Taste • Savour • Love

BREADS
white & wholemeal

BUNS
sweet & savoury

ROLLS
sweet & savoury

CAKES
fresh & frozen

HIGH-5 CONGLOMERATE BERHAD (277977-X)
High 5 Complex, Lot 72, Persiaran Jubli Perak, Seksyen 21, 40300 Shah Alam, Selangor Darul Ehsan, Malaysia
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Taste • Savour • Love

HIGH-5 CONGLOMERATE BERHAD
(277977-X)

ANNUAL REPORT 2013

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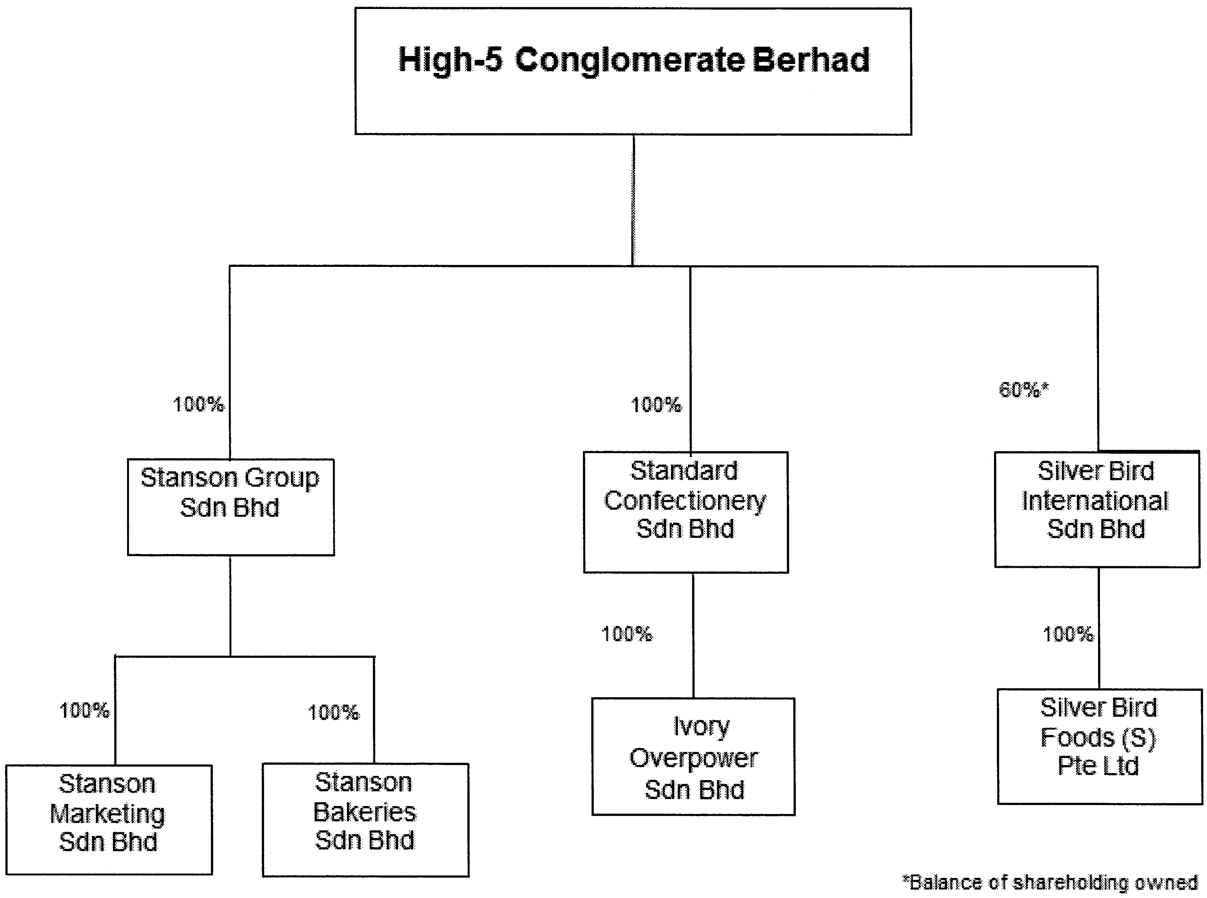
HIGH-5 CONGLOMERATE BERHAD
(formerly known as Silver Bird Group Berhad)

CORPORATE STRUCTURE (OPERATING SUBSIDIARIES)



*Balance of shareholding owned by wholly owned subsidiaries of the Company

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Dr Gan Khuan Poh
(Chairman/Independent Non-Executive Director)

Dato' Lee Kok Chuan
(Non-Independent Non-Executive Director)

Richard George Azlan bin Abas
(Independent Non-Executive Director)

Dato' Seri Talaat bin Husain
(Independent Non-Executive Director)

Adi Azuan bin Abdul Ghani
(Independent Non-Executive Director)

AUDIT COMMITTEE

Richard George Azlan bin Abas	-	Chairman
Dato' Lee Kok Chuan	-	Member
Dato' Seri Talaat bin Husain	-	Member

NOMINATION COMMITTEE

Dato' Dr Gan Khuan Poh	-	Chairman
Richard George Azlan bin Abas	-	Member
Dato' Seri Talaat bin Husain	-	Member

REMUNERATION COMMITTEE

Dato' Seri Talaat bin Husain	-	Chairman
Richard George Azlan bin Abas	-	Member
Adi Azuan bin Abdul Ghani	-	Member

COMPANY SECRETARY

Tai Yit Chan (MAICSA 7009143) - resigned on 30 September 2013
Te Hock Wee (MAICSA 7054787) - resigned on 30 September 2013
Foo Siew Loon (MAICSA 7006874) - appointed on 30 September 2013

REGISTERED OFFICE : **High-5 Complex**
Lot 72, Persiaran Jubli Perak
Seksyen 21, 40300 Shah Alam
Selangor Darul Ehsan

Tel: 03-5192 2888
Fax: 03-5192 4293
Email: investor@stanson-high5.com
Website: www.high5.com.my

AUDITORS	:	**Wong Weng Foo & Co** 41, Damai Complex Jalan Dato Haji Eusoff 50400 Kuala Lumpur
PRINCIPAL BANKERS	:	Malayan Banking Berhad United Overseas Bank (M) Berhad RHB Bank Berhad
SHARE REGISTRAR	:	**Berjaya Registration Services Sdn Bhd** Lot 06-03, Level 6 (East Wing) Berjaya Times Square No. 1 Jalan Imbi 55100 Kuala Lumpur Tel: 03-2145 0533 Fax: 03-2145 9702
STOCK EXCHANGE LISTING	:	Main Market of Bursa Securities
WEBSITE	:	www.high5.com.my

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present to you the Annual Report for the Financial Year ended 31 October 2013.

Highlights

We had in our Extraordinary General Meeting held on 12 December 2013 adopted a name change to **High-5 Conglomerate Berhad**, and a change of external auditors for the financial year to Messrs. Wong Weng Foo & Co. The Company's name change was officially registered on 13 December 2013.

Regularisation Plan

In regard to our Regularisation Plan, the Company had resubmitted a Revised Regularisation Plan to Bursa Securities on 21 February 2014. The Proposal also incorporates two Interim Funding Proposals of RM 16.0 million plus RM 2.0 million for the first tranche, and RM 20.0 million for the second tranche to ensure adequate cash flow for continued operations.

We hope to receive the authorities approval for the Regularisation Plan and complete implementation by the third quarter of calendar year 2014.

Operations

The Interim Funds are required to urgently make repairs to the plant and machinery, to launch several new products, and to open up new branches and outlets while awaiting the Regularisation Plan to be approved and implemented.

To date, RM16.0 million under the first tranche has been received. With that funding, we have opened up three (3) new branches, made significant repairs to our plant to improve efficiency. We have also purchased a new computer system to replace the old system. Our salesmen's electronic hand-held terminals are being replaced.

The second tranche of the Interim Funding is being planned to fund a possible shift of the present factory to a new premises with much cheaper rent, and equipment upgrades.

To facilitate the Interim Funding, we had purchased a new subsidiary company, Ivory Overpower Sdn Bhd ("Ivory Overpower") for RM2.00 through Standard Confectionery Sdn Bhd on 20 May 2013. Ivory Overpower acquired some machinery from Standard Confectionery valued at RM51,840,000 via an issuance of 1,000 new ordinary Ivory Overpower shares. The Interim Funds are backed by 8% Redeemable Preference Shares ("RPS") issued by Ivory Overpower. Upon approval and implementation of the Proposed Regularisation Plan, the RPS is exchangeable for new High-5 Conglomerate shares based on one RM1.00 RPS for 10 High-5's 10 sen shares with warrants. The Interim Funders shall also be given options to purchase up to 40% of the enlarged paid-up share capital of High-5 over the next three (3) years after approval.

To motivate the Management Team to turn around the business, an incentive bonus of up to 10% of the Profit Before Tax (PBT) is offered provided the PBT is more than RM5.0 million. An additional 5% is offered if the PBT exceeds RM10 million. ESOS has also been proposed.

General Matters

I wish to inform that the Company received a public reprimand from Bursa on 31 October 2013 for inaccurate announcements prior to and immediately after the discovery of financial irregularities at the end of February 2012.

Our claim in the civil courts against the former Directors, general manager, external and internal auditors and some suppliers is still on-going.

Our shares have also been reclassified by the Securities Commission as non-syariah compliant with effect from 29 November 2013 due to our conventional loans being more than 33% of our Total Assets as at 31 October 2012. After the Regularisation plan has been implemented, we will work towards compliance to be reclassified as a syariah counter.

Independent Auditors' Report

The Company's independent auditors, Messrs Wong Weng Foo & Co had issued an unmodified auditors' report in respect of the financial statements for the year ended 31 October 2013 and had emphasised on certain matters. Notwithstanding the form and wordings of the independent auditors' opinion the summary of the matters emphasised are:-

The Group and the Company have defaulted on their entire loans and borrowings resulting in inability to obtain the confirmations from certain financial institutions to confirm the carrying amount of these loans and borrowings. The management, however had prepared calculations and accrued possible interests and expected penalties based on latest available information in hand. The eventual financial liabilities of these borrowings as at statement of financial position date of 31 October 2013 is not expected to deviate or defer substantially from the confirmations of the financial institutions should these confirmations be released by the respective financial institutions.

The preparation of the financial statements of the Group and Company on the assumption that they will continue as going concerns, despite the existence of a material uncertainty which cast significant doubt about the Group's and Company's abilities to continue as going concerns, and which is dependent on the timely and successful formulation and implementation of the Proposed Regularisation Plan ("PRP"), the continuing support from lenders and funders, the Group and the Company achieving sustainable and viable operations, and the Group and the Company generating adequate cash flows for its operating activities. The Group and the Company had submitted its application of a Proposed Regularisation Plan ("PRP") to relevant authorities and had entered into an Interim Funding arrangement to generate cash flow to the Group and to enable the Group to implement its business turnaround plans pending approval from relevant authorities and implementation of its PRP.

Industry

Supplies of flour have improved this year due to better harvest in the producer countries. However other raw materials have been affected by a lower Ringgit. In Malaysia one of our major cost component which went up significantly was the cost of labour in line with the minimum wage law which came into effect on 1 January 2013. Other significant component cost price rises affecting us were the rise of diesel price in mid 2013, the 13% electricity tariff rate rise in December 2013. In addition the Customs Department withdrew our sales tax exemption for import of certain raw materials with effect from 1 January 2013. Notwithstanding all of the above, we have maintained our cost by better efficiencies in production and delivery.

Competitors continue to launch new products into the market, giving consumers ever wider choices in terms of both quality and price.

I am pleased to inform you that our Company has reorganised our distribution system and has started our bid to recover lost markets and market share, launching higher end products to improve margins even while waiting for the approval of the Regularisation Plan whose implementation will see the injection of fresh funds needed to further capture lost markets.

Dividends

The Board of Directors is not recommending any dividend for the financial year. After the Regularisation Plan has been successfully implemented shareholders may expect better results.

Outlook and Prospects

The Group has already started to reorganize and refocus on its sales strategy which may include the purchase of a pastry / bread retail chain to better promote, brand and sell our new higher end higher margin products.

Acknowledgement

On behalf of the Board, I would like to express our sincere appreciation to all our valued shareholders and customers, our business partners, our bankers and regulatory authorities for their support, trust, confidence and cooperation, and hope these will continue to be extended to ensure the completion of our Regularisation Plan to the mutual benefit of all concerned.

Our appreciation is also extended to our staff and advisers for their hard work, dedication and commitment to revive our business.

Dato' Dr Gan Khuan Poh
Chairman

DIRECTORS' PROFILE

Dato' Dr Gan Khuan Poh

- Independent Non-Executive Chairman
- Malaysian, 68 years of age
- Chairman of Nomination Committee

Dato' Dr Gan Khuan Poh was appointed to the Board on 27 April 2006. He holds a Ph.D and M.A. in Economics from Duke University, NC, USA; M.B.A. in Finance from Cornell University, NY, USA and B.A. (Hons.) in Business Economics from University of Malaya. He started his career as a Government Service Officer in 1967 and had served in various positions ranging from the District level, the National Institute of Public Administration ("INTAN") to the Prime Minister's Department as Senior Director responsible for Macroeconomics in the Economic Planning Unit for 31 years. He later joined Pilecon Group of Companies in 1997 as an Executive Director responsible for the Group's Finance and Corporate Planning and the last position he held was as Managing Director before he left the Company in year 2000.

He currently sits on the Board of Permodalan BSN Berhad and Prudential Assurance Malaysia Berhad.

He is not related to any director and/or major shareholders of the Company and there is no business arrangement with the Company in which he has a personal interest. He has not been convicted for any offences within the past 10 years other than traffic offences, if any.

Richard George Azlan bin Abas

- Independent Non-Executive Director
- Malaysian, 50 years of age
- Chairman of Audit Committee
- Member of Remuneration Committee and Nomination Committee

Richard George Azlan Bin Abas was appointed to the Board on 21 May 2004. He holds a Bachelor of Commerce from the University of Western Australia. He articled with Arthur Andersen & Co. from 1984 to 1989 and subsequently served Arab-Malaysian Corporation Berhad from 1989 to 1996. From 1997 to 2002, he was the Group Chief Executive of Yayasan Pelajaran Johor Holdings Sdn Bhd. From 2002, he has been Managing Director of Azlan & Co and Abas & Co, Chartered Accountants. He was Chief Executive Officer and Managing Director of Theta Edge Berhad from 2010 until 2012. He was Chief Executive Officer of Taha Alam Sdn Bhd from 2012 until 2014. He is a Fellow of the Institute of Chartered Accountants in Australia and a Chartered Accountant of the Malaysian Institute of Accountants. In 1995, he attended the Asian Institute of Management, Management Development Program.

He also sits on the board of Theta Edge Berhad.

He is not related to any director and/or major shareholders of the Company and there is no business arrangement with the Company in which he has a personal interest. He has not been convicted for any offences within the past 10 years other than traffic offences, if any.

Dato' Seri Talaat Bin Husain

- Independent Non-Executive Director
- Malaysian, 63 years of age
- Member of Nomination Committee and Audit Committee
- Chairman of Remuneration Committee

Dato' Seri Talaat Bin Husain was appointed to the Board on 5 March 2007. He is a member of the Nomination Committee and Audit Committee and the Chairman of Remuneration Committee. He holds a Masters in Professional Studies from Cornell University, USA majoring in International Planning. Dato' Seri Talaat bin Husain has attended Senior Executive Program, London Business School, United Kingdom and Advanced Management Program, Harvard Business School, U.S.A.

He started his civil service career as an Assistant State Secretary in Penang and had since then held several vital posts in the Malaysian Centre for Development Studies, Socio-Economics Research Unit, National Institute for Public Administration, the National Palace, the Ministry of Education and as Mayor of Ipoh City, Perak.

He also held the position of the Secretary General of the Ministry of Youth and Sports and later appointed as the Secretary General of the Ministry of Domestic Trade and Consumer Affairs. Whilst in the government service, he was the Chairman of Companies Commission of Malaysia and Board Member of Malaysia Communication and Multimedia Corporation, Sepang International Circuit and Intellectual Property Corporation of Malaysia.

Currently, he is a director of Shell Refining Company (Federation of Malaya) Berhad, Konsortium Logistik Berhad and Mizuho Corporate Bank (Malaysia) Berhad.

He is not related to any director and/or major shareholders of the Company and there is no business arrangement with the Company in which he has a personal interest. He has not been convicted for any offences within the past 10 years other than traffic offences, if any.

Dato' Lee Kok Chuan

- Non-Independent Non-Executive Director
- Malaysian, 55 years of age
- Member of Audit Committee

Dato' Lee Kok Chuan was appointed to the Board on 3 January 2008. He graduated with a Bachelor of Economics (Accounting Major) from Monash University, Melbourne in 1983 and is a Fellow Member of the Institute of Chartered Accountants in Australia.

He has over 10 years of working experience in the fields of accounting, auditing and corporate services with major international accounting firms including Messrs Ernst & Whinney (Kuala Lumpur) (now known as Ernst & Young), Messrs Arthur Young (Melbourne) and subsequently Messrs Ernst & Young (Melbourne). He joined Berjaya Land Berhad as Senior Manager, Internal Audit in 1994 and was responsible for its internal audit functions. He was an Executive Director of Berjaya Group Berhad from January 2000 to September 2001.

He is currently a Director of Berjaya Capital Berhad, Berjaya Group Berhad, Berjaya Auto Berhad and Berjaya Food Berhad. He also holds directorships in several other private limited companies in the Berjaya Corporation group of companies. Dato' Lee Kok Chuan is a representative of Berjaya Corporation Berhad on the Board of High-5 Conglomerate Berhad.

He is not related to any director and/or major shareholders of the Company and there is no business arrangement with the Company in which he has a personal interest. He has not been convicted for any offences within the past 10 years other than traffic offences, if any.

Adi Azuan Bin Abdul Ghani
- Independent Non-Executive Director
- Malaysian, 43 years of age
- Member of Remuneration Committee

Adi Azuan Bin Abdul Ghani was appointed to the Board on 3 January 2008. He graduated with a BSc (Honours) Accounting from Queen's University of Belfast, United Kingdom in 1993 and Association of Chartered Certified Accountants ("ACCA") from Emile Woolf College, London, United Kingdom in 1995. He is a Fellow Member of the ACCA and also a member of the Malaysian Institute of Accountants (MIA).

He started his professional career in the auditing and accounting fields with Messrs PricewaterhouseCoopers, Kuala Lumpur in year 1996. He was then promoted to the position of Manager in year 2002 and was involved in the provision of audit and accounting services mainly to banking and financial institutions before joining Lembaga Tabung Haji as the Divisional Head of Group Finance in July 2002. Presently, he is the Deputy Group Chief Financial Officer of Lembaga Tabung Haji.

He is currently also a director of Theta Edge Berhad and Y.S.P Southeast Asia Holding Berhad.

He is not related to any director and/or major shareholders of the Company and there is no business arrangement with the Company in which he has a personal interest. He has not been convicted for any offences within the past 10 years other than traffic offences, if any.

Following the event of the financial irregularities discovered in February 2012 from which the Company is still in the midst of recovering, the Board of Directors ("Board") of High-5 Conglomerate Berhad is committed to strive for the highest standard of good corporate governance throughout the Company and its subsidiaries ("the Group").

The Board wishes to report to the shareholders the manner in which the Group has applied these principles and best practices, and where these best practices of the Malaysian Code on Corporate Governance ("the Code") were not adopted during the financial year if any, they are explained in the relevant paragraphs.

THE BOARD OF DIRECTORS

The fundamental responsibility of the Directors is to exercise their judgement to act in the best interest of the Company, as they reasonably believe.

(a) Composition and Balance

The Company has 5 Board members, made up of 4 Independent Non-Executive Directors including the Chairman and 1 Non-Independent Non-Executive Director, none of whom were holdings any executive functions. This composition satisfies the Bursa Securities Listing Requirements that requires at least 2 Directors or 1/3 of the Board whichever is higher, are Independent Directors.

The role of the Independent Non-Executive Directors is to provide objective and independent inputs to the decision making process of the Board so as to provide an effective check and balance. The Board composition brings together a group of extensively experienced Directors who are from diverse backgrounds and professionals in their respective fields. Together, they have a wide range of skills, capabilities and relevant business experiences to manage and direct the Group's operations.

In the absence of the Executive Directors who are primarily responsible for the implementation of policies and decisions of the Board, overseeing the Group's operations and developing the Group's business strategies, the Board of Directors have taken on the role of overseeing these duties, and the implementation has been delegated to senior management of the Group together with Covenant Equity Consulting Sdn Bhd and other advisers who have been appointed as part of the Management Team.

The Board did not appoint a Senior Independent Non-Executive Director to whom concerns may be conveyed as the Chairman of the Board encourages the active participation of each and every Board member in the decision making process.

The profiles of the members of the Board are set out on pages 8 to 11 of this Annual Report.

(b) Duties and Responsibilities

The main focus of the Board is on the overall strategic leadership, identification and management of principal risks and development and control of the Group. The Board has delegated specific responsibilities to Board Committees, all of which discharge the duties and responsibilities within their respective Terms of Reference.

The Chairman is primarily responsible for the effective and efficient conduct and working of the Board whilst the senior management and the Management team are responsible for the daily management of the Group's operations and implementation of the policies and strategies adopted by the Board.

Since the resignation of a Senior General Manager for Sales and Operations in early January 2013, the Group has appointed advisers and Covenant Equity Consulting Sdn Bhd in July 2013 to assist in turning the Group around and to advise on the Regularisation Plan.

(c) Board Meetings

The Board meets regularly on a quarterly basis with additional meetings being convened when necessary. In the meetings, the Board will deliberate on and consider matters relating to the Group's financial performance, significant investments, corporate development, strategic issues and business plan. For the financial year ended 31 October 2013, the Board met 8 times. Details of Directors' attendance at Board Meetings held during the financial year ended 31 October 2013 are set out below:

Name of Director	Designation	No. of meetings attended
Dato' Dr Gan Khuan Poh (Chairman)	Independent Non-Executive Director	8/8
Richard George Azlan Bin Abas	Independent Non-Executive Director	8/8
Dato' Seri Talaat Bin Husain	Independent Non-Executive Director	6/8
Adi Azuan Bin Abdul Ghani	Independent Non-Executive Director	8/8
Dato' Lee Kok Chuan	Non-Independent Non-Executive Director	8/8

Board meetings are structured with a pre-set agenda which encompass all aspects of matters under discussion. The Board papers are circulated to directors well in advance of the board meetings for their deliberation. All meetings of the Board are duly recorded in the Board Minutes.

Senior management and the Management team may be invited to attend these meetings to explain and clarify matters being tabled.

For the financial year under review, in furtherance of their duties, the Board had unrestricted access to any information pertaining to the Group which is available, as well as the advice and services of the Company Secretary and professional advisers, whenever appropriate, at the Group's expense.

(d) Appointment and Re-election of Directors

Any new appointments to the Board will require deliberation by the full Board guided by formal recommendations by the Nomination Committee. Board members who are appointed by the Board are subject to retirement at the first Annual General Meeting ("AGM") of the Company subsequent to their appointment. Article 97 of the Company's Articles of Association also provides that at least one-third (1/3) of the Directors shall retire by rotation at each AGM and that all Directors shall retire once every three (3) years. A retiring Director shall be eligible for re-election.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965 ("the Act").

(e) Directors' Training

Throughout the year, all the Directors have attended various conferences, seminars and programmes, including speaking engagements, to enhance their skills and knowledge. On 17 March 2014, all the Directors attended a training programme as directed by Bursa in its public reprimand on the Company. The Board will continue to evaluate and determine the training needs of its Directors on an ongoing basis.

For new Directors, the Nomination Committee is responsible for ensuring that they undergo an orientation program so that they are familiar with the Group's operations and current business issues. However, there were no appointments of new Directors during the financial year under review.

BOARD COMMITTEES

Apart from the Audit Committee, there are two (2) other additional committees established to assist the Board in the execution of its responsibilities. Both the committees are provided with written terms of reference. Details of the Board committees are provided below.

(a) Nomination Committee

The Nomination Committee has three (3) members, all of whom are Independent Non-Executive Directors. The members of the Nomination Committee are:

i) Chairman
Dato' Dr Gan Khuan Poh – Independent Non-Executive Director

ii) Members
Richard George Azlan Bin Abas – Independent Non-Executive Director
Dato' Seri Talaat Bin Husain – Independent Non-Executive Director

The Nomination Committee is empowered by the Board of Directors and its terms of reference to assist the Board of Directors in their responsibilities in nominating new directors to the Board and Board Committees. The Committee also reviews the Board of Directors' composition and balance, and considers the Board of Directors' succession planning and also the Board Committees performance.

The Nomination Committee had during the year reviewed and assessed the mix of skills and experience and size of the Board, contribution of each director and effectiveness of the Board and Board Committees. The Committee also reviewed the retirement of directors by rotation eligible for re-election. The Nomination Committee has also assessed the character, experience and competence of the Board and Senior Management and reviewed the independence of Independent Directors.

During the financial year, the Committee met twice. The Committee considers that the Board's current size, mix of skills and experience of its members is sufficient for the discharge of its duties and responsibilities effectively.

(b) Remuneration Committee

The Remuneration Committee comprises three (3) members, all of whom are Independent Directors. The Remuneration Committee is to assist the Board of Directors in their responsibilities in reviewing and assessing the remuneration packages of the executive directors. The members of the Remuneration Committee are:

i) Chairman
Dato' Seri Talaat Bin Husain - Independent Non-Executive Director

ii) Members
Richard George Azlan Bin Abas – Independent Non-Executive Director
Adi Azuan Bin Abdul Ghani - Independent Non-Executive Director

The Remuneration Committee is responsible for recommending to the Board the remuneration framework for Directors as well as the remuneration package of each Executive Director.

This includes recommending remuneration packages necessary to attract, retain and motivate the Directors and is reflective of the Directors' experience and level of responsibilities.

None of the Executive Directors participate in any way in determining their individual remuneration. The remuneration of the Executive Directors is to be reviewed annually. The Group has no Executive Director during the financial year. The remuneration and entitlements of the Non-Executive Directors shall be a matter to be decided by the Board as a whole.

(c) Audit Committee

The Audit Committee has three (3) members, all of whom are Non-Executive Directors.

The Audit Committee has also taken on the Risk Management Committee function commencing from March 2014.

The detailed report of the Audit Committee is set out on pages 20 to 23.

DIRECTORS' REMUNERATION

The details of the remuneration of each Director during the financial year ended 31 October 2013 are as follows:

(a) Total Remuneration

	Executive Directors RM '000	Non-Executive Directors RM '000	Total RM '000
Basic Salary	-	-	-
Fees	-	-	-
Attendance fee	-	53	53
Benefit-in-kind	-	-	-
Total	-	53	53

(b) Directors' remuneration by bands

The number of Directors whose total remuneration falls within the following bands during the financial year ended 31 October 2013 is as follows:

Directors' Remuneration	Executive Directors	Non-Executive Directors	Total
RM0 to RM50,000	-	5	5
RM50,001 to RM100,000	-	-	-
RM350,001 to RM400,000	-	-	-
RM950,001 to RM1,000,000	-	-	-

Details of the individual Director's Remuneration are not disclosed in this report as the Board is of the view that the above Remuneration disclosures by band and analysis between Executive and Non-Executive Directors satisfies the accountability and transparency aspects of the Code.

SHAREHOLDERS

(a) Shareholders and Investors Relations

The Board acknowledges the importance of accountability to the shareholders. Timely release of the financial results on a quarterly basis, press releases and announcements provide an overview of the Group's performance and operations to its shareholders.

Information disseminated to the investment community is in accordance with Bursa Malaysia's disclosure rules and regulations. The Board has taken steps to ensure that no market sensitive information is disclosed to any party prior to making an official announcement to Bursa Malaysia.

The Group has also established a website at www.high5.com.my from which shareholders as well as members of the public may access for the operations and activities of the Group. The Group also has a facebook site at facebook.com/high5bread.

(b) Annual General Meeting

The Annual General Meeting ("AGM") is the principal forum for dialogue with the shareholders. At the AGM, the Board presents the progress and performance of the Group to provide shareholders with the opportunity to question the business issues, concerns and operations in general. The Board will also ensure that each item of special business is included in the notice of the AGM and will be accompanied by an explanation of the effects of the proposed resolutions.

ACCOUNTABILITY AND AUDIT

(a) Financial Reporting

In presenting the annual financial statements and quarterly announcements to shareholders, the Directors aim to ensure that the financial statements and quarterly announcements are prepared in accordance with the Companies Act, 1965 and applicable approved accounting standards so as to offer a balanced and comprehensive assessment of the Group's financial position and prospects.

A Responsibility Statement by the Directors is set out on page 26 of this Annual Report.

(b) Accumulated losses

The accumulated losses as at the end of the financial year consist of:

	THE GROUP	**THE COMPANY**
	2013	2013
	(RM)	(RM)
Total Accumulated losses :		
- realized	(425,059)	(287,921)
- unrealized	-	-
As at 31 October 2013	(425,059)	(287,921)

The realised and unrealised losses are based on Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements issued by the Malaysian Institute of Accountants on 20 December 2010.

(c) Internal Control

The Group's Internal Control is set out in the Statement on Risk Management and Internal Control on pages 24 to 26 of the annual report to provide an overview on the state of internal control throughout the year.

In relation to the internal audit function, having considered the Group's operational requirements and recent developments, the Board opines that the Group should still continue to outsource its internal audit function to external consultants. The Board has also commissioned an independent internal audit firm to carry out a detailed review of prevailing internal controls, including the Group's computer system. The outsourced internal auditors should be capable of assisting the Board and the Audit Committee in providing an independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems. They will report directly to the Audit Committee.

(d) Relationship with Auditors

The Group maintains a professional and transparent relationship with its external auditors. The external auditors are expected to, from time to time, highlight to the Audit Committee and the Board of Directors matters that require their attention.

The role of the Audit Committee in relation to the external auditors is explained in the Audit Committee Report set out on pages 20 to 23 of the annual report.

(e) Non-Audit Fees

There was no non-audit fees paid to external auditors by the Group for the financial year ended 31 October 2013.

OTHER INFORMATION

(a) Share Buy-Back

During the financial year, there was no share buy-back by the Company.

(b) Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities exercised during the financial year ended 31 October 2013.

(c) Material Contracts involving Directors' Interests

There were no contracts involving directors' interests that have been brought to the attention of the Board, which are or may be material, not being contracts entered into in the ordinary course of business, which have been entered into by the Company and its subsidiary companies since the end of the previous financial year.

(d) Recurrent Related Party Transactions

Save for such disclosure made in note 29(a) on page 88 of the financial statements, there were no recurrent related party transactions of revenue nature during the financial year ended 31 October 2013.

(e) American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programmes

During the financial year, the Company did not sponsor any ADR or GDR programme.

(f) Imposition of Sanctions/Penalties

On 31 October 2013, Bursa issued a public reprimand to the Company for breach of paragraph 9.16(1)(a) of the Main Market Listing Requirements for inaccurate announcements before and immediately after the discovery of the financial irregularities of February 2012. It also directed the Directors and relevant management staff to attend a training programme, to conduct limited reviews of 4 quarterly reports by the external auditors commencing with the Quarter 4/13 report, and to review and assess the adequacy and competency of the finance and accounting resource, the adequacy comprehensiveness and effectiveness of the Company's policies and procedures in financial reporting and implementation.

(g) Profit Guarantees

During the financial year, there were no profit guarantees given by the Company that has been brought to the attention of the Board.

(h) Variation in Results

The extent of the financial irregularities has been presented in the forensic investigation audit report on 28 May 2012. The external auditors continue to make a disclaimer opinion in the audited accounts of the Company for the financial year ended 31 October 2013 because they have not obtained sufficient appropriate audit evidence to provide a basis of an audit opinion.

(i) Contracts Relating to Loans

As had been disclosed to the Board, there was no contract relating to loans by the Company.

(j) Corporate Social Responsibilities

The Group has reactivate some of its corporate social responsibilities programmes such as its participation in the kechara kitchen programme which feeds the homeless in Kuala Lumpur in the evening.

(k) Utilisation of Proceeds Raised from Corporate Proposals

Save for the Interim Funding in November and December 2013 totalling Rm16 million disclosed in the Revised Regularisation Proposal the Company did not raised any funds from any corporate proposals during the financial year ended 31 October 2013.

This statement is made in accordance with a resolution of the Board dated 17 March 2014.

AUDIT COMMITTEE REPORT
FOR THE FINANCIAL YEAR ENDED 31 OCTOBER 2013

The Board of Directors of High-5 Conglomerate Berhad is pleased to present the report of the Audit Committee for the financial year ended 31 October 2013.

Composition and Meetings

The members of the Audit Committee and details of their attendance at meetings during the financial year ended 31 October 2013 are as follows:

		Number of meetings held	Attendance of meetings
Chairman:	Richard George Azlan Bin Abas (Independent Non-Executive Director)	4	4/4
Members:	Dato' Seri Talaat bin Husain (Independent Non-Executive Director)	4	4/4
	Dato' Lee Kok Chuan (Non-Independent Non-Executive Director)	4	4/4

Senior Management staff, the Management team and the external consultants, to whom the internal audit function was outsourced to, attended the meetings at the invitation of the Audit Committee. The agenda of the meetings and relevant information are distributed to its members with sufficient notice. The proceedings of the meetings are formalised in the form of meeting minutes by the Secretary, who is appointed by the Board, during the Audit Committee meetings.

Summary of Activities of the Audit Committee

The following activities were undertaken by the Audit Committee during the financial year ended 31 October 2013:-

(a) Reviewed the unaudited quarterly report on the consolidated results of the Group for the quarters ended 31 October 2012, 31 January 2013, 30 April 2013, 31 July 2013 and 31 October 2013 as reported by the Management.

(b) Reviewed and approved the internal audit plan prepared by the Internal Auditors.

(c) Reviewed the internal audit reports and ensured appropriate actions were taken on the recommendation of the internal auditors.

(e) Reviewed the audit plan of the external auditors.

(f) Reviewed the annual audited financial statements, external auditors' reports and their audit findings.

(g) Reviewed the related party transactions and considered potential conflict of interest situation within the Group as disclosed by the Management.

(h) Reviewed the internal control report and took steps to enforce controls recommended by the internal auditors.

(i) Reviewed and recommended to the Board a change of external auditors because of increase in audit fees proposed by the then external auditors.

(j) Engaged the external auditors to conduct a limited review of the quarterly report ended 31 October 2013.

Internal Audit Function

The Group's internal audit function is outsourced to external consultants to assist the Board and the Audit Committee in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system. The internal audit function reports directly to the Audit Committee.

During the financial year under review, the internal audit function undertook the following activities :

1) carried out the internal audit of the Group's operating units including its subsidiaries by reviewing the business activities and processes to ensure compliance with internal control procedures, highlighting control weaknesses and making appropriate recommendations for improvement; and

2) attended and reported to the Audit Committee its audit findings and response and rectification undertaken by the management to improve the Group's system of internal controls and procedures.

The Internal Audit function is outsourced to external consultants and the cost incurred for the Internal Audit function in respect of the financial year was RM 12,500.00.

The terms of reference of the audit committee, which is subject to the reports and findings of the internal auditors and disclosure made by the Management, are set out below.

TERMS OF REFERENCE OF AUDIT COMMITTEE

1. Composition

The Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members. All the audit committee members must be non-executive directors with a majority of whom shall be independent directors and at least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience as approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

No alternate director shall be appointed as a member of the Audit Committee.

In the event of any vacancy with the result that the number of members is reduced to below three (3), the vacancy must be filled within three (3) months.

2. Chairman

The Chairman, who shall be elected by the Audit Committee, shall be an independent non-executive director.

3. Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members.

4. Meetings

The Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

The Committee Members may call for a meeting as and when required with reasonable notice as the Committee Members deem fit. The Committee Members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

The internal auditors and external auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The internal auditors and external auditors may also request a meeting if they consider it necessary.

5. Rights

The Audit Committee shall:

(a) have authority to investigate any matter within its terms of reference;
(b) have the resources which are required to perform its duties;
(c) have full and unrestricted access to any information pertaining to the Group;
(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
(e) have the right to obtain independent professional or other advice at the Company's expense;
(f) have the right to convene meetings with the internal auditors and external auditors, excluding the attendance of the executive directors or employees of the Group, whenever deemed necessary;
(g) promptly report to the Bursa Securities matters which has not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements;
(h) the Chairman shall call for a meeting upon the request of the internal auditors and external auditors; and
(i) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise.

6. Duties

(a) To review with the external auditors on:
  - the audit plan, its scope and nature;
  - the audit report;
  - the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
  - the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.

(b) To do the following, in relation to internal audit function:
  - review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function,
  - approve any appointment or termination of senior staff members of the internal audit function; and
  - take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(c) To provide assurance to the Board of Directors on the effectiveness of the system of internal controls and risk management practices of the Group.

(d) To review with management:
  - audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
  - interim financial information; and
  - the assistance given by the officers of the Company to external auditors.

(e) To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are to be undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report and to review conflict of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

(f) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:
- o changes in or implementation of major accounting policy and practices;
- o significant and/or unusual issues arising from the audit;
- o the going concern assumption;
- o compliance with accounting standards and other legal requirements; and
- o major judgemental areas.

(g) To consider and recommended to the Board the appointment and/or re-appointment of internal and external auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors.

(h) To verify any allocation of options in accordance with the employees share scheme of the Company, at the end of the financial year.

This statement is made in accordance with a resolution of the Board dated 17 March 2014.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement on Risk Management and Internal Control by the Board of Directors ("Board") of the Group is made pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the Principles and Best Practices provisions relating to risk management and internal controls provided in the Malaysian Code on Corporate Governance ("Code"). This Statement is guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

RESPONSIBILITY

The Board acknowledges that it has an overall responsibility to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets as well as reviewing the adequacy and integrity of the system of internal control.

However, as there are inherent limitations in any system of internal controls, such systems put into effect by Management can only reduce but cannot eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

Risk Management is regarded by the Board to be an integral part of the business operations. The Board maintains an on-going commitment to enhance the Group's control environment and processes. The key risks relating to the Group's operations and strategic and business plans are addressed at Management's periodic meetings. Significant risks identified by the Management are brought to the attention of the Board at scheduled meetings on a need basis.

This on-going process is used to identify, assess and manage significant risks. Given the financial irregularities which came to the Board's attention in February 2012, the Board had reviewed the appropriateness of continued adherence to certain processes within the Group's operations. For this reason, the Board had appointed the internal auditors to review the functional capabilities and the effectiveness of the then existing risk management framework and had commissioned a review of prevailing key internal controls.

INTERNAL CONTROL

The Board receives and reviews quarterly reports from the Management on key financial data and regulatory matters. This is to ensure that matters that require the Board's and Management's attention are highlighted for review, deliberation and decision on a timely basis. The Board approves appropriate responses or amendments to the Group's policies. Besides this, the results of the Group are reported quarterly and any significant fluctuations are analysed and acted on in a timely manner. Issues relating to the business operations are also highlighted to the Board's attention during Board meetings. Further independent assurance is provided by the Group internal audit function and the Audit Committee. The Audit Committee reviews internal control matters and updates the Board on significant issues for the Board's attention and action.

The other salient features of the Group's system of internal control are:

- Quarterly review of the financial performance of the Group by the Board and the Audit Committee;
- Defined organization structure and delegation of responsibilities, with comprehensive guidelines on the employment and retention of employees in place to ensure that the Group has a team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibility effectively;
- Established and documented policies and procedures that are regularly reviewed and updated to ensure the effectiveness of controls that support the Group's activities
- Limit of Authority (LOA) that clearly outlines approval authority for payments, duly approved by the Board;
- Operation review meetings are held by the respective business units to monitor the progress of business operations, deliberate significant issues and formulate corrective measures.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has outsourced its internal audit function to a professional services firm, as part of its efforts in ensuring that the Group's system of internal control is adequate and effective. The internal audit function of the Group is carried out in accordance with a risk-based audit plan approved by the Audit Committee. The internal audit function provides an assessment of the adequacy and effectiveness of the Group's internal control policies and procedures and provides recommendations, if any, for improvement. The results of the audit reviews are reported to the Audit Committee, and recommended corrective actions are forwarded to the Management who is responsible for ensuring that the necessary corrective actions on reported weaknesses are taken within the required time frame.

A total of RM 12,500.00 was spent on internal audit activities in 2013.

REVIEW BY BOARD

The Board considered the adequacy and effectiveness of the risk management and internal control processes in the Group during the financial year based on information from:

- Management responsible for the development and maintenance of the risk management and internal control framework;
- Assessments of major business units and functional controls by respective Management to complement the above input in providing a holistic view of the Group risk and control framework effectiveness; and
- The work by the internal audit function and internal audit reports to the Audit Committee together with recommendations for improvement.

This statement is made in accordance with a resolution of the Board dated 17 March 2014.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS

The Board is fully accountable to ensure that the financial statements are drawn up in accordance with Companies Act, 1965 and the applicable approved accounting standards set by Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 October 2013 and of the results and cash flows of the Group and Company for the financial year ended on that date.

In the process of preparing these financial statements, and other than as disclosed in the notes to the financial statements, the Directors have reviewed the accounting policies and practices. The Directors continue to rely on the independent professional forensic investigation audit report presented on 28 May 2012 but are not in a position to determine whether the accounting policies and practices were consistently applied throughout the year, and in cases where judgment and estimates were made, whether they were based on reasonableness and prudence.

Additionally, although the Directors have relied on the system of internal controls to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable, in view of the suspected financial irregularities, the Directors are unable to form an opinion on the accuracy and reliability of such information yet.

STATUTORY DECLARATION

I, **RICHARD GEORGE AZLAN BIN ABAS**, being the director primarily responsible for the financial affairs of High-5 Conglomerate Berhad (formerly known as Silver Bird Group Berhad), do solemnly and sincerely declare that the financial statements set out on pages 28 to 111 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

…………………………………………….
RICHARD GEORGE AZLAN BIN ABAS

Subscribed and solemnly declared by the above at Kuala Lumpur in the Federal Territory on 27 February 2014.

Before me,

KALASAGAR NAIR (W513)
Commissioner for Oaths

FINANCIAL STATEMENTS

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 2013.

CHANGE OF NAME

The name of the Company was changed to High-5 Conglomerate Berhad, on 13 December 2013.

PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Company is principally engaged in investment holding activities. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group	Company
	RM'000	RM'000
Loss for the financial year	(52,821)	(4,684)
Attributable to:		
Owners of the Company	(52,821)	(4,684)

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year.

The Directors do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

Other than as disclosed in the financial statements, there were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

There were no issue of new shares or debentures during the financial year.

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position 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 impairment of receivables and are satisfied that all known bad debts have been written off and adequate impairment of receivables had been made.

At the date of this report, the directors are not aware of any circumstances that would render the amount of bad debts written off or impairment of receivables inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain whether any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets of the Group and of the Company misleading.

VALUATION METHODS

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

At the date of this report, there does not exist:-

(i) any charge on the assets of the Group or 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 in respect of the Group or of the Company that has arisen since the end of the financial year, other than at disclosed in Note 33 to the financial statements.

No contingent liability or other liability of the Group or of the Company 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 as and when they fall due.

SHARE OPTION

No option was granted to any person to take up any unissued shares of the Company during the financial year.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or in the financial statements of the Group and of the Company that would render any amount stated in the respective financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event 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 in which this report is made.

DIRECTORS

The directors who held office since the date of the last report are:

Dato' Dr Gan Miew Chee @ Gan Khuan Poh
Richard George Azlan Bin Abas
Dato' Seri Talaat Bin Husain
Adi Azuan Bin Abdul Ghani
Dato' Lee Kok Chuan

DIRECTORS' INTERESTS

The directors holding office at the end of the financial year and their beneficial interests in ordinary shares and warrants of the Company and of its related corporations during the financial year ended 31October2013, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

	← Number of Ordinary Shares of RM0.50 each →			
The Company	**Balance at 1.11.2012**	**Bought**	**Sold**	**Balance at 31.10.2013**
Direct Interest				
Richard George Azlan Bin Abas	404,933	-	-	404,933

Warrant B – 2008/ 2013	← Number of Warrants →			
Direct Interest	**Balance at 1.11.2012**	**Bought**	**Expired**	**Balance at 31.10.2013**
Richard George Azlan Bin Abas	12,499	-	12,499	-

Other than as disclosed above, none of the directors in office at the end of the financial year had any other interests in shares and warrants in the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors have received 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 Notes24 and 29 to the financial statements) 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 Company a party to any arrangement 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.

AUDITORS

The auditors, Wong Weng Foo & Co., have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors, dated 27 FEB 2014

....
DATO' DR GAN MIEW CHEE @
GAN KHUAN POH
Director

....
RICHARD GEORGE AZLAN BIN ABAS

Director

Kuala Lumpur

HIGH-5 CONGLOMERATE BERHAD
(FORMERLY KNOWN AS SILVER BIRD GROUP BERHAD)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, **DATO' DR. GAN MIEW CHEE @ GAN KHUAN POH** and **RICHARD GEORGE AZLAN BIN ABAS** being two of the Directors of the Company, do hereby state that in the opinion of the Directors, the financial statements set out on pages 34 to 111 have been drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysiaso as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 October 2013 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended

The supplementary information on Note 40 on page 111 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. 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.

On behalf of the Board,

DATO' DR. GAN MIEW CHEE @ GAN KHUAN POH **Director**	**RICHARD GEORGE AZLAN BIN ABAS** **Director**

Kuala Lumpur

27 FEB 2014

STATUTORY DECLARATION

I, **RICHARD GEORGE AZLAN BIN ABAS**, being the Director primarily responsible for the financial management of **HIGH-5 CONGLOMERATE BERHAD (FORMERLY KNOWN AS SILVER BIRD GROUP BERHAD)**, do solemnly and sincerely declare that the financial statements set out on pages 34 to 111 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this 27 FEB 2014)
)

Before me:

COMMISSIONER FOR OATHS
No: W 513
KALASAGAR NAIR
MALAYSIA

Suite D3-U1-11 Blok D3
Solaris Dutamas
Jalan Dutamas 1,
50480 Kuala Lumpur.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HIGH-5 CONGLOMERATE BERHAD (FORMERLY KNOWN AS SILVER BIRD GROUP BERHAD)

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of High-5 Conglomerate Berhad (formerly known as Silver Bird Group Berhad), which comprise the statements of financial positions as at 31 October 2013 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 111.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable 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. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 OCTOBER 2013

ASSETS	Note	Group 31.10.2013 RM'000	Group 31.10.2012 RM'000	Group 1.11.2011 RM'000	Company 31.10.2013 RM'000	Company 31.10.2012 RM'000	Company 1.11.2011 RM'000
Non-Current Assets							
Property, plant and equipment	6	84,740	89,759	195,395	-	-	-
Investments in subsidiaries	7	-	-	-	-	-	205,605
Investment in an associate	8	-	-	300	-	-	-
Intangible assets	9	-	-	36,730	-	-	-
Other receivable	10	-	7,546	7,546	-	7,546	7,546
Loans to subsidiaries	11	-	-	-	7,133	-	58,006
		84,740	97,305	239,971	7,133	7,546	271,157
Current Assets							
Inventories	12	1,955	2,230	15,016	-	-	-
Trade and other receivables	13	11,070	14,311	129,949	1	213	443
Prepayments		131	1,512	623	-	-	56
Tax recoverable		436	436	247	-	-	-
Short-term deposits	14	-	87	1,145	-	87	1,145
Fixed deposits with licensed banks	15	-	-	2,560	-	-	-
Cash and bank balances		2,634	1,439	7,578	619	15	38
		16,226	20,015	157,118	620	315	1,682
Total Assets		100,966	117,320	397,089	7,753	7,861	272,839
EQUITY AND LIABILITIES							
Equity attributable to equity holders of the Company							
Share capital	16	203,341	203,341	203,341	203,341	203,341	203,341
Reserves	17	47,422	53,826	53,962	53,622	59,681	59,681
Accumulated losses		(425,059)	(378,297)	(44,138)	(287,921)	(289,296)	(13,754)
		(174,296)	(121,130)	213,165	(30,958)	(26,274)	249,268
Non-controlling interest		(99)	(99)	258	-	-	-
Total Equity		(174,395)	(121,229)	213,423	(30,958)	(26,274)	249,268
LIABILITIES							
Non-Current Liabilities							
Loan and borrowings	18	-	-	21,738	-	-	-
Deferred tax liabilities	19	-	-	764	-	-	-
		-	-	22,502	-	-	-
Current Liabilities							
Trade and other payables	20	71,477	55,229	34,759	21,805	18,573	2,639
Loan and borrowings	18	203,879	183,147	126,232	16,901	15,557	20,927
Provision for taxation		5	173	173	5	5	5
		275,361	238,549	161,164	38,711	34,135	23,571
Total Liabilities		275,361	238,549	183,666	38,711	34,135	23,571
Total Equity and Liabilities		100,966	117,320	397,089	7,753	7,861	272,839

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2013

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	21	78,944	129,149	-	-
Cost of sales		(63,851)	(105,336)	-	-
Gross profit		15,093	23,813	-	-
Other income		1,128	4,661	97	1,040
Selling and distribution expenses		(30,196)	(40,650)	-	-
Administrative expenses		(19,966)	(29,326)	(3,436)	(3,505)
Other expenses					
- investigation and adjustments	22	-	(271,763)	-	-
- others		(1,378)	(6,810)	-	(271,811)
Finance cost	23	(17,575)	(10,649)	(1,345)	(1,266)
Loss before income tax	24	(52,894)	(330,724)	(4,684)	(275,542)
Income tax expense	25	(29)	764	-	-
Loss from continuing operations		(52,923)	(329,960)	(4,684)	(275,542)
Profit/ (Loss) from discontinued operations					
- discontinued before tax		(67)	-	-	-
- income tax expense		169	(4,556)	-	-
Discontinued after tax	26	102	(4,556)	-	-
Loss for the financial year		(52,821)	(334,516)	(4,684)	(275,542)
Other comprehensive income/ (expenses)					
- warrant reserve expired		6,059	-	6,059	-
- foreign currency translation		(345)	(136)	-	-
Total comprehensive (loss)/ income for the financial year		(47,107)	(334,652)	1,375	(275,542)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Loss for the financial year Attributable to:					
Owner of the Company		(52,821)	(334,159)	(4,684)	(275,542)
Non-controlling interest		-	(357)	-	-
		(52,821)	(334,516)	(4,684)	(275,542)
Total comprehensive (loss)/income for the financial year Attributable to:					
Owner of the Company		(47,107)	(334,295)	1,375	(275,542)
Non-controlling interest		-	(357)	-	-
		(47,107)	(334,652)	1,375	(275,542)
(Loss)/ Earning per ordinary share attributable to equity holders of the Company (sen):					
- Basic	27				
- continuing operations		(13.01)	(81.13)		
- discontinued operations		0.02	(1.12)		
- Diluted	27				
- continuing operations		*	*		
- discontinued operations		*	*		

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

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31OCTOBER2013

Group	Attributable to equity holders of the Company — Non-Distributable: Share capital RM'000	Share premium RM'000	Merger Deficit RM'000	Capital Reserve RM'000	Warrants Reserve RM'000	Accumulated Losses RM'000	Translation Reserve RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Balance at 1 November 2011	203,341	53,622	(5,326)	277	6,059	(44,138)	(670)	213,165	258	213,423
Total comprehensive loss	-	-	-	-	-	(334,159)	(136)	(334,295)	(357)	(334,652)
Balance at 31 October 2012/ 1 November 2012	203,341	53,622	(5,326)	277	6,059	(378,297)	(806)	(121,130)	(99)	(121,229)
Total comprehensive loss	-	-	-	-	-	(52,821)	(345)	(53,166)	-	(53,166)
Reversal of warrants reserve	-	-	-	-	(6,059)	6,059	-	-	-	-
Balance at 31 October 2013	203,341	53,622	(5,326)	277	-	(425,059)	(1,151)	(174,296)	(99)	(174,395)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2013

Company	Share capital RM'000	Share premium RM'000	Warrants Reserve RM'000	Accumulated Losses RM'000	Total equity RM'000
	← Non-Distributable →				
Balance at 1 November 2011	203,341	53,622	6,059	(13,754)	249,268
Total comprehensive loss	-	-	-	(275,542)	(275,542)
Balance at 31 October 2012/ 1 November 2012	203,341	53,622	6,059	(289,296)	(26,274)
Total comprehensive loss	-	-		(4,684)	(4,684)
Reversal of warrants reserve	-	-	(6,059)	6,059	-
Balance at 31 October 2013	203,341	53,622	-	(287,921)	(30,958)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31OCTOBER2013

	Group		Company	
	2013	**2012**	**2013**	**2012**
Cash Flows From Operating Activities	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Loss before income tax				
- continuing operations	(52,894)	(330,724)	(4,684)	(275,542)
- discontinued operation	(67)	(4,556)	-	-
	(52,961)	(335,280)	(4,684)	(275,542)
Adjustments for:				
Amortisation of discount on bonds	-	323	-	323
Bad debts written off	-	5	-	-
Depreciation on property, plant and equipment	5,523	10,782	-	-
Reversal of impairment loss on trade receivable	(986)	-	-	-
Gain on disposal of property, plant and equipment	-	(78)	-	-
Gain on reinstatement of property, plant and equipment	-	(3,311)	-	-
Impairment loss on;-				
- amount owing by subsidiaries	-	-	-	66,206
- goodwill	-	36,730	-	-
- investment in an associate	-	2,250	-	-
- investment in subsidiaries	-	-	-	205,605
- other receivables	-	286	-	-
- property, plant and equipment	65	92,883	-	-
- trade receivables	1,000	77,973	-	-
Inventories written off	11	6,157	-	-
Deposit written off	87	-	87	-
Interest income	(106)	(393)	(97)	(1,040)
Interest expense	17,575	10,874	1,345	943
Payable adjustments	-	(39,476)	-	-
Prepayment expensed off	-	73	-	-
Property, plant and equipment written off	-	6,095	-	-
Exchange difference	(79)	(112)	-	-
Operating loss before working capital changes	(29,871)	(134,219)	(3,349)	(3,505)
Decrease in inventories	264	6,629	-	-
Decrease in receivables	10,686	37,374	538	224
Decrease/ (Increase) in prepayments	1,381	(962)	-	56
Increase/ (Decrease) in payables	16,694	59,946	3,231	(737)
Cash (absorbed by)/ generated from operations	(846)	(31,232)	420	(3,962)
Interest paid	-	(10,317)		(386)
Tax paid	-	(189)	-	-
Net (cash used)/generated from in operating activities	(846)	(41,738)	420	(4,348)

STATEMENTS OF CASH FLOWS (CONTINUED)

	Group		Company	
Cash Flows From Investing Activities	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Additions of investment in an associate	-	(1,950)	-	-
Decrease in fixed deposit pledged to licensed bank	-	2,560	-	-
Interest received	106	393	97	1,040
Net advances from subsidiaries	-	-	-	8,477
Purchase of property, plant and equipment	(569)	(742)	-	-
Proceeds from disposal of property, plant and equipment	-	119	-	-
Net cash (used in)/ provided by investing activities	(463)	380	97	9,517
Cash Flows from Financing Activities				
Increase in bankers' acceptance	-	(41,498)	-	-
Financing from term loans	-	1,070	-	(1,250)
Financing from lease liabilities	-	285	-	-
Repayment of bonds	-	(5,000)	-	(5,000)
Repayment of commercial papers	-	-	-	-
Net cash used in financing activities	-	(45,143)	-	(6,250)
Net changes in cash & cash equivalents	(1,309)	(86,501)	517	(1,081)
Effects of foreign exchange translation on cash and cash equivalents	4	(136)	-	-
Cash & cash equivalents brought forward	(83,079)	3,558	102	1,183
Cash & cash equivalents carried forward	(84,384)	(83,079)	619	102
Analysis of cash and cash equivalents				
Short-term deposits with a financial institution	-	87	-	87
Cash and bank balances	2,634	1,439	619	15
Bank overdrafts	(87,018)	(84,605)	-	-
	(84,384)	(83,079)	619	102
The currencies exposure profile of cash and cash equivalent are as follows:-				
Ringgit Malaysia	(84,531)	(83,286)	619	102
Singapore Dollar	147	207	-	-
	(84,384)	(83,079)	619	102

The accompanying notes form an integral part of the financial statements.

1. GENERAL INFORMATION

The Company is principally engaged in investment holding activities. The principal activities of its subsidiaries are set out in Note 7 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company are located 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 on 27 February 2014.

Pursuant to the Listing Requirements (“LR”) of Bursa Malaysia Securities Berhad (“Bursa”) in relation to Practice Note 17 (“PN17”), the Company had on 29 February 2012 announced that the Company is deemed to be a PN17 company as the predecessor auditors of the Company have expressed a disclaimer opinion on the Company’s audited financial statements for the financial year ended 31 October 2011.

The Company is currently in the process of formulating the Proposed Regularisation Plan as detailed in Note 39 to the financial statements to regularise its financial condition and the Requisite Announcement will be made once the Proposed Regularisation Plan has been finalised.

2. FUNDAMENTAL ACCOUNTING CONCEPT

The financial statements of the Group and of the Company have been prepared on the assumption that the Group and the Company will continue as going concerns. The application of the going concern basis is based on the assumption that the Group and the Company will be able to realise their assets and liquidate their liabilities in the normal course of business.

During the financial year, the Group and the Company incurred net losses amounting to RM52,821,000 and RM4,684,000 and the Group recorded negative operating cash flows of RM846,000. As at 31 October 2013, the Group’s and the Company’s current liabilities exceeded its current assets by RM259,135,000 and RM38,091,000 and recorded capital deficiencies of RM174,296,000 and RM30,958,000 respectively, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group’s and the Company’s abilities to continue as going concerns.

The Group and the Company have defaulted on their entire borrowings and have been served with Writ of Summons by licensed banks and financial institutions for the recovery of principal, interest and other costs as stated in Note 18 to the financial statements.

In addition, the Company and certain subsidiaries have pending material litigations with bankers as detailed in Note 38 to the financial statements.

2. FUNDAMENTAL ACCOUNTING CONCEPT (CONTINUED)

The ability of the Group and of the Company to continue as going concerns is dependent upon:

(i) the timely and successful formulation and implementation of the Proposed Regularisation Plan;

(ii) the continuing support from its lenders and funders;

(iii) the Group and the Company achieving sustainable and viable operations; and

(iv) the Group and the Company generating adequate cash flows for its operating activities.

Should the Proposed Regularisation Plan not be successfully formulated and concluded, the entire borrowings may become repayable immediately and the application of the going concern accounting concept may be inappropriate and adjustments may be required to, inter alia, write down assets to their realisable values, reclassify all long term assets and liabilities as current and to provide for any further costs which may arise.

The directors of the Company are positive that the outcome of the Proposed Regularisation Plan will be successfully concluded with the various lenders of the Group and of the Company. In view of that, the lenders will not demand immediate repayment of the outstanding balances. Accordingly, the directors of the Company are of the opinion that it is appropriate for the financial statements of the Group and the Company to be prepared on a going concern basis.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

As at the date of authorisation of these financial statements, the following Standards, Amendments and Issues Committee ("IC") Interpretations have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group and the Company:

Effective for financial periods beginning on or after 1 January 2013

MFRS 3	*Business Combinations*
MFRS 10	*Consolidated Financial Statements*
MFRS 11	*Joint Arrangements*
MFRS 12	*Disclosure of Interests in Other Entities*
MFRS 13	*Fair Value Measurement*
MFRS 119	*Employee Benefits (revised)*
MFRS 127	*Consolidated and Separate Financial Statements (revised)*
MFRS 128	*Investments in Associates and Joint Ventures (revised)*
Amendments to MFRS 1	*First-time Adoption of MFRS - Government Loans*
Amendments to MFRS 7	*Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
Amendments to MFRS 10	*Consolidated Financial Statements: Transition Guidance*
Amendments to MFRS 11	*Joint Arrangements: Transition Guidance*
Amendments to MFRS 12	*Disclosure of Interests in Other Entities: Transition Guidance*

Annual Improvements to IC Interpretations and MFRSs 2009 - 2011 Cycle

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Effective for financial periods beginning on or after 1 January 2014

Amendments to MFRS 132	*Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*

Effective for financial periods beginning on or after 1 January 2015

Amendments to MFRS 9	*Mandatory Effective Date of MFRS 9 and Transition Disclosures*

TheGroupandtheCompanywilladopttheabovepronouncementswhentheybecomeeffectiveinthere
spectivefinancialperiods.Thesepronouncementsarenotexpectedtohaveanyeffecttothefinancialst
atementsoftheGroupandoftheCompanyupontheirinitial application.

4. SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

4.1 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. These are the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia. The financial impacts on transition to MFRSs are disclosed in Note 41 to the financial statements.

The financial statements, other than for financial instruments, have been prepared on the historical cost basis. Certain financial instruments are carried at fair value in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement*.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000 or '000), except when otherwise indicated.

The preparation of financial statements in conformity with MFRSs, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported financial year. Although these estimates are based on the directors' best knowledge of current events and actions, actual results could differ from those estimates.

4.2 Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. The policy of recognition of impairment losses is in accordance with Note 4.9(ii) to the financial statements.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Depreciation of property, plant and equipment is provided on the straight line basis to write off the cost of each asset to its residual value over their estimated useful life at the following rates:-

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

Depreciation of an asset does not cease when the asset become idle or is retired from active use unless the asset is fully depreciated. The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

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 or disposal. The difference between the net disposals proceeds and the net carrying amount, if any, is recognised in the profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. Control exists when the Company has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The cost of investment are reviewed for impairment at the end of the reporting period if events and changes in circumstances indicates that the carrying value may not be recoverable.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for Business Combination

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year.

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For subsidiaries which were acquired through common control by way of the issue of shares as disclosed in Note 7 to the financial statements, the merger method is used to consolidate the results of these subsidiaries. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve.

Acquisition on or after 1 November 2010

For acquisition on or after 1 November 2010, the Group measures goodwill at the acquisition date as:-

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Basis of Consolidation (Continued)

(ii) Accounting for Business Combination (Continued)

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

(iii) Accounting for Acquisitions of Non-controlling Interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interests holders. Any difference between the Group's share of net assets before and after the change and any consideration received or paid is adjusted to or against Group reserves.

(iv) Loss of Control

Upon the loss of control of a subsidiary, the Group derecognised the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Non-controlling Interest

Non-controlling interests at the end of the financial year, being the equity in a subsidiary not attributable directly or indirectly to the owners of the Company, are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Intangible Assets

(i) Goodwill on Consolidation

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(ii) 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. The policy of recognition of impairment losses is in accordance with Note 4.9(ii) to the financial statements.

4.5 Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instruments.

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.

The Group and the Company categorise the financial instruments as follows:-

(i) Financial Assets

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss if they are held for trading, including derivatives, or are designated as such upon initial recognition.

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the near future or part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised as other gains or losses in profit or loss.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market, trade and other receivables and cash and cash equivalents are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity and the Group have the positive intention and ability to hold the investment to maturity is classified as held-to-maturity investments.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Financial Instruments

(i) Financial Assets (Continued)

Available-for-sale financial assets (Continued)

After initial recognition, available-for-sale financial assets are measured at fair value with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

(ii) Financial Liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated as fair value through profit or loss upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss is subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.6 Financial Instruments (Continued)

(iv) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

4.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

The cost of raw materials comprises cost of purchase and incidental costs bringing the inventories to their present locations and conditions. The cost of finished goods consists of cost of raw materials, direct labour and an appropriate proportion of fixed and variable production overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

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

4.8 Leases

(i) Finance Leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses, if any. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used in the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowings rate is used. Any initial direct costs are also added to the carrying amount of such assets.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.8 Leases (Continued)

(i) Finance Leases (Continued)

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets and assets under hire purchase is consistent with that for depreciable property, plant and equipment.

(ii) Operating Leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

4.9 Impairment of Assets

(i) Impairment of Financial Assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and associates) are assessed at each reporting date 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. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments 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 asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost 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 current market rate of return for a similar financial asset.

4.9 Impairment of Assets (Continued)

(i) Impairment of Financial Assets (Continued)

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through the profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss.

(ii) Impairment of Non-financial Assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

For goodwill that has an indefinite useful life and is not available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

An asset's recoverable amount is the higher of an asset's or cash generating units ("CGU") fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where the carrying amounts of an asset exceed its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Equity Instruments

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

Cost incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

4.11 Income Taxes

The tax expense in the profit or loss represents the aggregate amount of 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 at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and 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 taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credit can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is 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 tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in the profit or loss, except when it arises from transaction which is recognised in other comprehensive income or directly in equity, in which case the deferred tax is also charged or credited in other comprehensive income or directly in equity or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Contingent Liabilities

A contingent liability is a possible obligation that arises from past event 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 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.

4.12 Employee Benefits

(i) Short-term Employee Benefits

Wages, salaries, social security contribution, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences sick leave, maternity and paternity leave are recognised when absences occur.

(ii) Post-employment Benefits

The Group contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the period to which they are related. Once the contributions have been paid, the Group has no further payment obligations.

4.13 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.

4.14 Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the functional currency which is the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.14 Foreign Currencies (Continued)

(ii) Foreign Currency Transactions and Translations

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rate ruling at the date when the fair values was determined.

When a gain or loss on a non-monetary item is recognised directly in equity, any corresponding exchange gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in the profit or loss, any corresponding exchange gain or loss is recognised in the profit or loss.

(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.

4.15 Discontinued Operation

A discontinued operation is a component of the Group’s business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

4.16 Cash and Cash Equivalents

For the purpose of statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, demand deposits and other 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. Cash and cash equivalents are stated net of bank overdrafts which are repayable on demand.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.17 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.

4.18 Contingent Liabilities

A contingent liability is a possible obligation that arises from past event 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 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.

4.19 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:-

(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.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the financial statements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Judgements in applying the Group's and the Company's Accounting Policies

In the process of applying the Group's and the Company's accounting policies, which are described in Note 4 above, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements except for matters discussed below:-

(i) Going Concern

As disclosed in Note 2 to the financial statements, judgement is made by the directors whether the Group and the Company will be able to continue as going concerns. The financial statements of the Group and of the Company have been prepared on a going concern basis.

(ii) Contingent Liabilities

As disclosed in Note 4.18 to the financial statements, a contingent liability is not recognised but is disclosed in the notes to the financial statements as it is not probable that on outflow of resources will be required to settle the obligation. The contingent liabilities will be recognised as a provision in the statement of financial position and will be charged to profit or loss if the outflow of the resources is probable. Judgement is made by the directors that it is not probable that outflow of resources will be required to settle the obligation as disclosed in Note 33 to the financial statements.

5.2 Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material judgement to the carrying amounts of assets and liabilities within the next financial year are as stated below:-

(i) Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectation differs from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

5.2 Key Sources of Estimation Uncertainty (Continued)

(ii) Impairment of investment in subsidiaries and recoverability of amount owing by subsidiaries

The Company tests investment in subsidiaries and amount owing by subsidiaries for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The assessment of the net tangible assets of the subsidiaries affects the result of the impairment test. Costs of investments in subsidiaries which have ceased operations were impaired up to net assets of the subsidiaries. The impairment made on investment in subsidiaries entails an impairment to be made to the amount owing by these subsidiaries.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Company's tests for impairment of investment in subsidiaries and amount owing by subsidiaries.

(iii) Impairment of investment in an associate

The Group tests investment in an associate for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

Significant judgement is required in the estimation of the present value of future cash flows generated by the associate, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of investment in associate. The carrying amount of the Group's investment in an associate is disclosed in Note 8 to the financial statements.

(iv) Impairment of receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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. The carrying amount of the Group's and the Company's receivables at the reporting date is disclosed in Note 13 to the financial statements.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

5.2 Key Sources of Estimation Uncertainty (Continued)

(v) Revaluation and impairment of property, plant and equipment

The Group reviews the carrying amount of its property, plant and equipment to determine whether there is an indication that those assets have suffered an impairment loss in accordance with relevant accounting policies on the property, plant and equipment. Independent professional valuations to determine the carrying amount of these assets will be procured when the need arise.

In assessing the impairment of property, plant and equipment, the directors relied on the valuation performed by an independent valuer to provide the Group with an assessment of the value of the Group's property, plant and equipment. There are several risks to be considered in the valuation of these assets:-

- Current prices in an active market;
- Recent prices of similar assets based on less active market; and
- Changes in economic conditions.

The carrying amounts of property, plant and equipment are disclosed in Note 6 to the financial statements.

(vi) Allowance for write down in 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 can result in revisions to the valuation of inventories.

(vii) Income tax

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

6. PROPERTY, PLANT AND EQUIPMENT

Group 2013 Cost	Plant and Machinery RM'000	Gallery RM'000	Motor Vehicle RM'000	Office Equipment, Furniture and Fittings RM'000	Capital Work-in-Progress RM'000	Total RM'000
Balance as at 1.11.2012	226,644	11,816	7,344	22,265	60,619	328,688
Additions	494	-	-	75	-	569
Balance as at 31.10.2013	227,138	11,816	7,344	22,340	60,619	329,257
Accumulated Depreciation						
Balance as at 1.11.2012	100,897	8,666	4,033	21,223	-	134,819
Depreciation charge for the financial year	3,912	1,060	-	551	-	5,523
Balance as at 31.10.2013	104,809	9,726	4,033	21,774	-	140,342
Accumulated Impairment Loss						
Balance as at 1.11.2012	55,657	2,090	3,311	95	42,957	104,110
Impairment loss	-	-	-	65	-	65
Balance as at 31.10.2013	55,657	2,090	3,311	160	42,957	104,175
Net Book Value at 31.10.2013	66,672	-	-	406	17,662	84,740

Group 2012 Cost	Plant and Machinery RM'000	Gallery RM'000	Motor Vehicle RM'000	Office Equipment, Furniture and Fittings RM'000	Capital Work-in-Progress RM'000	Total RM'000
Balance as at 1.11.2011	259,142	11,816	4,455	22,038	60,619	358,070
Additions	542	-	-	200	-	742
Under recognition of trucks	-	-	3,311	-	-	3,311
Disposals/ write-offs	(33,318)	-	(422)	(32)	-	(33,772)
Exchange difference	278	-	-	59	-	337
Balance as at 31.10.2012	226,644	11,816	7,344	22,265	60,619	328,688

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Plant and Machinery RM'000	Gallery RM'000	Motor Vehicle RM'000	Office Equipment, Furniture and Fittings RM'000	Capital Work-in-Progress RM'000	Total RM'000
Accumulated Depreciation						
Balance as at 1.11.2011	119,367	7,485	4,435	20,161	-	151,448
Depreciation charge for the financial year	8,571	1,181	8	1,022	-	10,782
Disposals/ write-offs	(27,223)	-	(410)	(3)	-	(27,636)
Exchange difference	182	-	-	43	-	225
Balance as at 31.10.2012	100,897	8,666	4,033	21,223	-	134,819
Accumulated Impairment Loss						
Balance as at 1.11.2011	11,227	-	-	-	-	11,227
Impairment loss	44,430	2,090	3,311	95	42,957	92,883
Balance as at 31.10.2012	55,657	2,090	3,311	95	42,957	104,110
Net Book Value at 31.10.2012	70,090	1,060	-	947	17,662	89,759
Net Book Value at 1.11.2011	128,548	4,331	20	1,877	60,619	195,395

(a) The carrying amounts of the assets acquired under finance lease arrangements as at the reporting date were as follows:-

Group	**31.10.2013 RM'000**	**31.10.2012 RM'000**	**1.11.2011 RM'000**
Plant and machinery	-	-	21,625
Motor vehicles	-	-	21
	-	-	21,646

(b) The Group has carried out an impairment review of the carrying amount of its property, plant and equipment during the financial year. In assessing the impairment of property, plant and equipment, the directors relied on the valuation performed by an independent valuer to provide the Group with an assessment of the value of the Group's property, plant and equipment during the financial year ended 31 October 2012. Other than depreciation charges, the directors do not foresee any significant charges in value of the Group's property, plant and equipment in the current financial year from that of the previous financial year.

(c) During the financial year ended 31 October 2012, the Group capitalised an amount of RM3.31 million as cost of the assets acquired in respect of 4 service contracts entered in the years 2006 and 2007 by the Group and BK Fleet Management Sdn Bhd ("BKFM"). 173 of the 179 trucks are registered in the name of a wholly-owned subsidiary of the Company, Stanson Marketing Sdn Bhd ("SMSB"). The directors of the Company, based on the advice of its solicitors, have affirmed that the ownership of the trucks belongs to the Group. The Group has provided a full impairment of RM3.31million on these trucks during the financial year ended 31 October 2012 due to the adverse conditions of the trucks.

7. INVESTMENTS IN SUBSIDIARIES

Company	31.10.2013 RM'000	31.10.2012 RM'000	1.11.2011 RM'000
Unquoted shares, at cost	107,172	107,172	107,172
Less: Accumulated impairment loss			
1 November	(107,172)	(1,744)	(1,744)
Addition	-	(105,428)	-
31 October/1 November	(107,172)	(107,172)	(1,744)
	-	-	105,428
Loans to subsidiaries	100,177	100,177	100,177
Less: Accumulated impairment loss			
1 November	(100,177)	-	-
Addition	-	(100,177)	-
31 October/1 November	(100,177)	(100,177)	-
	-	-	100,177
	-	-	205,605

The details of the subsidiaries as at 31October2013 are as follows:

Name of company	Country of incorporation	Interest equity held by 31.10.2013 %	31.10.2012 %	1.11.2011 %	Principal activities
Stanson Bakeries Sdn Bhd # (1)	Malaysia	100	100	100	Dormant.
Standard Confectionery Sdn Bhd * (2)	Malaysia	100	100	100	Manufacturer of frozen and daily fresh/ shelf-stable bakery goods.
Stanson Marketing Sdn Bhd # (3)	Malaysia	100	100	100	Sales and distribution of bakery goods.
Silver Bird Foods (S) Pte Ltd # ^ (4)	Singapore	100	100	100	Marketing, branding, campaigning and distributing fast moving consumer goods or merchandise.
Silver Bird International Sdn Bhd # (1)	Malaysia	100	100	100	Sales and distribution of bakery goods.
Inforaire Sdn Bhd # ~ ^(5)	Malaysia	51	51	51	Dormant.
Stanson Distribution Sdn Bhd # (1)	Malaysia	100	100	100	Dormant.
Stanson Group Sdn Bhd # (1)	Malaysia	100	100	100	Investment holding.
Stanson Multicom Sdn Bhd # (6)	Malaysia	100	100	100	Dormant.
Madeleine Bakery Sdn Bhd * (1)	Malaysia	100	100	100	Dormant.
Madeleine Café Sdn Bhd * (1)	Malaysia	100	100	100	Dormant.

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Country of incorporation	Interest equity held by 31.10.2013 %	31.10.2012 %	1.11.2011 %	Principal activities
Madeleine Foods Sdn Bhd * (1)	Malaysia	100	100	100	Dormant.
Madeleine Property Sdn Bhd * (1)	Malaysia	100	100	100	Dormant.
Ivory Overpower Sdn Bhd# ~(1)	Malaysia	100	-	-	Investment holding.

* 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 other than Messrs. Wong Weng Foo & Co.

~ The unaudited management accounts of the subsidiary were used in the consolidation of the Group results.

Audit Report Modifications

(1) The auditors' reports of these subsidiaries for the financial year ended 31 October 2011 issued disclaimer of opinion on those financial statements in view of the following:-

- Going concern consideration; and
- Potential adjustments on the financial statements arising from the forensic audit findings.

The auditors' reports of these subsidiaries for the financial year ended 31 October 2012 issued disclaimer of opinion on those financial statements in view of the following:-

- Going concern consideration;
- Appropriateness of the presentation and disclosures of the comparative information;
- Penalty interest and other possible costs on defaulted payments of bank borrowings; and
- Provision of tax liabilities and the accuracy of the related disclosures.

The auditors' reports of these subsidiaries for the financial year ended 31 October 2013issued unmodified opinion with as emphasis of matter on going concern.

(2) The auditors' report of this subsidiary for the financial year ended 31 October 2011 issued disclaimer of opinion on those financial statements in view of the following:-

- Capital work-in-progress under property, plant and equipment amounting to RM1.9 million and the additions of property, plant and equipment amounting to RM3.0 million;
- Impairment review of the carrying amount of property, plant and equipment amounting to RM179.0 million;
- Confirmation of balances from various third parties;
- Going concern consideration, and
- Potential adjustments on the financial statements arising from the forensic audit findings.

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Audit Report Modifications (Continued)

The auditors' report of this subsidiary for the financial year ended 31 October 2012 issued disclaimer of opinion on those financial statements in view of the following:-
- Going concern consideration;
- Adjustments on the financial statements arising from the Forensic Audit;
- Missing documents and unreconciled balances;
- Appropriateness of the presentation and disclosures of the comparative information;
- Recorded and unrecorded balances with financial institutions;
- Recorded and unrecorded liabilities with the payables;
- Penalty interest and other possible costs on defaulted payments of bank borrowings; and
- Provision of tax liabilities and the accuracy of the related disclosures.

The auditors' reports of these subsidiaries for the financial year ended 31 October 2013issued unmodified opinion with as emphasis of matter on going concern.

(3) The auditors' report of this subsidiary for the financial year ended 31 October 2011 issued disclaimer of opinion on those financial statements in view of the following:-
- Capital work-in-progress under property, plant and equipment amounting to RM7.6 million;
- Revenue and cost of sales amounting to approximately RM31.9 million and RM31.3 million respectively of a new business segment trading in sweetened creamer;
- Sales transactions undertaken by the subsidiary with six customers comprising four customers from the bakery segment and two customers from the telecommunication segment amounting to RM149 million included in the profit or loss;
- Impairment review of the carrying amount of property, plant and equipment amounting to RM15.6 million;
- Recoverability of the carrying amount of the trade receivables;
- Sales transaction data for five customers in sweetened creamer segment, four customers from bakery segments and two from telecommunication segment;
- Confirmation of balances have not been received from various third parties;
- Going concern consideration;
- Impairment to the carrying amounts of the investment in associate and loans to ultimate holding company, immediate holding company and related companies of RM0.3 million and RM23.8 million respectively; and
- Potential adjustments on the financial statements arising from the forensic audit findings.

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Audit Report Modifications (Continued)

The auditors' report of this subsidiary for the financial year ended 31 October 2012 issued disclaimer of opinion on those financial statements in view of the following:-
- Going concern consideration;
- Adjustments on the financial statements arising from the Forensic Audit;
- Missing documents and unreconciled balances;
- Appropriateness of the presentation and disclosures of the comparative information;
- Revenue and cost of sales amounting to approximately RM13.28 million and RM13.04 million respectively from the business segment trading in sweetened creamer;
- Recorded and unrecorded balances with financial institutions;
- Recorded and unrecorded liabilities with the payables;
- Penalty interest and other possible costs on defaulted payments of bank borrowings;
- Recognised the amount of RM3.31 million as cost of the assets acquired during the financial year in respect of four service contracts entered by this subsidiary and BK Fleet Management Sdn Bhd; and
- Provision of tax liabilities and the accuracy of the related disclosures.

The auditors' reports of these subsidiaries for the financial year ended 31 October 2013issued unmodified opinion with as emphasis of matter on going concern.

(4) The auditors' report of this subsidiary for the financial year ended 31 October 2011 and 2012 issued disclaimer of opinion in view of going concern consideration.

The auditors' reports of these subsidiaries for the financial year ended 31 October 2013issued unmodified opinion with as emphasis of matter on going concern.

(5) The financial statements of this subsidiary which is audited by another firm of chartered accountants in respect of the financial year ended 31 October 2011 have yet to be finalised.

(6) The auditors' report of this subsidiary for the financial years ended 31 October 2012 issued disclaimer of opinion on those financial statements in view of the following:-
- Going concern consideration; and
- Provision of tax liabilities and the accuracy of the related disclosures.

The auditors' reports of these subsidiaries for the financial year ended 31 October 2013issued unmodified opinion with as emphasis of matter on going concern.

Loans to subsidiaries

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.

8. INVESTMENT IN AN ASSOCIATE

Group	31.10.2013 RM'000	31.10.2012 RM'000	1.11.2011 RM'000
Unquoted shares in Malaysia, at cost	2,250	2,250	300
Share of post acquisition losses	-	-	-
	2,250	2,250	300
Less: Accumulated impairment losses			
1 November	(2,250)	-	-
Addition	-	(2,250)	-
31 October/1 November	(2,250)	(2,250)	-
	-	-	300

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

(b) During the financial year ended 31 October 2012, the Group had:-

- On 17 November 2011, acquired 750,000 ordinary shares of RM1/- each for total cash consideration of RM750,000;

- On 16 January 2012, acquired 900,000 ordinary shares of RM1/- each for a total cash consideration of RM900,000; and

- On 16 February 2012, acquired 300,000 ordinary shares of RM1/- each for a total cash consideration of RM300,000.

The above subscriptions of additional shares represent 30% equity interest of the then enlarged issued and paid-up share capital of KPFQ.

The details of the associate, which is incorporated in Malaysiaare as follows:

Name of company	Interest equity held by 31.10.2013 %	31.10.2012 %	1.11.2011 %	Principal activities
KPF Quality Foods Sdn. Bhd.*#	30	30	30	Sales and distribution of agriculture-based foods.

* Audited by another firm of chartered accountants other than Messrs. Wong Weng Foo & Co.

\# The management account and audited financial statements of the associate are not available. The investment in the associate has been fully impaired during the financial year ended 31 October 2012. Consequently, the effects of equity accounting for the investment in associate are not material to the Group.

9. INTANGIBLE ASSETS

Group	31.10.2013 RM'000	31.10.2012 RM'000	1.11.2011 RM'000
At carrying amount:			
Goodwill	-	-	36,730
Trademark	-	-	-
	-	-	36,730
Goodwill			
At cost			
Less: Accumulated impairment loss	36,730	36,730	36,730
1 November	-	-	-
Addition	(36,730)	(36,730)	-
31 October/1 November	(36,730)	(36,730)	-
	-	-	36,730
Trademark			
At cost	20	20	20
Less: Accumulated amortisation	(20)	(20)	(20)
	-	-	-

Goodwill on acquisition of subsidiaries

Goodwill arose from the acquisition of Stanson Group Sdn. Bhd. and its subsidiaries by the Group in 2004, and it is stated at cost less impairment loss, if any 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.

In financial year ended 31 October 2011, the recoverable amount of a CGU was determined based on value-in-use calculated using cash flow projections based on financial budgets approved by the management covering a period of ten years. The key assumptions used for value-in-use calculation were:-

	Gross Margin 2011	Growth Rate 2011	Discount Rate 2011
Bakery products manufacturing division	43%	6%	8.3%
Telecommunication division	1%	5%	8.3%

9. INTANGIBLE ASSETS (CONTINUED)

(a) Budgeted gross margin
The margin was based on the past performance and its expectations of market developments.

(b) Growth rate
The growth rates used were based on the industry reports.

(c) Discount rate
The discount rates used were based on the weighted average cost of capital of the Group.

The goodwill has been fully impaired during the financial year ended 31 October 2012 as explained in Note 22 to the financial statements.

10. OTHER RECEIVABLE

This represented 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 nil (31.10.2012 – 4.34% : 1.11.2011 - 4.31%) per annum.

During the financial year, the deposits have been set off against the lease payment due.

11. LOANS TO SUBSIDIARIES

Company	**31.10.2013 RM'000**	**31.10.2012 RM'000**	**1.11.2011 RM'000**
Loans to subsidiaries	73,333	66,200	58,006
Less: Accumulated impairment loss			
1 November	(66,200)	-	-
Addition	-	(66,200)	-
31 October	(66,200)	(66,200)	-
	7,133	-	58,006

Loans to subsidiaries are unsecured, interest-bearing at 3.50% in year 2012 per annum and are not repayable within the next twelve months.

12. INVENTORIES

Group	**31.10.2013 RM'000**	**31.10.2012 RM'000**	**1.11.2011 RM'000**
At cost			
Raw materials	1,038	1,195	4,094
Finished goods	270	307	5,185
Packing materials	647	728	2,077
Telecommunication products	-	-	3,660
	1,955	2,230	15,016

13. TRADE AND OTHER RECEIVABLES

	Group			Company		
	31.10.2013 RM'000	31.10.2012 RM'000	1.11.2011 RM'000	31.10.2013 RM'000	31.10.2012 RM'000	1.11.2011 RM'000
Trade receivables						
Trade receivables	89,840	93,176	131,036	-	-	-
Less: Accumulated impairment losses						
1 November	(80,835)	(2,862)	(2,043)	-	-	-
Addition	(1,000)	(77,973)	-	-	-	-
Reversal of Impairment	986	-	(819)	-	-	-
31 October	(80,849)	(80,835)	(2,862)			
	8,991	12,341	128,174	-	-	-
Other receivables						
Other receivables	638	745	722	-	212	437
Less: Accumulated impairment losses	(173)	(173)	-	-	-	-
	465	572	722	-	212	437
Deposits	1,727	1,511	1,053	1	1	-
Less: Accumulated impairment losses	(113)	(113)	-	-	-	-
	1,614	1,398	1,053	1	1	-
Amount owing by a subsidiary	-	-	-	6	6	6
Less: Accumulated impairment losses	-	-	-	(6)	(6)	-
	-	-	-	-	-	6
	2,079	1,970	1,775	1	213	443
	11,070	14,311	129,949	1	213	443

(a) Trade and other receivables

The currency exposure profile of receivables are as follows:

	Group			Company		
	31.10.2013 RM'000	31.10.2012 RM'000	1.11.2011 RM'000	31.10.2013 RM'000	31.10.201 2 RM'000	1.11.2011 RM'000
Ringgit Malaysia	6,789	9,040	124,272	1	213	443
Singapore Dollar	4,251	5,149	5,552	-	-	-
US Dollar	30	122	125	-	-	-
	11,070	14,311	129,949	1	213	443

The Group's normal trade credit terms range from 30 to 90 days (31.10.2012 - 30 to 90 days ; 1.11.2011 - 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade and other receivables (Continued)

Ageing analysis on trade receivables

The ageing analysis of the Group's trade receivables is as follows:-

Group	31.10.2013 RM'000	31.10.2012 RM'000	1.11.2011 RM'000
Neither past due nor impaired	5,277	5,696	68,566
Past due but not impaired:-			
- Past due less than 3 months	1,795	5,973	57,039
- Past due 3 to 6 months	180	66	1,207
- Past due more than 6 months	1,739	606	1,362
	3,714	6,645	59,608
Impaired	80,849	80,835	2,862
	89,840	93,176	131,036

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

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.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the impairment used to record the impairment are as follows:-

Group 31.10.2013	Collectively impairment RM'000	Individually impairment RM'000	Total RM'000
Trade receivables			
- nominal amounts	8,933	80,907	89,840
Less: Accumulated impairment losses	(3,985)	(76,864)	(80,849)
	4,948	4,043	8,991

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade and other receivables (Continued)

Group **30.10.2012**	**Collectively impairment RM'000**	**Individually impairment RM'000**	**Total RM'000**
Trade receivables			
- nominal amounts	12,935	75,386	88,321
Less: Accumulated impairment losses	(5,522)	(75,313)	(80,835)
	7,413	73	7,486
1.11.2011			
Trade receivables			
- nominal amounts	125,355	355	125,710
Less: Accumulated impairment losses	(2,537)	(325)	(2,862)
	122,818	30	122,848

At the end of the reporting period, in addition to the findings further detailed in Note 22 to the financial statement, trade receivables that are individually impaired were more 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.

Movements in impairment:-

Group	**31.10.2013 RM'000**	**31.10.2012 RM'000**	**1.11.2011 RM'000**
Trade receivables:			
At 1 November	(80,835)	(2,862)	(2,043)
Reversal of impairment	986	-	-
Addition during the financial year	(1,000)	(77,973)	(819)
At 31 October	(80,849)	(80,835)	(2,862)
Other receivables:			
At 1 November	(286)	-	-
Addition during the financial year	-	(286)	-
At 31 October	(286)	(286)	-
	(81,135)	(81,121)	(2,862)

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Amount owing by a subsidiary

Company	31.10.2013 RM'000	31.10.2012 RM'000	1.11.2011 RM'000
Amount owing by a subsidiary	6	6	6
Less: Accumulated impairment losses			
At 1 November	(6)	-	-
Addition during the financial year	-	(6)	-
At 31 October	(6)	(6)	-
	-	-	6

The amount owing by a subsidiary is non-trade in nature, unsecured, interest-free and repayable on demand.

14. SHORT-TERM DEPOSITS WITH A FINANCIAL INSTITUTION

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

The short-term deposits of the Group and the Company at bore an effective interest rate of nil(31.10.2012 – 3.34% :1.11.2011 – 3.30%) per annum. The short-term deposits had maturity periods of 1 to 6 months.

15. FIXED DEPOSITS WITH LICENSED BANKS

As at 1 November 2011, the weighted average effective interest rate of the fixed deposits at the end of the reporting period was 3.25% per annum. The fixed deposits had a maturity period of 3 months.

The entire fixed deposits had been pledged to licensed banks as security for banking facilities granted to the Group.

16. SHARE CAPITAL

Group and Company	31.10.2013		31.10.2012		1.11.2011	
Ordinary shares of RM0.50 each:	Number of shares Units ('000)	RM'000	Number of shares Units ('000)	RM'000	Number of shares Units ('000)	RM'000
Authorised	1,000,000	500,000	1,000,000	500,000	1,000,000	500,000
Issued and fully paid						
31 October/ 1 November	406,682	203,341	406,682	203,341	406,682	203,341

17. RESERVES

Non-distributable:	Group 31.10.2013 RM	Group 31.10.2012 RM	Group 1.11.2011 RM	Company 31.10.2013 RM	Company 31.10.2012 RM	Company 1.11.2011 RM
Share premium	53,622	53,622	53,622	53,622	53,622	53,622
Merger deficit	(5,326)	(5,326)	(5,326)	-	-	-
Capital reserve	277	277	277	-	-	-
Translation reserve	(1,151)	(806)	(670)	-	-	-
Warrant reserves	-	6,059	6,059	-	6,059	6,059
	47,422	53,826	53,962	53,622	59,681	59,681

(a) Share premium

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

(b) 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.

(c) 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.

(d) Translation reserve

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

(e) Warrant reserve

Warrant B

The principal terms of the Warrant B - 2008/2013 are as follows:-

(i) Tenure — 5 years from the date of issuance of the Warrants.

(ii) 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.

(iii) Exercise Rights — Each Warrant entitles the holder to subscribe for 1 new ordinary share of RM0.50/- each (“Share”) in HIGH-5 at the Exercise Price at any time during the Exercise Period.

17. RESERVES (CONTINUED)

(e) Warrant reserve (Continued)

(iv)	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.
(v)	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.
(vi)	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 HIGH-5 arising from the exercise of their Warrants.
(vii)	Ranking of the HIGH-5 new Shares	The new HIGH-5 Shares to be issued pursuant to the exercise of the Warrants shall, upon issue and allotment rank paripassu in all respects with existing HIGH-5 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.
(viii)	Listing	Approval-in-principle has been obtained from Bursa on 4 January 2010 for the admission of the Warrants to the Official List of Bursa and for the listing of and quotation for the Warrants and the new HIGH-5 Shares arising from the exercise of the Warrants on the Main Board of Bursa.
(ix)	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.

The warrant expired on 25February 2013.

18. LOANS AND BORROWINGS

Group	31.10.2013 RM	31.10.2012 RM	1.11.2011 RM
Current (secured)			
Finance lease liabilities	10,944	9,873	3,298
Term loans	22,530	20,705	4,187
Bonds	-	-	4,677
Commercial papers	16,901	15,557	15,000
Bankers' acceptances	57,306	52,407	93,905
Bank guarantee	9,180	-	-
Bank overdrafts	87,018	84,605	5,165
	203,879	183,147	126,232
Non-current (secured)			
Finance lease liabilities	-	-	6,290
Term loans	-	-	15,448
	-	-	21,738
Present value of minimum lease payment	203,879	183,147	147,970

Company

	31.10.2013 RM	31.10.2012 RM	1.11.2011 RM
Current (secured)			
Term loans	-	-	1,250
Bonds	-	-	4,677
Commercial papers	16,901	15,557	15,000
	16,901	15,557	20,927

The Group and the Company have defaulted on their entire borrowings and have been served with Writ of Summons by licensed banks and financial institutions for the recovery of principal, interest and other costs as disclosed in Note 38 to the financial statements. Accordingly, the entire loans and borrowings have been reclassified to current liabilities. The management had prepared calculations and accrued possible interests and expected penalties based on latest available information in hand. The eventual financial liabilities of these borrowings as at statement of financial position date of 31 October 2013 is not expected to deviate or defer substantially from the confirmations of the financial institutions should these confirmations be released by the respective financial institutions.

The directors are confident that the Group and the Company will be able to amicably resolve the repayment, pending the negotiation with the creditors on the Regularisation Plan, debts of which are mentioned in Note 39 to the financial statements.

18. LOANS AND BORROWINGS (CONTINUED)

18.1 Finance Lease Liabilities

Group	31.10.2013 RM'000	31.10.2012 RM'000	1.11.2011 RM'000
Minimum lease payments:			
- not later than one year	12,015	10,335	3,844
- later than one year but not later than five years	-	-	6,766
	12,015	10,335	10,610
Less: Amount representing finance charges	(1,071)	(462)	(1,022)
Present value of minimum lease payment	10,944	9,873	9,588
Present value of payment by:			
Current			
- not later than one year	10,944	9,873	3,298
Non-current			
- later than one year but not later than five years	-	-	6,290
At 31 October	10,944	9,873	9,588

The effective interest rate ranges from 7.02% - 7.50% (31.10.2012 – 7.02% - 7.50%: 1.11.2011 – 6.13% - 7.80%) per annum. Interest rates are fixed at the inception of the financial lease arrangements.

18.2 Term loans

	Group			Company		
	31.10.2013	31.10.2012	1.11.2011	31.10.2013	31.10.2012	1.11.2011
	RM	RM	RM	RM	RM	RM
Current(secured)						
- not later than one year	22,530	20,705	4,187	-	-	1,250
Not-current:-						
- later than one year but not later than five years	-	-	12,354	-	-	-
- later than five years	-	-	3,094	-	-	-
	-	-	15,448	-	-	-
	22,530	20,705	19,635	-	-	1,250

The details are as follows;-

	Group			Company		
	31.10.2013	31.10.2012	1.11.2011	31.10.2013	31.10.2012	1.11.2011
	RM	RM	RM	RM	RM	RM
Term loan I	22,530	20,705	18,385	-	-	-
Term loan II	-	-	1,250	-	-	1,250
	22,530	20,705	19,635	-	-	1,250

18. LOANS AND BORROWINGS (CONTINUED)

(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 + 1.50%"), 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 Base Lending Rate ("BLR").

Term Loan II is repayable in 6 monthly instalments commencing one (1) month from the date of the first drawdown.

18.3 Bonds

Group and Company	31.10.2013 RM'000	31.10.2012 RM'000	1.11.2011 RM'000
Gross amount on bonds	-	-	5,000
Discount on bonds	-	-	(323)
	-	-	4,677
Discount on bonds			
At 1 November	-	(323)	(1,424)
Amortisation during the financial year	-	323	1,101
At 31 October	-	-	(323)

18. LOANS AND BORROWINGS (CONTINUED)

18.3 Bonds (Continued)

The principal terms of the bonds are as follows:-

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

a) Maturity Tranche A, B, C and D have been fully settled in prior years. Tranche E has been fully settled during the financial year ended 31 October 2012.

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.

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 or on any other stock exchange.

18.4 Commercial Papers (“CPs”)

The principal terms of the CPs are as follows:-

Group and Company	31.10.2013 RM’000	31.10.2012 RM’000	1.11.2011 RM’000
At 1 November	15,557	15,000	30,000
Drawndown during the financial year	-	-	270,000
Repayment during the financial year	-	-	(285,000)
Interest charges during the financial year	1,344	557	-
At 31 October	16,901	15,557	15,000

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 profit or loss over the period of the CPs.

d) Redemption — At par on the respective maturity dates.

18. LOANS AND BORROWINGS (CONTINUED)

18.4 Commercial Papers ("CPs") (Continued)

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.

18.5 Bankers' Acceptances

The effective interest rate ranges from 4.52% - 5.11% (31.10.2012: 4.52% - 5.11% ; 1.11.2011:5.40%) per annum.

The bankers' acceptances are secured by:-

(a) 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;

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

(c) a corporate guarantee of the Company.

18.6 Bank Overdraft

The effective interest rate ranges from 7.85% - 8.06% (31.10.2013: 7.85% - 8.06% ; 1.11.2011: 6.75%) per annum and are secured in the same manner as the banker's acceptances disclosed in Note 18.5 to the financial statements.

19. DEFERRED TAX

Movement in deferred tax liabilities during the financial year are as follows:

Group	**31.10.2013 RM'000**	**31.10.2012 RM'000**	**1.11.2011 RM'000**
At 1 November	-	764	764
Recognised directly in equity	-	(764)	-
At 31 October 2013/ 2012/ 1 November 2011	-	-	764
Representing the tax effects of;-			
Temporary differences between the net book value and the corresponding tax writing down values	-	-	997
Other temporary difference	-	-	(233)
	-	-	764

20. TRADE AND OTHER PAYABLES

Group	31.10.2013 RM'000	31.10.2012 RM'000	1.11.2011 RM'000
Trade payables	26,342	27,620	25,919
Other payables			
Other payables	35,305	19,644	2,256
Accruals	9,176	7,263	5,864
Deposits received	654	702	720
Amount owing to subsidiaries	-	-	-
	45,135	27,609	8,840
Total trade and other payables	71,477	55,229	34,759
Add: Loans and borrowings (Note 18)	203,879	183,147	147,970
Total financial liabilities	275,356	238,376	182,729

Company	31.10.2013 RM'000	31.10.2012 RM'000	1.11.2011 RM'000
Other payables			
Other payables	2,402	1,194	44
Accruals	2,127	648	2,536
Amount owing to subsidiaries	17,276	16,731	59
	21,805	18,573	2,639
Total trade and other payables	21,805	18,573	2,639
Add: Loans and borrowings (Note 18)	16,901	15,557	20,927
Total financial liabilities	38,706	34,130	23,566

The foreign currencies exposure profile of the trade and other payables is as follows;-

Group	31.10.2013 RM'000	31.10.2012 RM'000	1.11.2011 RM'000
Ringgit Malaysia	70,256	53,812	32,748
Singapore Dollar	1,221	1,417	724
US Dollar	-	-	1,287
	71,477	55,229	34,759
Company			
Ringgit Malaysia	21,714	18,573	2,639
Singapore Dollar	91	-	-
	21,805	18,573	2,639

(a) Trade payables

The normal trade credit terms granted to the Group range from 30 to 90 days (31.10.2012: 30 to 90 days ; 1.11.2011: 30 to 90 days).

(b) Amount owing to subsidiaries

Amount owing to subsidiaries is non-trade in nature, unsecured, interest-free and repayable on demand.

21. REVENUE

	Group	
	2013 **RM'000**	**2012** **RM'000**
Continuing operations		
Bakery products	78,944	129,149
Discontinued operations		
Telecommunication products (Note 26)	-	682

The details of the net telecommunication revenue are as follows:-

	Group	
	2013 **RM'000**	**2012** **RM'000**
Telecommunication products		
- Revenue	-	128,512
- Cost of sales	-	(127,830)
Net revenue arising from telecommunication sales	-	682

22. INVESTIGATION AND ADJUSMENTS TO THE FINANCIAL STATEMENTS

In respect of financial year ended 31 October 2012,the Company had on 26 February 2012 appointed PKF Advisory Sdn Bhd as the Forensic Accountants to conduct a forensic review into affairs of the Company on the basis of information and records that are made available by the Board of Directors and the management of the Company.

On 29 February 2012, the Board of Directors of the Company made an announcement on Bursa Malaysia Securities Berhad on the irregularities in the Group's financial statements for the financial year ended 31 October 2011 which were brought to the attention of the Board of Directors when the auditors expressed their concerns over the validity of certain transactions and records for which the auditors have not been able to obtain the relevant supporting evidence and satisfactory explanations from the management of the Company.

In light of the above, the Board of Directors has formed a Special Committee comprising five Non-executive Directors to oversee the operations of the Group.

According to the Forensic Accounting Review Report issued on 28 May 2012, the key areas of the financial irregularities shrouding the Company, subsidiaries and associate may be identified as below:

22.1 Trade Receivables

The trade receivables of the Group have been noted to have included incorrect accounting entries that could create a false audit trail, and included the masquerading of inter-bank transfers as payments from the debtors.

22.2 Bread and Supplementary Products

Certain sale of bread and supplementary products were found not to be supported by any physical goods or complete documentation, and hence, may be deemed to exist to increase the sales figures and to possibly serve as a channel for funds as required for working capital to be brought back into the Group.

22. INVESTIGATION AND ADJUSMENTS TO THE FINANCIAL STATEMENTS (CONTINUED)

22.3 Sweetened Creamer

Purchases for sweetened creamer included sales that were not supported by any delivery of physical goods to the premises of the Group, but appear to have been contracted with back to back sales to companies suspected to be associated with the financial irregularities of the Group. These companies include those that may have served as a front for the transactions without the knowledge of the companies concerned.

22.4 Multicom Sales

The irregularities in respect of the Multicom sales are in respect of credit sales when the business was essentially cash based. Further, various credit sales created in the management accounts appear to have been replaced by two other relatively larger debtors for audit purposes.

22.5 Property, Plant and Equipment

The irregularities relate mainly to the lack of supporting evidence for the purchase and delivery or installation of certain items, although payments may have been made for the purported purchases. In some cases, even supplier invoices were not available for sighting. Thus, the transaction only appears as an entry entered in the accounting ledgers and which cannot be corroborated further. Other transactions appear to have been created for audit purposes as there is no account code for the transaction and there is no evidence of delivery or payments having been made in the management accounts.

22.6 KPF Quality Foods Sdn Bhd ("KPFQ")

Although it was alleged by KPFQ that numerous sales have been made to Stanson Marketing Sdn Bhd ("SMSB"), a subsidiary of Company, such transactions cannot be verified as there is no record of these transactions in the accounting records of SMSB or evidence of delivery at SMSB. Nonetheless, PKF noted that there were a number of unrecorded payments made by SMSB to KPFQ.

22.7 BK Fleet Management Sdn Bhd ("BKFM")

Certain of the trucks used by SMSB are registered in the name of SMSB and are subject to service agreements with BKFM which allow for BKFM to acquire the trucks for a nominal sum at the end of the service tenure. Further, there is evidence that some of the trucks were paid for by SMSB via hire purchase and upon the expiry of the initial service agreement, the service tenure of the agreement for these trucks was renewed for a higher net service fee, with the same option for BKFM to purchase the trucks for a nominal sum at the end of the agreement tenure.

22.8 Inventories

There is a lack of documentary evidence for certain motor spare parts, plus approximately RM986,500/- of spare parts that cannot be verified by documentary and physical evidence.

22. INVESTIGATION AND ADJUSMENTS TO THE FINANCIAL STATEMENTS (CONTINUED)

22.9 Bank Reconciliations

The bank reconciling items are numerous, including those arising from unrecorded receipts and payments.

22.10 Bankers' Acceptances

Numerous sales transactions have been made, without any physical goods, for what appears to be for the purposes of refinancing and raising of bankers' acceptances.

22.11 Common Party Relationships

Some of the principal activities of the customers and supplier companies with common party relationships would not include the transactions executed with the Group. Further, the quantum of their transactions with the Group does not appear to be reasonable when compared with the figures disclosed in the reported financial statements of the respective companies.

22.12 Destruction of Books and Records

Upon the financial irregularities coming to light, evidence of destroyed documents were uncovered, as were the evidence of computer file deletion and physical damage to the computer hard drive.

22.13 Goodwill on Acquisition

Goodwill arising from the acquisition of Stanson Group Sdn Bhd ("SGSB") and its subsidiaries by the Group in 2004, is stated at cost and reviewed for impairment annually. SGSB and its subsidiaries are in net liability positions as at 31 October 2011.

Based on the Forensic Accounting Review Report, the directors made certain adjustments to the financial information for the financial year ended 31 October 2012. No prior year adjustments to the previous year comparative information were made. The details of the adjustments made by the directors in respect of the Forensic Accounting Review Report to the current year financial statements are as follows:-

Other Expenses

Group	**2012 RM'000**
Continuing operations	
Bank reconciliation adjustments	(104,936)
Impairment on:	
- goodwill	(36,730)
- investment in an associate	(2,250)
- property, plant and equipment	(89,377)
- trade receivables	(71,856)
- other receivables and deposits	(286)
Prepayments expensed off	(73)
Inventories written off	(5,731)
Payables adjustments	39,476
	(271,763)
Discontinued operation	
Impairment on trade receivables (Note 26)	(1,484)
	(273,247)

23. FINANCE COSTS

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Continuing operations:-				
Interest expense:-				
- bankers' acceptances	4,902	2,463	-	-
- bank overdrafts	7,174	3,850	-	-
- commercial papers	1,345	1,067	1,345	897
- finance lease	1,071	560	-	-
- term loans	1,825	2,004	-	10
- bonds	-	319	-	36
- bank-guarantee	1,049	-	-	-
- overdue interest	-	63	-	-
- other interest	209	-	-	
Discount on bonds	-	323	-	323
	17,575	10,649	1,345	1,266

24. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Audit fee				
- current year	125	251	15	58
- prior year	-	(27)	-	(27)
Amortisation of discount on bonds	-	323	-	323
Bad debts written off	-	5	-	-
Deposit written off	87	-	87	-
Depreciation of property, plant and equipment	5,523	10,754	-	-
Directors' non-fee emoluments	53	796	53	796
Impairment loss on receivables:-				
- amount owing by subsidiaries	-	-	-	66,206
- trade receivables	1,000	4,633	-	-
Reversal of impairment loss on trade receivables	(986)	-	-	-
Impairment loss on investment in subsidiaries	-	-	-	205,605
Impairment loss on property, plant and equipment	65	3,506	-	-
Inventories written off	11	426	-	-
Property, plant and equipment written off	-	6,095	-	-
Realised loss on foreign exchange	-	31	-	-
Rental of premises	7,862	7,683	-	-
Rental of truck	7,140	7,304	-	-
Staff costs:-				
- salaries, wages, allowances and bonuses	20,223	25,092	247	552
- defined contribution plan	1,909	2,153	31	66
- other benefits	503	1,365	-	2
	22,635	28,610	278	620

24. LOSS BEFORE INCOME TAX (CONTINUED)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
and crediting:				
Gain on disposal of property, plant and equipment	-	78	-	-
Gain on reinstatement of property, plant and equipment	-	3,311	-	-
Insurance claim	60	13	-	-
Interest income	106	393	97	342
Interest income from subsidiaries	-	-	-	698
Rental income	-	315	-	-
Realised gain on foreign exchange	90	-	-	-

25. INCOME TAX EXPENSE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Income tax:				
- over provision in prior years	140	-	-	-
Deferred taxation (Note 19)				
- prior year	-	764	-	-
	140	764	-	-

The income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated taxable profit for the fiscal year.

The corporate tax rate applicable to the Singapore subsidiary of the Group is 17%.

The reconciliation of income tax expense applicable to loss before taxation at the statutory tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Loss before taxation				
- continuing operations	(52,894)	(330,724)	(4,684)	(275,542)
- discontinued operation	(67)	(4,556)	-	-
	(52,961)	(335,280)	(4,684)	(275,542)

25. INCOME TAX EXPENSE (CONTINUED)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Tax at applicable tax rate of 25%	13,240	83,820	1,171	68,885
Tax effects arising from:				
- non-taxable income	-	4,341	-	-
- non-deductible expenses	(2,960)	(73,774)	(1,171)	(68,885)
- over provision of deferred tax in prior year	-	764	-	-
- originationof deferred tax assets not recognised in the financial statements	(10,280)	(14,387)	-	-
- over provision in prior year	140	-	-	-
Tax expense for the financial year	140	764	-	-

Deferred tax assets have not been recognised in respect of the following items;-

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Taxable temporary differences	(184,261)	(130,497)	-	-
Unutilised tax losses	100,210	85,731	-	-
Unutilised reinvestment allowances	121,402	134,273	-	-
Accelerated capital allowances	31,091	12,443	-	-
Unabsorbed business losses	3,583	-	-	-
	72,025	101,950	-	-
Potential unrecognised deferred tax assets	18,006	25,488	-	-

The tax computations of the Group and the Company for the year of assessment 2011 have not been submitted to the tax authorities during the financial year ended 31October 2012. The tax computation was subsequently submitted to the tax authorities during the current financial year.

26. DISCONTINUED OPERATION

On 28 September 2012, the Group has ceased its telecommunication operating segment. The segment was not a discontinued operation as at 31 October 2011 and the comparative consolidated statement of comprehensive income was re-presented to show the discontinued operation separately from continuing operations. The directors ceased this segment during the previous financial year due to the strategic decision to place greater focus on the Group's core operation, being the manufacture of consumer food.

In addition, seven of the Group's subsidiaries (i.e. Madeleine Café Sdn Bhd, Madeleine Foods Sdn Bhd, Madeleine Bakery Sdn Bhd, Madeleine Property Sdn Bhd, Stanson Distribution Sdn Bhd, Stanson Multicom Sdn Bhd and Inforaire Sdn Bhd), are dormant and have been classified as discontinued operations.

	Group	
The result of the discontinued operations are as follows:	**2013 RM'000**	**2012 RM'000**
Results of discontinued operation		
Revenue (Note 21)	-	682
Expenses	(67)	(5,238)
Results from operating activities	(67)	(4,556)
Tax expense -overprovision in prior years	169	-
Losses for the financial year	102	(4,556)
Included in results from operating activities are:		
Audit fee	7	2
Depreciation of property, plant and equipment	-	28
Impairment on trade receivables (Note 22)	-	1,484
Rental of premises	-	206
Staff costs :-		
- salaries, wages, allowances and bonuses	29	1,246
- defined contribution plan	3	143
- other benefits	-	30
Included in results from financing activities are:		
Banker's acceptance interest expenses	-	548

27. (LOSS)/ EARNINGS PER ORDINARY SHARE

27.1 Basic

Basis (loss)/earnings per share is calculated by dividing the net (loss)/profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year:-

	Group	
	2013	**2012**
Continuing operations		
Net loss from continuing operations attributable to owners of the Company (RM'000)	(52,923)	(329,960)
Weighted average number of shares ('000 units)	406,682	406,682
Basic loss per ordinary shares (sen)	(13.01)	(81.13)
Discontinued operation		
Net profit/(loss) from discontinued operation attributable to owners of the Company (RM'000)	102	(4,556)
Weighted average number of shares ('000 units)	406,682	406,682
Basic earnings/(loss) per ordinary share (sen)	0.02	(1.12)

27.2 Diluted

Diluted loss per share was not presented as there were no potential shares in issue that may have a dilutive effect.

28. DIRECTOR'S 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:-

Group and Company	**2013 RM'000**	**2012 RM'000**
Executive directors:-		
- non-fee emoluments	-	739
Non-executive directors:-		
- fee	-	-
- allowances	53	57
	53	57
Total	53	796

(b) Details of the 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:-

Group and Company	**2013**	**2012**
Non-executive directors:-		
- Below RM50,000	5	5
- RM50,001 –RM100,000	-	1
Executive directors:-		
- Below RM400,001 – RM450,000	-	1
- RM1,050,001 – RM1,100,000	-	1

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) During the financial year under review, the significant related party transactions and their relationship with the Company and its subsidiaries are as follows:-

Company	**2013 RM'000**	**2012 RM'000**
Interest income from subsidiaries:		
- Standard Confectionery Sdn. Bhd.	-	453
- Stanson Marketing Sdn. Bhd.	-	25

The directors of the Company are of the opinion that the above transactions have been entered into the normal course of business and the terms are no less favourable than those arranged with third parties.

(b) Key management compensation

	Group		**Company**	
Directors:	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
- remuneration	-	739	-	739
- others	53	57	53	57
	53	796	53	796
Other key management personnel:				
- remuneration	-	787	-	346
	53	1,583	53	1,142

30. OPERATING SEGMENTS

Business segments

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision makers 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's operating businesses are classified according to the nature of activities as follows:-

- Manufacturing and distribution of bakery products segment; and
- Distribution of telecommunication products segment (discontinued in 2012).

31. OPERATING SEGMENTS (CONTINUED)

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

The Group financing (including finance costs) and income taxes are managed in 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.

Segment revenue, expenses and results include between segments. Except as disclosed in the Note 22 to the financial statements, the prices charged on inter-segment transactions are the same as those charged for similar goods to parties outside the economic entity and are at arm's length. These transfers are eliminated on consolidation

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

2013 **Revenue**	**Manufacturing and Distribution of Consumer Food RM'000**	**Distribution Telecommu-nication Products (Discontinued) RM'000**	**Others RM'000**	**Elimination RM'000**	**Total continuing operations RM'000**
External	78,944	-	-	-	78,944
Inter-segment	62,750	-	-	(62,750)	-
Total revenue	141,694	-	-	(62,750)	78,944
Results					
Segment results	14,009	-	1,084	-	15,093
Other items of income	1,066	-	1,026	-	2,092
Depreciation of property, plant and equipment	(5,512)	(5)	(6)	-	(5,523)
Other non-cash expenses	(41,624)	(62)	(5,362)	-	(47,048)
	(32,061)	(67)	(3,258)	-	(35,386)
Finance cost					(17,575)
Income tax expenses					140
Consolidated loss after taxation					(52,821)

31. OPERATING SEGMENTS (CONTINUED)

Assets	Manufacturing and Distribution of Consumer Food RM'000	Distribution Telecommu-nication Products (Discontinued) RM'000	Others RM'000		Total continuing operations RM'000
Segment assets	96,030	54	4,446		100,530
Tax refundable					436
Consolidated total assets					100,966
Liabilities					
Segment liabilities	272,904	150	2,302		275,356
Provision for taxation					5
Consolidated total liabilities					275,361
2012					
Revenue					
External	129,149	682	-	-	129,831
Inter-segment	99,431	-	-	(99,431)	-
Total revenue	228,580	682	-	(99,431)	129,831
Results					
Segment results	(34,960)	(2,497)	(2,845)	-	(40,302)
Interest income	51	-	341	-	392
Other items of income	4,243	-	-	-	4,243
Depreciation of property, plant and equipment	(10,749)	(28)	(5)	-	(10,782)
Other non-cash expenses	(276,150)	(1,484)	-	-	(277,634)
	(317,565)	(4,009)	(2,509)	-	(324,083)
Finance cost					(11,197)
Income tax expenses					764
Consolidated loss after taxation					(334,516)
Assets					
Segment assets	108,968	7	7,909		116,884
Tax refundable					436
Consolidated total assets					117,320
Liabilities					
Segment liabilities	219,992	936	17,448		238,376
Provision for taxation					173
Consolidated total liabilities					238,549

31. OPERATING SEGMENTS (CONTINUED)

Geographical information

	Revenue		Non-Current Assets	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Malaysia	57,911	107,572	84,827	97,305
Singapore	21,033	22,259	-	-
	78,944	129,831	84,827	97,305

32. COMMITMENTS

Operating Lease Commitments – As Lessee

The Group had on 2006 entered into a sale and leaseback arrangement with Amanah Raya Berhad for a freehold industrial property comprising a land with a factory building, an office building and a warehouse. The lease initially has a tenure of 10 years with an option to renew the lease for another 5 years. During the current financial year, the lease was renegotiated.

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

Group	2013 RM'000	2012 RM'000
Not later than one year	4,256	8,451
Later than one year and not later than five years	-	23,995
	4,256	32,446

33. CONTINGENT LIABILITIES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Corporate guarantees given to secure banking facilities granted to certain subsidiaries	-	-	203,879	206,448
Legal claim on litigation (Note 38)	35,569	24,322	-	-

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

34.1 Fair Value of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximately their fair value except for the following:-

	2013		2012	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Finance lease liabilities	10,944	10,944	9,873	9,873
Company				
Corporate guarantee	203,879	*	206,448	*

* The corporate guarantee is part of the restructuring plan under the proposed regularisation plan as described in Note 39 to the financial statements.

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

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

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

34.2 Fair Value Hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:-

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from the prices).

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date therefore the fair value hierarchy is not presented.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

a) 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 exposures 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.

Other than the adjustments made in respect of the forensic audit findings as disclosed in Note 22 to the financial statements, 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 credit risk is mainly due to concentration of amounts owing by several major customers.

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.

Financial assets that are neither past due nor impaired
Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 13 to the financial statements.

Financial assets that are either past due or impaired
Information regarding financial assets that are past due or impaired is disclosed in Note 13 to the financial statements.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk

During the financial year, the Group and the Company incurred net losses amounting to RM52,821,000 and RM4,684,000 and the Group recorded negative operating cash flows of RM846,000. As at 31 October 2013, the Group's and the Company's current liabilities exceeded its current assets by RM259,135,000 and RM38,091,000 and recorded capital deficiencies of RM174,296,000 and RM30,958,000 respectively. The ability of the Group and the Company to continue as going concerns is dependent on the timely and successful formulation and implementation of the Proposed Regularisation Plan; the continuing support of the lenders, the Group and the Company achieving sustainable and viable operations and the Group and the Company generating adequate cash flows for its operating activities as disclosed in Note 2 to the financial statements.

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).

Group	**Effective interest rate**	**Carrying amount**	**Contractual undiscounted cash flows**	**Within one year**
2013	**%**	**RM'000**	**RM'000**	**RM'000**
Trade payables	-	26,342	26,341	26,341
Other payables and accruals	-	45,135	45,136	45,136
Finance lease liabilities	7.02 – 7.50	10,944	10,944	10,944
Term loans	8.10	22,530	22,530	22,530
Commercial papers	3.50	16,901	16,901	16,901
Bankers' acceptances	4.52 – 5.11	66,486	66,486	66,486
Bank overdrafts	7.85 – 8.60	87,018	87,018	87,018
		275,356	275,356	275,356
2012				
Trade payables	-	27,620	27,620	27,620
Other payables and accruals	-	27,609	27,609	27,609
Finance lease liabilities	7.02 - 7.50	9,873	9,873	9,873
Term loans	8.10	20,705	20,705	20,705
Commercial papers	3.50	15,557	15,557	15,557
Bankers' acceptances	4.52 - 5.11	52,407	52,407	52,407
Bank overdrafts	7.85 - 8.60	84,605	84,605	84,605
		238,376	238,376	238,376

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

Company 2013	Effective interest rate %	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	Within one year RM'000
Other payables and accruals	-	4,530	4,530	4,530
Amount owing to subsidiaries	-	17,275	17,275	17,275
Commercial papers	3.50	16,901	16,901	16,901
		38,706	38,706	38,706
2012				
Other payables and accruals	-	1,842	1,842	1,842
Amount owing to subsidiaries	-	16,731	16,731	16,731
Commercial papers	3.50	15,557	15,557	15,557
		34,130	34,130	34,130

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

The information on maturity dates and effective interest rate of financial assets and liabilities are disclosed in their respective notes.

Sensitivity analysis for interest rate risk

Fair value sensitivity analysis for fixed rate instruments
The Company and the Group do not account for any fixed rate financial assets at fair value through profit or loss and equity. Therefore a change in interest rates at the reporting date would not affect profit or loss and equity.

Cash flow sensitivity analysis for variable rate instruments
A change of 100 basis points ("BP") in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

c) Interest rate risk (continued)

2013	Profit or Loss/ Equity 100bp decrease RM'000	100bp increase RM'000
Group		
Variable rate instruments	2,197	(2,197)
Company		
Variable rate instruments	-	-
2012		
Group		
Variable rate instruments	1,053	(1,053)
Company		
Variable rate instruments	-	-

d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

A subsidiary operating in Singapore has assets and liabilities together with expected cash flows from anticipated transactions denominated in its functional currency that reduce its exposure to foreign exchange.

Where the Group's operations are overseas, the funding is sourced from that local currency in which the operations are carried out to hedge against any foreign currency fluctuation.

The Group's exposure to foreign currency risk, based on carrying amounts as at the reporting date are as follows:-

	Denominated in;- United States Dollar	Singapore Dollar
2013	RM'000	RM'000
Trade and other receivables	30	4,251
Trade and other payables	-	(1,221)
Cash and bank balances	-	147
	30	3,177
2012		
Trade and other receivables	122	5,161
Trade and other payables	-	(1,417)
Cash and bank balances	-	207
	122	3,951

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

d) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk
A 1% strengthening of the RM against following currencies at the end of the reporting period would increase/(decrease) profit before tax as per below. This analysis assumes that all other variables remain unchanged.

	Profit before tax Increase	
	2013	**2012**
2013	**RM'000**	**RM'000**
United States Dollar	-	1
Singapore Dollar	45	40

A 1% weakening of the RM against above currencies at the end of the reporting period would have had an equal but opposite effect on the above currency to the amounts shown above on the basis that all other variables remain constant.

36. CAPITAL 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.

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

Group	**2013 RM'000**	**2012 RM'000**
Total loans and borrowings	203,879	183,147
Equity attributable to owners of the Company	(174,296)	(121,130)
Debt-to-equity ratio	(1.17)	(1.51)

The Group's approach to capital management is inter-alia dependent on the Proposed Regularisation Plan, the details of which are set out in Note 39 to the financial statements.

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

37. SIGNIFICANT EVENTS AND SUBSEQUENT EVENTS

(a) On 8 November 2012, further to the announcement made by High-5 Conglomerate Berhad ("HIGH-5" or "the Company") on 14 August 2012 in respect of the Restraining Order under Section 176(10) of the Companies Act, 1965 granted by the High Court of Malaya to the Company and Standard Confectionery Sdn. Bhd. ("SCSB"), the Company announced that the High Court has granted an extension of the Restraining Order under Section 176(10) of the Companies Act, 1965 in Malaysia for a period of ninety (90) days from 13 November 2012.

(b) On 8 January 2013, further to the announcement made by the Company on 12 October 2012 in respect of the Restraining Order under Section 176(10) of the Companies Act, 1965 granted by the High Court of Malaya to Stanson Marketing Sdn. Bhd. ("SMSB"), the Company announced that the High Court has granted an extension of the Restraining Order under Section 176(10) of the Companies Act, 1965 in Malaysia for a period of sixty (60) days from 11 January 2013.

(c) On 23 January 2013, the Company announced the notice of expiry and last date for exercise of its Warrants 2008/2013, Silver-WB on 25 February 2013.

(d) On 7 February 2013, further to the announcement made by the Company on 8 November 2012 in respect of the Restraining Order under Section 176(10) of the Companies Act, 1965 granted by the High Court of Malaya to the Company and SCSB, the Company announced that the High Court has granted an extension of the Restraining Order under Section 176(10) of the Companies Act, 1965 in Malaysia for a period of ninety (90) days from 11 February 2013.

(e) On 14 February 2013, the Company has submitted an application to Bursa seeking its approval for an extension of time of two months up to 30 April 2013 to submit the Proposed Regularisation Plan.

(f) On 27 February 2013, the Company announced the Board has decided to vary certain terms of the Proposed Regularisation Plan, namely, the Proposed Reserves Reduction, Proposed Debt Settlement, Proposed Rights Issue With Warrants, Proposed Amendments and Proposed Liquidation of Subsidiary Companies.

(g) On 8March 2013, further to the announcement made by the Company on 8 January 2013 in respect of the Restraining Order under Section 176(10) of the Companies Act, 1965 granted by the High Court of Malaya to SMSB"), the company announced that the High Court has, on 8 March 2013, granted an extension of the Restraining Order under Section 176(10) of the Companies Act 1965 for a further period of sixty (60) days from 13 March 2013.

(h) On 11 April 2013, further to the announcement made by the Company on 7 February 2013 in respect of the extension of the Restraining Orders under Section 176(10) of the Companies Act, 1965 granted by the High Court of Malaya at Kuala Lumpur to the Company and SCSB, the Company announced that the High Court has, on 11 April 2013, granted an extension of the said Restraining Orders under Section 176(10) of the Companies Act 1965 for a further period of ninety (90) days from 13 April 2013.

(i) On 13 May 2013, further to the announcement made by the Company on 8 March 2013 in respect of the Restraining Order under Section 176(10) of the Companies Act, 1965 granted by the High Court of Malaya to SMSB, the Company announced that the High Court had, on 10 May 2013, granted an extension of the Restraining Order under Section 176(10) of the Companies Act 1965 from 13 May 2013 to 11 July 2013.

37. SIGNIFICANT EVENTS AND SUBSEQUENT EVENTS (CONTINUED)

(j) On 21 May 2013, the Company announced that SCSB had on 20 May 2013 acquired two (2) ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of Ivory Overpower Sdn Bhd ("IOSB") (Company No. 1025879-X) for a purchase consideration of RM2 (hereinafter referred to as "the Acquisition"). Upon the Acquisition, IOSB will be a sub-subsidiary of HIGH-5.

(k) On 4 July 2013, further to the announcement made by the Company on 11 April 2013 in respect of the extension of the Restraining Orders under Section 176(10) of the Companies Act, 1965 granted by the High Court of Malaya at Kuala Lumpur to the Company and SCSB, the Company announced that the High Court has, on 4 July 2013, granted an extension of the said Restraining Orders under Section 176(10) of the Companies Act 1965 for a further period of ninety (90) days from 12 July 2013. The Court has also granted an order to vary and substitute the order granted to SCSB pursuant to Section 176(10C) of the Act on 14 August 2012 to the effect that leave is granted to SCSB to dispose of certain of its unencumbered assets to a wholly-owned subsidiary, IOSB, in connection with a proposed interim funding arrangement of up to RM25 million by certain major shareholders of the Company or any other third party investors.

(l) On 5 July 2013, further to the announcement made by the Company on 13 May 2013 in respect of the Restraining Order under Section 176(10) of the Companies Act, 1965 granted by the High Court of Malaya to SMSB, the Company announced that the High Court has, on 5 July 2013, granted an extension of the Restraining Order under Section 176(10) of the Companies Act 1965 for a further period of ninety (90) days from 12 July 2013.

(m) On 23 July 2013, with reference to the announcement of the Company dated 4 July 2013 informing that the Court has granted an order to the effect that leave is granted to SCSB to dispose of certain of its unencumbered assets to a wholly-owned subsidiary, IOSB, in connection with a proposed interim funding arrangement of up to RM25 million by certain major shareholders of the Company or any other third party investors. Further to the abovementioned announcement, the Company announced on 23 July 2013, that the Company and IOSB have entered into an agreement dated 22 July 2013 ("the Agreement") with Sunsci Holdings Sdn Bhd ("Sunsci") and Covenant Equity Consulting Sdn Bhd("Covenant") to obtain funding of RM16.0 million. The funding is necessary for the Group to immediately start to implement its business turnaround plans pending the approval and implementation of its Regularisation Plan under Practice Note 17 of Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("the Regularisation Plan").The salient terms of the funding arrangement are as follows:

   (a) The interim funding will be raised via the issuance of 8% redeemable preference shares ("RPS") by IOSB;

   (b) IOSB has also purchased unencumbered machinery and equipment of SCSB valued at RM51,840,400, in consideration of the issuance of 1,000 new ordinary shares of IOSB;

   (c) The interim funding will be utilised to carry out urgent repairs to the machinery and equipment of the Group, to fund a relocation exercise (if and when it is appropriate to do so), and as additional working capital for the Group;

(d) Subject to the approval of the relevant authorities, including Bursa Securities:

(i) Upon implementation of the Regularisation Plan, the RPS (including the accumulated dividends) will be exchangeable for the restructured HIGH-5 shares together with free detachable warrants, on the basis of RM1.00 of outstanding RPS (plus dividend) for 10 new HIGH-5 shares of RM0.10 each with twenty (20) free detachable warrants; and

(ii) At the same time as the exchange in (d)(i) above, the investors which had provided the interim funding shall be given options to acquire approximately 40% of the enlarged share capital of the Company over the next 3 years (with free warrants), at a price equal to the par value of the shares acquired on the basis of– 10% of the prevailing enlarged share capital of the Company upon approval of the Regularisation Plan by Bursa Securities; 10% of the prevailing enlarged share capital of the Company within the next 12 months thereafter; 10% of the prevailing enlarged share capital of the Company within the 12 months to 24 months after the said approval; and the remaining 10% of the prevailing enlarged share capital of the Company within 24 and 36 months after the said approval;

(e) A management team comprising the existing management team of the Group, new recruits and the representatives of the investors shall be tasked with spearheading the turnaround efforts, and incentivised by, inter alia, 20% of the share (and free warrants) entitlements of the investors in (d) above;

(f) As further incentive for the new management team, the management team will be entitled to a profit share equivalent to 10% of the Audited Profit Before Tax if the Group is able to achieve a consolidated Audited Profit Before Tax for any financial year of at least RM5,000,000 (or such proportion thereof in the first financial year of this Agreement) plus an additional 5% of the consolidated Audited Profit Before tax in excess of RM10,000,000; and

(g) An employee share option scheme will also be implemented as an added measure to motivate and drive performance amongst the employees and the existing directors.

(n) On 3 September 2013, the Company announced that the Company had on 2 September 2013 received a letter from solicitors for Amanah Raya-REIT Managers Sdn. Bhd. (Company No. 344986-V) (“AmanahRaya”) conveying Amanah Raya’s offer to extend the lease of all that piece of land held under Lot 62048, Geran 285748, Pekan Baru Hicom, Daerah Petaling, Negeri Selangor (formerly held under HS(D) 232293, PT 93, Pekan Baru Hicom, Daerah Petaling, Negeri Selangor) including an industrial warehouse complex erected thereon (“the Demised Premises”) for a period of 6 months from 16 August 2013 upon terms stated therein and giving the Company 7 business days from the date of the letter to accept the said offer. The letter further states that if the Company does not reply within the said 7 business days, the Company shall be deemed not interested to continue with the lease of the Demised Premises and will be required to vacate the Demised Premises within 30 days of the date of the said letter.

37. SIGNIFICANT EVENTS AND SUBSEQUENT EVENTS (CONTINUED)

(o) On 12 September 2013, the Company announced that Bursa Securities vide its letter dated 12 September 2013 has approved an extension of time of up to 30 November 2013 for the Company to submit a regularisation plan to the regulatory authorities, subject to the Requisite Announcement being made by 15 October 2013.

The aforesaid extension of time is without prejudice to Bursa Securities' right to proceed to suspend the trading of the securities of HIGH-5 and to de-list the Company in the event:

(i) the Company fails to make the Requisite Announcement on or before 15 October 2013;

(ii) the Company fails to submit the regularisation plan to the regulatory authorities on or before 30 November 2013;

(iii) the Company fails to obtain the approval from any of the regulatory authorities necessary for the implementation of its regularisation plan; or

(iv) the Company fails to implement its regularisation plan within the time frame or extended time frames stipulated by Bursa Securities.

Upon occurrence of any of the events set out in (i) to (iv) above, Bursa Securities shall suspend the trading of the listed securities of HIGH-5 upon the expiry of five (5) market days from the date the Company is notified by Bursa Securities and de-list the Company, subject to the Company's right to appeal against the delisting.

(p) On 12 September 2013, further to the announcement made by the Company on 3 September 2013, the Company announced that on 10 September 2013, the Company had written to the solicitors for Amanah Raya that the Company is willing to continue and conclude discussions on the rate of rental and terms and conditions of the extended 12 months lease of the Demised Premises from 16 August 2013.

(q) On 1 October 2013, further to the announcements dated 23 July 2013 pertaining to the Proposed Interim Funding, the Company announced that as part of the terms of the Proposed Interim Funding, in the event that the exchange of the RPS with restructured HIGH-5 shares together with free detachable warrants on the basis of RM1.00 of outstanding RPS (plus dividend) for ten (10) HIGH-5 shares of RM0.10 each (or such equivalent ratio if there is a change in the par value of ordinary shares of HIGH-5 after the regularisation plan) with twenty (20) free detachable warrants, is not approved by shareholders of the Company or the Scheme Creditors, the investors of the RPS, namely Suncsi and Covenant("Investors") shall have the option to require HIGH-5 to purchase all the RPS at the cash price of RM2.50 per RPS, within sixty (60) days after the Investors deliver such notice of exercise to the Company. This option shall not prejudice any right of the Investors to terminate the agreement dated 22 July 2013 in relation to the Proposed Interim Funding arising from such non-fulfillment of the said conditions.

(r) On 8 October 2013, further to the announcement made by the Company on 4 July 2013 in respect of the Restraining Order under Section 176(10) of the Companies Act, 1965 granted by the High Court of Malaya to the Company and SCSB, the Company announced that the High Court had, on 7 October 2013 granted an extension of the Restraining Order under Section 176(10) of the Companies Act, 1965 for a further period of ninety (90) days from 10 October 2013.

37. SIGNIFICANT EVENTS AND SUBSEQUENT EVENTS (CONTINUED)

(s) On 8 October 2013, the Company announced that the Company had on 7 October 2013 received from the Securities Commission a reply in writing dated 27 September 2013 stating that after considering the Company's appeal of 18 September 2013, the Company's shares will be reclassified as a non-syariah compliant counter on 29 November 2013 as it has determined that the Company's total conventional loans exceed 33% of its total assets as at 31 October 2012.

(t) On 8 October 2013, further to the announcement made by the Company on 5 July 2013 in respect of the Restraining Order under Section 176(10) of the Companies Act, 1965 granted by the High Court of Malaya to SMSB, the Company announced that the High Court had, on 8 October 2013 granted an extension of the Restraining Order under Section 176(10) of the Companies Act, 1965 for a further period of ninety (90) days from 10 October 2013.

(u) On 14 October 2013, further to previous announcements, the Companyannounced that it proposed to undertake the Proposed Regularisation Plan to regularise the financial position of the Company which comprises the following:

(i) Proposed Capital Reduction;
(ii) Proposed Consolidation;
(iii) Proposed Share Premium Reduction;
(iv) Proposed Debt Settlement;
(v) Proposed Rights Issue with Warrants;
(vi) Proposed Issuance of Securities pursuant to the Interim Funding;
(vii) Proposed M&A Amendments;
(viii) Proposed Liquidation of Subsidiary Companies; and
(ix) Proposed ESOS

(v) On 7 November 2013, further to the announcements made by the Company on 3 September 2013 and 12 September 2013 respectively, the Company announced that it had on 4 November 2013 received a letter dated 31 October 2013 from the solicitors for Amanah Raya confirming that Amanah Raya has agreed to extend the lease of the Demised Premises for a further period of one (1) year from 16 August 2013 at the rental of RM608,000.00 per month and upon the same terms and conditions of the Lease Agreement and Supplemental Lease Agreement.

The letter further states that the Company could notify the solicitors for Amanah Raya in writing within seven (7) Business Days from the date of the said letter in the event the Company wishes to accept the lease extension. The Board felt that the rental sum was not reflective of the current commercial rate and intends to enter into further negotiations with Amanah Raya and also explore its options.

(w) On 29 November 2013, the Company announced that the Group having to date, received RM10,671,950 from the Investors under the Interim Funding, and IOSB has issued 10,671,950 RPS to the Investors, Suncsi and Covenant, at an allocation of RM6,666,667 and RM4,005,283 respectively.

37. SIGNIFICANT EVENTS AND SUBSEQUENT EVENTS (CONTINUED)

(x) On 6 January 2014, further to the announcements made by the Company both dated 8 October 2013 in respect of the Restraining Orders under Section 176(10) of the Companies Act, 1965 granted by the High Court of Malaya to the Company and SCSB vide Kuala Lumpur Originating Summons No.: 24NCC-280-08/2012 ("the Company and SCSB Proceedings" and to SMSB vide Kuala Lumpur Originating Summons No.: 24NCC-134-04/2012 ("SMSB Proceedings") respectively, the Board of Directors wishes to announce that the High Court had, on 6 January 2014, vide the Company and SCSB Proceedings consolidated with SMSB Proceedings, granted an extension of the Restraining Orders under Section 176(10) of the Companies Act, 1965 for a further period of ninety (90) days from 8 January 2014.

(y) On 18 February 2014, the Company announced that having to date, received another RM5,328,050 from the Investors under the Interim Funding. IOSB has issued a further 5,328,050 RPS to the Investors, Suncsi and Covenant, at an allocation of 3,333,333 and 1,994,717 RPS, respectively.

(z) On 21 February 2014, further to previous announcements, the Company announced it proposed to revise the Proposed Regularisation Plan to regularise the financial position of the Company which comprises the following:

(1) Proposed Capital Reduction;
(2) Proposed Consolidation;
(3) Proposed Share Premium Reduction;
(4) Proposed Debt Settlement;
(5) Proposed Rights Issue with Warrants;
(6) Proposed Issuance of Securities pursuant to the Interim Funding;
(7) Proposed Issuance of Securities pursuant to the Second Interim Funding;
(8) Proposed M&A Amendment;
(9) Proposed Liquidation of Subsidiary Companies; and
(10) Proposed ESOS

(collectively, referred to as the "Revised Proposed Regularisation Plan")

The applications in relation to the Revised Proposed Regularisation Plan have been submitted to Bursa Securities on 21 February 2014 and concurrently request to withdraw the previous applications in relation to the Proposed Regularisation Plan together with the application for waiver from paragraph 6.50 of the MMLR which were submitted to Bursa Securities on 29 November 2013.

38. MATERIAL LITIGATIONS

(a) A suit was initiated by Malaysia Building Society Berhad ("MBSB") against a wholly-owned subsidiary, SCSB and the Company vide a writ of summons dated 24 May 2012 for a sum of RM19,635,638/- as at 31 March 2012 with continuing interest thereon and costs. The claim against SCSB is in respect of a loan granted by MBSB to SCSB and that against HIGH-5 is predicated on a corporate guarantee dated 16 August 2010 which HIGH-5 has executed in favour of MBSB as security for the said loan. In view of the orders obtained by HIGH-5 pursuant to Section 176(10) of the Companies Act 1965 on 14.8.2012, 8.11.2012, 72.2013, 11.4.2013, 4.7.2013, 8.10.2013 and 6.1.2014 ("the HIGH-5 Restraining Order") and similar orders obtained by SCSB pursuant to Section 176 (10) of the Companies Act, 1965 in Malaysia ("the SCSB Restraining Order"), MBSB had on 23 November 2012 withdrawn the suit with liberty to file afresh and with no orders as to costs.

38. MATERIAL LITIGATIONS (CONTINUED)

(b) A suit was initiated by AmIslamic Bank Berhad ("AmIslamic") against SCSB and HIGH-5 vide a writ of summons dated 4 June 2012 for a sum of RM4,503,106/- as at 9 April 2012 with continuing interest thereon and costs. The claim against SCSB is in respect of hire purchase facilities extended by AmIslamic to SCSB and that against HIGH-5 is predicated on corporate guarantees dated 29 April 2010 and 25 May 2010 respectively which HIGH-5 has executed in favour of AmIslamic as security for the said hire purchase facilities. AmIslamic has filed an application to enter summary judgement against SCSB and HIGH-5. In view of the HIGH-5 Restraining Order and the SCSB Restraining Order, the hearing of the summary judgement application has been adjourned to 15 April 2014 for parties to update the Court on the status of HIGH-5's proposed restructuring plan.

(c) By this suit commenced vide a writ of summons dated 27 July 2012, Ching Siew Cheong, a former executive director of HIGH-5, claims RM90,000 being three months' salary due and owing, RM600,000/- as damages for the alleged wrongful termination of his employment as a director of HIGH-5, RM2,000,000 being losses allegedly suffered from a force selling of his shares in HIGH-5, damages to be assessed for alleged slander and costs. HIGH-5 has filed its defence to the action. In view of the HIGH-5 Restraining Order, the court has fixed the action for case management on 11 April 2014.

(d) A suit was initiated by HIGH-5, and the wholly owned subsidiaries, SMSB and SCSB, vide a writ dated 1 August 2012, HIGH-5, SMSB and SCSB collectively claim a sum of RM125,027,344 as special damages, general damages, punitive and aggravated damages in respect of the financial irregularities in HIGH-5, SMSB and SCSB. In the event the suit is unsuccessful in whole or in part, HIGH-5, SCSB and SMSB may be liable for costs to each of the defendants or such of the defendants who have successfully defended the case against them. The trial in respect of this suit proceeded on 17 June 2013, 18 June 2013, 20 June 2013, 24 June 2013, 18 July 2013, 19 July 2013, 29 July 2013 and 20 January 2014 to 23 January 2014. The next dates for the continuation of the trial are 1 July 2014 to 4 July 2014, 14 July 2014, 16 July 2014 to 18 July 2014 and 11 August 2014 to 15 August 2014.

(e) A suit was initiated by KPF Quality Foods Sdn Bhd ("KPFQ") against SMSB vide a writ dated 29 August 2012 for a sum of RM24,322,145, being the monies allegedly owing in respect of food products allegedly supplied by KPFQ to SMSB at the request of SMSB, interest thereon and costs. The said food products were allegedly delivered to SMSB by Asia Food Link Sdn Bhd and Violet Bonanza Sdn Bhd. KPFQ ~~has~~ filed an application to enter summary judgement which was dismissed with costs on 14 March 2013. The court has fixed the suit for case management on 17 March 2014 and trial on 3 September 2014 to 5 September 2014.

38. **MATERIAL LITIGATIONS (CONTINUED)**

(f) A suit was initiated by BK Fleet Management Sdn Bhd ("BKFM") against SMSB vide a writ dated 15 January 2013 for a sum of RM6,526,218 purportedly being the outstanding amount due and owing to BKFM as at 31 December 2012 with continuing interest thereon and costs. BKFM also seeks a declaration that BKFM is the beneficial owner of lorries forming the subject matter of agreements between BKFM and SMSB and an order that SMSB delivers all the said truck. As BKFM were, by the orders obtained by SMSB pursuant to Section 176(10) of the Companies Act 1965 restraining any such action against SMSB ("the SMSB Restraining Order"), restrained from filing an action against SMSB without leave of the Court, BKFM applied for such leave, and was on 29 October 2012, granted leave by the Kuala Lumpur High Court to commence a civil suit against SMSB on terms. The leave filed by BKFM was granted. BKFM has since filed an application to amend the statement of claim which is fixed for hearing on 21 March 2014.

(g) A suit was initiated by Boustead Engineering Sdn Bhd ("Boustead") against SCSB vide a writ dated 9 May 2013, for a sum of RM14,307.50 allegedly owing by SCSB in respect of goods purportedly sold and delivered by Boustead, with interest thereon at the rate of 1.5% per month calculated from 23 April 2012 until the date of full settlement and costs. In view of the SCSB Restraining Order, Boustead had filed a Notice of Discontinuance dated 3 June 2013 to discontinue the suit with liberty to file afresh.

(h) A suit was initiated by TS Plastic Sdn Bhd ("TS Plastic") against SCSB vide a writ dated 25 March 2013 for a sum of RM 592,997 alleged to be owing in respect of goods sold and delivered to SCSB with interests thereon. In view of the SCSB Restraining Order, TS Plastic had on 31 October 2013 withdrawn the suit with liberty to file afresh and with no order as to costs.

(i) A suit was initiated by Chin Choon Heong and Ooi Soh Nee ("the Plaintiffs") against SCSB vide an amended writ dated 30 January 2013 for a sum of RM 38,939 as at 27 February 2012 alleged to be owing in respect of goods sold and delivered to SCSB with interests thereon. In view of the SCSB Restraining Order, the Plaintiffs had on 10 October 2013 withdrawn the suit with liberty to file afresh and with no order as to costs.

(j) A claim was filed by Ching Siew Cheong, Lai Poh Mei and Yim Sook King against High-5 vide a Notice of Mention of Case dated 16 April 2013 for their alleged wrongful dismissal by High-5. The Industrial Court ruled that the High-5 Restraining Order does not restrain industrial proceedings and the matter is presently fixed on 28 March 2014 for the hearing of HIGH-5's application to stay the proceedings pending disposal of the legal action commenced by HIGH-5 vide Kuala Lumpur High Court Suit.

(k) A claim was filed by Tan Han Kook against HIGH-5 vide a Notice of Mention of Case dated 30 April 2013 in respect of his wrongful dismissal by High-5. In view of the High-5 Restraining Order, the Industrial Court has fixed the matter for case management on 7 April 2014.

(l) A suit was initiated by Sonofax Sdn Bhd ("Sonofax") against SMSB vide a writ dated 10 June 2013 for a sum of RM 72,010 alleged to be owing by SMSB as at 31 May 2013 in respect of goods purportedly sold and delivered by Sonofax, with interests thereon and costs. In view of the SMSB Restraining Order, the suit is fixed for further mention on 10 April 2014.

38. MATERIAL LITIGATIONS (CONTINUED)

(m) A suit was initiated by KFC Marketing Sdn Bhd (“KFC”) against SCSB vide a writ dated 13 December 2012 for a sum of RM 48,813 as at 31 August 2012, being the monies alleged to be owing in respect of goods sold and delivered to SCSB with interests thereon and costs. In view of the SCSB Restraining Order, KFC had on 29 January 2013 withdrawn the suit with liberty to file and with no orders as to costs.

(n) A suit was initiated by Orix Auto Leasing Malaysia Sdn Bhd (“Orix”) against HIGH-5 vide a writ of summons dated 4 June 2012 for a sum of RM255,328 together with interest on RM144,440 thereof at a rate of 0.065% per day from 10 March 2012 until the date of full settlement and costs. The claim against HIGH-5 is predicated on a corporate guarantee dated 30 August 2006 executed by HIGH-5 in favour of Orix as security for leasing facilities extended by Orix to SMSB. In view of the HIGH-5 Restraining Order and upon HIGH-5’s confirmation that Orix is recognized as a creditor of HIGH-5 for the purposes of a scheme of arrangement for the unsecured creditors of HIGH-5 which HIGH-5 proposed to undertake pursuant to Section 176 of the Companies Act 1965, Orix had on 8 January 2013 withdrawn the suit with liberty to file afresh and with no order as to costs.

(o) A suit was initiated by Grey Two Sdn Bhd (“Grey Two”) against SMSB vide a writ dated 4 October 2012 for a sum of RM82,058, being the balance monies alleged to be owing in respect of services rendered by Grey Two to SMSB, interest thereon and costs. In view of the SMSB Restraining Order, the learned Judge had on 10 October 2013 struck out the suit with liberty to file afresh and with no order as to costs.

(p) A suit was initiated by Mega Printing & Packaging Sdn Bhd (“Mega Printing”) against SCSB vide a writ of summons dated 25 July 2012 for a sum of RM469,193, being the monies alleged to be owing in respect of goods sold and delivered to SCSB, interest thereon and cost. In view of the SCSB Restraining Order, the suit is fixed for mention on 17 April 2014.

(q) A suit was initiated by Asia Food Link Sdn Bhd (“AFL”) against SCSB vide a writ dated 14 August 2012 for a sum of RM64,144, being the monies allegedly owing in respect of goods sold and delivered by AFL to SCSB, interest thereon and costs. AFL had withdrawn the suit on 28 September 2012 with liberty to file afresh and with no order as to costs.

(r) A suit was initiated by Avanza Sdn Bhd (“Avanza”) against HIGH-5 for a fix management fee in the sum of RM211,860.00 and a performance related fee in the sum of RM39,900.00 in respect of consultancy services alleged to have been rendered in the period between September 2010 to March 2011. The total claim amount is for the sum of RM251,760.00.

On 4 July 2012, following a full trial of the suit, Avanza obtained a judgement against HIGH-5 for the sum of RM211,860.00 (comprising the fixed management fee claimed), interest thereon at 8% per annum from the date of judgement till full and final settlement with costs to be taxed. HIGH-5 has filed an appeal to the Court of Appeal against the said judgement on 3 August 2012 which appeal is presently pending disposal.

Avanza, by its solicitors, has issued a notice pursuant to Section 218 of the Companies Act dated 25 July 2012 to HIGH-5 demanding payment of the said judgement within twenty one (21) days thereof. Avanza has also filed an application to tax the quantum of the costs payable by HIGH-5 to Avanza pursuant to the judgement aforesaid which the Court has fixed the hearing on 17 April 2014 in view of the HIGH-5 Restraining Order. The quantum of

38. MATERIAL LITIGATIONS (CONTINUED)

the costs awarded to Avanza and payable by HIGH-5 will be crystallised upon conclusion of the said taxation application.

Avanza is presently restrained from further proceeding against HIGH-5 in respect of the said notice pursuant to Section 218 of the Companies Act and the said taxation proceedings by virtue of the subsistence of the HIGH-5 Restraining Order.

(s) A Writ of Summons dated 24 April 2012 was initiated by Hwa Heng Lee Sdn Bhd against SCSB for goods sold and delivered amounting to the sum of RM31,875.00 as at 29 February 2012 plus interest at 4% from 1 March 2012 until the date of full settlement and costs. Judgement in Default of Appearance ("JID") was obtained against SCSB on 28 May 2012. An application to set aside the JID was filed by SCSB on 27 July 2012 on grounds that the service of the Writ of Summons and Statement of Claim on SCSB was irregular. In view of the SCSB Restraining Order, the Court has now fixed the said application to set aside the JID filed by SCSB for mention on 14 April 2014.

(t) A claim was filed by Edmond Tan Kar Kheng ("Edmond") against SMSB vide a Notice of Mention of Case dated 29 April 2013 in respect of the termination of Edmond's employment by SMSB. The Industrial Court had on 23 January 2014 recorded an award that a sum of RM43,726.03 be paid by SMSB to Edmond on or before 15 November 2014.

39. PROPOSED REGULARISATION PLAN

The Company had on 29 February 2012, announced that it is an affected listed issuer announcement on 27 February 2013 pursuant to Practice Note 17 and Practice Note 1 of the Listing Requirement of Bursa Malaysia Securities Berhad.

On 21 February 2014, further to previous announcements, the Company announced it proposed to revise the Proposed Regularisation Plan to regularise the financial position of the Company which comprises the following:

(1) Proposed Capital Reduction;
(2) Proposed Consolidation;
(3) Proposed Share Premium Reduction;
(4) Proposed Debt Settlement;
(5) Proposed Rights Issue with Warrants;
(6) Proposed Issuance of Securities pursuant to the Interim Funding;
(7) Proposed Issuance of Securities pursuant to the Second Interim Funding;
(8) Proposed M&A Amendment;
(9) Proposed Liquidation of Subsidiary Companies; and
(10) Proposed ESOS

(collectively, referred to as the "Revised Proposed Regularisation Plan") ("PRP")

The applications in relation to the Revised Proposed Regularisation Plan have been submitted to Bursa Securities on 21 February 2014 and concurrently request to withdraw the previous applications in relation to the Proposed Regularisation Plan together with the application for waiver from paragraph 6.50 of the MMLR which were submitted to Bursa Securities on 29 November 2013.

The PRP is subject to the following approvals from the following parties:-

(i) Bursa Malaysia Securities Berhad on the following:

- The PRP;
- Listing of and quotation of the Debt Settlement Shares and Debt Settlement Warrants and the new HIGH-5 Shares to be issued pursuant to the exercise of the Rights Warrants; and
- Listing of and quotation for the Debt Settlement Shares and Debt Settlement Warrants and the new HIGH-5 Shares to be issued pursuant to the exercise of the Debt Settlement Warrants;

(ii) Controller of Foreign Exchange, Bank Negara Malaysia for the issuance of the Rights Warrants and Debt Settlement Warrants to any non-resident;

(iii) Shareholders of HIGH-5 for the PRP at an extraordinary general meeting of the Company to be convened;

(iv) Approval of the Scheme Creditors of the Proposed Debt Settlement at meetings to be convened pursuant to an order of the High Court of Malaya;

(v) High Court of Malaya for the Proposed Capital Reduction and reduction of the share premium account;

(vi) Ministry of International Trade and Industry for any resultant change in equity structure of the Company; and

(vii) Other relevant authorities as may be necessary from any governmental or regulatory body having jurisdiction over the Company.

40. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the accumulated losses of the Group and of the Company as at 31 October 2013 are as follows:-

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Total accumulated losses:				
- realised	(425,059)	(378,297)	(287,921)	(289,296)
- unrealised	-	-	-	-
	(425,059)	(378,297)	(287,921)	(289,296)

The determination of realised and unrealised profits is based on Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes

41. EXPLANATION OF TRANSITION TO MFRSs

As stated in Note 4.1, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 4 have been applied in preparing the financial statements of the Company for the financial year ended 31 October, 2013, the comparative information presented in these financial statements for the financial year ended 31 October, 2012 and in the preparation of the opening MFRSs statement of financial position at 1 November 2011 (the Company's date of transition to MFRSs).

The transition to MFRSs does not have financial impact to the separate financial statements of the Group and of the Company.

ANALYSIS OF SHAREHOLDINGS AS AT 28 FEBRUARY 2014

A. Authorised Share Capital : RM500,000,000-00
Issued and Fully Paid-Up : RM203,340,852-00
Class of Shares : Ordinary shares of RM0-50 each
Voting Right : Every member of the Company, present in person or by proxy, shall have on a show of hands one (1) vote or on poll, one (1) vote for each share held

B. Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100	199	7.08	10,459	0.00
100 – 1,000	280	9.96	144,597	0.04
1,001 – 10,000	916	32.60	5,086,936	1.25
10,001 – 100,000	1,048	37.30	46,446,110	11.42
100,001 – 20,334,084	365	12.99	265,621,269	65.31
20,334,085 & above	2	0.07	89,372,333	21.98
Total	**2,810**	**100.00**	**406,681,704**	**100.00**

C. Substantial Shareholders' Shareholdings

Substantial Shareholders	Direct Shareholdings		Indirect Shareholdings	
	No. of Shares Held	%	No. of Shares Held	%
Rantau Embun Sdn Bhd	37,730,000	9.28	0	0
Berjaya Capital Berhad	0	0	(1) 42,730,000	10.51
Bizurai Bijak (M) Sdn Bhd	0	0	(2) 42,730,000	10.51
Juara Sejati Sdn Bhd	0	0	(3) 58,330,000	14.34
Berjaya Group Berhad	0	0	(3) 58,330,000	14.34
Berjaya Corporation Berhad	0	0	(4) 58,330,000	14.34
Tan Sri Dato' Seri Vincent Tan Chee Yioun	2,670,000	0.66	(5) 67,875,000	16.69
Koperasi Permodalan Felda Malaysia Berhad	51,642,333	12.70	0	0

(1) *Deemed interested by virtue of interest in Inter-Pacific Capital Sdn Bhd and 100% interest in Rantau Embun Sdn Bhd.*
(2) *Deemed interested by virtue of interest in Berjaya Capital Berhad, the holding company of Rantau Embun Sdn Bhd and Inter-Pacific Capital Sdn Bhd.*
(3) *Deemed interested by virtue of interest in Berjaya Capital Berhad, the holding company of Rantau Embun Sdn Bhd and Inter-Pacific Capital Sdn Bhd, and Berjaya Land Berhad, the holding company of Selat Makmur Sdn Bhd.*
(4) *Deemed interested by virtue of 100% equity interest in Berjaya Group Berhad.*
(5) *Deemed interested by virtue of interest in Berjaya Corporation Berhad, the ultimate holding company of Rantau Embun Sdn Bhd, Selat Makmur Sdn Bhd and Inter-Pacific Capital Sdn Bhd and HQZ Credit Sdn Bhd, the ultimate holding company of Premier Merchandise Sdn Bhd.*

ANALYSIS OF SHAREHOLDINGS AS AT 28 FEBRUARY 2014 – cont'd

D. Directors' Shareholdings

Directors	Direct Shareholdings		Indirect Shareholdings	
	No. of Shares	%	No. of Shares	%
Richard George Azlan bin Abas	404,933	0.10	0	0

E. Thirty (30) Largest Shareholders

No.	Name of Shareholders	No. of Share Held	%
1	Koperasi Permodalan Felda Malaysia Berhad	51,642,333	12.70
2	Rantau Embun Sdn Bhd	37,730,000	9.28
3	Kamarudin Bin Meranun	20,000,000	4.92
4	Siti Munajat Binti Md Ghazali	20,000,000	4.92
5	Selat Makmur Sdn Bhd	15,600,000	3.84
6	Nor Ashikin Binti Khamis	11,479,000	2.82
7	Abdul Radzim Bin Abdul Rahman	11,306,000	2.78
8	Premier Merchandise Sdn Bhd	9,545,000	2.35
9	Norazman Bin Ahmad	7,184,800	1.77
10	Mohd Zohir Bin Harun	6,223,600	1.53
11	Zalaraz Sdn Bhd	5,700,000	1.40
12	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Inter-Pacific Capital Sdn Bhd	5,000,000	1.23
13	Khasnoor Binti Abdul Khalid	4,500,000	1.11
14	Ahamad Naina Bin Mohamed Mydin	4,486,600	1.10
15	Ooi Thong Hock	3,704,900	0.91
16	Phang Sun Wah	3,475,000	0.85
17	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Arshad Bin Ayub	3,000,000	0.74
18	RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd	2,974,362	0.73
19	Vincent Tan Chee Yioun	2,670,000	0.66
20	CIMSEC Nominees (Asing) Sdn Bhd Bank of Singapore Ltd for Iconic Fortress Trading	2,470,000	0.61
21	Muhamad Sharip Bin Othman	2,365,000	0.58
22	Arshad Bin Ayub	2,300,000	0.57
23	Tan Ah Eng @ Tan Sing Meng	2,000,000	0.49
24	Pang Siew Way	2,000,000	0.49
25	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Hock Sing	1,900,000	0.47
26	Lim Hock Sing	1,800,000	0.44
27	Michael H. Tamaki @ Cheah Eng Bee	1,702,500	0.42
28	J B Properties Sdn Bhd	1,500,000	0.37
29	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tan Kok Pin @ Kok Khong	1,500,000	0.37
30	Laurence Chew Yin Kheem	1,400,000	0.34

HIGH-5 CONGLOMERATE BERHAD
(FORMERLY KNOWN AS SILVER BIRD GROUP BERHAD)

(Company No.: 277977-X)
(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of HIGH-5 CONGLOMERATE BERHAD (FORMERLY KNOWN AS SILVER BIRD GROUP BERHAD) will be held at High5 Breadtown, High-5 Complex, Lot 72 Persiaran Jubli Perak, Seksyen 21, 40300 Shah Alam, Selangor Darul Ehsan on Friday, 18 April 2014 at 10.00 a.m. for the following purposes:

A G E N D A

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 October 2013 together with the Reports of the Directors and Auditors thereon. — *Please refer to the Explanatory Note*

2. To re-elect the following Directors who are retiring in accordance with Article 97 of the Articles of Association of the Company:

   2.1 Dato' Lee Kok Chuan — *Ordinary Resolution 1*
   2.2 Encik Adi Azuan bin Abdul Ghani — *Ordinary Resolution 2*

3. To approve the payment of Directors' fees of RM28,050.00 for the final three months ended 31 October 2013. — *Ordinary Resolution 3*

4. To re-appoint Messrs Wong Weng Foo & Co as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. — *Ordinary Resolution 4*

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:-

5. **Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965.**

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Articles of Association of the Company and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad ("Bursa Securities") AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." — *Ordinary Resolution 5*

6. **Authority to continue in office as an Independent Non-Executive Director**

   "THAT authority be and is hereby given to Encik Richard George Azlan Bin Abas who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code of Corporate Governance 2012." — *Ordinary Resolution 6*

7. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

Foo Siew Loon (MAICSA 7006874)
Company Secretary

Shah Alam
27 March 2014

Notes :

(i) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who need not be a member/members of the Company, an advocate, an approved Company auditor, or a person approved by the Registrar to attend and vote in his/her stead.

(ii) A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and the appointment shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy.

(iii) Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

(iv) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.

(v) The instrument appointing a proxy shall be deposited at the Registered Office of the Company at High-5 Complex, Lot 72 Persiaran Jubli Perak, Seksyen 21, 40300 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.

(vi) In respect of deposited securities, only members whose names appear on the Record of Depositors on 11 April 2014 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

Explanatory Note

To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

Ordinary Resolution 5
Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 5 is a renewal mandate of the previous general mandate obtained from the shareholders at the 19th AGM of the Company held on 26 April 2013, which is expiring at the conclusion of the forthcoming AGM. The proposed Ordinary Resolution 5, if passed, will empower the Directors from the date of the 20th AGM, to allot and issue shares up to a maximum of 10% of the issued and paid-up share capital of the Company for the time being for such purposes as they consider would be in the best interest of the Company without having to convene separate general meeting. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting.

As at the date of this notice, the Company has not issued any new shares under the general authority which was approved at the 19th AGM of the Company held on 26 April 2013.

The renewal of this mandate will provide flexibility to the Company to undertake any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding current and/or future investment project(s), working capital and/or acquisitions at any time to such persons in their absolute discretion without convening a general meeting as it would be both costs and time consuming to organise a general meeting.

Ordinary Resolution 6
Authority to continue in office as an Independent Non-Executive Director

The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Encik Richard George Azlan Bin Abas who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years. Encik Richard George Azlan Bin Abas has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Board considers him to be independent and believes that he should be re-appointed and retained as Independent Non-Executive Director, in particular his experience and contributions to the Board.

HIGH-5 CONGLOMERATE BERHAD ("HIGH5")
(FORMERLY KNOWN AS SILVER BIRD GROUP BERHAD)
(Company No. 277977-X)

FORM OF PROXY

No. of Shares held	
CDS Account No.	

I/We...
(Full Name in Capital Letters, NRIC No./Company No.)

of..
(Full Address)

being a member(s) of **High-5 Conglomerate Berhad (formerly known as Silver Bird Group Berhad)** hereby

appoint ……..
(Full Name in Capital Letters, NRIC No)

of..
(Full Address)

or failing him/her,...
(Full Name in Capital Letters, NRIC No)

of..
(Full Address)

or failing him/her, *the Chairman of the Meeting as my/our proxy(ies), to vote for me/us on my/our behalf at the 20th Annual General Meeting of the Company to be held at High5 Breadtown, High-5 Complex, Lot 72 Persiaran Jubli Perak, Seksyen 21, 40300 Shah Alam, Selangor Darul Ehsan on Friday, 18 April 2014 at 10.00 a.m. and at any adjournment thereof.

My/our proxy/proxies is/are to vote as indicated below:

No.	**Resolutions**		**For**	**Against**
1.	To re-elect Dato' Lee Kok Chuan as Director	Ordinary Resolution 1		
2.	To re-elect Encik Adi Azuan bin Abdul Ghani as Director	Ordinary Resolution 2		
3.	To approve Directors' fees of RM28,050.00 for the final three months ended 31 October 2013	Ordinary Resolution 3		
4.	To re-appoint Messrs Wong Weng Foo & Co as Auditors of the Company	Ordinary Resolution 4		
	Special business			
5.	Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965	Ordinary Resolution 5		
6.	Authority for Encik Richard George Azlan bin Abas to continue in office as an Independent Non-Executive Director	Ordinary Resolution 6		

(Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.)

Signed this _____ day of ______________, 2014

For appointment of two proxies, the shareholdings to be represented by the proxies:	
Proxies	*% of shares*
Proxy 1	
Proxy 2	
Total	100%

____
Signature of Shareholder

**Strike out whichever not applicable*

Notes :

(i) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies who need not be a member/members of the Company, an advocate, an approved Company auditor, or a person approved by the Registrar to attend and vote in his/her stead.

(ii) A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and the appointment shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy.

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(iv) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.

(v) The instrument appointing a proxy shall be deposited at the Registered Office of the Company at High-5 Complex, Lot 72 Persiaran Jubli Perak, Seksyen 21, 40300 Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.

(vi) In respect of deposited securities, only members whose names appear on the Record of Depositors on 11 April 2014 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

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AFFIX
STAMP

The Company Secretary
HIGH-5 CONGLOMERATE BERHAD
(277977-X)
Lot 72, Persiaran Jubli Perak
Seksyen 21, 40300 Shah Alam
Selangor Darul Ehsan

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