

# SILVER BIRD

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

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	3 Months Ended 31 Jul		Cumulative 9 Months Ended 31 Jul	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	178,726	107,424	447,870	349,944
Cost of sales	(161,326)	(91,916)	(400,110)	(303,927)
<b>Gross profit</b>	17,400	15,508	47,760	46,017
Operating income	2,020	112	2,718	810
Operating expenses	(13,174)	(8,055)	(32,359)	(25,775)
<b>Operating profit</b>	6,246	7,565	18,119	21,052
Interest expense	(2,189)	(1,748)	(6,283)	(5,850)
Interest and other income	68	0	108	500
Share of loss from jointly-controlled company	(3,360)	0	(8,756)	0
<b>Profit before taxation</b>	765	5,817	3,188	15,702
Taxation				
- Company	(90)	(222)	(270)	(402)
- Share of taxation in jointly-controlled company	0	0	0	0
<b>Profit after taxation</b>	675	5,595	2,918	15,300
Less: Minority Interest	0	0	0	0
<b>Profit after taxation and minority interest</b>	675	5,595	2,918	15,300
<b>Net profit for the period</b>	<u>675</u>	<u>5,595</u>	<u>2,918</u>	<u>15,300</u>
<b>Basic earnings per share (sen)</b>	0.32	2.68	1.39	8.63
<b>Diluted earnings per share (sen)</b>	0.32	2.61	1.39	8.38
<b>Dividend per share (sen)</b>	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.

# SILVER BIRD

## SILVER BIRD GROUP BERHAD

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### CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31/07/2006

	AS AT END OF 3RD QUARTER 31/07/06 UNAUDITED  RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/10/05 AUDITED (Restated) RM'000
Property, plant and equipment	175,779	243,620
Investment in a jointly controlled entity *	0	2,888
Goodwill on consolidation	36,218	36,219
	211,997	282,727
<b>Current assets</b>		
Other investment	0	20
Inventories	9,757	11,520
Trade receivables	39,525	54,923
Other receivables, deposits and prepayments	87,376	11,746
Bank balance	11,015	5,661
	147,673	83,870
<b>Current Liabilities</b>		
Trade payables	17,558	22,279
Other payables and accruals	6,011	9,124
Amount owing to a jointly controlled entity	5,216	0
Short term borrowings	82,831	85,358
Provision for taxation	230	383
	111,846	117,144
<b>Net current liabilities</b>	35,827	(33,274)
	247,824	249,453
<b>Shareholders' funds</b>		
Share capital	105,319	105,261
<b>Reserves</b>		
Share premium	23,438	23,452
Merger deficit	(5,326)	(5,326)
Capital reserve	277	277
Retained profits	40,841	37,925
Warrants Reserve	7,368	7,368
5-Year 1% Irredeemable Convertible Unsecured Loan Stocks	3,408	3,410
Proposed dividend	0	3,032
	175,325	175,399
Long term borrowings	68,569	70,124
Deferred taxation	3,930	3,930
	247,824	249,453
<b>Net assets per share (RM)</b>	0.81	0.81

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 JULY 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
<b>Balance at 31.10.2004/ 1.11.2004 (as previously reported )</b>	70,798	7,510	(5,326)	277	26,796	36,700	-	2,832	139,587
<b>Prior year adjustment</b>	-	-	-	-	(9,180)	-	-	-	(9,180)
<b>Balance at 31.10.2004/ 1.11.2004 ( as restated )</b>	70,798	7,510	(5,326)	277	17,616	36,700	-	2,832	130,407
Exercise of ESOS	503	123	-	-	-	-	-	-	626
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
Corporate exercise expense	-	(1,540)	-	-	-	-	-	-	(1,540)
Net profit for the period	-	-	-	-	13,962	-	-	(2,832)	11,130
<b>Balance at 31.07.2005</b>	105,256	23,624	(5,326)	277	31,578	3,410	-	-	158,819
<b>Balance at 31.10.2005/ 01.11.2005 (as previously reported)</b>	105,261	23,452	(5,326)	277	41,835	3,410	7,368	3,032	179,309
<b>Prior year adjustment</b>	-	-	-	-	(3,910)	-	-	-	(3,910)
<b>Balance at 31.10.2005/ 1.11.2005 ( as restated )</b>	105,261	23,452	(5,326)	277	37,925	3,410	7,368	3,032	175,399
Exercise of ESOS	20	4	-	-	-	-	-	-	24
Dividend payable	-	-	-	-	-	-	-	(3,032)	(3,032)
Corporate exercise expense	-	(42)	-	-	-	-	-	-	(42)
Conversion of ICULS	1	1	-	-	-	(2)	-	-	-
Conversion of warrant	37	23	-	-	-	-	-	-	60
Net profit for the period	-	-	-	-	2,916	-	-	-	2,916
<b>Balance at 31.07.2006</b>	105,319	23,438	(5,326)	277	40,841	3,408	7,368	-	175,325

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.

# SILVER BIRD

## SILVER BIRD GROUP BERHAD

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

	9-month Ended 31 July 2006 RM'000	9-month Ended 31 July 2005 RM'000
<b>Cash flows from operating activities</b>		
Net profit before tax	3,188	15,702
Adjustement		
Share of loss in jointly-controlled entity	8,756	-
Adjustments for non-cash flow: -		
Non-cash items	17,131	15,296
Non-operating items	(108)	(500)
Operating profit before changes in working capital	28,967	30,498
Changes in working capital		
Net change in current assets	(64,317)	(23,963)
Net change in current liabilities	(3,041)	(5,176)
Net cash (used in)/generated from operating activities	(38,391)	1,359
<b>Cash flows from investing activities</b>		
Dividend and interest income	108	500
Purchase of property, plant and equipment	(36,964)	(56,799)
Proceeds from disposal of properties	87,674	-
Net cash (used in)/generated from investing activities	50,818	(56,299)
<b>Cash flows from financing activities</b>		
Corporate exercise expenses	(42)	(1,540)
Bank borrowings	4,512	(41,514)
Dividends paid	(3,034)	-
Proceed from issuance of Serial Bond	-	62,289
Proceed from issuance of ordinary shares	60	-
Drawdown of "CPs"	40,000	20,000
Repayment of "CPs"	(40,000)	-
Private Placement	-	18,196
Proceeds from ESOS	24	626
Net cash (used in)/generated from financing activities	1,520	58,057
<b>Net change in Cash &amp; Cash equivalents</b>	13,947	3,117
<b>Cash &amp; Cash equivalents at beginning of the financial year</b>	(4,103)	(2,602)
<b>Cash &amp; Cash equivalents at end of the financial year*</b>	9,844	515

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

	As at 31 July 2006 RM'000	As at 31 July 2005 RM'000
Bank balance	11,015	6,974
Bank overdrafts (included in short term borrowings)	(1,171)	(6,459)
	9,844	515

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.

# SILVER BIRD

## SILVER BIRD GROUP BERHAD

(Company No. 277977-X)

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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 CHANGES IN ACCOUNTING POLICIES

The significant changes in accounting policies adopted are consistent with those of the audited financial statements for the financial period ended 31 October 2005 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for financial statements commencing 1 January 2006:

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

The adoption of the FRSs mentioned above does not have any significant financial impact to 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 2005 was not qualified.

**4 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.

**5 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 July 2006.

**6 CHANGES IN ESTIMATES**

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

**7 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 July 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.

**b) Executive Share Option Scheme ("Scheme")**

20,000 new ordinary shares of RM0.50 each allotted under the Scheme at an exercise price of RM0.60 per share pursuant to the Scheme.

**c) Conversion of 1% Irredeemable Convertible Unsecured Loan Stocks (ICULS) into new ordinary shares of RM0.50 each**

A total of 2,646 new ordinary shares of RM0.50 each were issued pursuant to the conversion of RM1,799 nominal value of ICULS.

The outstanding debts are as disclosed in Note 23.

**8 DIVIDENDS PAID**

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

**9 SEGMENTAL REPORTING – GROUP**

<b>Segment Revenue</b>	<b>3 Months Ended 31/07/2006 RM'000</b>	<b>3 Months Ended 31/07/2005 RM'000</b>	<b>Cumulative Period Ended 31/07/2006 RM'000</b>	<b>Cumulative Period Ended 31/07/2005 RM'000</b>
Consumer food	44,752	35,563	122,857	106,239
Telecommunication products	133,974	71,861	325,013	243,705
<b>Total</b>	<b>178,726</b>	<b>107,424</b>	<b>447,870</b>	<b>349,944</b>

<b>Segment Profit Before Income Tax</b>	<b>3 Months Ended 31/07/2006 RM'000</b>	<b>3 Months Ended 31/07/2005 RM'000</b>	<b>Cumulative Period Ended 31/07/2006 RM'000</b>	<b>Cumulative Period Ended 31/07/2005 RM'000</b>
Consumer food	3,249	5,505	9,787	14,364
Telecommunication products	876	312	2,157	1,338
Share of loss from jointly-controlled company	(3,360)	0	(8,756)	0
<b>Total</b>	<b>765</b>	<b>5,817</b>	<b>3,188</b>	<b>15,702</b>

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

**10 REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**

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

**11 SUBSEQUENT MATERIAL EVENTS**

There was no material event subsequent to the current quarter.

**12 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.

**13 CHANGES IN CONTINGENT LIABILITIES**

During the financial period ended 31 July 2006, the Company has given corporate guarantees amounting to approximately RM138 million to secure banking facilities granted to certain subsidiaries.

**14 CAPITAL COMMITMENTS**

	<b>As at 31 July 2006 RM'000</b>	<b>As at 31 October 2005 RM'000</b>
Approved capital commitment contracted but not provided for	8,411	10,257
Approved capital commitment not contracted for	-	-
	8,411	10,257

**15 PRIOR YEAR ADJUSTMENT**

During the current financial year, the Group changed its accounting policy in relation to the recognition of unutilised reinvestment allowance as deferred asset.

The Group had previously recognised unutilised reinvestment allowance as deferred asset to the extent of the amount of deferred liability recognised pursuant to FRS 112 - Income Taxes. The Group changed its policy to discontinue the recognition of unutilised reinvestment allowance as deferred asset in the current quarter. Correspondingly, all recognised deferred asset from prior years arising from the unutilised reinvestment allowance will be reversed. The change in policy has been effected retrospectively as a prior year adjustment and the comparative figures of Income Statement and Balance Sheet for the financial year ended 31 October 2005 will be as follows:

	<b>As Previously Reported RM'000</b>	<b>Effect of Adjustment RM'000</b>	<b>As Restated RM'000</b>
Balance Sheet (extract):-			
Deferred asset	3,910	(3,910)	-
Retained profits	41,835	(3,910)	37,925
Income Statement (extract):-			
Taxation	(755)	5,270	4,495
Profit after taxation	19,409	5,270	24,679



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

### **16 REVIEW OF PERFORMANCE**

The Group registered a revenue growth of 66% for the quarter under review, achieving RM178.7 million sales compared with the corresponding period of preceding year. Sales of consumer food registered a 26% growth to achieve RM44.8 million for this quarter compared with RM35.6 million for the corresponding period of preceding year due to the strong sales performance of the daily fresh products and multicom business. Multicom managed to achieve RM134.0 million in revenue to register 86% growth compared with RM71.9 million for the corresponding period of preceding year arising from improved sales through channel arrangement.

The positive contribution noted was however dragged down by share of start up loss of the jointly controlled company amounting to loss of RM3.4 million for the quarter under review.

### **17 NO MATERIAL CHANGES IN THE QUARTERLY RESULTS AGAINST THE IMMEDIATE PRECEDING QUARTER'S RESULTS**

The Group's profit before tax of RM0.8 million is similar to the preceding quarter due to share of start up loss of RM3.4 million from the jointly controlled company, Silver Bird International Sdn. Bhd.

### **18 COMMENTARY ON PROSPECTS**

The Group's results have been affected by the share of start-up losses of the jointly-controlled company. The results for the Consumer Food Division may be impacted by false and malicious rumours in relation to the operations of the Company. The Group will continue to take appropriate action to ensure satisfactory results for the financial year ending 31 October 2006.

### **19 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.

### **20 TAXATION**

	<b>Current Year 3rd Quarter Ended 31/07/06 RM'000</b>	<b>Cumulative Current Year To Date As At 31/07/06 RM'000</b>
Current Tax	90	270

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.

### **21 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.

## 22 QUOTED SECURITIES

Save as disclosed below, there were no purchases or disposal of quoted securities during the current quarter and financial year to date.

Disposal of investment in quoted securities:-

	<b>9 months ended 31/7/2006 RM'000</b>
Sale proceeds	14
Purchase consideration	20
Loss on investment	(6)

No disposal of investment in quoted securities in the third quarter ended 31 July 2006.

## 23 STATUS OF CORPORATE PROPOSALS

Corporate proposals that have been announced but not completed as at the date of this announcement:

**PROPOSED SALE AND LEASEBACK OF A FREEHOLD INDUSTRIAL PROPERTY MEASURING APPROXIMATELY 59,337.11 SQ. METRES, BEING A PORTION OF THE LAND HELD UNDER THE MASTER TITLE GERAN NO. 64178, LOT 62003, PEKAN BARU HICOM, DAERAH PETALING, SELANGOR DARUL EHSAN, TOGETHER WITH ALL THE ERECTED BUILDINGS / STRUCTURES ON THE SITE AND ALL THE FIXTURES AND FIXED EQUIPMENT ATTACHED THEREON FOR THE SAID PROPERTY TO BE FULLY OPERATIONAL AS AN INDUSTRIAL WAREHOUSE COMPLEX ("PROPERTY") ("PROPOSED SALE AND LEASEBACK")**

On 27 March 2006, AmMerchant Bank Berhad (a member of the AmInvestment Group) ("**AmMerchant Bank**") had announced on behalf of the Board of Directors ("**Board**") of Silver Bird Group Berhad ("**Silver Bird**"), that Amanah Raya Berhad as Trustee for the Common Fund ("**ARB**") and Silver Bird had entered into a conditional sale and leaseback arrangement in relation to the above-mentioned Property upon the terms and conditions contained in the letter of confirmation to purchase issued by ARB to the Company on 22 March 2006.

On 17 May 2006, Standard Confectionery Sdn Bhd ("**SCSB**"), a wholly owned subsidiary of Silver Bird, had entered into a Sale and Purchase Agreement ("**SPA**") with ARB, for SCSB to sell and ARB to purchase the Property for a cash consideration of RM91.2 million.

Pursuant to the above proposed disposal, a lease agreement was entered into concurrently between ARB and Silver Bird for the lease of the Property to Silver Bird for a period of ten (10) years commencing from the completion date of the proposed disposal. The lease term is extendable for a further five (5) years subject to the terms therein.

On 21 September 2006, SCSB and ARB have mutually agreed to extend the completion period of the SPA by fourteen (14) days from 28 September 2006 to 12 October 2006.

Please refer to our Bursa Malaysia's announcement dated 22 September 2006 for further detail.

## 24 GROUP BORROWINGS

The Group borrowings are as follows: -

<b>Secured Borrowings</b>	<b>As at 31 July 2006 RM'000</b>	<b>As at 31 October 2005 RM'000</b>
Short term borrowings	62,831	65,358
Long term borrowings	4,678	7,057
	67,509	72,415

<b>Unsecured Borrowings</b>	<b>As at 31 July 2006 RM'000</b>	<b>As at 31 October 2005 RM'000</b>
Short term borrowings	20,000	20,000
Long term borrowings	63,891	63,067
	83,891	83,067

All of the above borrowings are denominated in Ringgit Malaysia.

## 25 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.

## 26 MATERIAL LITIGATION

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

## 27 PROPOSED DIVIDEND

There was no dividend proposed by the Board of Directors for the current financial period under review.

## 28 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: -

	<b>CURRENT YEAR 3RD QUARTER 31/07/06 RM'000</b>	<b>CURRENT YEAR TO DATE 31/07/06 RM'000</b>
Net profit attributable to members of the company	675	2,918
Weighted average number of ordinary shares outstanding ('000)	210,638	210,609
Basic earnings per share (sen)	0.32	1.39

### 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.

	<b>CURRENT YEAR 3<sup>rd</sup> QUARTER 31/07/06 RM'000</b>	<b>CURRENT YEAR TO DATE 31/07/06 RM'000</b>
Net profit attributable to members of the company	675	2,918
Weighted average number of ordinary shares outstanding ('000)	210,638	210,609
Adjustment for assumed conversion of ESOS, ICULS and RCULS ('000)	0	0
Adjusted weighted average number of ordinary shares outstanding and issuable ('000)	210,638	210,609
Diluted earnings per share (sen)	0.32	1.39

## 29 AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 September 2006.

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

Kuala Lumpur