



HIGH-5 CONGLOMERATE BERHAD
(Formerly known as SILVER BIRD GROUP BERHAD)
(Company No. 277977-X)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 31 JANUARY 2014**

	Note	3 months ended		3 months ended	
		31/1/2014 RM'000	31/1/2013 RM'000	31/1/2014 RM'000	31/1/2013 RM'000
Continuing Operations					
Revenue	4	19,242	22,171	19,242	22,171
Cost of Sales		(15,615)	(17,458)	(15,615)	(17,458)
Gross profit		3,627	4,713	3,627	4,713
Other income		138	271	138	271
Administrative expenses		(4,328)	(4,122)	(4,328)	(4,122)
Selling and marketing expenses		(7,834)	(8,987)	(7,834)	(8,987)
Finance expenses		(4,553)	(2,495)	(4,553)	(2,495)
Loss before tax		(12,950)	(10,620)	(12,950)	(10,620)
Tax expense	20	-	(29)	-	(29)
Loss for the period from continuing operations		(12,950)	(10,649)	(12,950)	(10,649)
Discontinued Operations					
Loss for the period from discontinued operations	12	(22)	(40)	(22)	(40)
Loss for the financial period		(12,972)	(10,689)	(12,972)	(10,689)
Other comprehensive expense					
- Foreign currency translation		(204)	(78)	(204)	(78)
Total comprehensive loss for the financial period		(13,176)	(10,767)	(13,176)	(10,767)
Attributable to:					
Equity holders of the parent		(12,972)	(10,689)	(12,972)	(10,689)
Minority interest		-	-	-	-
		(12,972)	(10,689)	(12,972)	(10,689)
Loss per share attributable					
to equity holders of the parent :					
Basic, for loss from continuing operations (sen)	26	(3.18)	(2.62)	(3.18)	(2.62)
Basic, for loss from discontinued operations (sen)	26	(0.01)	(0.01)	(0.01)	(0.01)
Basic, for loss for the period (sen)	26	(3.19)	(2.63)	(3.19)	(2.63)

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 October 2013 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2014

	Note	As at 31/1/2014 Unaudited RM'000	As at 31/10/2013 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	83,708	84,740
		<u>83,708</u>	<u>84,740</u>
Current Assets			
Inventories		2,336	1,955
Trade receivables		9,475	8,991
Non-trade receivables, deposits and prepayment		2,677	2,210
Tax refundable		1	436
Cash and bank balances		4,822	2,634
		<u>19,311</u>	<u>16,226</u>
TOTAL ASSETS		<u>103,019</u>	<u>100,966</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holder of the parent			
Share capital	10	203,341	203,341
Share premium		53,622	53,622
Merger deficit		(5,326)	(5,326)
Capital reserves		277	277
Accumulated losses		(438,031)	(425,059)
Exchange Translation Reserve		(1,355)	(1,151)
SHAREHOLDERS' EQUITY		<u>(187,472)</u>	<u>(174,296)</u>
Minority Interest		(99)	(99)
		<u>(187,571)</u>	<u>(174,395)</u>
Current liabilities			
Borrowings	22	209,123	203,879
Redeemable preference shares ("RPS")	22	10,814	-
Trade payables		26,687	26,342
Non-trade payables and accrual		43,961	45,135
Current tax payable		5	5
		<u>290,590</u>	<u>275,361</u>
Total liabilities		<u>290,590</u>	<u>275,361</u>
TOTAL EQUITY AND LIABILITIES		<u>103,019</u>	<u>100,966</u>
Net assets per share attributable to equity holders of the Company (RM)		<u>(0.46)</u>	<u>(0.43)</u>

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 October 2013 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 JANUARY 2014

	Share Capital RM'000	Share Premium Reserve RM'000	Merger Deficit RM'000	Capital Reserves RM'000	Accumulated Losses RM'000	Warrant Reserves RM'000	Foreign Exchange Reserve RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
Balance at 31.10.2013/ 1.11.2013	203,341	53,622	(5,326)	277	(425,059)	-	(1,151)	(174,296)	(99)	(174,395)
Net loss for the financial period	-	-	-	-	(12,972)	-	(204)	(13,176)	-	(13,176)
Balance at 31.1.2014	203,341	53,622	(5,326)	277	(438,031)	-	(1,355)	(187,472)	(99)	(187,571)
Balance at 31.10.2012/ 1.11.2012	203,341	53,622	(5,326)	277	(378,297)	6,059	(806)	(121,130)	(99)	(121,229)
Net loss for the financial period	-	-	-	-	(52,821)	-	(345)	(53,166)	-	(53,166)
Reversal of warrant reserves	-	-	-	-	6,059	(6,059)	-	-	-	-
Balance at 31.10.2013	203,341	53,622	(5,326)	277	(425,059)	-	(1,151)	(174,296)	(99)	(174,395)

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 October 2013 and the accompanying explanatory notes attached to the interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE THREE-MONTH PERIOD ENDED 31 JANUARY 2014**

	3 months ended	
	31/1/2014	31/1/2013
	RM'000	RM'000
	Unaudited	Unaudited
Cash flow from operating activities		
Cash collected from customers	18,758	24,090
Payment to suppliers	(15,270)	(17,471)
Others	(8,043)	(8,490)
	(4,555)	(1,871)
Cash flow from investing activities		
Purchase of property, plant and equipment	-	(12)
	-	(12)
Cash flows from financing activities		
Net drawdown of borrowings	-	90
Net repayment of borrowings	-	(30)
RPS - subscription monies received	3,629	-
	3,629	60
Net decrease in cash and cash equivalents	(926)	(1,823)
Effects of exchange rate changes	(204)	(78)
Cash and cash equivalents at start of financial period	(84,384)	(83,079)
Cash and cash equivalents at end of financial period	(85,514)	(84,980)

Cash and cash equivalents at the end of the financial period comprise the following :

	As at	As at
	31/1/2014	31/1/2013
	RM'000	RM'000
	Unaudited	Unaudited
Cash and bank balances	4,822	521
Fixed deposits with licensed banks	-	87
Bank overdraft	(90,336)	(85,588)
	(85,514)	(84,980)

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 October 2013 and the accompanying explanatory notes attached to the interim financial statements.



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PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION

The condensed consolidated interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements have been reviewed by the external auditors.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 October 2013 and the accompanying explanatory notes attached to this interim financial report.

The Company is classified as an Affected Listed Issuer pursuant to Practice Note 17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as announced on 29 February 2012.

2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted by the Group in these quarterly financial statements are consistent with those adopted in the financial statements for the financial year ended 31 October 2013. The adoption of the new MFRS framework does not have any material impact on the financial statements of the Group.

3. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report on the audited financial statements for the financial year ended 31 October 2013 was unmodified with an emphasis of matter on going concern.

4. SEGMENTAL INFORMATION

The segmental by geographical information of the Group is as follows:

	3 months ended		3 months ended	
	31.1.2014	31.1.2013	31.1.2014	31.1.2013
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue from continuing operations:				
Malaysia	13,773	16,472	13,773	16,472
Singapore	5,469	5,699	5,469	5,699
	<u>19,242</u>	<u>22,171</u>	<u>19,242</u>	<u>22,171</u>

	3 months ended		3 months ended	
	31.1.2014	31.1.2013	31.1.2014	31.1.2013
	RM'000	RM'000	RM'000	RM'000
Segment Results				
Results from continuing operations:				
Malaysia	(12,724)	(9,720)	(12,724)	(9,720)
Singapore	(226)	(929)	(226)	(929)
	<u>(12,950)</u>	<u>(10,649)</u>	<u>(12,950)</u>	<u>(10,649)</u>
Results from discontinued operation				
Malaysia	(22)	(40)	(22)	(40)
	<u>(12,972)</u>	<u>(10,689)</u>	<u>(12,972)</u>	<u>(10,689)</u>

5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no such items affecting assets, liabilities, equity, net income or cash flows during the financial period ended under review.

6. CHANGES IN ESTIMATES

The Group did not issue any profit or other forecast for the financial period ended 31 January 2014.

7. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The demand for certain bakery products are seasonal in nature.

8. DIVIDENDS

There was no dividend proposed or paid for the current quarter.

9. CARRYING AMOUNT OF REVALUED ASSETS

Property, plant and equipment are stated at valuation/cost less accumulated depreciation and impairment losses. During the current period, plant and machinery and motor vehicles were carried at valuation less impairment.

10. DEBT AND EQUITY SECURITIES

Reference is made to the announcements of the Company dated 23 July 2013, 25 July 2013, 1 October 2013, 14 October 2013 and 29 November 2013 in respect of the Interim Funding.

As announced on 29 November 2013, the Company issued RM10,671,950 to the Investors under the Interim Funding, via Ivory Overpower Sdn Bhd (“IOSB”), a wholly-owned subsidiary of the Group. IOSB has issued 10,671,950 8% Redeemable Preference Shares in IOSB of RM1.00 each (“RPS”) to the Investors, Suncsi Holdings Sdn Bhd and Covenant Equity Consulting Sdn Bhd, at an allocation of RM6,666,667 and RM4,005,283 respectively.

As announced on 18 February 2014, the Company issued RM5,328,050 to the Investors under the Interim Funding, via IOSB. IOSB had issued 5,328,050 8% Redeemable Preference Shares in IOSB of RM1.00 each to Investors, Suncsi Holdings Sdn Bhd and Covenant Equity Consulting Sdn Bhd at an allocation of 3,333,333 and 1,994,717 RPS respectively. The RPS issued subsequent to the financial period ended 31 January 2014.

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities during the current quarter other than as disclosed above.

11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the quarter under review.

12. DISCONTINUED OPERATIONS

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.

The revenue, results and cash flows of these subsidiaries were as follows:

	3 months ended		3 months ended	
	31.1.2014	31.1.2013	31.1.2014	31.1.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	-
Loss before tax	(22)	(40)	(22)	(40)
Income tax expense	-	-	-	-
Loss for the period from a discontinued operation	(22)	(40)	(22)	(40)

The major classes of assets and liabilities of the seven subsidiaries classified as discontinued operations as at 31 January 2014 are as follows:

	RM'000
Assets:	
Cash and bank balances	56
Assets of discontinued operations	56
Liabilities:	
Amount owing to Holding/Related companies	17,782
Non-trade payables and accruals	156
Liabilities directly associated with the assets classified as discontinued operations	17,938
Net liabilities attributable to discontinued operations	(17,882)

13. CAPITAL COMMITMENTS

There was no commitment for the purchase of property, plant and equipment as at 31 January 2014.

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 31 January 2014, the contingent liabilities are as follows:

- (i) the Company had given corporate guarantees amounting to approximately RM187 million to secure banking facilities granted to certain subsidiaries; and
- (ii) contingent liabilities under material litigations amounting to approximately RM35 million.

15. SUBSEQUENT EVENTS

There subsequent events of the issuance of RPS are disclosed in Note 10 of Part A – Explanatory Notes Pursuant to MFRS 134 and corporate proposals in Note 21 of Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia Securities Berhad.

On 20 March 2014, Madeleine Property Sdn. Bhd. ("MPSB"), a wholly-owned subsidiary of the Company, had entered into a sale and purchase agreement ("the SPA") with Hoi Kong Fei, Poh Cheng Teng and Soh Swee Kim for the purchase of 80% of the equity interest in Pastryville Holdings (M) Sdn. Bhd. for a total consideration of RM220,000, resulting in the Pastryville Group becoming subsidiaries of the Company.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

16. PERFORMANCE REVIEW

1st Quarter 2014 vs 1st Quarter 2013

The revenue for the 1st Quarter 2014 had reduced by RM2.9 million compared to the 1st Quarter 2013. The lower revenue recorded in the 1st Quarter 2014 was mainly due to the restructuring of the Group's distribution network and reduction in production level affected by the Group's financial position.

Higher losses compared in 1st Quarter 2014 compare to 1st Quarter 2013 mainly due to lower interest accrued in 1st Quarter 2013.

1st Quarter 2014 vs 4th Quarter 2013

The revenue for the 1st Quarter 2014 had increased by RM0.3 million as compared to the 4th Quarter 2013.

The lower loss recorded for 1st Quarter 2014 as compared to the 4th Quarter 2013 was mainly due to additional accruals of finance costs based on the confirmations from banks or calculated based on defaulted penalty interest rate after taking into consideration the available correspondence from the respective financial institutions for 4th Quarter 2013. However, this is not expected to have any major impact on the operations as the finance costs are proposed to be reduced and/or waived (depending on the terms discussed and cut-off dates) pursuant to the Proposed Regularisation Plan submitted on 29 November 2013.

17. COMMENTARY ON PROSPECTS

The revised Proposed Regularisation Plan has been submitted to Bursa Malaysia Securities Berhad on 29 November 2013. The Board had previously submitted a regularisation plan and made variations to the regularisation plan subsequently to take into consideration the challenging business environment together with the raising of funds, to ensure, as far as possible, the Proposed Regularisation Plan would meet the current and future needs of the Group.

Further details of the revised Proposed Regularisation Plan are mentioned in Note 21.

Running parallel with the revised Proposed Regularisation Plan, the Board has been implementing measures to improve both the operations, in terms of improving sales

performance and production efficiency, and the Group's financial performance with significant reductions in expenses and following on, reduction in losses as well.

The Board is optimistic that, with the approval of the revised Proposed Regularisation Plan, which includes the raising of funds for much needed working capital, the Group would be better able to continue on its improvement trend and return to profitability.

18. PROFIT FORECAST OR PROFIT GUARANTEE

The Group did not issue any profit forecast or profit guarantee for the financial period ended 31 January 2014.

19. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	Current Year Quarter 31.1.2014 RM'000	Current Year Ended 31.1.2014 RM'000
Interest income	(16)	(16)
Interest expense	4,411	4,411
Accrued cumulative dividend	142	142
Gain on foreign exchange	(16)	(16)
Depreciation	1,087	1,087

20. INCOME TAX EXPENSE

The details of the income tax expense of the Group are as follows:

	3 months ended		3 months ended	
	31.1.2014	31.1.2013	31.1.2014	31.1.2013
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	-	(29)	-	(29)
Total tax income/(expense)	-	(29)	-	(29)

21. CORPORATE PROPOSALS

The revised Proposed Regularisation Plan has been submitted to Bursa Malaysia Securities Berhad on 21 February 2014. Prior to this, the Board had previously submitted a regularisation plan and variations to the regularisation plan, the details of which have been previously duly announced.

The revised Proposed Regularisation Plan submitted on 21 February 2014 included the following proposals:

- Proposed Capital Reduction;
- Proposed Consolidation;
- Proposed Share Premium Reduction;
- Proposed Debt Settlement;
- Proposed Rights Issue With Warrants;
- Proposed Issuance Of Securities Pursuant To The Interim Funding;
- Proposed Issuance Of Securities Pursuant To Second The Interim Funding;
- Proposed M&A Amendments;
- Proposed Liquidation Of Subsidiary Companies; and
- Proposed ESOS

22. BORROWINGS

The details of the borrowings of the Group are as follows:

	As at 31.1.2014 RM'000	As at 31.10.2013 RM'000
Short term borrowings		
Secured	51,613	51,574
Unsecured	157,510	152,305
	<u>209,123</u>	<u>203,879</u>
RPS		
Issue price	10,672	-
Accrued cummulative dividend (Finance expense)	142	-
	<u>10,814</u>	<u>-</u>

23. CHANGES IN MATERIAL LITIGATION

There are no changes in material litigations since the date of the last Audited Report of HIGH5.

24. DIVIDEND PAYABLE

No interim dividend has been proposed for the financial period ended 31 January 2014.

25. REALISED AND UNREALISED LOSSES

The details of the realised and unrealised profits or losses of the Group are as follows:

	As at 31.1.2014 RM'000	As at 31.10.2013 RM'000
Total accumulated losses:		
- Realised	(438,031)	(425,059)
- Unrealised	-	-
	<u>(438,031)</u>	<u>(425,059)</u>

26. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing (loss)/profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares of RM0.50 each in issue during the period.

The basic earnings per share are as follows:

	3 months ended 31.1.2014		3 months ended 31.1.2013	
	RM'000	RM'000	RM'000	RM'000
Loss from continuing operations attributable to ordinary equity holders of the parent	(12,950)	(10,649)	(12,950)	(10,649)
Loss from discontinued operations attributable to ordinary equity holders of the parent	(22)	(40)	(22)	(40)
Loss attributable to ordinary equity holders of the parent	<u>(12,972)</u>	<u>(10,689)</u>	<u>(12,972)</u>	<u>(10,689)</u>
	3 months ended 31.1.2014		3 months ended 31.1.2013	
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	406,682	406,682	406,682	406,682
	3 months ended 31.1.2014		3 months ended 31.1.2013	
	Sen	Sen	Sen	Sen
Basic earnings per share for:				
Loss from continuing operations	(3.18)	(2.62)	(3.18)	(2.62)
Loss from discontinued operations	(0.01)	(0.01)	(0.01)	(0.01)
Loss for the period	<u>(3.19)</u>	<u>(2.64)</u>	<u>(3.19)</u>	<u>(2.63)</u>

(b) Diluted

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

27. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors.

By order of the Board
Foo Siew Loon
Company Secretary
Shah Alam