

Notes to the First Quarter Report
For The Financial Period Ended 31 March 2009

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. Pursuant to the Bursa Directive dated 7 August 2008, a limited review has been carried out by the Company’s auditors on the interim financial statements 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 2008. 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 2008.

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 2008. At the date of authorisation of these interim financial statements, the following FRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group:

FRSs and Interpretations		Effective for financial periods beginning on or after
FRS 8	<i>Operating Segments</i>	1 July 2009
FRS 7	<i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 139	<i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
IC Interpretation 9	<i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10	<i>Interim Financial Reporting and Impairment</i>	1 January 2010

FRS were issued but is not relevant and not yet effective for the Group’s operations

FRSs and Interpretations		Effective for financial periods beginning on or after
FRS 4	<i>Insurance Contracts</i>	1 January 2010

The adoption of the above FRSs and Interpretations upon their effective dates are not expected to have any significant impact on the interim financial statements of the Group.

3. Status of Annual Report 2008

The auditors’ report on the Group’s most recent annual audited financial statements for the year ended 31 December 2008 was not subject to any audit qualification.

4. Seasonal or cyclical factors

The business operations of the Group are generally not affected by any major seasonal or cyclical factors, except for the China’s TCL operations which is affected by winter season in the country.

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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 31 March 2009 was 7,604,100 shares and held as treasury shares in accordance with Section 67A of the Companies Act, 1965. As at 31 March 2009, 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 three months period ended 31 March 2009 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	9,674	2,281	10,676	-	22,631		22,631
-Internal segment only	39	133	2,181	390	2,743	(2,743)	-
Total revenue	<u>9,713</u>	<u>2,414</u>	<u>12,857</u>	<u>390</u>	<u>25,374</u>	<u>(2,743)</u>	<u>22,631</u>
RESULT							
Segments Result	1,170	(155)	(66)	869	1,818	(1,065)	753
Interest income	148	-	1	1,509	1,658	(675)	983
Unallocated corporate expenses							<u>(357)</u>
Operating profit							1,379
Share of loss of associate							(11)
Finance costs							<u>(4,363)</u>
Profit before tax							<u>(2,995)</u>
Taxation							<u>(387)</u>
Profit after tax							<u>(3,382)</u>

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 2008. 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 31 March 2009 up to the date of this announcement.

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12. Changes in the composition of the Company

There were no significant changes in the composition of the Group for the current quarter ended 31 March 2009.

13. Capital commitments

Capital commitments for the Group in respect of property, plant and equipment as well as prepaid lease payments for land not provided for as of 31 March 2009 are as stated below:

	RM'000
Approved and contracted for	<u>14,386</u>

14. Contingent liabilities and contingent assets

The Company provided corporate guarantee amounting to RM116,582,245 (as at 31 December 2008: RM117,032,182) in favour of financial institutions for credit facilities granted to subsidiaries and performance guarantee granted to a third party amounting to RM2,000,000 (as at 31 December 2008: RM2,000,000).

NOTES TO BURSA MALAYSIA SECURITIES BERHAD REVISED LISTING REQUIREMENTS

15. Performance review

The group reported revenue of RM22.63 million during the first quarter of 2009 ("Q1 2009"), a decrease of 12% over RM25.58 million in the corresponding quarter of the preceding year ("Q1 2008") due to the decline in income from the engineering division. The net loss before minority interest of RM3.38 million in Q1 2009 compared to the net profit before minority interest of RM1.15 million in the corresponding quarter in the preceding year, declined by 395% was attributed mainly to an increase in operating costs affecting lower margins.

16. Material change in quarterly results

In comparison with the immediate preceding quarter ("Q4 2008"), the Group's Q1 2009 revenue posted an increase by 1% from RM22.32 million to RM22.63 million. The Group's loss before tax shows an improvement of 58%, from a loss of RM7.15 million in Q4 2008 to a lower loss of RM3 million in Q1 2009 attributed to higher provisions of doubtful debts in Q4 2008.

17. Prospects for the remaining quarter until 31 December 2009

During the quarter under review, the Group's results reflect the difficult business conditions in both, local and global markets, which have not recovered from the financial crisis. Basically, the Group is operating in a challenging and difficult operating environment in start from the later part of 2008 due to the sudden credit squeeze.

However, the Group is confident of its temperature-controlled logistics ("TCL") operations with its future prospects. TCL is a good and growing business as there are abundant demand for such services, particularly in the large population countries such as China, India and Vietnam. Nonetheless due to the credit crunch, the Group's TCL expansion plans have been hampered as the financial institutions generally had taken a risk-averse approach and cutting back on loan facilities.

Going forward, we will be embarking on exercises to rationalise the Group's assets and facilities, streamline our operations, increase our efficiencies, and also to reduce our gearing. Upon completion of the rationalisation of the corporate exercises where visible and appropriate, the Group shall be in a better position.

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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	395	395
Deferred taxation	(8)	(8)
	<hr/>	<hr/>
	387	387

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.

However, 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. The loss of RM2.482 million has been recognised in the third quarter of 2008. The disposal is not completed as at this reporting quarter.

21. Quoted investments

As at 31 March 2009, 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

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.

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23. Group borrowings and debt securities

Total Group borrowings as at 31 March 2009 are as follows:

	Short term RM'000	Long term RM'000	Total RM'000
Secured			
Denominated in RM			
Term loan	2,314	20,035	22,349
Revolving credits	-	-	-
Bankers acceptance	4,077	-	4,077
Bonds	-	11,741	11,741
Bank overdraft	28,906	-	28,906
Hire purchase & lease payables	1,777	465	2,242
	<u>37,074</u>	<u>32,241</u>	<u>69,315</u>
Unsecured			
Denominated in RM			
Revolving credits	5,219	-	5,219
Bank overdraft	15,735	-	15,735
Term loan	-	40,000	40,000
Bankers acceptances	1,194	-	1,194
	<u>22,148</u>	<u>40,000</u>	<u>62,148</u>
Secured			
Denominated in foreign currency (*)			
Term loan			
RMB 65,739,721	2,467	32,700	35,167
VND 36,026,154,716	824	6,705	7,529
Revolving credits			
USD 1,314,087	4,852	-	4,852
	<u>8,143</u>	<u>39,405</u>	<u>47,548</u>
Unsecured			
Denominated in foreign currency (*)			
Term loan			
RMB 8,276,000	4,427	-	4,427
Revolving credits			
RMB 7,531,000	4,029	-	4,029
	<u>8,456</u>	<u>-</u>	<u>8,456</u>
Total	<u>75,821</u>	<u>111,646</u>	<u>187,467</u>

** translated using exchange rate as at 31 March 2009*

24. Off balance sheet risks

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

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25. Material litigation

- a. 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 with a first settlement instalment of RM887,595 and with the Company taking legal actions against other involved parties.

26. (Loss) / Earnings per share

	Individual quarter		Cumulative period	
	31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08
Net (loss) / profit for the period (RM'000)	(3,900)	(41)	(3,900)	(41)
a) <u>Basic</u>				
Weighted average number of ordinary shares in issue ('000)	80,541	80,541	80,541	80,541
Basic (loss) / earnings per share (sen)	<u>(4.84)</u>	<u>(0.05)</u>	<u>(4.84)</u>	<u>(0.05)</u>
b) <u>Diluted</u>				
Weighted average number of ordinary shares in issue ('000)	80,541	80,541	80,541	80,541
Effect of share options ('000)	(1,791)	110	(1,791)	110
Weighted average number of ordinary shares ('000)	<u>78,750</u>	<u>80,651</u>	<u>78,750</u>	<u>80,651</u>
Diluted (loss) / earnings per share (sen)	<u>*</u>	<u>(0.05)</u>	<u>*</u>	<u>(0.05)</u>

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

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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 28 May 2009.