

**Notes to the Fourth Quarter Report**  
**For The Financial Period Ended 31 December 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 financial statements for the year ended 31 December 2008.

**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.

**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 December 2009 was 7,604,100 shares and held as treasury shares in accordance with Section 67A of the Companies Act, 1965. As at 31 December 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.

**HAISAN RESOURCES BERHAD**  
**Company No. 502213-D**

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**9. Segmental reporting**

The financial results by business segments for the twelve months period ended 31 December 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	33,616	9,774	42,493	43	85,926		85,926
- Internal segment only	295	518	8,876	7,544	17,233	(17,233)	-
<b>Total revenue</b>	<b>33,911</b>	<b>10,292</b>	<b>51,369</b>	<b>7,587</b>	<b>103,159</b>	<b>(17,233)</b>	<b>85,926</b>
<b>RESULT</b>							
Segments Result	2,978	36	(4,985)	6,908	4,937	(8,349)	(3,412)
Interest income	23	3	12	2,626	2,664	(2,616)	48
Unallocated corporate expenses							(2,124)
Operating loss							(5,488)
Share of loss of associate							(22)
Finance costs							(14,131)
Loss before tax							(19,641)
Taxation							(53)
Loss after tax							(19,694)

**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 31 December 2009 up to the date of this announcement.

**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 December 2009.

**13. Capital commitments**

Capital commitments for the Group in respect of property, plant and equipment not provided for as of 31 December 2009 are as stated below:

	RM'000
Approved and contracted for	<u>10,524</u>

**14. Contingent liabilities and contingent assets**

The Company provided corporate guarantee amounting to RM105,438,309 (as at 31 December 2008: RM117,032,182) in favour of financial institutions for credit facilities granted to subsidiaries.

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**NOTES TO BURSA MALAYSIA SECURITIES BERHAD REVISED LISTING REQUIREMENTS**

**15. Performance review**

The group reported revenue of RM19.99 million during the fourth quarter of 2009 ("Q4 2009"), a decrease of 10% over RM22.32 million in the corresponding quarter of the preceding year ("Q4 2008") due to the decline in income from operations in the engineering division. In tandem with lower revenue, the Group reported a net loss before minority interest of RM8.89 million in Q4 2009 compared to the net loss before minority interest of RM6.84 million in the corresponding quarter in the preceding year.

The overall performance of the Group for the twelve months period ended 31 December 2009 ("F4Q 2009") showed deterioration compared with that of the previous financial year ("F4Q 2008"). The Group achieve revenue of RM85.93 million compared to F4Q 2008's RM102.69 million, mainly due to lower revenue from its engineering division. The Group also recorded a net loss before minority interest of RM19.69 million for F4Q 2009 as compared to a net loss before minority interest of RM9.24 million for F4Q 2008 mainly due to provision for doubtful debts and provision for impairment.

**16. Material change in quarterly results**

In comparison with the immediate preceding quarter ("Q3 2009"), the Group's Q4 2009 revenue posted a decrease by 5% from RM21.08 million to RM19.99 million. The Group's net loss before minority interest also increased to RM8.89 million from a loss of RM4.41 million in Q3 2009 due to provision for doubtful and impairments.

**17. Prospects for the next financial year**

The board is of the opinion that the outlook for year 2010 will remain challenging, but the Group will continue its effort on the implementation of various corporate exercises to rationalise its assets and facilities, streamline operations and improve efficiency as well as reduce the gearing of the Group.

**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	84	921
Deferred taxation	(1,055)	(868)
	<u>(971)</u>	<u>53</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.

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**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.

**21. Quoted investments**

As at 31 December 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 December 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	21,841	-	21,841
Revolving credits	3,000	-	3,000
Bankers acceptance	3,557	-	3,557
Bonds	8,897	-	8,897
Bank overdraft	20,292	-	20,292
Hire purchase & lease payables	661	204	865
	<u>58,248</u>	<u>204</u>	<u>58,452</u>
<b>Unsecured</b>			
<b>Denominated in RM</b>			
Revolving credits	4,614	-	4,614
Bank overdraft	17,546	-	17,546
Term loan	40,000	-	40,000
Bankers acceptances	-	-	-
	<u>62,160</u>	<u>-</u>	<u>62,160</u>
<b>Secured</b>			
<b>Denominated in foreign currency (*)</b>			
Term loan			
RMB 66,000,000	33,199	-	33,199
VND 39,698,975,770	7,420	-	7,420
Revolving credits			
USD 999,979	3,462	-	3,462
	<u>44,081</u>	<u>-</u>	<u>44,081</u>
<b>Unsecured</b>			
<b>Denominated in foreign currency (*)</b>			
Term loan			
RMB 8,276,000	4,163	-	4,163
Revolving credits			
RMB 7,531,000	3,788	-	3,788
	<u>7,951</u>	<u>-</u>	<u>7,951</u>
<b>Total</b>	<b><u>172,440</u></b>	<b><u>204</u></b>	<b><u>172,644</u></b>

*\* translated using exchange rate as at 31 December 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 per share**

	Individual quarter		Cumulative period	
	31-Dec-09	31-Dec-08	31-Dec-09	31-Dec-08
<b>Net loss for the period (RM'000)</b>	(10,106)	(7,063)	(21,772)	(13,248)
a) <u>Basic</u>				
Weighted average number of ordinary shares in issue ('000)	80,541	80,541	80,541	80,541
<b>Basic loss per share (sen)</b>	<b>(12.55)</b>	<b>(8.77)</b>	<b>(27.03)</b>	<b>(16.45)</b>
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)	*	*	*	*
Weighted average number of ordinary shares ('000)	*	*	*	*
<b>Diluted loss per share (sen)</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>

\* 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 24 February 2010.

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