallocated corporate expenses							(1,886)
Operating profit							11,111
Share of loss of associate							(31)
Finance costs							(11,017)
Profit before tax							63
Taxation							(2,465)
Profit after tax							(2,402)

10. Valuations of Property, Plant and Equipment

The valuations of land and buildings have been brought forward without amendment from the annual audited financial statements for the year ended 31 December 2007. The carrying value is based on valuations carried out in years ranging from 2006 to 2008 by independent qualified valuers less depreciation.

11. Material events subsequent to end of the interim period

There were no material events subsequent to the end of the current quarter ended 30 September 2008 up to the date of this announcement, other than as disclosed in Note 22(e).

12. Changes in the composition of the Company

There were no significant changes in the composition of the Group for the current quarter ended 30 September 2008.

13. Capital commitments

Capital commitments for the Group in respect of property, plant and equipment as well as prepaid lease payment not provided for as of 30 September 2008 are as stated below:

	RM'000
Approved and contracted for	16,750

14. Contingent liabilities and contingent assets

The Company provided corporate guarantee amounting to RM118,476,331 (as at 31 December 2007: RM91,095,785) in favour of financial institutions for credit facilities granted to subsidiaries.

NOTES TO BURSA MALAYSIA SECURITIES BERHAD REVISED LISTING REQUIREMENTS

15. Performance review

The Group reported revenue of RM28.07 million in third quarter of 2008 ("3Q 2008"), a slight decrease of 0.6% compared to RM28.23 million in the corresponding third quarter of 2007 ("3Q 2007") due to a lower income from its industrial refrigeration engineering division which was mitigated by revenue growth from its temperature controlled logistics ("TCL") operations in China and Malaysia. The Group incurred a net loss after tax before minority interest of RM3.6 million in the current quarter as compared to a net profit after tax before minority interest of RM3.48 million in 3Q 2007, primarily owing to losses on the disposals of non-core assets by its wholly-owned subsidiaries, IGLO Cold Chain Logistics Sdn Bhd ("ICCL") and Cahaya Nurani (M) Sdn Bhd ("CN"), as well as increased operating expenses attributable to higher fuel cost and electricity expenditure during the period under review.

During 3Q 2008, ICCL incurred a loss amounting to RM0.689 million on disposal of a piece of land held under Lot 6105 (PT 700), Pekan of Chembong, District of Rembau, Negeri Sembilan following a compulsory acquisition by Pentadbir Tanah Daerah Rembau, Negeri Sembilan. CN in turn registered a RM2.35 million loss on disposal of its land and buildings held under H.S. (D) 116404, PT 230, Bandar Sultan Sulaiman, Daerah Klang, Negeri Selangor, in line with the Group's effort to divest its non-core assets to reduce borrowings. The disposal will result in an estimated interest savings of approximately RM1 million per annum.

For the nine months ended 30 September 2008, the Group's cumulative revenue declined 18.7% to RM80.37 million from RM98.87 million in the same period of 2007 whilst the Group's cumulative net loss was RM2.40 million as compared to a net profit of RM13.80 million in the same period of 2007, due to the aforementioned reasons.

16. Material change in quarterly results

In comparison with the immediate preceding quarter ("2Q 2008"), the Group's 3Q 2008 revenue posted a marginal improvement of 5% from RM26.73 million to RM28.07 million, as a result of improved revenue derived from the TCL operations in Malaysia and Shanghai, China. However, despite a higher revenue, the Group incurred a net loss of RM3.6 million in 3Q 2008 compared to a net profit of RM0.049 million in the 2Q 2008, due to the reasons mentioned in Note 15 as well as higher taxation in 3Q 2008.

The Group's taxation of RM1.65 million in 3Q 2008 is significantly higher than that of the preceding quarter's RM0.472 million mainly due to the higher current quarter taxation of a subsidiary company, Malaysian Mega Galvaniser Sdn Bhd ("MMG") amounting to RM1.11 million as compared to the preceding quarter's RM0.525 million following MMG's achievement of a 97% higher profit before tax of RM4.5 million in the current third quarter as compared to RM2.3 million recorded in the preceding quarter.

17. Prospects for the remaining quarter until 31 December 2008

During the period under review, the Group's operating income were significantly affected by increased operating costs as a result of inflationary pressure, rising costs of fuel and electricity following increase in rates. Facing difficult business and operation environment ahead amid the unfolding global economic downturn, the Group is also endeavouring to reduce its borrowings and improve its gearing by disposing its non-core assets to place the Group on a better and healthier footing to meet the challenge ahead.

Looking ahead, the board of directors of the Group expects the Group's margin to remain under pressure over the near to medium term due to the detoriating market conditions. The Group is taking actions to align its organization whilst remain focused on its core businesses, introduce stringent cost control measures and improve its efficiency and effectiveness.

Nevertheless, the Group sees the growth momentum of its TCL operations to continue in view of growing demand for temperature-controlled warehousing and transportation services, particularly in China. Thus, in fourth quarter of 2008, the Group anticipates its TCL and the highly profitable hot dip galvanising operations to continue to spearhead the Group's operational performance albeit the operating environment will remain competitive and challenging.

18. Profit forecast

Not applicable in this Quarterly Report.

19. Taxation

	Current quarter RM'000	Financial period to-date RM'000
Malaysian tax		
Current taxation	1,293	2,782
Deferred taxation	356	(317)
	1,649	2,465

The effective tax rate for the current quarter and the financial period to-date is higher than the statutory tax rate mainly due to losses of subsidiary companies that are not available for set-off against taxable profits of other subsidiary companies.

20. Profits on sale of unquoted investments and/or properties

There were no profits on sale of unquoted investments and/or properties for this reporting quarter and financial period to-date.

21. Quoted investments

As at 30 September 2008, the Group did not hold any quoted securities, nor were there any purchase or disposal of quoted securities during the reporting quarter and financial period to-date.

22. Status of corporate proposals

a. On 19 January 2006, the Company has written to the Securities Commission for the withdrawal of the Proposed Rights Issue with Warrants pending the finalisation of certain financial information.

b. On 1 September 2006, Public Merchant Bank Berhad on behalf of the Company announced that the Company proposed to revise the Proposed Original Rights Issue with Warrants by undertaking a revised renounceable rights issue of up to 50,600,000 new ordinary shares of RM0.50 each in HRB with up to 50,600,000 free detachable warrants, on the basis of one (1) Rights Share with one (1) Warrant for every two (2) ordinary shares of RM0.50 each in the Company held on a date to be determined later ("Proposed Revised Rights Issue with Warrants"). The Proposed Revised Rights Issue with Warrants shall be implemented together with the Proposed ESOS Bye-laws Amendments, Proposed Amendment to the Articles and Proposed Exemption under Practice Note 2.9.1 of the Code.

c. On 4 May 2007, the Company announced that the Company intends to embark on a proposed asset securitisation exercise involving the issuance of up to RM200.0 million Asset Backed Sukuk Al-Ijarah by a special purpose vehicle (“Proposal”). The Proposal entails the selling of the beneficial rights and interest in relation to certain identified land and buildings of HRB and its subsidiaries, to a special purpose vehicle (“SPV”) based on their fair market values to be determined later on a willing buyer willing seller basis. The SPV shall then through an Ijarah agreement, lease the Real Estate Assets back to the HRB Group for an agreed lease period ranging from one (1) to seven (7) years.

d. On 15 September 2008, the Company’s wholly-owned subsidiary, Cahaya Nurani (M) Sdn Bhd entered into a conditional Sale and Purchase Agreement with CFA Logistik Sdn Bhd in relation to the disposal of a piece of leasehold land together with the buildings erected thereon comprising of one warehouse with ancillary two storey office space excluding racking and equipments for a cash consideration of RM18,000,000.

e. On 21 November 2008, Public Investment Bank Berhad on behalf of the Company announced that the Company has decided to abort the Proposed Revised Rights Issue with Warrants together with the Proposed Exemption under Practice Note 2.9.1 of the Code, Proposed ESOS Bye-laws Amendments and Proposed Amendment to the Articles.

23. Group borrowings and debt securities

Total Group borrowings as at 30 September 2008 are as follows:

	Short term RM'000	Long term RM'000	Total RM'000
Secured			
Denominated in RM			
Term loan	1,448	17,921	19,369
Bankers acceptance	5,333	-	5,333
Bonds	-	29,640	29,640
Bank overdraft	32,590	-	32,590
Hire purchase & lease payables	2,106	1,463	3,569
	41,477	49,024	90,501
Unsecured			
Denominated in RM			
Revolving credits	5,431	-	5,431
Bank overdraft	17,748		17,748
Term loan	-	40,000	40,000
Bankers acceptances	1,801	-	1,801
	24,980	40,000	64,980
Secured			
Denominated in foreign currency (*)			
Term loan			
RMB 65,739,721	1,213	32,000	33,213
VND 34,528,573,113	834	6,472	7,306
Revolving credits			-
USD 1,316,511	4,593		4,593
	6,640	38,472	45,112
Unsecured			
Denominated in foreign currency (*)			
Term loan			
RMB 8,276,000	-	4,181	4,181
Revolving credits			-
RMB 7,531,000	3,805	-	3,805
	3,805	4,181	7,986
Total	**76,902**	**131,677**	**208,579**

** translated using exchange rate as at 30 September 2008*

24. Off balance sheet risks

There were no financial instruments with off balance sheet risk as at the date of issue of this report.

25. Material litigation

a. Mayekawa Mfg. Co. Ltd. and Mayekawa (M) Sdn. Bhd., (the "Plaintiffs") had on 1 August 2005 served a Writ of Summons dated 27 June 2005 on the Company, Hai San & Sons Sdn. Bhd. ("HSSSB") and Beh Teng Hong (the "Defendants"), claiming infringement of trademark "MYCOM" and passing off by the Defendants and requesting, inter alia for a mandatory injunction against the Defendants from dealing in MYCOM products. The First and Second Defendants had on 9 August 2005 and 29 August 2005 filed the memorandum of appearance and Defence respectively.

   The High Court at Kuala Lumpur ("High Court") dismissed the Plaintiffs' application for an interlocutory injunction against the Defendants on 14 December 2005. The Plaintiffs thereafter on 16 December 2005 filed a Notice of Appeal to the Court of Appeal against the High Court's decision and thereafter on 19 December 2005 filed a Summons in Chambers at the High Court seeking, inter alia, an interim injunction against the Defendants pending the outcome of the Notice of Appeal ("Erinford Injunction). The application for Erinford Injunction was dismissed by the High Court on 7 February 2006.

   The Plaintiffs subsequently on 15 February 2006 upon the dismissal of the application for Erinford Injunction by the High Court filed an Originating Motion at the Court of Appeal, seeking the same application for Erinford Injunction. The Court of Appeal allowed the Erinford Injunction on 20 March 2006.

   The First and Second Defendants had on 19 April 2006 filed an Originating Motion at the Federal Court for leave to appeal against the decision of the Court of Appeal granting the Erinford Injunction. The Federal Court conducted a case management before the Registrar on 9 November 2006 and fixed a hearing date for the Originating Motion on 26 March 2007.

   On 3 October 2007, consent judgement has been entered against the third Defendant and the suit has been withdrawn against the First and Second Defendant with liberty to file afresh. The plaintiff and the First and Second Defendants have signed a Settlement Deed on 3 October 2007. The Plaintiff through their solicitor has filed a Notice of Discontinuance of Appeal in the Court of Appeal as both parties have settled the matters. The First and Second Defendant's solicitors have filed a Notice of Discontinuance of Notice of Motion in the Federal Court on 30 April 2008.

b. On 29 November 2006, the Company filed a claim against Persatuan Peladang Negeri Pulau Pinang ("1st Defendant"), Ketua Pengarah Jabatan Perkhidmatan Haiwan ("2nd Defendant") and the Government of Malaysia ("3rd Defendant") for the recovery of the outstanding sum of RM4,698,775 for a shipment of cattles delivered and sold to the defendants pursuant to a Purchase Order dated 5 January 2006 issued by the 1st Defendant who had taken delivery of the shipment of cattles. The 3rd Defendant is responsible for the supervision and administration of the 2nd Defendant.

   In the Statement of Claim, the Company also sues the Defendants for negligence as an alternative claim because the 2nd Defendant, as agent and/or servant of the 3rd Defendant, has inspected and selected the cattles themselves in Australia before the shipment of cattles set on sail. However, they subsequently claimed that the cattles did not comply with specifications and refuse to make payment.

   The Company has subsequently reached a settlement arrangement with the Defendants and a Notice of Discontinuance of Legal Suit was filed with the Shah Alam High Court. The first settlement instalment amounting to RM887,595 was received by the Company on 20 June 2008.

26. (Loss) / Earnings per share

	Individual quarter 9 months ended		Cumulative period Year ended	
	30-Sep-08	**30-Sep-07**	**30-Sep-08**	**30-Sep-07**
Net (loss) / profit for the period (RM'000)	(5,306)	1,593	(6,185)	9,566
a) <u>Basic</u> Weighted average number of ordinary shares in issue ('000)	80,541	80,467	80,541	80,434
Basic (loss) / earnings per share (sen)	(6.59)	1.98	(7.68)	11.89
b) <u>Diluted</u> Weighted average number of ordinary shares in issue ('000)	80,541	80,467	80,541	80,434
Effect of share options ('000)	(1,582)	1,787	(1,582)	1,244
Weighted average number of ordinary shares ('000)	78,959	82,254	78,959	81,678
Diluted earnings per share (sen)	*	1.94	*	11.71

* No diluted EPS is disclosed as the effect is anti-dilutive

27. Dividend

No interim dividend has been declared for the current quarter under review.

28. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 November 2008.