

SILVER BIRD

SILVER BIRD GROUP BERHAD

(Company No. 277977-X)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	3 Months Ended 31 Jan		Cumulative 3 Months Ended 31 Jan	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Revenue	141,358	126,044	141,358	126,044
Cost of sales	(126,930)	(112,538)	(126,930)	(112,538)
Gross profit	14,428	13,506	14,428	13,506
Operating income	328	0	328	0
Operating expenses	(8,728)	(8,692)	(8,728)	(8,692)
Operating profit	6,028	4,814	6,028	4,814
Interest expense	(1,947)	(1,499)	(1,947)	(1,499)
Interest and other income	20	500	20	500
Share of loss from jointly-controlled company	(2,888)	0	(2,888)	0
Profit before taxation	1,213	3,815	1,213	3,815
Taxation				
- Company	(90)	(90)	(90)	(90)
- Share of taxation in jointly-controlled company	0	0	0	0
Profit after taxation	1,123	3,725	1,123	3,725
Less: Minority Interest	0	0	0	0
Profit after taxation and minority interest	1,123	3,725	1,123	3,725
Net profit for the period	<u>1,123</u>	<u>3,725</u>	<u>1,123</u>	<u>3,725</u>
Basic earnings per share (sen)	0.53	2.63	0.53	2.63
Diluted earnings per share (sen)	0.52	1.89	0.52	1.89
Dividend per share (sen)	0.00	0.00	0.00	0.00

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 October 2005 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31/01/2006

	AS AT END OF 1ST QUARTER 31/01/06 UNAUDITED RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/10/05 AUDITED RM'000
Property, plant and equipment	240,990	243,620
Investment in a jointly controlled entity *	0	2,888
Deferred assets	3,910	3,910
Goodwill on consolidation	36,219	36,219
	<u>281,119</u>	<u>286,637</u>
Current assets		
Other investment	0	20
Inventories	12,398	11,520
Trade receivables	43,790	54,923
Other receivables, deposits and prepayments	11,398	11,746
Bank balance	8,177	5,661
	<u>75,763</u>	<u>83,870</u>
Current Liabilities		
Trade payables	15,729	22,279
Other payables and accruals	5,757	9,124
Amount owing by a jointly controlled entity	5,856	0
Short term borrowings	75,404	85,358
Provision for taxation	173	383
	<u>102,919</u>	<u>117,144</u>
Net current liabilities	<u>(27,156)</u>	<u>(33,274)</u>
	<u>253,963</u>	<u>253,363</u>
Shareholders' funds		
Share capital	105,298	105,261
Reserves		
Share premium	23,433	23,452
Merger deficit	(5,326)	(5,326)
Capital reserve	277	277
Retained profits	42,958	41,835
Warrants Reserve	7,368	7,368
5-Year 1% Irredeemable Convertible Unsecured Loan Stocks	3,410	3,410
Proposed dividend	3,032	3,032
	<u>180,450</u>	<u>179,309</u>
Long term borrowings	69,583	70,124
Deferred taxation	3,930	3,930
	<u>253,963</u>	<u>253,363</u>
Net assets per share (RM)	<u>0.84</u>	<u>0.83</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 October 2005 and the accompanying explanatory notes attached to the interim financial statements.

* Share of losses is restricted to the carrying amount of the investment.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 JAN 2006**

	Share Capital RM'000	Share Premium Reserve RM'000	Merger Deficit RM'000	Capital Reserves RM'000	Retained Profits RM'000	5-Year 1% ICULS/ 1% RCULS RM'000	Warrant Reserves	Proposed Dividend RM'000	Total RM'000
Balance at 31.10.2004/ 1.11.2005	70,798	7,510	(5,326)	277	26,796	36,700	-	2,832	139,587
Exercise of ESOS	508	124	-	-	-	-	-	-	632
Conversion of ICULS	12,566	4,524	-	-	-	(17,090)	-	-	-
Conversion of RCULS	11,912	4,288	-	-	-	(16,200)	-	-	-
Private placement	9,477	8,719	-	-	-	-	-	-	18,196
Issuance of warrant	-	-	-	-	-	-	7,368	-	7,368
Corporate exercise expense	-	(1,713)	-	-	-	-	-	-	(1,713)
Net profit for the period	-	-	-	-	19,409	-	-	-	19,409
Dividend paid	-	-	-	-	(1,338)	-	-	(2,832)	(4,170)
Proposed Dividend	-	-	-	-	(3,032)	-	-	3,032	-
Balance at 31.10.2005	105,261	23,452	(5,326)	277	41,835	3,410	7,368	3,032	179,309
Balance at 31.10.2005/ 01.11.2005	105,261	23,452	(5,326)	277	41,835	3,410	7,368	3,032	179,309
Corporate exercise expense	-	(42)	-	-	-	-	-	-	(42)
Conversion of warrant	37	23	-	-	-	-	-	-	60
Net profit for the period	-	-	-	-	1,123	-	-	-	1,123
Balance at 31.01.2006	105,298	23,433	(5,326)	277	42,958	3,410	7,368	3,032	180,450

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 October 2005 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED 31 JAN 2006

	3-month Ended 31 Jan 2006 RM'000	3-month Ended 31 Jan 2005 RM'000
Cash flows from operating activities		
Net profit before tax	1,213	3,815
Adjustment		
Share of loss in jointly-controlled entity	2,888	-
Adjustments for non-cash flow: -		
Non-cash items	5,624	4,782
Non-operating items	20	(500)
Operating profit before changes in working capital	9,745	8,097
Changes in working capital		
Net change in current assets	10,623	10,622
Net change in current liabilities	(4,361)	(7,381)
Net cash (used in)/generated from operating activities	16,007	11,338
Cash flows from investing activities		
Dividend and interest income	(20)	500
Purchase of property, plant and equipment	(2,994)	(24,690)
Net cash (used in)/generated from investing activities	(3,014)	(24,190)
Cash flows from financing activities		
Corporate exercise expenses	(42)	(182)
Bank borrowings	(3,911)	6,284
Proceed from issuance of ordinary shares	60	-
Proceeds from ESOS	-	252
Net cash (used in)/generated from financing activities	(3,893)	6,354
Net change in Cash & Cash equivalents	9,100	(6,498)
Cash & Cash equivalents at beginning of the financial year	(4,103)	(2,602)
Cash & Cash equivalents at end of the financial year*	4,997	(9,100)

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

	As at 31 Jan 2006 RM'000	As at 31 Jan 2005 RM'000
Bank balance	8,177	3,211
Bank overdrafts (included in short term borrowings)	(3,180)	(12,311)
	4,997	(9,100)

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 October 2005 and the accompanying explanatory notes attached to the interim financial statements.

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PART A – EXPLANATORY NOTES PURSUANT TO FRS 134

1 BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard 134 (“FRS” 134) previously known as MASB 26 on Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Bhd.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 October 2005. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 October 2005.

The accounting policies and methods of computation followed in this quarterly financial statement are the same as those in the audited financial statements for the financial year ended 31 October 2005.

2 AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report on the audited financial statements for the financial year ended 31 October 2005 was not qualified.

3 COMMENTS ABOUT SEASONAL AND CYCLICAL FACTORS

The demand for certain bakery products are seasonal in nature. On the other hand, the sales of telecommunication products are not significantly affected by seasonal and cyclical factors.

4 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the quarter ended 31 January 2006.

5 CHANGES IN ESTIMATES

Not applicable as no estimates were published for the financial period under review.

6 DEBT AND EQUITY SECURITIES

Save as disclosed below, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial year to date as at 31 January 2006: -

a) Conversion of Warrants 2005/2010 into new ordinary shares of RM0.50 each

A total of 75,000 new ordinary shares of RM0.50 each were issued pursuant to the conversion of Warrants 2005/2010 at an exercise price of RM0.80 each.

The outstanding debts are as disclosed in Note 22.

7 DIVIDENDS PAID

There was no dividend paid for the financial period under review.

8 SEGMENTAL REPORTING – GROUP

Segment Revenue	3 Months Ended 31/01/2006 RM'000	3 Months Ended 31/01/2005 RM'000	Cumulative Period Ended 31/01/2006 RM'000	Cumulative Period Ended 31/01/2005 RM'000
Consumer food	37,622	33,928	37,622	33,928
Telecommunication products	103,736	92,116	103,736	92,116
Total	141,358	126,044	141,358	126,044

Segment Profit Before Income Tax	3 Months Ended 31/01/2006 RM'000	3 Months Ended 31/01/2005 RM'000	Cumulative Period Ended 31/01/2006 RM'000	Cumulative Period Ended 31/01/2005 RM'000
Consumer food	3,433	3,489	3,433	3,489
Telecommunication products	668	326	668	326
Share of loss from jointly-controlled company	(2,888)	0	(2,888)	0
Total	1,213	3,815	1,213	3,815

Reporting by geographical segment is not applicable as the Group operates principally in Malaysia.

9 REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

There had been no revaluation of property, plant and equipment and other investment.

10 SUBSEQUENT MATERIAL EVENTS

There was no material event subsequent to the current quarter.

11 CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current quarter and financial year to date.

12 CHANGES IN CONTINGENT LIABILITIES

During the financial period ended 31 January 2006, the Company has given corporate guarantees amounting to approximately RM131 million to secure banking facilities granted to certain subsidiaries.

13 CAPITAL COMMITMENTS

	As at 31 January 2006 RM'000	As at 31 October 2005 RM'000
Approved capital commitment contracted but not provided for	10,257	10,257
Approved capital commitment not contracted for	-	-
	10,257	10,257

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

14 REVIEW OF PERFORMANCE

The Group registered a revenue growth of 12% for the quarter under review, achieving RM141.3 million compared to the preceding year's corresponding period. Sales of consumer food registered 11% revenue growth, achieving RM37.6 million for this quarter as compared to RM33.9 million for the same quarter previous year due to the strong sales performance of the daily fresh products. Multicom successfully achieved revenue of RM103.7 million and registered 13% growth as compared to RM92.1 million for the same quarter previous year arising from improved sales channel arrangement.

The Group registered an operating profit growth of 25% for the quarter under review, achieving RM6.0 million compared to the preceding year's quarter corresponding period.

15 MATERIAL CHANGES IN THE QUARTERLY RESULTS AGAINST THE IMMEDIATE PRECEDING QUARTER'S RESULTS

Profit before tax of RM1.2 million was 73% lower than the preceding quarter due to the share of start-up loss of RM2.9m from the jointly-controlled company, Silver Bird International Sdn Bhd. The loss is our investment upfront in Singapore to secure a sizeable market share and economies of scale to contribute positively in the longer term.

16 COMMENTARY ON PROSPECTS

The sales growth momentum is expected to be maintained due to aggressive advertising, promotion and "redesigning" of the packaging for the entire bread range.

To counter rising costs, the Group has implemented an extensive cost reduction programme for the whole financial year which aims to maintain our margins at current levels.

17 VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST/PROFIT GUARANTEE

Not applicable as no profit forecast was published and no profit guarantee was provided for the financial period under review.

18 TAXATION

	Current Year 1st Quarter Ended 31/01/06 RM'000	Cumulative Current Year To Date As At 31/01/06 RM'000
Current Tax	90	90

The effective tax rate for the current year quarter and year to date is lower than the statutory income tax rate mainly due to the availability of capital and reinvestment allowances.

19 SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no purchases or disposal of any unquoted investments or properties for the current quarter and financial year to date.

20 QUOTED SECURITIES

Save as disclosed below, there were no purchases or disposal of quoted securities during the current quarter.

Disposal of investment in quoted securities under the quarter review: -

	RM'000
Sale proceeds	14
Purchase consideration	20
Loss on investment	(6)

21 STATUS OF CORPORATE PROPOSALS

There was no corporate proposal announced but not completed as at the date of his report.

22 GROUP BORROWINGS

The Group borrowings are as follows: -

Secured Borrowings	As at	As at
	31 January 2006	31 October 2005
	RM'000	RM'000
Short term borrowings	55,404	65,358
Long term borrowings	6,238	7,057
	61,642	72,415

Unsecured Borrowings	As at	As at
	31 January 2006	31 October 2005
	RM'000	RM'000
Short term borrowings	20,000	20,000
Long term borrowings	63,345	63,067
	83,345	83,067

All of the above borrowings are denominated in Ringgit Malaysia.

23 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off Balance Sheet financial instruments entered into by the Group as at the date of this announcement.

24 MATERIAL LITIGATION

There was no material litigation involving the Group as at the date of this announcement.

25 PROPOSED DIVIDEND

The Board of Directors of the Company announced that the Company, subject to the approval of the Shareholders at the forthcoming Annual General Meeting, is proposing a final dividend of RM0.02 per ordinary share less 28% income tax in respect of the financial year ended 31 October 2005.

The dividend entitlement and payment dates will be announced later.

26 EARNINGS PER SHARE

Basic

The basic earnings per share is calculated by dividing the Group's net profit for the period by the weighted average number of ordinary shares in issue during the period as follows: -

	CURRENT YEAR 1st QUARTER 31/01/06 RM'000	CURRENT YEAR TO DATE 31/01/06 RM'000
Net profit attributable to members of the company	1,123	1,123
Weighted average number of ordinary shares outstanding ('000)	210,578	210,578
Basic earnings per share (sen)	0.53	0.53

Diluted

For the purpose of calculating diluted earnings per share, the net profit for the period and the weighted average number of ordinary shares outstanding during the period have been adjusted for the effects of dilutive potential ordinary shares from conversion of the Executive Share Option Scheme (“ESOS”), and ICULS.

	CURRENT YEAR 1st QUARTER 31/01/06 RM'000	CURRENT YEAR TO DATE 31/01/06 RM'000
Net profit attributable to members of the company	1,123	1,123
Weighted average number of ordinary shares outstanding ('000)	210,578	210,578
Adjustment for assumed conversion of ESOS, ICULS and RCULS ('000)	5,206	5,206
Adjusted weighted average number of ordinary shares outstanding and issuable ('000)	215,784	215,784
Diluted earnings per share (sen)	0.52	0.52

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 on 22 March 2006.

By order of the Board
Mah Li Chen
Tan Fong Shian @ Lim Fong Shian
Company Secretaries

Kuala Lumpur