

**Notes to the Third Quarter Report**  
**For The Financial Period Ended 30 September 2009**

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**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 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:

<b>FRSs and Interpretations</b>		<b>Effective for financial periods beginning on or after</b>
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

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

The adoptions 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.

**5. Unusual item**

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

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**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 2009 was 7,604,100 shares and held as treasury shares in accordance with Section 67A of the Companies Act, 1965. As at 30 September 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 nine months period ended 30 September 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
<b>REVENUE</b>							
-External	24,978	7,366	33,561	29	65,934		65,934
-Internal segment only	264	397	6,767	2,188	9,616	(9,616)	-
Total revenue	<u>25,242</u>	<u>7,763</u>	<u>40,328</u>	<u>2,217</u>	<u>75,550</u>	<u>(9,616)</u>	<u>65,934</u>
<b>RESULT</b>							
Segments Result	1,988	232	(779)	3,721	5,162	(836)	4,326
Interest income	16	-	11	2	29	(1,973)	(1,944)
Unallocated corporate expenses							<u>(1,157)</u>
Operating profit							1,225
Share of loss of associate							(20)
Finance costs							<u>(10,983)</u>
Loss before tax							(9,778)
Taxation							<u>(1,024)</u>
Loss after tax							<u>(10,802)</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.

**11. Material events subsequent to end of the interim period**

There was no material events subsequent to the end of the current quarter ended 30 September 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 30 September 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 30 September 2009 are as stated below:

	RM'000
Approved and contracted for	<u>12,227</u>

**14. Contingent liabilities and contingent assets**

The Company provided corporate guarantee amounting to RM111,676,115 (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 RM21.08 million during the third quarter of 2009 ("Q3 2009"), a decrease of 25% over RM28.07 million in the corresponding quarter of the preceding year ("Q3 2008") due to the decline in income from operations in the engineering division. In tandem with lower revenue, the Group reported a loss after tax before minority interest of RM4.41 million in Q3 2009 compared to the net loss before minority interest of RM3.60 million in the corresponding quarter in the preceding year.

The overall performance of the Group for the nine months period ended 30 September 2009 ("F3Q 2009") showed deterioration compared with that of the previous financial year ("F3Q 2008"). The Group achieve revenue of RM65.93 million compared to F3Q 2008's RM80.37 million, mainly due to lower revenue from its engineering division. The Group also recorded a net loss before minority interest of RM10.80 million for F3Q 2009 as compared to a net loss before minority interest of RM2.40 million for F3Q 2008.

**16. Material change in quarterly results**

In comparison with the immediate preceding quarter ("Q2 2009"), the Group's Q3 2009 revenue posted a decrease by 5% from RM22.23 million to RM21.08 million. The Group's net loss before minority interest of RM4.41 million also shows an increase of 46%, from a loss of RM3.01 million in Q2 2009 attributed to lower revenue in the current Q3 2009.

**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.

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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.

**18. Profit forecast**

Not applicable in this Quarterly Report.

**19. Taxation**

	Current quarter RM'000	Financial period to-date RM'000
<b>Malaysian tax</b>		
Current taxation	229	837
Deferred taxation	(119)	187
	<u>110</u>	<u>1,024</u>

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. Sale of unquoted investments and/or properties**

There were no sales 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 has been completed on 23 July 2009.

**21. Quoted investments**

As at 30 September 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 30 September 2009 are as follows:

	Short term RM'000	Long term RM'000	Total RM'000
<b>Secured</b>			
<b>Denominated in RM</b>			
Term loan	2,900	19,494	22,394
Revolving credits	3,000	-	3,000
Bankers acceptance	7,141	-	7,141
Bonds	8,844	-	8,844
Bank overdraft	21,441	-	21,441
Hire purchase & lease payables	1,117	121	1,238
	<u>44,443</u>	<u>19,615</u>	<u>64,058</u>
<b>Unsecured</b>			
<b>Denominated in RM</b>			
Revolving credits	4,917	-	4,917
Bank overdraft	16,678	-	16,678
Term loan	40,000	-	40,000
Bankers acceptances	-	-	-
	<u>61,595</u>	<u>-</u>	<u>61,595</u>
<b>Secured</b>			
<b>Denominated in foreign currency (*)</b>			
Term loan			
RMB 67,200,000	4,009	30,362	34,371
VND 38,176,630,107	1,298	6,242	7,540
Revolving credits			
USD 999,979	3,518	-	3,518
	<u>8,825</u>	<u>36,604</u>	<u>45,429</u>
<b>Unsecured</b>			
<b>Denominated in foreign currency (*)</b>			
Term loan			
RMB 8,276,000	4,233	-	4,233
Revolving credits			
RMB 7,531,000	3,852	-	3,852
	<u>8,085</u>	<u>-</u>	<u>8,085</u>
<b>Total</b>	<u><u>122,948</u></u>	<u><u>56,219</u></u>	<u><u>179,167</u></u>

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

On 29 November 2006, the Company filed a claim against Persatuan Peladang Negeri Pulau Pinang ('1<sup>st</sup> Defendant'), Ketua Pengarah Jabatan Perkhidmatan Haiwan ('2<sup>nd</sup> Defendant') and the Government of Malaysia ('3<sup>rd</sup> 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 1<sup>st</sup> Defendant who had taken delivery of the shipment of Cattles. The 3<sup>rd</sup> Defendant is responsible for the supervision and administration of the 2<sup>nd</sup> Defendant.

In the Statement of Claim, the Company also sues the Defendants for negligence as an alternative claim because the 2<sup>nd</sup> Defendant, as agent and/or servant of the 3<sup>rd</sup> 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	
	3 months ended		9 months ended	
	30-Sep-09	30-Sep-08	30-Sep-09	30-Sep-08
<b>Net (loss) / profit for the period (RM'000)</b>	(4,433)	(5,306)	(11,666)	(6,185)
a) <u>Basic</u>				
Weighted average number of ordinary shares in issue ('000)	80,541	80,541	80,541	80,541
<b>Basic (loss) / earnings per share (sen)</b>	<u>(5.50)</u>	<u>(6.59)</u>	<u>(14.48)</u>	<u>(7.68)</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)	(1,617)	(1,501)	(1,712)	(1,501)
Weighted average number of ordinary shares ('000)	<u>78,924</u>	<u>79,040</u>	<u>78,829</u>	<u>79,040</u>
<b>Diluted (loss) / earnings per share (sen)</b>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</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 30 November 2009.