

SILVER BIRD

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

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 JANUARY 2007

	Note	3 months ended		3 months ended	
		1/31/2007	1/31/2006	1/31/2007	1/31/2006
		RM'000	RM'000	RM'000	RM'000
		unaudited	unaudited	unaudited	unaudited
Continuing Operations					
Revenue	4	154,487	141,358	154,487	141,358
Cost of Sales		(146,315)	(124,119)	(146,315)	(124,119)
Gross profit		<u>8,172</u>	<u>17,239</u>	<u>8,172</u>	<u>17,239</u>
Other income		318	348	318	348
Administrative expenses		(7,201)	(3,603)	(7,201)	(3,603)
Selling and marketing expenses		(7,065)	(5,905)	(7,065)	(5,905)
Other expenses		(2,155)	(1,992)	(2,155)	(1,992)
Finance expenses		(1,710)	(1,947)	(1,710)	(1,947)
Share of loss of jointly controlled entities		(8,421)	(2,888)	(8,421)	(2,888)
Profit before tax		<u>(18,062)</u>	<u>1,252</u>	<u>(18,062)</u>	<u>1,252</u>
Income tax expense	20	(182)	(90)	(182)	(90)
Profit for the period from continuing operations		<u>(18,244)</u>	<u>1,162</u>	<u>(18,244)</u>	<u>1,162</u>
Discontinued Operations					
Loss for the period from a discontinued operation	12	(4)	(39)	(4)	(39)
Profit for the period		<u>(18,248)</u>	<u>1,123</u>	<u>(18,248)</u>	<u>1,123</u>
Attributable to :					
Equity holders of the parent		(18,248)	1,123	(18,248)	1,123
Minority interest		-	-	-	-
		<u>(18,248)</u>	<u>1,123</u>	<u>(18,248)</u>	<u>1,123</u>
Earnings per share attributable to equity holders of the parent :					
Basic, for profit from continuing operations (sen)	28	(8.66)	0.55	(8.66)	0.55
Basic, for (loss)/profit from discontinued operations (sen)	28	(0.00)	(0.02)	(0.00)	(0.02)
Basic, for profit for the period (sen)	28	<u>(8.66)</u>	<u>0.53</u>	<u>(8.66)</u>	<u>0.53</u>
Diluted, for profit from continuing operations (sen)	28	(8.66)	0.54	(8.66)	0.54
Diluted, for (loss)/profit from discontinued operations (sen)	28	(0.00)	(0.02)	(0.00)	(0.02)
Diluted, for profit for the period (sen)	28	<u>(8.66)</u>	<u>0.52</u>	<u>(8.66)</u>	<u>0.52</u>

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 October 2006 and the accompanying explanatory notes attached to the interim financial statements.

SILVER BIRD

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

CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 31 JANUARY 2007

	Note	As at 1/31/2007 Unaudited RM'000	As at 10/31/2006 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	149,042	152,189
Other receivable		14,842	14,842
Intangible assets		36,217	36,217
		<u>200,101</u>	<u>203,248</u>
Current Assets			
Inventories		16,309	14,949
Trade receivables		45,717	43,796
Other receivables		5,885	8,177
Tax refundable		-	501
Fixed deposits with licensed banks		2,555	10,636
Short-term deposits with licensed banks		-	26,000
Cash and bank balances		6,996	23,350
		<u>77,462</u>	<u>127,409</u>
TOTAL ASSETS		<u>277,563</u>	<u>330,657</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holder of the parent			
Share capital		105,319	105,319
Share premium		23,443	23,443
Merger deficit		(5,326)	(5,326)
Capital reserves		277	277
1% Irredeemable Convertible Unsecured Loan Stocks		3,408	3,408
Warrants Reserve		7,363	7,363
Accumulated loss		(33,066)	(14,818)
Treasury shares	10	(318)	(1)
TOTAL EQUITY		<u>101,100</u>	<u>119,665</u>
Non-current liabilities			
Borrowings	24	66,206	66,032
Deferred tax liabilities		2,900	2,900
		<u>69,106</u>	<u>68,932</u>
Current liabilities			
Borrowings	24	72,883	101,100
Trade payables		22,846	22,620
Other payables		2,798	9,266
Amount owing to a jointly controlled entity		8,818	8,901
Current tax payable		12	173
		<u>107,357</u>	<u>142,060</u>
Total liabilities		<u>176,463</u>	<u>210,992</u>
TOTAL EQUITY AND LIABILITIES		<u>277,563</u>	<u>330,657</u>

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 October 2006 and the accompanying explanatory notes attached to the interim financial statements.

SILVER BIRD

SILVER BIRD GROUP BERHAD

(Company No. 277977-X)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTH PERIOD ENDED 31 JANUARY 2007

	Share Capital RM'000	Share Premium Reserve RM'000	Merger Deficit RM'000	Capital Reserves RM'000	Accumulated Losses RM'000	5-Year 1% ICULS/ 1% RCULS RM'000	Warrant Reserves RM'000	Proposed Dividend RM'000	Treasury Shares RM'000	Total RM'000
Balance at 31.10.2005/1.11.2005										
1.11.2005	105,261	23,452	(5,326)	277	33,553	3,410	7,368	3,032	-	171,027
Exercise of ESOS	20	4	-	-	-	-	-	-	-	24
Realisation upon exercise of warrants	-	5	-	-	-	-	(5)	-	-	-
Dividend payable	-	-	-	-	(1)	-	-	(3,032)	-	(3,033)
Corporate exercise expense	-	(42)	-	-	-	-	-	-	-	(42)
Conversion of ICULS	1	1	-	-	-	(2)	-	-	-	-
Conversion of warrant	37	23	-	-	-	-	-	-	-	60
Treasury shares acquired	-	-	-	-	-	-	-	-	(1)	(1)
Net profit for the period	-	-	-	-	(48,370)	-	-	-	-	(48,370)
Balance at 31.10.2006	105,319	23,443	(5,326)	277	(14,818)	3,408	7,363	-	(1)	119,665
Balance at 31.10.2006/ 01.11.2006	105,319	23,443	(5,326)	277	(14,818)	3,408	7,363	-	(1)	119,665
Treasury shares acquired									(317)	(317)
Net loss for the period					(18,248)					(18,248)
Balance at 31.01.2007	105,319	23,443	(5,326)	277	(33,066)	3,408	7,363	-	(318)	101,100

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 October 2006 and the accompanying explanatory notes attached to the interim financial statements.

SILVER BIRD

SILVER BIRD GROUP BERHAD
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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 JANUARY 2007

	3 months ended	
	1/31/2007	1/31/2006
	RM'000	RM'000
	Unaudited	Unaudited
Net cash (used in)/from operating activities	(18,809)	13,883
Net cash (used in)/from investing operations	(3,266)	35,796
Net cash (used in)/from financing activities	(28,360)	14,410
Net (decrease)/increase in cash and cash equivalents	(50,435)	64,089
Effects of exchange rate changes	-	-
Cash and cash equivalents at beginning of financial period	59,986	(4,103)
Cash and cash equivalents at end of financial period	9,551	59,986

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

	As at	As at
	1/31/2007	1/31/2006
	RM'000	RM'000
	Unaudited	Unaudited
Cash and bank balances	9,551	59,986
Bank overdrafts	-	-
	9,551	59,986

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 October 2006 and the accompanying explanatory notes attached to the interim financial statements.

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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 have been prepared under the historical cost convention.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 October 2006. 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 2006.

2. CHANGES IN ACCOUNTING POLICIES

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

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in 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
FES 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

Revised FRSs which would be adopted from the financial period beginning 1 January 2007 are:

FRS 117	Leases
FRS 124	Related Party Disclosures

2. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

The adoption of FRS 102, 108, 110, 116, 124, 127, 131, 132 and 133 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below:

(a) **FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets**

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138.

The adoption of these new FRSs has resulted in the Group ceasing annual goodwill amortisation. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in profit or loss and subsequent reversal is not allowed.

In addition, the useful lives of other intangible assets are now assessed at the individual asset level as having either a finite or indefinite life. Prior to 1 January 2006, intangible assets were considered to have a finite useful life and were stated at cost less accumulated amortisation and impairment losses. Under the FRS 138, some of the intangible assets are regarded to have an indefinite useful life when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. Intangible assets with indefinite useful lives are not amortised but instead, are tested for impairment annually. Accordingly, trademarks of the Group are considered to have indefinite life. In accordance with the transitional provisions of FRS 138, the change in the useful life assessment from finite to indefinite is made on a prospective basis. The carrying amount of trademark as at 1 November 2006 of RM 7,000 ceased to be amortised. This has the effect of reducing the amortisation charges by RM 500 in the current quarter and in the financial period ended 31 January 2007. Other intangible assets of the Group with finite useful lives continue to be stated at cost less accumulated amortisation and impairment losses.

(b) **FRS 5: Non-current Assets Held for Sale and Discontinued Operations**

The Group has applied FRS 5 prospectively in accordance with its transitional provisions, which has resulted in a change in accounting policy on the recognition of a discontinued operation. Prior to 1 January 2006, under the previous FRS 135, the Group would have recognised a discontinued operation at the earlier of the date the Group enters into a binding sale agreement and the date the board of directors have approved and announced a formal disposal plan. FRS 5 requires a component of an entity to be classified as discontinued when the criteria to be classified as held for sale have been met or it has been disposed of. Such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of the component or is a subsidiary acquired exclusively with a view to resale. The result of this change

in accounting policy is that a discontinued operation is recognised by the Group at a later point than under the previous FRS 135 due to the stricter criteria in FRS 5.

An item is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The assets and liabilities of a discontinued operation (a disposal group) that are classified as held for sale are measured in accordance with FRS 5. Immediately before classification as held for sale, the carrying amount of all the assets and liabilities in the disposal group is measured in accordance with applicable FRSS. Then, on initial classification as held for sale, the disposal group is recognised at the lower of carrying amount and fair value less costs to sell.

(c) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 October 2006 was not qualified.

4. SEGMENTAL INFORMATION

	3 months ended	
	31.01.2007	31.01.2006
	RM'000	RM'000
Segment Revenue		
Revenue from continuing operations:		
Consumer food	31,482	37,562
Telecommunication products	123,005	103,736
Total revenue from continuing operations	154,487	141,298
Revenue from discontinued operation	-	60
Total	154,487	141,358

Segment Results

Results from continuing operations:		
Consumer food	(18,787)	584
Telecommunication products	725	668
Total results from continuing operations	(18,062)	1,252
Results from discontinued operation	(4)	(39)
Total	(18,066)	1,213

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 financial period ended 31 January 2007.

6. CHANGES IN ESTIMATES

There were no changes in estimates that have had a material effect in the current quarter results.

7. COMMENTS ABOUT SEASONAL OR 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.

8. DIVIDENDS PAID

There was no dividend paid for the current quarter.

9. CARRYING AMOUNT OF REVALUED ASSETS

There had been no revaluation of property, plant and equipment during the current quarter.

10. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities except for the following:

(a) Share buybacks / Treasury shares

On 20 July 2006, the shareholders of the Company approved the Company's plan to repurchase its own ordinary shares. During the current quarter, the Company repurchased 815,500 of its issued ordinary shares from the open market at an average price of RM 0.39 per share. The total consideration paid for the repurchase including transaction costs was RM 319,677 and this was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965.

11. CHANGES IN COMPOSITION OF THE GROUP

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

12. DISCONTINUED OPERATION

The Group's investment in its five subsidiaries i.e. Madeleine Café Sdn Bhd, Madeleine Foods Sdn Bhd, Madeleine Bakery Sdn Bhd, Madeleine Property Sdn Bhd and Stanson Distribution Sdn Bhd which are dormant and classified as discontinued operation.

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

	3 months ended	
	31.01.2007	31.01.2006
	RM'000	RM'000
Revenue	-	60
Loss before tax	(4)	(39)
Income tax expense	-	-
Loss for the period from a discontinued operation	(4)	(39)
Cash flows (used in)/from operating activities	(1)	6
Cash flows (used in)/from investing activities	-	-
Cash flows (used in)/from financing activities	-	-
Total cash flows	(1)	6

The major classes of assets and liabilities of the five subsidiaries classified as discontinued operations as at 31 January 2007 are as follows:

12. DISCONTINUED OPERATION (CONT'D.)

	RM'000
Assets:	
Investment	4,800
Cash and bank balances	<u>28</u>
Assets of discontinued operations	<u>4,828</u>
Liabilities:	
Amount owing to Holding/Related companies	(4,938)
Tax payable	<u>(168)</u>
Liabilities directly associated with the assets classified as discontinued operations	<u>(5,106)</u>
Net liabilities attributable to discontinued operations	<u>(278)</u>

13. CAPITAL COMMITMENTS

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 January 2007 is as follows:

Approved and contracted for	<u>8,411</u>
	<u>8,411</u>

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

During the financial period ended 31 January 2007, the Company had given corporate guarantees amounting to approximately RM 151 million to secure banking facilities granted to certain subsidiaries.

15. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the current quarter.

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

16. PERFORMANCE REVIEW

For the quarter under review, the Group registered revenues of RM 154.5 million compared with RM 141.4 million in the corresponding period of previous year mainly due to higher revenue by 19% from MultiCom Division. However, the Group incurred a loss before taxation of RM 18.1 million for this quarter compared with a profit of RM 1.2 million in the corresponding period of previous year partly due to share of losses from the jointly controlled company amounting to RM 8.4 million.

17. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group registered a loss before taxation of RM 18.1 million for the current quarter compared with a loss of RM 53.9 million in the preceding quarter. The improved results for the 1st quarter were principally due to recovering return rates. This translated into higher revenue of 7%. There is no provision for impairment of assets in this quarter compared with the previous quarter where RM 35.9 million was provided and written off as impairment of assets.

18. COMMENTARY ON PROSPECTS

Despite the challenging environment, the group is focused on regaining lost market share resulting from the recent crisis. In addition, aggressive promotion and expansion campaigns will be launched to generate a more favourable result in the coming quarter.

19. PROFIT FORECAST OR PROFIT GUARANTEE

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

20. INCOME TAX EXPENSE

	3 months ended	
	31.01.2007	31.01.2006
	RM'000	RM'000
Current tax:		
Malaysian income tax	182	90
Overprovision of Malaysian income tax in prior years	-	-
Total income tax expense	<u>182</u>	<u>90</u>

The effective tax rate for the current quarter was lower than the statutory tax rate principally due to the availability of capital and reinvestment allowances.

21. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investments and properties for the current quarter and financial year-to-date.

22. QUOTED SECURITIES

There were no purchases and disposals of quoted securities for the current quarter and financial year-to-date.

23. CORPORATE PROPOSALS

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

24. BORROWINGS

	As at 31.01.2007 RM'000	As at 31.10.2006 RM'000
Short term borrowings		
Secured	62,883	76,100
Unsecured	10,000	25,000
	<u>72,883</u>	<u>101,100</u>
Long term borrowings		
Secured	1,759	1,863
Unsecured	64,447	64,169
	<u>66,206</u>	<u>66,032</u>
	<u>139,089</u>	<u>167,132</u>

25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 27 March 2007.

26. CHANGES IN MATERIAL LITIGATION

As at 27 March 2007, there were no changes in material litigation, including the status of pending material litigation since the last annual balance sheet date of 31 October 2006.

27. DIVIDEND PAYABLE

No interim ordinary dividend has been declared for the financial period ended 31 January 2007 (31 January 2006: Nil).

28. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

	3 months ended	
	31.01.2007	31.01.2006
	RM'000	RM'000
(Loss)/Profit from continuing operations attributable to ordinary equity holders of the parent	(18,244)	1,162
Loss from discontinued operations attributable to ordinary equity holders of the parent	(4)	(39)
(Loss)/Profit attributable to ordinary equity holders of the parent	<u>(18,248)</u>	<u>1,123</u>
	3 months ended	
	31.01.2007	31.01.2006
	'000	'000
Weighted average number of ordinary shares in issue	<u>210,616</u>	<u>210,578</u>
	3 months ended	
	31.01.2007	31.01.2006
	Sen	Sen
Basic earnings per share for:		
(Loss)/Profit from continuing operations	(8.66)	0.55
Loss from discontinued operations	(0.00)	(0.02)
(Loss)/Profit for the period	<u>(8.66)</u>	<u>0.53</u>

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares, i.e. Irredeemable Convertible Unsecured Loan Stocks ("ICULS") and share options granted to employees.

28. EARNINGS PER SHARE (CONT'D.)

	3 months ended	
	31.01.2007	31.01.2006
	RM'000	RM'000
(Loss)/Profit from continuing operations attributable to ordinary equity holders of the parent	(18,244)	1,162
Loss from discontinued operations attributable to ordinary equity holders of the parent	(4)	(39)
(Loss)/Profit attributable to ordinary equity holders of the parent	<u>(18,248)</u>	<u>1,123</u>
	3 months ended	
	31.01.2007	31.01.2006
	'000	'000
Weighted average number of ordinary shares in issue	210,616	210,578
Effects of dilution:		
ICULS	-	5,206
Share options	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	<u>210,616</u>	<u>215,784</u>
	3 months ended	
	31.01.2007	31.01.2006
	Sen	Sen
Diluted earnings per share for:		
(Loss)/Profit from continuing operations	(8.66)	0.54
Loss from discontinued operations	(0.00)	(0.02)
(Loss)/Profit for the period	<u>(8.66)</u>	<u>0.52</u>

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 30 March 2007.

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