

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 Main Market Listing Requirements (“LR”) of Bursa Malaysia Securities Berhad (Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. 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 2010.

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 2010 except for the adoption of the following new/revised FRSs, IC Interpretations and Amendments to FRSs.

		Effective for financial period beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards (revised)	1.7.2010
Amendments to FRS 1	- Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters	1.1.2011
Amendments to FRS 1	- Additional Exemption for First-time Adopters	1.1.2011
FRS 3	Business Combinations (revised)	1.7.2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1.7.2010
Amendments to FRS 7	Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments	1.1.2011
Amendments to FRS 132	Financial Instruments: Presentation - Classification of Rights Issues	1.3.2010
Amendments to FRS 138	Intangible Assets	1.7.2010
IC Interpretation 4	Determining whether an Arrangement contains a Lease	1.1.2011
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1.7.2010
IC Interpretation 12	Service Concession Arrangements	1.7.2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1.7.2012
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operations	1.7.2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1.7.2010
IC Interpretation 18	Transfer of Assets from Customers	1.1.2011

The adoption of the above new/revised FRSs, IC Interpretations and Amendments to FRSs do not have any significant financial impact on the Group

Notes to the First Quarter Report
For The Financial Period Ended 31 March 2011

3. Status of Annual Audited Financial Statements 2010

The auditors' report on the Group's most recent annual audited financial statements for the year ended 31 December 2010 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 are 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 was 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 2011 was 7,604,100 shares and held as treasury shares in accordance with Section 67A of the Companies Act, 1965. As at 31 March 2011, the number of outstanding shares issued and fully paid with voting rights were 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 (3) months period ended 31 March 2011 are as follows:

	<-----Continuing operations----->					
	Engineering	Ice Manufacturing	Temperature- controlled logistics/ warehousing	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE						
-External	2,732	2,268	9,803	2		14,805
-Internal segment only	540	126	2,339	262	(3,267)	-
Total revenue	<u>3,272</u>	<u>2,394</u>	<u>12,142</u>	<u>264</u>	<u>(3,267)</u>	<u>14,805</u>
RESULT						
Segment Results	230	(576)	(4,373)	32	12	(4,675)
Interest income	8	1	-	732	(731)	10
Unallocated corporate expenses						(879)
Operating profit						<u>(5,544)</u>
Share of profit of associate						-
Finance costs						<u>(3,254)</u>
Loss before tax						<u>(8,798)</u>
Taxation						<u>29</u>
Loss after tax						<u><u>(8,769)</u></u>

Notes to the First Quarter Report
For The Financial Period Ended 31 March 2011

10. Valuations of Property, Plant and Equipment

The valuations of land and buildings have been brought forward from the annual audited financial statements for the year ended 31 December 2010. The carrying value is based on valuations carried out in year 2010 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 March 2011 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 31 March 2011.

13. Capital commitments

Capital commitments for the Group not provided for as of 31 March 2011 are as stated below:

	RM'000
Approved and contracted for	<u>4,091</u>

14. Contingent liabilities

The Company provided corporate guarantee amounting to RM144,734,276 (as at 31 December 2009: RM136,004,858) 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 RM14.81 million during the first quarter of 2011 ("Q1 2011"), an increase of 15.1% over RM12.87 million from the corresponding quarter of the preceding year ("Q1 2010"), and is attributable to higher revenue from the Engineering and Temperature Controlled Logistics in Malaysia. The Group's net loss before minority interest is increased to RM8.77 million compared to the net loss of RM5.20 million in Q1 2010 due to compensations made for the withdrawn Sale and Leaseback of the Shanghai's property and assets.

16. Material change in quarterly results

For the immediate preceding quarter ("Q4 2010"), the Group announced revenue of RM14.98 million (excludes revenue from the discontinued operations of MMG of RM3.22 million). The Group's Q1 2011 revenue of RM14.81 million as compared to the Q4 2010 revenue has been reduced by 1.1%. The Group's net loss before minority interest of RM8.77 million in Q1 2011 is an improvement over the Q4 2010 of RM18.31 million mainly due to the previous quarter's impairment amounting to RM9.44 million.

17. Prospects for the financial year

The Company had been classified as a Practice Note 17 ("PN 17") company pursuant to Paragraph 8.04 and Paragraph 2.1(e) and 2.1 (f) of PN 17 of the LR of Bursa Securities in the previous year. The Company had since appointed a Scheme Adviser, UHY Advisory (KL) Sdn Bhd, to formulate a conclusive debt restructuring proposal ("Proposed Debt Restructuring"). The Proposed Debt Restructuring is expected to form an integral part of the overall Regularisation Plan to revive and reorganise the financial condition of the Company.

The Corporate Debt Restructuring Committee ("CDRC") had accepted the Company's application to mediate between the Company and its subsidiaries and its financial creditors. The Company had on 3 January 2011 submitted the draft Proposed Debt Restructuring Scheme and Regularisation Plan to the CDRC for review and approval. The final proposal had been submitted to the financial institutions for their final review.

The Company had announced the sale of its Shanghai property and assets on 26 April 2011 and is subjected to shareholders' approval as stated in section 22(e) below.

The Board is of the opinion that, upon completion of the above-mentioned corporate exercises, the financial position of the Group shall be improved and strengthened.

Notes to the First Quarter Report
For The Financial Period Ended 31 March 2011

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	0	0
Deferred taxation	(29)	(29)
	<u>(29)</u>	<u>(29)</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.

21. **Quoted investments**

As at 31 March 2011, 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 23 April 2010, the Company announced that the Company entered into a Share Sale Agreement for the Proposed Disposal of its entire investment of 750,000 ordinary shares of RM1.00 each in Malaysian Mega Galvaniser Sdn Bhd ("MMG") representing 50% of the entire issued and paid up capital in MMG to Acepoint Ventures Sdn Bhd for a cash consideration of RM16.0 million ("Proposed Disposal"). The cash consideration had been revised to RM12.0 million ("Proposed Revision") as announced on 17 January 2011. The Proposed Revision was approved by the Company's shareholders in the Extraordinary General Meeting ("EGM") held on 12 March 2011.
- (b) The Company is a PN 17 Company as it has triggered the following criteria pursuant to paragraph 8.04 (2) of PN 17 of the LR of Bursa Securities:-
- (i) Paragraph 2.1(e) of PN 17 whereby "the auditors have expressed a modified opinion with emphasis on the listed issuer's going concern in the listed issuer's latest audited financial statements and the shareholders' equity of the listed issuer on a consolidated basis is 50% or less of the issued and paid-up capital (excluding treasury shares) of the listed issuer" pursuant to our announcements dated 9 and 10 June 2010; and
- (ii) Paragraph 2.1(f) of PN 17 whereby "a default in payment by a listed issuer, its major subsidiary or major associated company, as the case may be, as announced by a listed issuer pursuant to Practice Note 1 and the listed issuer is unable to provide a solvency declaration to Bursa Securities" pursuant to our announcement dated 1 July 2010.

On 7 September 2010, the Company announced that the regularisation plan to regularise the Company's PN 17 status ("Regularisation Plan") will not result in a significant change in the business direction or policy presently adopted by the Company.

Further on 8 October 2010, the Company had announced that the CDRC had on even date accepted the Company's application to mediate between HAISAN and its subsidiaries and its financial creditors.

On 13 May 2011, the Company had submitted the final Proposed Restructuring Scheme to CDRC.

- (c) On 8 December 2010, the Company announced that IGLO International Limited ("IIL") has through its wholly-owned China subsidiary, IGLO Shanghai (Co.) Ltd ("IGLO SH"), entered into agreements with Shanghai Cang Shuo Cold Storage Co., Ltd ("SCSCS") in connection with a proposed sale and leaseback arrangement between IGLO SH and SCSCS in respect of the Property and the Equipment of IGLO SH with the sale consideration for the Property is RMB96.0 million or equivalent to approximately RM45.12 million and for the

Notes to the First Quarter Report
For The Financial Period Ended 31 March 2011

Equipment is RMB22.0 million or equivalent to approximately RM10.34 million (based on the exchange rate of RMB1.00 to RM0.47) ("Proposed Sale and Leaseback"). The lease back period for the Property and the Equipment is fifteen (15) years and thirteen (13) years respectively. The Proposed Sale and Leaseback was not approved by the Company's shareholders in the EGM held on 12 March 2011. On 16 March 2011, IGLO SH entered into a Settlement Agreement with SCSCS in relation to the Proposed Sale and Leaseback following the resolution of the Proposed Sale and Leaseback was not approved by the Company's shareholders in the EGM held on 12 March 2011.

- (d) On 23 February 2011, the Company announced that IIL has signed a Memorandum of Understanding ("MOU") with Glacier Refrigerated Services Corporation ("Glacier") to explore the cooperation potential in cold storage business in the Philippines. There is no further development on the MOU at this point of time.
- (e) On 26 April 2011, the Company announced that the Company's wholly-owned subsidiary, IIL and its wholly-owned China subsidiaries, IGLO SH and IGLO (Shanghai) Logistics Co., Ltd ("IGLO LOG") entered into the following agreements:
- (i) a standard form of Sale and Purchase Agreement stipulated by the Shanghai Housing and Land Administration Bureau and Shanghai Industrial and Commercial Administrative Bureau, and its Supplementary Clauses entered into between IGLO SH and Xinchang Company Limited ("XCL") ("PA") in respect of the proposed disposal by IGLO SH of a piece of leasehold industrial land measuring approx. 35,156 square metres located at No. 357, Jizhan Road, Minhang District, Shanghai, the People's Republic of China together with a single storey cold storage warehouse with ancillary facilities with a gross floor area of approx. 22,109 sq.m. erected thereon ("Property") to XCL for a cash consideration of RMB96.0 million or equivalent to approximately ("approx.") RM44.16 million ("Proposed Disposal of Property");
 - (ii) a Sale and Purchase Agreement entered into between IGLO SH and Shanghai DCH Warehousing & Transportation Company Limited ("DCH") ("AA I") in respect of the proposed disposal by IGLO SH of machinery, facilities and equipment ("IGLO SH's Assets") to DCH for a cash consideration of RMB52.0 million or equivalent to approx. RM23.92 million ("Proposed Disposal of IGLO SH's Assets");
 - (iii) a Sale and Purchase Agreement entered into between IGLO LOG and DCH ("AA II") in respect of the proposed disposal by IGLO LOG of machinery, facilities and equipment ("IGLO LOG's Assets") to DCH for a cash consideration of RMB2.0 million or equivalent to approx. RM0.92 million ("Proposed Disposal of IGLO LOG's Assets"); and
 - (iv) a Tripartite Agreement entered into between IIL, Charm Shine Limited ("CSL") and Main Logistics Ltd ("TA") in respect of the proposed transfer of non-tangible assets, restrictive terms, undertakings, staff and operation of the business of IGLO SH and IGLO LOG to SCL as well as rendering of consultancy and management services by IIL to CSL for a cash consideration of RMB15.0 million or equivalent to approx. RM6.9 million ("Proposed Transfer").

The exchange rate of Renminbi (RMB) and Ringgit Malaysia (RM) used is RMB1.00:RM0.46 as published by Bank Negara Malaysia at the close of trading on 26 April 2011.

The Proposed Disposal of Property, Proposed Disposal of IGLO SH's Assets, Proposed Disposal of IGLO LOG's Assets and Proposed Transfer are inter-conditional upon each other, and are hereinafter collectively referred to as the "Proposed Disposal".

Notes to the First Quarter Report
For The Financial Period Ended 31 March 2011

23. **Group borrowings and debt securities**

Total Group borrowings as at 31 March 2011 are as follows:

	Short term RM'000	Long term RM'000	Total RM'000
Secured			
Denominated in RM			
Term loan	21,365	-	21,365
Revolving credits	531	-	531
Bank overdraft	28,045	-	28,045
Hire purchase & lease payables	49	157	206
	<u>49,990</u>	<u>157</u>	<u>50,147</u>
Unsecured			
Denominated in RM			
Revolving credits	4,298	-	4,298
Bank overdraft	16,619	-	16,619
Term loan	40,000	-	40,000
	<u>60,917</u>	<u>-</u>	<u>60,917</u>
Denominated in foreign currency (*)			
Term loan			
RMB 71,913,500	33,250	-	33,250
VND 34,174,272,995	4,972	-	4,972
Revolving credits			
USD 1,039,774	3,248	-	3,248
RMB 7,531,000	3,482	-	3,482
	<u>44,952</u>	<u>-</u>	<u>44,952</u>
Total	<u>155,859</u>	<u>157</u>	<u>156,016</u>

* translated using exchange rate as at 31 March 2011

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) A third party has initiated a legal proceeding against a subsidiary and the Company for a sum of RM4,760,064.25 as at 11 July 2010 being the outstanding repayment due to the third party plus the interest accrued therein until the date of full settlement. The Writ of Summons together with the Statement of Claim dated 1 September 2010 was served on the subsidiary and the Company. The subsidiary and the Company have filed in their Notice of Appearance on 21 September 2010. The matter is now fixed for Case Management on 9 December 2010. From a letter dated 8 October 2010 issued by a party to the third party, the third party has now agreed to hold its action in abeyance. The matter came up for Case Management on 17 December 2010 before High Court Judge. The Court gave directions to parties with regards to Summary Judgment application on 17 December 2010. The matter came up for Case Management on 6 December 2010 before High Court Judge. The tentative hearing date of the Summary Judgment application is on 15 April 2011. This is to accommodate the 6 months time frame granted by CDRC which expires on 8 April 2011. As of to date, we have not been served with the Summary Judgment application. There was a case management on 16 February 2011 to monitor the progress of this matter and on 16 February 2011, the Court directed that the Summary Judgment be heard as per the dated fixed earlier i.e. 15 April 2011. On 15 April 2011, the Learned High Court Judge adjourned the hearing to 18 May 2011. On 18 May 2011, the third party withdrew the suit with costs of RM2,000.00 and with liberty to file afresh.

(b) A third party has initiated a legal proceeding against two (2) subsidiaries for a sum of RM872,061.73 as at 11 July 2010 being the outstanding repayment due to the third party plus the interest accrued therein until the date of full settlement. The Writ of Summons together with the Statement of Claim dated 1 September 2010 was served on the subsidiaries. The subsidiaries have filed in their Notice of Appearance on 21 September

Notes to the First Quarter Report
For The Financial Period Ended 31 March 2011

2010. From a letter dated 8 October 2010 issued by a party to the third party, the third party has now agreed to hold its action in abeyance. The matter came up for Case Management on 6 December 2010 before High Court Judge. The Court directed Summary Judgment application to be filed and all affidavits be exchanged before the Case Management date on 16 February 2011. The Court also fixed 15 April 2011 as the hearing date of the Summary Judgment application. This is to accommodate the 6 months time frame granted by CDRC which expires on 8 April 2011. As of to date, we have not been served with the Summary Judgment application. On 16 February 2011, the Court directed that the Summary Judgment be heard as per the dated fixed earlier i.e. 15 April 2011. On 15 April 2011, the Learned High Court Judge adjourned the hearing to 18 May 2011. On 18 May 2011, the third party withdrew the suit with costs of RM2,000.00 and with liberty to file afresh.

- (c) A third party has initiated a legal proceeding against the Company for a sum of RM3,753,009.44 as at 11 July 2010 being the outstanding repayment due to the third party plus the interest accrued therein until the date of full settlement. The Writ of Summons together with the Statement of Claim dated 1 September 2010 was served on the Company. The Company has filed in their Notice of Appearance on 21 September 2010. The matter is now fixed for Case Management on 18 November 2010. From a letter dated 8 October 2010 issued by a party to the third party, the third party has now agreed to hold its action in abeyance. The matter came up for Case Management on 30 November 2010 before High Court Judge. The Court directed Summary Judgment application to be filed and all affidavits be exchanged before the next Case Management date which is 13 April 2011. The hearing of the Summary Judgment application will be fixed on 13 April 2011. On 13 April 2011, the Learned High Court Judge adjourned the hearing to 18 May 2011. On 18 May 2011, the hearing is further adjourned to 18 July 2011.
- (d) A third party has issued a notice dated 7 September 2010 to claim RM4,798,977.54 as amount owing ("the Notice"), against a subsidiary. The subsidiary immediately applied for leave to take out judicial review proceeding to inter alia quash the Notice and for an injunction. The decision for the interlocutory injunction came up on 24 November 2010 before the Shah Alam High Court Judge. The Injunction was disallowed. The subsidiary immediately on 24 November 2010 applied for an Erinford Injunction orally, the judge reserved decision to 1 December 2010. In the meantime, status quo is maintained with an ad interim injunction in place. On 24 November 2010, the subsidiary has lodged an appeal to the Court of Appeal against the decision, disallowing the interlocutory injunction. On 1 December 2010, Shah Alam High Court dismissed the subsidiary's application for an Erinford Injunction, the subsidiary applied for the Notice of Motion to the Court of Appeal. The Court of Appeal allowed the motion and granted an Erinford Injunction. The Case Management for substantive judicial review came up for Case Management on 14 December 2010. The Registrar fixed 17 February 2011 as the Hearing of the Judicial Review application. The subsidiary had file its affidavit in reply on 14 January 2011. On 17 February 2011, the Learned Judge directed that the matter be postponed for four (4) months pending the decision by the Federal Court. The matter is now fixed for hearing on 14 July 2011.
- (e) A third party has initiated a legal proceeding against a subsidiary and the Company for a sum of RM929,507.70 as at 11 July 2010 being the outstanding repayment due to the third party plus the interest accrued therein until the date of full settlement. The Writ of Summons together with the Statement of Claim dated 23 September 2010 was served on the subsidiary and the Company. The subsidiary and the Company have filed in their Notice of Appearance on 14 October 2010. The third party also issued a Form 16D Notice pursuant to Section 254 of the National Land Code, 1965 - Notice of Default with respect to a charge dated 23 September 2010 on the subsidiary. From a letter dated 8 October 2010 issued by a party to the third party, the third party has now agreed to hold its action in abeyance. The matter is now fixed for a further Mention on 13 April 2011. On 13 April 2011, the Learned High Court Judge adjourned the hearing to 18 May 2011. On 18 May 2011, the hearing is further adjourned to 18 July 2011.
- (f) A third party has initiated a legal proceeding against subsidiary and the Company for a sum of RM3,153,326.93 as at 30 June 2010 being the outstanding repayment due to the third party plus the interest accrued therein until the date of full settlement. The Writ of Summons together with the Statement of Claim dated 27 September 2010 was served on the subsidiary and the Company. The subsidiary and the Company have filed in their Notice of Appearance on 26 October 2010. From a letter dated 8 October 2010 issued by a party to the third party, the third party has now agreed to hold its action in abeyance. There is no Court date fixed in respect of this matter.
- (g) A third party has initiated a legal proceeding against subsidiary and the Company for a sum of RM22,025,765.28 as at 27 September 2010 being the outstanding repayment due to the third party plus the interest accrued therein until the date of full settlement. The Writ of Summons together with the Statement of Claim dated 27 September 2010 was served on the subsidiary and the Company. The subsidiary and the Company have filed in their Memorandum of Appearance on 24 November 2010 on 25 November 2010. The third party also issued a Form 16D Notice pursuant to Section 254 of the National Land Code, 1965 - Notice of Default with respect to a charge dated 29 September 2010 on the subsidiary. From a letter dated 8 October 2010 issued by a party to the third party, the third party has now agreed to hold its action in abeyance.

Notes to the First Quarter Report
For The Financial Period Ended 31 March 2011

- (h) A third party issued a Form 16D Notice pursuant to Section 254 of the National Land Code, 1965 - Notice of Default with respect to a charge dated 28 October 2010 to the subsidiary for a sum of RM929,404.69 as at 17 June 2010 being the outstanding repayment due to the third party plus the interest accrued therein until the date of full settlement.

26. Loss per share

	Individual quarter 3 months ended		Cumulative period 3 months ended	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
Loss from continuing operations for the period (RM'000)	(8,768)	(5,773)	(8,768)	(5,773)
a) <u>Basic</u>				
Weighted average number of ordinary shares in issue ('000)	80,541	80,541	80,541	80,541
Basic loss per share (sen)				
- Continuing operations	(10.89)	(7.17)	(10.89)	(7.17)
- Discontinued operations	-	1.41	-	1.41
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)	*	*	*	*
Diluted loss per share (sen)	*	*	*	*

* 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. Realised and unrealised profits/ losses disclosure:

The accumulated losses as at 31 March 2011 and 31 December 2010 are analysed as follows:-

	As at end of Current Quarter 31 March 2011	As at end of Preceding Quarter 31 December 2010
	RM'000	RM'000
Total accumulated loss of the Company and its subsidiaries		
- Realised	(50,307)	(10,249)
- Unrealised	(6,489)	(8,087)
Less: Consolidation adjustments	(1,826)	(31,620)
Accumulated loss as per financial statements	(58,622)	(49,956)

29. 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 May 2011.