SILVER BIRD GROUP BERHAD

(Incorporated in Malaysia)
Company No : 277977 - X

FINANCIAL REPORT

for the financial year ended 31 October 2011

CONTENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 October 2011.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Profit/(Loss) for the financial year	4,925	(2,978)
Attributable to:-		
Owners of the Company	4,932	(2,978)
Non-controlling interests	(7)	-
	4,925	(2,978)

The results should be read in conjunction with Note 47 to the financial statements.

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) there were no changes in the authorised share capital of the Company;

(b) the Company increased its issued and paid-up share capital from RM193,340,853 to RM203,340,853 by the issuance of:

(i) 10,000,000 ordinary shares of RM0.50 each at an issue price of RM0.58 per ordinary share pursuant to the private placement exercise; and
(ii) 10,000,000 ordinary shares of RM0.50 each at an issue price of RM0.60 per ordinary share pursuant to the private placement exercise.

The new ordinary shares were issued for cash consideration for the purpose of working capital. The new ordinary shares issued during the financial year rank pari passu in all respects with the existing shares of the Company; and

(c) there were no issues of debentures by the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables.

As explained in Note 47 to the financial statements:-

(i) the directors are of the opinion that there may be bad debts and additional allowance that may need to be made for impairment losses on receivables;

(ii) at the date of this report, the directors are aware that there may be circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

As explained in Note 47 to the financial statements:-

(i) before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise, but were unable to form an opinion in this regard.

(ii) at the date of this report, the directors are aware that there may be circumstances that may render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

Other than as explained in Note 47 to the financial statements, at the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 43 to the financial statements. At the date of this report, the directors are unable to form an opinion whether there are:-

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

Other than as explained in Note 47 to the financial statements, there may be further contingent or other liability of the Group and of the Company that has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

Other than as explained in Note 47 to the financial statements, at the date of this report, the directors are aware that there may be circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which may render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year, in the opinion of the directors, may be substantially affected by items, transactions or events of a material and unusual nature.

Between the end of the financial year and the date of this report, there may be items, transactions or events of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

DATO' PROF. DR. GAN MIEW CHEE @ GAN KHUAN POH
DATO' TAN HAN KOOK
CHING SIEW CHEONG
LIM HOCK CHYE
RICHARD GEORGE AZLAN BIN ABAS
DATO' SERI TALAAT BIN HUSAIN
ADI AZUAN BIN ABDUL GHANI
DATO' LEE KOK CHUAN
PETER JOHN MCLOGHLIN
VANDA RUSSELL GOULD (ALTERNATE DIRECTOR TO PETER JOHN MCLOGHLIN)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.50 EACH			
	AT 1.11.2010	BOUGHT	SOLD	AT 31.10.2011
DIRECT INTERESTS				
DATO' TAN HAN KOOK	44,090,866	-	-	44,090,866
CHING SIEW CHEONG	7,654,191	-	-	7,654,191
RICHARD GEORGE AZLAN BIN ABAS	133,333	271,600	-	404,933
INDIRECT INTERESTS				
DATO' TAN HAN KOOK (1)	8,076,079	-	-	8,076,079
VANDA RUSSELL GOULD (2)	36,876,666	-	-	36,876,666

(1) Deemed interests through spouse's shareholdings.

(2) Deemed interests through CVC Limited by virtue of Section 6A of the Companies Act 1965.

	NUMBER OF WARRANTS			
	AT 1.11.2010	BOUGHT	SOLD	AT 31.10.2011
WARRANTS B - 2010/2013				
DIRECT INTERESTS				
DATO' TAN HAN KOOK	3,657,330	-	-	3,657,330
CHING SIEW CHEONG	372,640	-	-	372,640
RICHARD GEORGE AZLAN BIN ABAS	12,499	-	-	12,499
INDIRECT INTERESTS				
DATO' TAN HAN KOOK (1)	757,425	-	-	757,425
VANDA RUSSELL GOULD (2)	980,900	-	-	980,900

(1) Deemed interests through spouse's shareholdings.

(2) Deemed interests through CVC Limited by virtue of Section 6A of the Companies Act 1965.

By virtue of his shareholding in the Company, Dato' Tan Han Kook is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965.

The other directors holding office at the end of the financial year had no interests in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director is entitled or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

In addition to Note 45 to the financial statements, there may be other significant events occurring after the end of the reporting period.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 28 FEBRUARY 2012

Dato' Prof. Dr. Gan Miew Chee @ Gan Khuan Poh

Richard George Azlan Bin Abas

STATEMENT BY DIRECTORS

We, Dato' Prof. Dr. Gan Miew Chee @ Gan Khuan Poh and Richard George Azlan Bin Abas, being two of the independent non-executive directors of Silver Bird Group Berhad, state that as explained in Note 47 to the financial statements, the non-executive directors have taken note of the Independent Auditors' disclaimers pertaining to the financial statements set out on pages 13 to 96 but are in no position to form an opinion on the said disclaimers.

We are unable to form an opinion as to the extent of the circumstances leading to the disclaimers by the Independent Auditors. There may however be additional circumstances that we may not at this juncture be aware that may have a material impact on the truth and fairness of the financial statements.

Accordingly, we are unable to form an opinion as to whether the financial statements set out on pages 13 to 96 have been drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 October 2011 and of their results and cash flows for the financial year ended on that date. We have however taken the necessary steps to ascertain a true and fair view of the state of affairs of the Group and of the Company at 31 October 2011 and their results and cash flows for the financial year ended on that date, and will report the same expeditiously once the directors are in a position to do so.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 28 FEBRUARY 2012

Dato' Prof. Dr. Gan Miew Chee @ Gan Khuan Poh

Richard George Azlan Bin Abas

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SILVER BIRD GROUP BERHAD
(Incorporated in Malaysia)
Company No : 277977 - X

Report on the Financial Statements

We were engaged to audit the financial statements of Silver Bird Group Berhad, which comprise the statements of financial position as at 31 October 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 13 to 96.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit in accordance with approved standards on auditing in Malaysia. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1. During the course of our audit for the financial year ended 31 October 2011, we expressed concerns to the Audit Committee and the Board of Directors over the validity and recording of certain transactions for which we were not able to obtain the sufficient and appropriate audit evidence and satisfactory explanations from management, the details of the said transactions, as disclosed in Note 47 to the financial statements, are as follows:-

    (i) The capital work-in-progress of the Group under property, plant and equipment, includes payments made amounting to approximately RM7.6 million to a third party for the design, renovation and refurbishment of the existing warehouse and factory. We have not been able to verify the veracity of the payments made. In addition, we have not been able to obtain all the information required to verify the additions of plant and equipment amounting to RM4.9 million;

Basis for Disclaimer of Opinion (Cont'd)

(ii) In August 2011, the Group ventured into a new business segment of trading in sweetened creamer. Revenue and cost of sales amounting to approximately RM31.9 million and RM31.3 million respectively were recorded for this segment in the profit or loss. We have not been able to verify the veracity of the transactions for this segment which were undertaken with five (5) customers; and

(iii) We have not been able to verify the veracity of sales transactions undertaken by the Group with six (6) customers comprising four (4) customers from the bakery segment and two (2) customers from the telecommunication segment amounting to RM149.0 million included in profit or loss. The said amount include gross telecommunication sales of RM83.9 million.

2. The matters referred to in paragraph 1(i) to (iii) above cast a significant doubt on the financial performance and position of the Group. We have not been able to obtain all the necessary information and explanations required for the review of impairment of the following assets of the Group as included in the Consolidated Financial Position as at 31 October 2011 :-

   (i) the carrying amount of property, plant and equipment of the Group of RM195.4 million; and

   (ii) the carrying amount of intangible assets of the Group of RM36.7 million.

3. We have not been able to obtain all the necessary information and explanations required for the review of the recoverability of the carrying amount of the trade receivables of the Group as at 31 October 2011 for those trade receivables mentioned in 1(ii) and 1(iii) above amounting to approximately RM31.9 million and RM35.9 million, respectively;

4. The following items required for our audit remain outstanding at the date of this report, and therefore may be subject to adjustments:-

   (i) Sales transaction data for five (5) customers in the sweetened creamer segment, four (4) customers in the bakery segment and two (2) customers in the telecommunication segment;

Basis for Disclaimer of Opinion (Cont'd)

(ii) Confirmation of balances that have not been received from the following third parties in relation to the amounts included in the Statement of Financial Position as at 31 October 2011:-

(a) the carrying amount of cash and bank balances of the Group of RM1.3 million;

(b) the carrying amount of short-term deposits with financial institution of the Group and of the Company of RM1.1 million;

(c) the carrying amount of bonds of the Group and of the Company of RM5.0 million;

(d) the carrying amount of commercial papers of the Group and of the Company of RM15.0 million;

(e) the carrying amount of hire purchase payables of the Group of RM5.1 million;

(f) the carrying amount of term loans of the Group of RM18.4 million; and

(g) the carrying amount of certain trade receivables of the Group of RM25.1 million.

5. In view of the matters referred to above, we have not been able to obtain sufficient appropriate audit evidence to ascertain the following:-

(i) impairment to the carrying amounts of the investment in subsidiaries and loans to subsidiaries of the Company of RM205.6 million and RM58.0 million respectively; and

(ii) the appropriateness of the preparation of the financial statements of the Group and of the Company on a going concern basis.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

(i) Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, in our opinion, the accounting and other records required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have not been properly kept in accordance with the provisions of the Act. However, in our opinion, the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

(ii) The audits of the subsidiaries (details of the subsidiaries are disclosed in Note 5 to the financial statements) have commenced but have not been completed as at the date of this report. As a result of the delay in the completion of the audit of the subsidiaries, we have not been able to consider the financial statements and the audit reports of the subsidiaries.

(iii) Accordingly, we are unable to comment whether the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group. We have not received satisfactory information and explanations required by us for those purposes.

(iv) We are unable to report whether the audit reports on the financial statements of the subsidiaries contain any qualification or any adverse comment made under Section 174(3) of the Act, as the audited financial statements of the subsidiaries are not available as at the date of this report.

The supplementary information set out in Note 48 on page 97 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. We are unable to report on whether the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath	**Onn Kien Hoe**
Firm No: AF 1018	Approval No: 1772/11/12(J/PH)
Chartered Accountants	Chartered Accountant

28 February 2012

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION AT 31 OCTOBER 2011

		THE GROUP		THE COMPANY	
			RESTATED		
		2011	2010	2011	2010
	NOTE	RM'000	RM'000	RM'000	RM'000
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	5	-	-	205,605	205,605
Investment in associate	6	300	-	-	-
Property, plant and equipment	7	195,395	201,678	-	-
Other receivable	8	7,546	7,546	7,546	7,546
Intangible assets	9	36,730	36,730	-	-
Loan to subsidiaries	10	-	-	58,006	63,372
		239,971	245,954	271,157	276,523
CURRENT ASSETS					
Inventories	11	15,016	17,777	-	-
Trade receivables	12	128,174	75,186	-	-
Other receivables, deposits and prepayments	13	2,398	1,988	493	115
Amount owing by a subsidiary	14	-	-	6	6
Tax refundable		247	1	-	-
Short-term deposits with financial institution	15	1,145	3,138	1,145	3,138
Fixed deposits with licensed banks	16	2,560	2,489	-	-
Cash and bank balances		7,578	19,712	38	31
		157,118	120,291	1,682	3,290
TOTAL ASSETS		397,089	366,245	272,839	279,813

SILVER BIRD GROUP BERHAD

(Incorporated in Malaysia)
Company No : 277977 - X

STATEMENTS OF FINANCIAL POSITION AT 31 OCTOBER 2011 (CONT'D)

		THE GROUP		THE COMPANY	
			RESTATED		
		2011	2010	2011	2010
	NOTE	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	203,341	193,341	203,341	193,341
Share premium	18	53,622	52,453	53,622	52,453
Merger deficit	19	(5,326)	(5,326)	-	-
Capital reserve	20	277	277	-	-
Warrants reserve	21	6,059	6,059	6,059	6,059
Accumulated losses		(44,138)	(49,070)	(13,754)	(10,776)
Foreign exchange translation reserve	22	(670)	(360)	-	-
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		213,165	197,374	249,268	241,077
MINORITY INTERESTS		258	265	-	-
TOTAL EQUITY		213,423	197,639	249,268	241,077
NON-CURRENT LIABILITIES					
Hire purchase payables	23	6,290	9,613	-	-
Term loans	24	15,448	13,479	-	-
Bonds	25	-	4,677	-	4,677
Deferred taxation	26	764	-	-	-
		22,502	27,769	-	4,677
CURRENT LIABILITIES					
Trade payables	27	25,919	19,423	-	-
Other payables and accruals	28	8,840	7,570	2,580	96
Amount owing to subsidiaries	14	-	-	59	59
Hire purchase payables	23	3,298	3,411	-	-
Term loans	24	4,187	-	1,250	-
Bonds	25	4,677	3,899	4,677	3,899
Commercial papers	29	15,000	30,000	15,000	30,000
Bills payable	30	93,905	74,839	-	-
Bank overdrafts	31	5,165	1,522	-	-
Provision for taxation		173	173	5	5
		161,164	140,837	23,571	34,059
TOTAL LIABILITIES		183,666	168,606	23,571	38,736
TOTAL EQUITY AND LIABILITIES		397,089	366,245	272,839	279,813

SILVER BIRD GROUP BERHAD

(Incorporated in Malaysia)
Company No : 277977 - X

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

		THE GROUP		THE COMPANY	
			RESTATED		
	NOTE	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
REVENUE	32	232,068	190,015	-	-
COST OF SALES		(146,352)	(103,720)	-	-
GROSS PROFIT		85,716	86,295	-	-
OTHER INCOME		2,839	1,246	2,797	3,562
		88,555	87,541	2,797	3,562
ADVERTISING AND PROMOTION EXPENSES		(2,706)	(3,532)	-	-
ADMINISTRATIVE EXPENSES		(26,979)	(22,610)	(3,195)	(3,948)
SELLING AND DISTRIBUTION EXPENSES		(41,214)	(46,369)	-	-
OTHER EXPENSES		(4,032)	(4,634)	-	-
FINANCE COSTS		(7,874)	(6,752)	(2,580)	(3,192)
PROFIT/(LOSS) BEFORE TAXATION	33	5,750	3,644	(2,978)	(3,578)
INCOME TAX EXPENSE	34	(825)	-	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		4,925	3,644	(2,978)	(3,578)
OTHER COMPREHENSIVE (EXPENSES)/INCOME					
- Foreign currency translation		(310)	2	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		4,615	3,646	(2,978)	(3,578)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011 (CONT'D)

		THE GROUP		THE COMPANY	
			RESTATED		
		2011	2010	2011	2010
	NOTE	RM'000	RM'000	RM'000	RM'000
PROFIT/(LOSS) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:-					
Owners of the Company		4,932	3,650	(2,978)	(3,578)
Minority interests		(7)	(6)	-	-
		4,925	3,644	(2,978)	(3,578)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR ATTRIBUTABLE TO:-					
Owners of the Company		4,622	3,652	(2,978)	(3,578)
Minority interests		(7)	(6)	-	-
		4,615	3,646	(2,978)	(3,578)
EARNINGS PER SHARE					
- Basic	35	1.25 sen	1.05 sen		
- Diluted	35	Not applicable	Not applicable		

SILVER BIRD GROUP BERHAD

(Incorporated in Malaysia)
Company No : 277977 - X

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

	←			ATTRIBUTABLE TO OWNERS OF THE COMPANY			→		
THE GROUP	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	MERGER DEFICIT RM'000	CAPITAL RESERVE RM'000	WARRANTS RESERVE RM'000	ACCUMULATED LOSSES RM'000	EXCHANGE TRANSLATION RESERVE RM'000	TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
Balance at 1.11.2009	157,090	36,077	(5,326)	277	7,363	(49,962)	(3,120)	142,399	271	142,670
Reclassification	-	-	-	-	-	(2,758)	2,758	-	-	-
Issuance of ordinary shares pursuant to:										
- private placement	26,938	10,775	-	-	-	-	-	37,713	-	37,713
- conversion of warrant A	9,313	6,519	-	-	(1,304)	-	-	14,528	-	14,528
Share issuance expenses	-	(918)	-	-	-	-	-	(918)	-	(918)
Total comprehensive income for the financial year	-	-	-	-	-	3,650	2	3,652	(6)	3,646
Balance at 31.10.2010/1.11.2010 (balance carried forward)	193,341	52,453	(5,326)	277	6,059	(49,070)	(360)	197,374	265	197,639

SILVER BIRD GROUP BERHAD

(Incorporated in Malaysia)
Company No : 277977 - X

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011 (CONT'D)

	← ATTRIBUTABLE TO OWNERS OF THE COMPANY							→		
THE GROUP (CONT'D)	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	MERGER DEFICIT RM'000	CAPITAL RESERVE RM'000	WARRANTS RESERVE RM'000	ACCUMULATED LOSSES RM'000	EXCHANGE TRANSLATION RESERVE RM'000	TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
Balance at 31.10.2010/1.11.2010 (balance brought forward)	193,341	52,453	(5,326)	277	6,059	(49,070)	(360)	197,374	265	197,639
Issuance of ordinary shares pursuant to private placement	10,000	1,850	-	-	-	-	-	11,850	-	11,850
Share issuance expenses	-	(681)	-	-	-	-	-	(681)	-	(681)
Total comprehensive income for the financial year	-	-	-	-	-	4,932	(310)	4,622	(7)	4,615
Balance at 31.10.2011	203,341	53,622	(5,326)	277	6,059	(44,138)	(670)	213,165	258	213,423

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011 (CONT'D)

THE COMPANY	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	WARRANTS RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000
Balance at 1.11.2009	157,090	36,077	7,363	(7,198)	193,332
Issuance of ordinary shares pursuant to:					
- private placement	26,938	10,775	-	-	37,713
- conversion of warrant A	9,313	6,519	(1,304)	-	14,528
Share issue expenses incurred	-	(918)	-	-	(918)
Total comprehensive expenses for the financial year	-	-	-	(3,578)	(3,578)
Balance at 31.10.2010/1.11.2010	193,341	52,453	6,059	(10,776)	241,077
Issuance of ordinary shares pursuant to private placement	10,000	1,850	-	-	11,850
Share issue expenses incurred	-	(681)	-	-	(681)
Total comprehensive expenses for the financial year	-	-	-	(2,978)	(2,978)
Balance at 31.10.2011	203,341	53,622	6,059	(13,754)	249,268

SILVER BIRD GROUP BERHAD
(Incorporated in Malaysia)
Company No : 277977 - X

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011

	THE GROUP		THE COMPANY	
		RESTATED		
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES				
Profit/(Loss) before taxation	5,750	3,644	(2,978)	(3,578)
Adjustments for:-				
Allowance for impairment losses on trade receivables	819	427	-	-
Amortisation of discount on bonds	1,101	1,101	1,101	1,101
Amortisation of intangible assets	-	1	-	-
Depreciation on property, plant and equipment	22,259	22,737	-	-
Gain on disposal of property, plant and equipment	(48)	(8)	-	-
Interest income	(345)	(370)	(2,797)	(3,562)
Interest expense	6,773	5,651	1,479	2,090
Operating profit/(loss) before working capital changes	36,309	33,183	(3,195)	(3,949)
Decrease/(Increase) in inventories	2,761	(5,302)	-	-
(Increase)/Decrease in trade and other receivables	(54,217)	(22,753)	(378)	366
Increase/(Decrease) in trade and other payables	7,766	(6,876)	2,484	(643)
CASH FOR OPERATIONS	(7,381)	(1,748)	(1,089)	(4,226)
Interest paid	(6,773)	(5,651)	(1,479)	(2,090)
Income tax paid	(307)	-	-	-
NET CASH FOR OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD	(14,461)	(7,399)	(2,568)	(6,316)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2011 (CONT'D)

	NOTE	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000	THE COMPANY 2011 RM'000	THE COMPANY 2010 RM'000
BALANCE BROUGHT FORWARD		(14,461)	(7,399)	(2,568)	(6,316)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	36	(11,802)	(14,198)	-	-
Interest received		345	370	2,797	3,562
Proceeds from disposal of property, plant and equipment		119	68	-	-
Net repayment from/(advances to) subsidiaries		-	-	5,366	(37,985)
Acquisition of an associate		(300)	-	-	-
Increase in fixed deposit pledged to licensed bank		(71)	(54)	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(11,709)	(13,814)	8,163	(34,423)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Proceeds from disposal of ordinary shares, net of expenses		11,169	51,323	11,169	51,323
Net drawdown/(repayment) of bills payable		19,066	(15,896)	-	-
Net drawdown of term loans		1,911	-	1,250	-
Net repayment of hire purchase payables		(3,436)	(3,037)	-	-
Repayment of bonds		(5,000)	(20,000)	(5,000)	(20,000)
Repayment of commercial papers		(15,000)	-	(15,000)	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		8,710	12,390	(7,581)	31,323
NET DECREASE IN CASH AND CASH EQUIVALENTS		(17,460)	(8,823)	(1,986)	(9,416)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION ON CASH AND CASH EQUIVALENTS		(310)	2	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		21,328	30,149	3,169	12,585
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	37	3,558	21,328	1,183	3,169

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business is at Lot 72, Persiaran Jubli Perak, Seksyen 21, 40300 Shah Alam, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 February 2012.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

(a) During the current financial year, the Group has adopted the following new accounting standards and IC Interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 1 (Revised) First-time Adoption of Financial Reporting Standards

FRS 3 (Revised) Business Combinations

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

3. BASIS OF PREPARATION (CONT'D)

(a) **FRSs and IC Interpretations (including the Consequential Amendments) (Cont'd)**

FRS 127 (Revised) Consolidated and Separate Financial Statements

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 (Revised) and FRS 127 (Revised): Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)

Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary

Amendments to FRS 7, FRS 139 and IC Interpretation 9

Amendments to FRS 101 (Revised) and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments

Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

3. BASIS OF PREPARATION (CONT'D)

(a) FRSs and IC Interpretations (including the Consequential Amendments) (Cont'd)

IC Interpretation 17 Distributions of Non-cash Assets to Owners

Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)

Annual Improvements to FRSs (2009)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

(i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

(ii) FRS 7 requires additional disclosures about the financial instruments of the Group. Prior to 1 November 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 - Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the financial statements for the current financial year.

3. BASIS OF PREPARATION (CONT'D)

(a) (iii) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the statement.

FRS 101 (Revised) also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. This new disclosure is made in Note 44(b) to the financial statements.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

(iv) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year but may impact the accounting for future transactions or arrangements.

3. BASIS OF PREPARATION (CONT'D)

(a) (v) Amendments to FRS 1 and FRS 127 remove the definition of 'cost method' currently set out in FRS 127, and instead require an investor to recognise all dividends from subsidiaries, jointly controlled entities or associates as income in its separate financial statements. In addition, FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its new parent. Under this circumstance, the new parent shall measure the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date. The amendments will be applied prospectively and therefore there will be no financial impact on the financial statements of the Company for the current financial year but may impact the accounting for future transactions or arrangements.

(vi) IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at cost to be reversed at a subsequent reporting period.

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

FRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
FRS 9 Financial Instruments	1 January 2013
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 (Revised) Employee Benefits	1 January 2013
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (2011) Separate Financial Statements	1 January 2013

3. BASIS OF PREPARATION (CONT'D)

(b)

FRSs and IC Interpretations (including the Consequential Amendments) (Cont'd)	**Effective Date**
FRS 128 (2011) Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 1(Revised): Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 7: Disclosures - Transfers of Financial Assets	1 January 2012
Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 112: Recovery of Underlying Assets	1 January 2012
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 15 Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Interpretation 14: Prepayment of a Minimum Funding Requirement	1 July 2011

3. BASIS OF PREPARATION (CONT'D)

(b) **FRSs and IC Interpretations (including the Consequential Amendments) (Cont'd)**

FRSs and IC Interpretations (including the Consequential Amendments) (Cont'd)	Effective Date
Annual Improvements to FRSs (2010)	1 January 2011

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

FRS 9 replaces the parts of FRS 139 that relate to the classification and measurement of financial instruments. FRS 9 divides all financial assets into 2 categories - those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the FRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss.

FRS 10 replaces the consolidation guidance in FRS 127 and IC Interpretation 121. Under FRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control. The possible impacts on the financial statements of the Group upon its initial application are immaterial to disclose to the financial statements.

FRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. FRS 12 is a disclosure standard and the disclosure requirements in this standard are more extensive than those in the current standards. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

FRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of FRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in FRS 13 are more extensive than those required in the current standards and therefore there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

3. BASIS OF PREPARATION (CONT'D)

(b) The amendments to FRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

The amendments to FRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

(c) Following the issuance of Malaysian Financial Reporting Standards (equivalent to International Financial Reporting Standards) ("MFRSs") by the Malaysian Accounting Standards Board on 19 November 2011, the Group will be adopting these new accounting standards during the financial year ending 31 October 2013. The Group is in the process of making an assessment of the financial impacts of the MFRSs and the extent of the impacts has not been determined.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

(i) Depreciation of Plant and Equipment (Cont'd)

The Group anticipates that the residual values of its plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises tax liabilities based on its understanding of the prevailing tax law and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(iii) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates.

Possible changes in these estimates could result in revisions to the valuation of inventories.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

(v) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(vi) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(vii) Impairment of Investments in Subsidiaries

Investments in subsidiaries are assessed for impairment losses whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Such assessment requires the Directors to make estimates of the recoverable amounts. Impairment loss is recognised for the amount by which the carrying amount of the assets exceed its recoverable amount, which is the higher of an asset's fair value less cost to sell and its value in use. The Directors believe that the estimates of the recoverable amounts are reasonable.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

(viii) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which require extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 October 2011.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

The acquisition method is used to consolidate the results of some of the subsidiaries as disclosed in Note 5 to the financial statements. Under this method, the results of the subsidiaries acquired or disposed of during the financial year are included in the consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal.

For subsidiaries which were acquired by way of the issue of shares as disclosed in Note 5 to the financial statements, and which satisfy the requirements of FRS 3 - Business Combinations, the merger method is used to consolidate the results of these subsidiaries. The difference between the acquisition cost and the nominal value of the share capital and reserves of the subsidiaries is taken to the merger reserve.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 127.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

Business combinations from 1 November 2010 onwards

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

Business combinations before 1 November 2010

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Goodwill on Consolidation

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Business combinations from 1 November 2010 onwards

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

Business combinations before 1 November 2010

Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in profit or loss.

(d) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Investment in Associates

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for under the equity method, based on the financial statements of the associate made up to 31 October 2011. The Group's share of the post acquisition profits of the associate is included in the consolidated statement of comprehensive income and the Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

(f) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currency are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Functional and Foreign Currencies (Cont'd)

(iii) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

(g) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments (Cont'd)

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established.

- *Held-to-maturity Investments*

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- *Loans and Receivables Financial Assets*

  Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- *Available-for-sale Financial Assets*

  Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

(ii) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated under the straight-line method to write off the depreciation amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Plant and machinery	5% - 10%
Gallery	10%
Motor vehicles	20%
Office equipment, furniture and fittings	10% - 20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit and loss.

(i) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment (Cont'd)

(i) Impairment of Financial Assets (Cont'd)

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment (Cont'd)

(ii) Impairment of Non-Financial Assets (Cont'd)

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

(j) Assets Under Hire Purchase

Assets under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4(h) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income statement over the period of the respective hire purchase agreements.

(k) Trademarks

The purchased trademark is stated at cost less accumulated amortisation and impairment losses, if any. The trademark is amortised on a straight-line basis over a period of ten (10) years.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

(m) Income Taxes

Income taxes for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Income Taxes (Cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(n) Borrowing Costs

All borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(o) Bonds and Commercial Papers ("CPs")

Bonds and CPs issued by the Company are initially recognised based on the proceeds received, net of issuance expenses incurred and are adjusted in subsequent years for amortisation of discount and/or accretion of premium to maturity, using the effective yield method. The discount amortised and/or premium accreted is recognised in the profit or loss over the period of the bonds and CPs.

(p) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude deposits pledged to secure banking facilities.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(r) Related Parties

A party is consider to be related if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;
(iii) the party is a joint venture in which the entity is a venturer;
(iv) the party is a member of the key management personnel of the entity or its parent;
(v) the party is a close member of the family of any individual referred to in (i) or (iv);
(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(t) Revenue

(i) Sale of Goods and Services

Revenue are recognised upon delivery of goods and customers' acceptance or rendering of services and where applicable, net of returns and trade discounts.

(ii) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

(u) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY 2011 RM'000	THE COMPANY 2010 RM'000
Unquoted shares, at cost	107,172	107,172
Accumulated impairment losses	(1,744)	(1,744)
	105,428	105,428
Loan to subsidiaries	100,177	100,177
	205,605	205,605

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2011 %	Effective Equity Interest 2010 %	Principal Activities
Stanson Bakeries Sdn. Bhd. ("SBSB") # ^	Malaysia	100	100	Manufacturer of bread.
Standard Confectionery Sdn. Bhd. ("SCSB") * ^	Malaysia	100	100	Manufacturer of frozen and daily fresh/shelf-stable bakery goods.
Stanson Marketing Sdn. Bhd. ("SMSB") # ^	Malaysia	100	100	Sales and distribution of bakery goods and telecommunication products.
Silver Bird Foods (S) Pte. Ltd. ("SBF") # ~ ^	Singapore	100	100	Sales and distribution of bakery goods.
Silver Bird International Sdn. Bhd. ("SBI") # ^	Malaysia	100	100	Sales and distribution of bakery goods and telecommunication products.
Inforaire Sdn. Bhd. ("ISB") # ^	Malaysia	51	51	Dormant.
Stanson Distribution Sdn. Bhd. ("SDSB") # ^	Malaysia	100	100	Dormant.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Company	Country of Incorporation	Effective Equity Interest 2011	Effective Equity Interest 2010	Principal Activities
Stanson Group Sdn. Bhd. ("SGSB") # ^	Malaysia	100	100	Investment holding.
Standard Food R & D Lab Sdn. Bhd. ("SFRD") #	Malaysia	100	100	Dormant.
Madeleine Bakery Sdn. Bhd. ("MBSB") * ^	Malaysia	100	100	Dormant.
Madeleine Cafe Sdn. Bhd. ("MCSB") * ^	Malaysia	100	100	Dormant.
Madeleine Foods Sdn. Bhd. ("MFSB") * ^	Malaysia	100	100	Dormant.
Madeleine Property Sdn. Bhd. ("MPSB") * ^	Malaysia	100	100	Dormant.

* *Subsidiaries consolidated by way of the merger method.*
\# *Subsidiaries consolidated by way of the acquisition method.*
~ *This subsidiary was audited by another firm of chartered accountants.*
^ *The unaudited management account of the subsidiaries was used in consolidation the Group result.*

The loans to subsidiaries represent interest-free, unsecured advances made to subsidiaries where the repayment is neither fixed nor likely to occur in the foreseeable future.

6. INVESTMENTS IN ASSOCIATE

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000
Unquoted shares in Malaysia, at cost	300	-
Share of post acquisition-profits	-	-
	300	-

6. INVESTMENTS IN ASSOCIATE (CONT'D)

(a) On 15 August 2010, Stanson Marketing Sdn. Bhd. acquired 300,000 ordinary shares of RM1.00 each in KPF Quality Foods Sdn. Bhd. ("KPFQ") which represents a 30% equity interest for a total cash consideration of RM300,000.

(b) The financial year end of KPFQ is 31 December 2011. The unaudited financial statements of KPFQ for the two (2) months ended 31 October 2011 have been used in consolidation of the result of the associate.

(c) The details of the associate are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest 2011 %	2010 %	Principal Activities
KPF Quality Foods Sdn. Bhd.	Malaysia	30	-	Sales and distribution of agriculture-based foods.

(d) The summarised unaudited financial information of the associate is as follows:-

	THE GROUP 2011 RM'000	2010 RM'000
Assets and liabilities		
Total assets	1,000	-
Total liabilities	-	-
Results		
Revenue	-	-
Profit after taxation	-	-

7. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	AT 1.11.2010 RM'000	ADDITIONS RM'000	DISPOSALS RM'000	DEPRECIATION CHARGE RM'000	AT 31.10.2011 RM'000
NET BOOK VALUE					
Plant and machinery	143,604	3,624	(1)	(18,679)	128,548
Gallery	5,478	32	-	(1,179)	4,331
Motor vehicles	479	-	(62)	(397)	20
Office equipment, furniture and fittings	3,708	181	(8)	(2,004)	1,877
Capital work-in-progress	48,409	12,210	-	-	60,619
	201,678	16,047	(71)	(22,259)	195,395

THE GROUP	AT 1.11.2009 RM'000	ADDITIONS RM'000	DISPOSALS RM'000	DEPRECIATION CHARGE RM'000	RESTATED AT 31.10.2010 RM'000
NET BOOK VALUE					
Plant and machinery	142,285	19,894	(34)	(18,541)	143,604
Gallery	6,538	110	-	(1,170)	5,478
Motor vehicles	1,120	-	-	(641)	479
Office equipment, furniture and fittings	5,632	487	(26)	(2,385)	3,708
Capital work-in-progress	31,930	16,479	-	-	48,409
	187,505	36,970	(60)	(22,737)	201,678

AT 31.10.2011	COST RM'000	ACCUMULATED DEPRECIATION RM'000	ACCUMULATED IMPAIRMENT LOSS RM'000	CARRYING AMOUNT RM'000
Plant and machinery	259,142	(119,367)	(11,227)	128,548
Gallery	11,816	(7,485)	-	4,331
Motor vehicles	4,455	(4,435)	-	20
Office equipment, furniture and fittings	22,038	(20,161)	-	1,877
Capital work-in-progress	60,619	-	-	60,619
	358,070	(151,448)	(11,227)	195,395

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

AT 31.10.2010	COST RM'000	ACCUMULATED DEPRECIATION RM'000	ACCUMULATED IMPAIRMENT LOSS RM'000	RESTATED CARRYING AMOUNT RM'000
Plant and machinery	255,942	(101,111)	(11,227)	143,604
Gallery	11,784	(6,306)	-	5,478
Motor vehicles	4,592	(4,113)	-	479
Office equipment, furniture and fittings	22,312	(18,604)	-	3,708
Capital work-in-progress	48,409	-	-	48,409
	343,039	(130,134)	(11,227)	201,678

(a) The Group carried out a review of the recoverable amount of the property, plant and equipment during the financial year. The Group determined that the property, plant and equipment are not impaired.

The recoverable amount was determined based on the value-in-use of the assets. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a ten-year period. The key assumptions of the calculations are disclosed in Note 9 to the financial statements.

(b) At the end of the reporting period, the carrying amounts of the assets acquired under hire purchase were as follows:-

	THE GROUP 2011 RM'000	2010 RM'000
CARRYING AMOUNTS:-		
Plant and machinery	21,625	24,120
Motor vehicles	21	480
	21,646	24,600

(c) At the end of the reporting period, the capital work-in-progress represents machinery which is not ready for commercial use. Included in capital work-in-progress is the cost amounting to RM18,424,000 (2010 - RM16,479,000) acquired under Term Loan I as disclosed in Note 24(a) to the financial statements. The directors are of the opinion that the said machinery is not ready for its intended use and therefore no depreciation charge was accounted for.

(d) Included in property, plant and equipment are exceptional items which have been explained in Note 47 to the financial statements.

8. OTHER RECEIVABLE

This represents the security deposits placed with Amanah Raya Berhad pursuant to a sale and leaseback transaction. The amount is due and receivable by the end of the lease period, in the financial year 2016.

The weighted average effective interest rate of the deposits placed at the end of the reporting period was 4.31% (2010 - 3.27%) per annum.

9. INTANGIBLE ASSETS

	THE GROUP	
	2011 RM'000	2010 RM'000
AT CARRYING AMOUNT:-		
Goodwill on acquisition of subsidiaries	36,730	36,730
Trademark	-	-
	36,730	36,730
Trademark		
At cost	20	20
Accumulated amortisation:-		
At 1 November	(20)	(19)
Amortisation during the financial year	-	(1)
	(20)	(20)
	-	-

Goodwill arose from the acquisition of SGSB by the Group in 2004, is stated at cost and reviewed for impairment annually.

Goodwill has been allocated for impairment testing to the Group's cash-generating unit ("CGU"), the Group's bakery products manufacturing division and telecommunication division.

During the financial year, the Group assessed the recoverable amount of the goodwill, and determined that the goodwill is not impaired.

9. INTANGIBLE ASSETS (CONT'D)

The recoverable amount of a CGU was determined based on value-in-use calculated using cash flow projections based on financial budgets approved by management covering a period of ten (10) (2010 - five (5) years) years. The key assumptions used for value-in-use calculations are:-

	GROSS MARGIN		GROWTH RATE		DISCOUNT RATE	
	2011	2010	2011	2010	2011	2010
Bakery products manufacturing division	43%	47%	6%	10%	8.3%	6.5%
Telecommunication division	1%	1%	5%	10%	8.3%	6.5%

(a) Budgeted gross margin	The margin is based on the past performance and its expectations of market developments.
(b) Growth rate	The growth rates used are based on the industry reports.
(c) Discount rate	The discount rates used are based on the weighted average cost of capital of the Group.

Other than as explained in Note 47 to the financial statements, the management believes that no reasonable change in the above key assumptions would cause the carrying amount of the goodwill to exceed its recoverable amounts.

10. LOAN TO SUBSIDIARIES

	THE COMPANY	
	2011	2010
	RM'000	RM'000
Interest-free	-	1,083
Interest bearing at 3.50% per annum	58,006	62,289
	58,006	63,372

Other than as explained in Note 47 to the financial statements, the long-term loan is unsecured and is not repayable within the next twelve (12) months.

11. INVENTORIES

	THE GROUP	
	2011	2010
	RM'000	RM'000
AT COST:-		
Raw materials	4,094	3,540
Finished goods	5,185	4,998
Packaging materials	2,077	2,007
Telecommunication products	3,660	7,232
	15,016	17,777

None of the inventories is carried at net realisable value.

12. TRADE RECEIVABLES

	THE GROUP	
	2011	2010
	RM'000	RM'000
Trade receivables	131,036	77,229
Allowance for impairment losses	(2,862)	(2,043)
	128,174	75,186
Allowance for impairment losses:-		
At 1 November	(2,043)	(1,616)
Addition during the financial year	(819)	(427)
At 31 October	(2,862)	(2,043)

The Group's normal trade credit terms range from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

Other than as explained in Note 47 to the financial statements, the trade receivables net of allowance for impairment losses which are past due amounted to approximately RM59,608,000. Subsequent to the financial year ended 31 October 2011 and at the date of the issuance of these financial statements, approximately RM55,313,000 had been received from those debts past due from the trade receivables. The management are of the opinion that the net remaining debts of approximately RM4,295,000 as at the date of the issuance of these financial statements are recoverable.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Other receivables	722	572	437	97
Deposits	1,053	830	-	-
Prepayment	623	586	56	18
	2,398	1,988	493	115

14. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts owing are non-trade in nature, unsecured, interest-free and receivable/(repayable) on demand.

15. SHORT-TERM DEPOSITS WITH FINANCIAL INSTITUTION

The short-term deposits with a financial institution represent cash placed in a bond debt reserve account for the purpose of bond settlement.

The short-term deposits of the Group and the Company at the end of the reporting period bore an effective interest rate of 3.3% (2010 - 2.3%) per annum. The short-term deposits have maturity periods of 1 to 6 months (2010 - 4 to 6 months).

16. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits have been pledged to financial institutions as security for banking facilities granted to the Group.

The weighted average effective interest rate of the fixed deposits at the end of the reporting period was 3.25% (2010 - 2.7%) per annum. The fixed deposits have a maturity period of 3 months (2010 - 3 months).

17. SHARE CAPITAL

	THE COMPANY			
	2011	2010	2011	2010
	NUMBER OF SHARES		RM'000	RM'000
	'000	'000		
ORDINARY SHARES OF RM0.50 EACH				
AUTHORISED				
At 1 November/ 31 October	1,000,000	1,000,000	500,000	500,000
ISSUED AND FULLY PAID-UP				
At 1 November	386,682	314,180	193,341	157,090
Issuance of shares pursuant to the:				
- private placement	20,000	53,876	10,000	26,938
- conversion of Warrant A	-	18,626	-	9,313
At 31 October	406,682	386,682	203,341	193,341

During the financial year, the Company increased its issued and paid-up share capital from RM193,340,853 to RM203,340,853 by the issuance of:

(i) 10,000,000 ordinary shares of RM0.50 each at an issue price of RM0.58 per ordinary share pursuant to the private placement exercise; and
(ii) 10,000,000 ordinary shares of RM0,50 each at an issue price of RM0.60 per ordinary share pursuant to the private placement exercise.

The new ordinary shares were issued for cash consideration for the purpose of working capital. The new ordinary shares issued during the financial year rank pari passu in all respects with the existing shares of the Company.

18. SHARE PREMIUM

The movements in the share premium of the Group and the Company are as follows:-

	THE GROUP/THE COMPANY	
	2011 RM'000	2010 RM'000
At 1 November	52,453	36,077
Premium arising from:		
- private placements	1,850	10,775
- conversion of Warrant A	-	5,215
- transfer from the warrants reserve (Note 21)	-	1,304
Share issuance expenses	(681)	(918)
At 31 October	53,622	52,453

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

19. MERGER DEFICIT

The merger deficit relates to the difference between the nominal value of shares issued for the purchase of subsidiaries and the nominal value of the shares acquired.

20. CAPITAL RESERVE

The capital reserve arose from the capitalisation of the post-acquisition profits of a subsidiary for the bonus issue of shares in prior years. This reserve is not distributable by way of dividends.

21. WARRANTS RESERVE

	THE GROUP/THE COMPANY	
	2011	2010
	RM'000	RM'000
Warrant A		
At 1 November	-	1,304
- transfer to share premium (Note 18)	-	(1,304)
At 31 October	-	-
Warrant B		
At 1 November/31 October	6,059	6,059
	6,059	6,059

The principal terms of the Warrant A - 2005/2010 are as follows:-

(a)	Tenure	5 years from the date of issuance of the Warrants.
(b)	Exercise Period	The Warrants may be exercised at any time within a period commencing from the date of issue of the Warrants and ending on the Expiry Date. Warrants not exercised during the exercise period shall thereafter lapse and cease to be valid.
(c)	Exercise Rights	Each Warrant entitles the holder to subscribe for 1 new ordinary share of RM0.50 each ("Share") in SBGB at the Exercise Price at any time during the Exercise Period.
(d)	Exercise Price	RM0.78 payable in full in respect of each Share upon exercise of the Warrant or any such price adjusted in accordance with the terms and conditions set out in the Deed Poll governing the Warrants.

21. WARRANTS RESERVE (CONT'D)

The principal terms of the Warrant A - 2005/2010 are as follows:- (Cont'd)

(e)	Expiry Date	17 September 2010, being the date of the end of the 5th anniversary from the date of issue of the Warrants and if that date does not fall on a Market Day, then it shall be the immediate preceding Market Day.
(f)	Rights of Warrants	The Warrant holders are not entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of the new Shares in SBGB arising from the exercise of their Warrants.
(g)	Ranking of the SBGB new Shares	The new SBGB Shares to be issued pursuant to the exercise of the Warrants shall, upon issue and allotment rank pari passu in all respects with existing SBGB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of new Shares arising from the exercise of Warrants.
(h)	Listing	Approval-in-principle has been obtained from Bursa Securities on 18 May 2009 for the admission of the Warrants to the Official List of Bursa Securities and for the listing of and quotation for the Warrants and the new SBGB Shares arising from the exercise of the Warrants on the Main Board of Bursa Securities.
(i)	Adjustment to the Exercise Price and the number of Warrants	The exercise price of the Warrants, and the number of Warrants belonging to the Warrant holder, may from time to time be adjusted, calculated or determined by the directors in consultation with an approved merchant bank and certified by the auditor appointed by the Company, in accordance with the terms of the Deed Poll.

21. WARRANTS RESERVE (CONT'D)

The principal terms of the Warrant B - 2011/2013 are as follows:-

(a)	Tenure	5 years from the date of issuance of the Warrants.
(b)	Exercise Period	The Warrants may be exercised at any time within a period commencing from the date of issue of the Warrants and ending on the Expiry Date. Warrants not exercised during the exercise period shall thereafter lapse and cease to be valid.
(c)	Exercise Rights	Each Warrant entitles the holder to subscribe for 1 new ordinary share of RM0.50 each ("Share") in SBGB at the Exercise Price at any time during the Exercise Period.
(d)	Exercise Price	RM0.90 payable in full in respect of each Share upon exercise of the Warrant or any such price adjusted in accordance with the terms and conditions set out in the Deed Poll governing the Warrants.
(e)	Expiry Date	24 February 2013, being the date of the end of the 5th anniversary from the date of issue of the Warrants and if that date does not fall on a Market Day, then it shall be the immediate preceding Market Day.
(f)	Rights of Warrants	The Warrant holders are not entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of the new Shares in SBGB arising from the exercise of their Warrants.

21. WARRANTS RESERVE (CONT'D)

The principal terms of the Warrant B - 2011/2013 are as follows:- (Cont'd)

(g)	Ranking of the SBGB new Shares	The new SBGB Shares to be issued pursuant to the exercise of the Warrants shall, upon issue and allotment rank pari passu in all respects with existing SBGB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of new Shares arising from the exercise of Warrants.
(h)	Listing	Approval-in-principle has been obtained from Bursa Securities on 4 January 2010 for the admission of the Warrants to the Official List of Bursa Securities and for the listing of and quotation for the Warrants and the new SBGB Shares arising from the exercise of the Warrants on the Main Board of Bursa Securities.
(i)	Adjustment to the Exercise Price and the number of Warrants	The exercise price of the Warrants, and the number of Warrants belonging to the Warrant holder, may from time to time be adjusted, calculated or determined by the directors in consultation with an approved merchant bank and certified by the auditor appointed by the Company, in accordance with the terms of the Deed Poll.

22. FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary and is not distributable by way of dividends.

23. HIRE PURCHASE PAYABLES

	THE GROUP	
	2011 RM'000	2010 RM'000
Minimum hire purchase payments:		
- not later than one year	3,839	4,224
- later than one year but not later than five years	6,892	10,754
	10,731	14,978
Less: Future finance charges	(1,143)	(1,954)
Present value of hire purchase payables	9,588	13,024
Current portion:		
- not later than one year	3,298	3,411
Non-current portion:		
- later than one year but not later than five years	6,290	9,613
	9,588	13,024

Other than as explained in Note 47 to the financial statements, the weighted average effective interest rate per annum as at the end of the reporting period of the hire purchase payables of the Group is 6.29% (2010 - 7.45%) per annum.

24. TERM LOANS

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current portion:				
- not later than one year	4,187	-	1,250	-
Non-current portion:				
- later than one year and not later than two years	2,738	2,937	-	-
- later than two years and not later than five years	9,616	8,896	-	-
- later than five years	3,094	1,646	-	-
	15,448	13,479		-
	19,635	13,479	1,250	-

24. TERM LOANS (CONT'D)

Other than as explained in Note 47 to the financial statements, the details are as follows:-

(a) Term Loan I

Term Loan I bore an effective interest rate of 1.50% per annum above the financial institution's effective cost of funds ("ECOF"), which is calculated on a monthly rest basis. Term Loan I is secured by:-

i) a facility agreement for RM20,000,000 as principal instrument;
ii) a corporate guarantee of the Company;
iii) a specific debenture over the plant and equipment ("Bread Line") financed by the term loan; and
iv) any other security documentation as may be required by the financial institution as deemed fit.

Term Loan I is repayable in 72 monthly instalments commencing three (3) months after full drawdown or twelve (12) months from the first disbursement, whichever is earlier.

At the end of the reporting period, Term Loan I of RM20,000,000 has not yet been fully drawndown and in accordance with the said repayment terms above, the Group is scheduled to make its first payment on 3 September 2011.

On 11 July 2011, the Group applied for deferment of payment by six (6) months as its plant and equipment had yet to be installed. The Group's application for the deferment is pending approval from the financial institution.

(b) Term Loan II

Term Loan II bore an effective interest of 1.25% per annum above the BLR. Term Loan II is repayable in 6 monthly instalments commencing one (1) month from the date of the first drawdown.

25. BONDS

	THE GROUP/THE COMPANY	
	2011	2010
	RM'000	RM'000
Gross amount of bonds	5,000	10,000
Discount on bonds	(323)	(1,424)
	4,677	8,576

25. BONDS (CONT'D)

	THE GROUP/THE COMPANY 2011 RM'000	2010 RM'000
Discount on bonds		
At 1 November	(1,424)	(2,525)
Amortisation during the financial year	1,101	1,101
At 31 October	(323)	(1,424)
Current portion:		
- Not later than one year	4,677	3,899
Non-current portion:		
- Later than one year but not later than five years	-	4,677
	4,677	8,576

The principal terms of the bonds are as follows:-

(a) Maturity

Tranche	Tenure (Years)	Amount RM'000
A	3	20,000
B	4	20,000
C	5	20,000
D	6	5,000
E	7	5,000
		70,000

Tranches A, B and C have been fully settled in prior years. Tranch D has been fully settled during the financial year.

(b) Coupon rate — Interest at 3.5% per annum shall be payable semi-annually commencing 6 months from the date of the first issue until final maturity of the respective tranches.

(c) Security — Assignment over the Designated Account, comprising the Debt Service Reserve Account.

25. BONDS (CONT'D)

The principal terms of the bonds are as follows:- (Cont'd)

(d)	Basis of Arrangement	On a "bought deal" basis.
(e)	Issue and Redemption	The Serial Bonds shall be issued at a discount and redeemed at par on the respective maturities.
(f)	Listing	The Serial Bonds will not be listed on Bursa Securities or on any other stock exchange.

26. DEFERRED TAXATION

	THE GROUP	
	2011 RM'000	2010 RM'000
At 1 November	-	-
Recognised in profit or loss (Note 34)	764	-
At 31 October	764	-

The deferred tax liabilities are attributable to the following:-

	THE GROUP	
	2011 RM'000	2010 RM'000
Accelerated capital allowances over depreciation	997	-
Allowance for impairment losses on trade receivables	(233)	-
	764	-

27. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days.

28. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other payables	2,256	4,605	44	96
Accruals	5,864	2,965	2,536	-
Deposit received	720	-	-	-
	8,840	7,570	2,580	96

29. COMMERCIAL PAPERS ("CPS")

	THE GROUP/THE COMPANY	
	2011 RM'000	2010 RM'000
At 1 November	30,000	30,000
Drawdown during the financial year	270,000	360,000
Repayment during the financial year	(285,000)	(360,000)
At 31 October	15,000	30,000

The CPs are subjected to a weighted average effective interest of 5.40% (2010 - 5.15%) per annum.

The principal terms of the CPs are as follows:-

(a)	Tenure/Maturity	The CPs facility is available up to seven (7) years from the date of execution of the Facility Agreements with the issuance of CPs with one (1) month to twelve (12) months maturity.
(b)	Security	The CPs issued are unsecured in nature.
(c)	Interest rate	The interest on CPs is recognised based on the difference between gross and net proceeds received, and amortised to the income statement over the period of the CPs.
(d)	Redemption	At par on the respective maturity dates.

29. COMMERCIAL PAPERS ("CPS") (CONT'D)

The principal terms of the CPs are as follows:- (Cont'd)

(e)	Ranking of notes	The notes to be issued under the CPs Facility shall constitute direct, unconditional and unsecured obligations of the Issuer and evidence the obligations of the Issuer to pay to the noteholders the sums represented thereby. The notes shall at all times rank pari passu and rateably, without discrimination, preference or priority amongst themselves, subject to priorities or rights preferred at law and will rank at least equally and rateably (pari passu) in point of priority and security with all other present and future unsecured and unsubordinated liabilities (both actual and contingent) of the Issuer.

30. BILLS PAYABLE

The bills payable bore a weighted average effective interest rate of 3.30% (2010 - 3.08%) per annum at the end of the reporting period.

The bills payable are secured by:-

(i) a deed of debenture incorporating a first fixed charge over all the property, plant and equipment of a subsidiary, and a floating charge over all current assets, both present and future of a subsidiary;

(ii) a lien over the fixed deposits of the Group; and

(iii) a corporate guarantee of the Company.

31. BANK OVERDRAFTS

The bank overdrafts bore a weighted average effective interest of 6.75% (2010 - 7.31%) per annum and are secured in the same manner as the bills payable disclosed in Note 30 to the financial statements.

32. REVENUE

	THE GROUP 2011 RM'000	RESTATED 2010 RM'000
Bakery products	228,606	185,147
Telecommunication products	3,462	4,868
	232,068	190,015

The details of the net telecommunication revenue are as follows:

	THE GROUP 2011 RM'000	RESTATED 2010 RM'000
Telecommunication products		
- Revenue	384,139	408,358
- Cost of sales	(380,677)	(403,490)
Net revenue arising from telecommunication sales	3,462	4,868

33. PROFIT/(LOSS) BEFORE TAXATION

	THE GROUP 2011 RM'000	THE GROUP 2010 RM'000	THE COMPANY 2011 RM'000	THE COMPANY 2010 RM'000
Profit/(Loss) before taxation is arrived at after charging/ (crediting):-				
Audit fee:				
- current year	233	187	54	32
- underprovision in the previous financial year	6	6	13	-
Allowance for impairment losses on trade receivables	819	427	-	-
Amortisation expense:				
- discount on bonds	1,101	1,101	1,101	1,101
- intangible assets	-	1	-	-

33. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Depreciation of property, plant and equipment	22,259	22,737	-	-
Directors' fee	264	264	264	264
Directors' non-fee emoluments	1,534	1,526	1,534	1,526
Interest expense:				
- bills payable	2,809	1,807	-	-
- bank overdrafts	397	331	-	-
- commercial papers	1,156	965	1,156	1,547
- hire purchase	811	833	-	-
- term loans	1,405	1,172	128	-
- bonds	195	543	195	543
Rental of premises	7,790	7,768	-	-
Rental of truck	7,304	7,523	-	-
Staff costs:				
- salaries, wages, bonuses and allowances	27,425	26,919	657	635
- defined contribution plan	2,640	2,591	81	82
- other benefits	1,581	1,552	25	52
Gain on disposal of plant, property and equipment	(48)	(8)	-	-
Insurance claim	(1,300)	-	-	-
Interest income	(416)	(424)	(345)	(370)
Interest income from subsidiaries	-	-	(2,452)	(3,192)
Realised gain on foreign exchange	(208)	-	-	-

34. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current taxation:-				
- for the financial year	61	-	-	-
Deferred taxation (Note 26):-				
- for the financial year	764	-	-	-
	825	-	-	-

34. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit/(Loss) before taxation	5,750	3,644	(2,978)	(3,578)
Tax at the statutory tax rate of 25%	2,212	2,047	(745)	(894)
Tax at the domestic rate applicable to profit in the countries where the Group operates	(526)	(1,136)	-	-
Tax effects of:-				
Non-taxable gain	(117)	-	(86)	-
Non-deductible expenses	2,146	1,110	831	894
Tax incentive and allowances	(555)	-	-	-
Deferred tax assets not recognised during the financial year	487	1,957	-	-
Utilisation of previously unrecognised deferred tax assets	(2,822)	(3,978)	-	-
Tax for the financial year	825	-	-	-

34. INCOME TAX EXPENSE (CONT'D)

No deferred tax assets were recognised in the statements of financial position for the followings items:-

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Unabsorbed capital allowances	29,420	41,253	-	-
Unutilised tax losses	65,348	70,845	-	-
Unutilised reinvestment allowances	123,760	121,539	-	-
Allowances for impairment losses on trade receivables	-	732	-	-
Accelerated capital allowances	(83,826)	(90,327)	-	-
	134,702	144,042	-	-

Subsequent to the agreement of the Inland Revenue Department, the unabsorbed capital allowances, unutilised tax losses and unutilised reinvestment allowances are allowable for the Group to offset against future taxable income.

35. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the Group's profit attributable to shareholders of RM4,932,000 (2010 - RM3,650,000) by the weighted average number of ordinary shares in issue during the financial year of approximately 396,437,000 (2010 - 348,218,000).

Diluted earnings per share is not presented as there were no potential dilutive ordinary shares.

36. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP	
	2011	2010
	RM'000	RM'000
Cost of property, plant and equipment purchased	16,047	36,970
Transfer of deposits paid for purchase of property, plant and equipment to capital work-in-progress	-	(2,905)
Amount financed through:		
- hire purchase	-	(6,388)
- term loans	(4,245)	(13,479)
Cash disbursed for purchase of property, plant and equipment	11,802	14,198

37. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short-term deposit with financial institution	1,145	3,138	1,145	3,138
Fixed deposits with licensed banks	2,560	2,489	-	-
Cash and bank balances	7,578	19,712	38	31
Bank overdrafts	(5,165)	(1,522)	-	-
	6,118	23,817	1,183	3,169
Less: Fixed deposits pledged to licensed bank	(2,560)	(2,489)	-	-
	3,558	21,328	1,183	3,169

38. DIRECTORS' REMUNERATION

(a) The aggregate amounts of emoluments received and receivable by directors of the Group and of the Company during the financial year are as follows:-

	THE GROUP/THE COMPANY	
	2011 RM'000	2010 RM'000
Executive directors:-		
- non-fee emoluments	1,478	1,478
Non-executive directors:-		
- fee	264	264
- allowances	56	48
	320	312

38. DIRECTORS' REMUNERATION (CONT'D)

(b) Details of emoluments for the directors of the Group and of the Company received/receivable for the financial year in bands of RM50,000 are as follows:-

	THE GROUP/THE COMPANY	
	2011	2010
Non-executive directors:-		
Below RM50,000	6	6
RM50,001 - RM100,000	1	1
Executive directors:-		
RM400,001 - RM450,000	1	1
RM1,050,001 - RM1,100,000	1	1

39. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with the related parties during the financial year:-

	THE COMPANY	
	2011	2010
	RM'000	RM'000
Interest income from subsidiaries:-		
SCSB	1,604	2,075
SMSB	848	1,117

39. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(c) Key management personnel compensation:-

	THE GROUP		THE COMPANY	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors:				
- fees	264	264	264	264
- remuneration	1,478	1,478	1,478	1,478
- others	56	48	56	48
	1,798	1,790	1,798	1,790
Other key management personnel:				
- remuneration	1,344	1,331	449	423
	3,142	3,121	2,247	2,213

(d) Year-end balances with related parties are as follows:-

	THE COMPANY	
	2011 RM'000	2010 RM'000
Long-term loans to:-		
ISB	(486)	(719)
MBSB	1,004	1,160
MCSB	4,524	5,802
MFSB	(4)	2,545
MPSB	35	-
SBI	1,750	50
SBSB	4,398	(796)
SCSB	48,886	39,457
SDSB	113	113
SGSB	1,400	1,400
SMSB	(3,614)	14,360
	58,006	63,372

	THE COMPANY	
	2011 RM'000	2010 RM'000
Amount owing by:-		
SGSB	6	6

39. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(d) Year-end balances with related parties are as follows:- (Cont'd)

	THE COMPANY	
	2011	2010
	RM'000	RM'000
Amounts owing to:-		
MBSB	6	6
SMSB	53	53
	59	59

The outstanding amounts of the related parties will be settled in cash. No guarantees have been given or received. No expenses have been recognised during the financial year as impairment loss in respect of the amounts owing by the related parties.

40. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into two (2) main business segments as follows:-

(i) Manufacturing and distribution of bakery products segment; and

(ii) Distribution of telecommunication products segment.

The Group Executive Committee assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly investments and related income, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

40. OPERATING SEGMENTS (CONT'D)

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties.

BUSINESS SEGMENTS

2011	MANUFACTURING AND DISTRIBUTION OF CONSUMER FOOD RM'000	DISTRIBUTION OF TELE-COMMUNICATION PRODUCTS RM'000	OTHERS RM'000	THE GROUP RM'000
Revenue				
Total revenue	374,504	3,462	-	377,966
Inter-segment revenue	(145,898)	-	-	(145,898)
External revenue	228,606	3,462	-	232,068
Results				
Segment results	35,749	1,328	(3,214)	33,863
Interest income	71	-	345	416
Other items of income	2,423	-	-	2,423
Depreciation of property, plant and equipment	(22,210)	(49)	-	(22,259)
Other non-cash expenses	(819)	-	-	(819)
	15,214	1,279	(2,869)	13,624
Finance costs				(7,874)
Income tax expense				(825)
Consolidated profit after taxation				4,925

40. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	MANUFACTURING AND DISTRIBUTION OF CONSUMER FOOD RM'000	DISTRIBUTION OF TELE-COMMUNICATION PRODUCTS RM'000	OTHERS RM'000	THE GROUP RM'000
2011				
Assets				
Segment assets	363,296	23,972	9,274	396,542
Investment in associate				300
Tax refundable				247
Consolidated total assets				397,089
Liabilities				
Segment liabilities	152,242	6,936	23,551	182,729
Deferred taxation				764
Provision for taxation				173
Consolidated total liabilities				183,666
2010				
Revenue				
Totall revenue	316,112	4,868	-	320,980
Inter-segment revenue	(130,965)	-	-	(130,965)
External revenue	185,147	4,868	-	190,015
Results				
Segment results	34,213	1,693	(3,591)	32,315
Interest income	54	-	370	424
Other items of income	822	-	-	822
Depreciation of property, plant and equipment	(22,690)	(47)	-	(22,737)
Other non-cash expenses	(428)	-	-	(428)
	11,971	1,646	(3,221)	10,396
Finance costs				(6,752)
Income tax expense				-
Consolidated profit after taxation				3,644

40. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	MANUFACTURING AND DISTRIBUTION OF CONSUMER FOOD RM'000	DISTRIBUTION OF TELE-COMMUNICATION PRODUCTS RM'000	OTHERS RM'000	THE GROUP RM'000
2010				
Assets				
Segment assets	341,968	13,383	10,893	366,244
Tax refundable				1
Consolidated total assets				366,245
Liabilities				
Segment liabilities	129,701	37	38,695	168,433
Provision for taxation				173
Consolidated total liabilities				168,606

GEOGRAPHICAL INFORMATION

	REVENUE		NON-CURRENT ASSETS	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Malaysia	210,834	169,976	239,631	245,202
Singapore	21,234	20,039	340	752
	232,068	190,015	239,971	245,954

41. CAPITAL COMMITMENT

Authorised capital expenditure not provided for in the financial statements:-

	THE GROUP	
	2011	2010
	RM'000	RM'000
Approved capital commitment contracted but not provided for	2,990	-

42. OPERATING LEASE COMMITMENTS

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	THE GROUP	
	2011	2010
	RM'000	RM'000
Not later than one year	12,286	13,553
Later than one year and not later than five years	32,734	30,473
Later than five years	-	7,752
	45,020	51,778

43. CONTINGENT LIABILITY

	THE COMPANY	
	2011	2010
	RM'000	RM'000
Corporate guarantees given to secure banking facilities granted to certain subsidiaries	206,222	178,000

44. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar and Singapore Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Group's exposure to foreign currency is as follows:-

THE GROUP	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	RINGGIT MALAYSIA RM'000	TOTAL RM'000
2011				
Financial assets				
Trade receivables	-	5,369	122,805	128,174
Other receivables and deposits	125	183	1,467	1,775
Short-term deposits with financial institution	-	-	1,145	1,145
Fixed deposits with licensed banks	-	-	2,560	2,560
Cash and bank balances	-	104	7,474	7,578
	125	5,656	135,451	141,232

44. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE GROUP	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	RINGGIT MALAYSIA RM'000	TOTAL RM'000
2011				
Financial liabilities				
Trade payables	1,287	-	24,632	25,919
Other payables and accruals	-	724	8,116	8,840
Hire purchase payables	-	-	9,588	9,588
Term loans	-	-	19,635	19,635
Bonds	-	-	4,677	4,677
Commercial papers	-	-	15,000	15,000
Bills payable	-	-	93,905	93,905
Bank overdrafts	-	-	5,165	5,165
	1,287	724	180,718	182,729
Net financial (liabilities)/assets	(1,162)	4,932	(45,267)	(41,497)
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	-	(4,932)	45,267	40,335
Currency exposure	(1,162)	-	-	(1,162)

44. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

THE GROUP	UNITED STATES DOLLAR RM'000	SINGAPORE DOLLAR RM'000	RINGGIT MALAYSIA RM'000	TOTAL RM'000
2010				
Financial assets				
Trade receivables	91	4,818	70,277	75,186
Other receivables and deposits	-	167	1,235	1,402
Short-term deposits with financial institution	-	-	3,138	3,138
Fixed deposits with licensed banks	-	-	2,489	2,489
Cash and bank balances	-	89	19,623	19,712
	91	5,074	96,762	101,927
Financial liabilities				
Trade payables	670	-	18,753	19,423
Other payables and accruals	-	693	6,877	7,570
Hire purchase payables	-	-	13,024	13,024
Term loans	-	-	13,479	13,479
Bonds	-	-	8,576	8,576
Commercial papers	-	-	30,000	30,000
Bills payable	-	-	74,839	74,839
Bank overdrafts	-	-	1,522	1,522
	670	693	167,070	168,433
Net financial (liabilities)/assets	(579)	4,381	(70,308)	(66,506)
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	-	(4,339)	70,308	65,969
Currency exposure	(579)	42	-	(537)

44. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Company does not have any transactions or balances denominated in foreign currencies and hence is not exposed to foreign currency risk.

Foreign currency risk sensitivity analysis

A 1% strengthening of the RM against the United States Dollar at the end of the reporting period would have increased profit after taxation by appropriately RM12,000. A 1% weakening in the foreign currencies would have had an equal but opposite effect on the profit after taxation. This assumes that all other variables remain constant.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 44(a)(iii) to the financial statements.

44. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	THE GROUP 2011 Increase/ (Decrease) RM'000	THE COMPANY 2011 Increase/ (Decrease) RM'000
Effects on profit after taxation		
Increase of 100 basis points (bp)	(1,384)	(198)
Decrease of 100 bp	1,384	198
Effects on equity		
Increase of 100 bp	(1,384)	(198)
Decrease of 100 bp	1,384	198

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

44. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by twelve (12) customers which constituted approximately 91% of its total trade receivables as at the end of the reporting period.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	THE GROUP	
	2011 RM'000	2010 RM'000
United States	-	91
Singapore	5,369	4,818
Malaysia	122,805	70,277
	128,174	75,186

44. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Ageing analysis

The ageing analysis of the Group's trade receivables as at 31 October 2011 is as follows:-

THE GROUP	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING VALUE RM'000
2011				
Not past due	68,566	-	-	68,566
Past due:-				
- less than 3 months	57,039	-	-	57,039
- 3 to 6 months	1,207	-	-	1,207
- over 6 months	4,224	(1,929)	(933)	1,362
	131,036	(1,929)	(933)	128,174

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

44. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash and bank balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000	OVER 5 YEARS RM'00
2011						
Trade payables	-	25,919	25,919	25,919	-	-
Other payables and accruals	-	8,840	8,840	8,840	-	-
Hire purchase payables	6.29	9,588	10,731	3,839	6,892	-
Term loans	6.13 - 7.80	19,635	24,329	5,738	15,386	3,205
Bonds	3.50	4,677	5,000	5,000	-	-
Commercial papers	3.50	15,000	15,000	15,000	-	-
Bills payable	5.40	93,905	93,905	93,905	-	-
Bank overdrafts	6.75	5,165	5,165	5,165	-	-
		182,729	188,889	163,406	22,278	3,205

44. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000	OVER 5 YEARS RM'000
2010						
Trade payables	-	19,423	19,423	19,423	-	-
Other payables and accruals	-	7,570	7,570	7,570	-	-
Hire purchase payables	7.45	13,024	14,978	4,224	10,754	-
Term loans	7.80	13,479	16,921	-	11,751	5,170
Bonds	3.50	8,576	10,000	5,000	5,000	-
Commercial papers	5.15	30,000	30,000	30,000	-	-
Bills payable	3.08	74,839	74,839	74,839	-	-
Bank overdrafts	7.31	1,522	1,522	1,522	-	-
		168,433	175,253	142,578	27,505	5,170

THE COMPANY	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000
2011					
Other payables and accruals	-	2,580	2,580	2,580	-
Amount owing to subsidiaries	-	59	59	59	-
Term loan	6.13	1,250	1,250	1,250	-
Bonds	3.50	4,677	5,000	5,000	-
Commercial papers	3.40	15,000	15,000	15,000	-
		23,566	23,889	23,889	-

44. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

THE COMPANY	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 5 YEARS RM'000
2010					
Other payables and accruals	-	96	96	96	-
Amount owing to subsidiaries	-	59	59	59	-
Bonds	3.50	8,576	10,000	5,000	5,000
Commercial papers	5.15	30,000	30,000	30,000	-
		38,731	40,155	35,155	5,000

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as total borrowings divided by total equity.

44. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management (Cont'd)

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	THE GROUP	
	2011 RM'000	2010 RM'000
Hire purchase payables	9,588	13,024
Term loans	19,635	13,479
Bonds	4,677	8,576
Commercial papers	15,000	30,000
Bills payable	93,905	74,839
Bank overdrafts	5,165	1,522
Total borrowings	147,970	141,440
Total equity attributable to owners of the Company	213,165	197,374
Debt-to-equity ratio	0.69	0.72

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. At the date of this report, the Company has complied with this requirement.

44. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification Of Financial Instruments

	THE GROUP 2011 RM'000	THE COMPANY 2011 RM'000
Financial assets		
Loans and receivables financial assets		
Trade receivables	128,174	-
Other receivables and deposits	1,775	437
Amount owing by subsidiary	-	6
Short term deposits with finance institution	1,145	1,145
Fixed deposits with licensed banks	2,560	-
Cash and bank balances	7,578	38
	141,232	1,626
Financial liabilities		
Other financial liabilities		
Trade payables	25,919	-
Other payables and accruals	8,840	2,580
Amount owing to subsidiaries	-	59
Hire purchase payables	9,588	-
Term loans	19,635	1,250
Bonds	4,677	4,677
Commercial papers	15,000	15,000
Bills payable	93,905	-
Bank overdrafts	5,165	-
	182,729	23,566

44. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Values Of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values except for the following:-.

	2011		2010	
	CARRYING AMOUNT RM'000	FAIR VALUE RM'000	CARRYING AMOUNT RM'000	FAIR VALUE RM'000
THE GROUP				
Hire purchase payables	9,588	8,987	13,024	11,812
THE COMPANY				
Loan to subsidiaries	58,006	38,934	63,372	46,254
Contingent liability	206,222	*	178,000	*

* The fair value of the contingent liability is estimated to be minimal as the subsidiaries are expected to fulfil their obligations to repay their borrowings.

The following summarises the methods used to determine the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair value of hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

45. SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

(a) On 23 November 2011, Stanson Marketing Sdn. Bhd. subscribed for an additional 750,000 new ordinary shares of RM1.00 each in KPFQ to retain its equity interest of 30%, for a total cash consideration of RM750,000;

(b) On 24 February 2012, the Company announced the delay in issuance of the annual audited financial statements for the financial year ended 31 October 2011. The details of the said matter are disclosed in Note 47 to the financial statements; and

(c) On 27 February 2012, the Company announced the change of its financial year-end from 31 October to 31 March whereby the first set of the financial statements shall be drawn up for the period 1 November 2010 to 31 March 2012 or a period of seventeen (17) months.

46. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year presentation.

	THE GROUP	
	As Restated RM'000	As Reported RM'000
STATEMENTS OF FINANCIAL POSITION		
NON-CURRENT ASSETS		
Property, plant and equipment	201,678	185,199
CURRENT ASSETS		
Trade receivables	75,186	51,168
Other receivables, deposits and prepayments	1,988	18,467
Cash and bank balances	19,712	43,730
STATEMENTS OF COMPREHENSIVE INCOME		
Revenue	190,015	593,505
Cost of sales	(103,720)	(507,210)

46. COMPARATIVE FIGURES (CONT'D)

	THE GROUP	
	As Restated RM'000	As Reported RM'000
STATEMENTS OF CASH FLOWS		
CASH FLOWS FOR OPERATING ACTIVITIES		
Operating profit before working capital changes	33,183	33,129
Increase in trade and other receivables	(22,753)	(12,309)
Cash (for)/from operations	(1,748)	8,642
Net cash (for)/from operating activities	(7,399)	2,991
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(14,198)	(14,103)
Interest received	370	424
Increase in fixed deposits pledged to licensed banks	(54)	-
Net cash for investing activities	(13,814)	(13,611)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of term loans	-	13,479
Net cash from financing activities	12,390	25,869
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(8,823)	15,249
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	30,149	32,584
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	21,328	47,835

47. EXCEPTIONAL ITEMS

On 22 February 2012, the external auditors, Messrs Crowe Horwath, had highlighted the following exceptional items to the Audit Committee and the Board of Directors ("the Board"). The external auditors expressed that they have not been able to obtain all the information and explanations from management for their audit. The Board initiated a preliminary investigation into these items immediately upon being notified by the external auditors, and based on the results of the preliminary investigation to-date, are of the opinion that there is a strong possibility of material misstatement to the financial statements with in regard to the exceptional items. The details of the exceptional items are set out below:-

(a) the capital work-in-progress of the Group under property, plant and equipment, include payments made amounting to approximately RM7.6 million to a third party for the design, renovation and refurbishment of the existing warehouse and factory;

(b) in August 2011, the Group ventured into a new business segment of trading in sweetened creamer. Revenue and cost of sales amounting to approximately RM31.9 million and RM31.3 million were recorded for this segment in the profit or loss. Information on the commercial terms entered into between management and the third party customers and supplier is limited;

(c) the external auditors have not been able to verify the veracity of transactions undertaken by the Group with six (6) customers comprising four (4) customers from the bakery segment and two (2) customers from the telecommunication segment and satisfy themselves as to the recoverability of the amount owed of approximately RM35.9 million by these customers as included in trade receivables;

(d) the Board has taken management to task with regard to the exceptions noted as explained in (a) to (c) above, and has suspended the Managing Director, Executive Director and a senior management person. The Board has also appointed PKF Advisory Sdn. Bhd. to perform a forensic audit on the exceptions;

(e) based on the preliminary investigation carried out by the Board, the Board has reasons to believe that the financial statements for the financial year ended 31 October 2011 may contain material misstatement with regard to the exceptions noted. However, pending the outcome of a forensic audit, the Board is unable to ascertain the extent of the misstatement in the financial statements;

47. EXCEPTIONAL ITEMS (CONT'D)

(f) the Board, in discharging its fiduciary duties, has authorised the issuance of this financial statements which comprise the financial statements of the Company together with the consolidation of the financial statements of the subsidiaries. The Board is of the view that the expediency of providing the financial statements of the Group and of the Company to be an overriding factor and of upmost importance to enable dissemination of information on a timely basis to the shareholders and stakeholders. This delay in the completion of the audit of the subsidiaries is due to the exceptions noted above, as well as administrative procedures required for the completion of the audit of the subsidiaries; and

(g) there may be additional circumstances at this juncture that may have a material impact on the truth and fairness of the financial statements.

Upon completion of the forensic audit, the Board may re-issue the financial statements or make announcement as necessary depending on the outcome of the forensic audit. The completion of the forensic audit is expected to be within three (3) months from the date of this report.

48. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED LOSSES

The breakdown of the accumulated losses of the Group and of the Company as at the end of the reporting period into realised and unrealised losses are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	THE GROUP 2011 RM'000	THE COMPANY 2011 RM'000
Total accumulated losses:		
- realised	(43,374)	(49,070)
- unrealised	(764)	-
At 31 October	(44,138)	(49,070)