

SILVER BIRD

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

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

| | Note | 3 months ended | | 9 months ended | |
|--|------|----------------|------------|----------------|------------|
| | | 31/07/2007 | 31/07/2006 | 31/07/2007 | 31/07/2006 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| | | unaudited | unaudited | unaudited | unaudited |
| Continuing Operations | | | | | |
| Revenue | 4 | 142,417 | 178,726 | 437,936 | 447,870 |
| Cost of Sales | | (123,896) | (161,326) | (398,453) | (400,110) |
| Gross profit | | 18,521 | 17,400 | 39,483 | 47,760 |
| Other income | | 392 | 2,088 | 858 | 2,826 |
| Administrative expenses | | (4,040) | (4,630) | (15,234) | (10,659) |
| Selling and marketing expenses | | (7,005) | (5,608) | (24,746) | (14,576) |
| Other expenses | 5 | 10,604 | (2,909) | 6,395 | (6,975) |
| Finance expenses | | (1,880) | (2,189) | (5,252) | (6,283) |
| Share of loss of jointly controlled entities | | (3,951) | (3,360) | (19,660) | (8,756) |
| Profit/(Loss) before tax | | 12,641 | 792 | (18,156) | 3,337 |
| Income tax expense | 20 | - | (90) | (353) | (270) |
| Profit/(Loss) for the period from continuing operations | | 12,641 | 702 | (18,509) | 3,067 |
| Discontinued Operations | | | | | |
| Loss for the period from a discontinued operation | 12 | (3) | (27) | (13) | (149) |
| Profit/(Loss) for the period | | 12,638 | 675 | (18,522) | 2,918 |
| Attributable to : | | | | | |
| Equity holders of the parent | | 12,638 | 675 | (18,522) | 2,918 |
| Minority interest | | 124 | - | 124 | - |
| | | 12,762 | 675 | (18,398) | 2,918 |
| Earnings per share attributable to equity holders of the parent : | | | | | |
| Basic, for profit/(loss) from continuing operations (sen) | 28 | 6.00 | 0.33 | (8.79) | 1.46 |
| Basic, for loss from discontinued operations (sen) | 28 | (0.00) | (0.01) | (0.01) | (0.07) |
| Basic, for profit/(loss) for the period (sen) | 28 | 6.00 | 0.32 | (8.79) | 1.39 |
| Diluted, for profit/(loss) from continuing operations (sen) | 28 | 6.00 | 0.33 | (8.79) | 1.46 |
| Diluted, for loss from discontinued operations (sen) | 28 | (0.00) | (0.01) | (0.01) | (0.07) |
| Diluted, for profit/(loss) for the period (sen) | 28 | 6.00 | 0.32 | (8.79) | 1.39 |

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 JULY 2007

| | Note | As at 31/07/2007 Unaudited RM'000 | As at 31/10/2006 Audited RM'000 |
|--|------|--|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 177,773 | 152,189 |
| Other receivable | | 14,842 | 14,842 |
| Intangible assets | | 43,938 | 36,217 |
| | | 236,553 | 203,248 |
| Current Assets | | | |
| Inventories | | 14,507 | 14,949 |
| Trade receivables | | 40,986 | 43,796 |
| Other receivables | | 3,945 | 8,177 |
| Tax refundable | | - | 501 |
| Fixed deposits with licensed banks | | 1,656 | 10,636 |
| Short-term deposits with licensed banks | | - | 26,000 |
| Cash and bank balances | | 686 | 23,350 |
| | | 61,780 | 127,409 |
| TOTAL ASSETS | | 298,333 | 330,657 |
| 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 | | (26,015) | (14,818) |
| Exchange Translation Reserve | | (459) | - |
| Treasury shares | 10 | (323) | (1) |
| SHAREHOLDERS' EQUITY | | 107,687 | 119,665 |
| Minority Interest | | 361 | - |
| | | 108,048 | 119,665 |
| Non-current liabilities | | | |
| Borrowings | 24 | 46,538 | 66,032 |
| Deferred tax liabilities | | 2,900 | 2,900 |
| | | 49,438 | 68,932 |
| Current liabilities | | | |
| Borrowings | 24 | 96,549 | 101,100 |
| Trade payables | | 30,673 | 22,620 |
| Other payables | | 13,523 | 9,266 |
| Amount owing to a jointly controlled entity | | - | 8,901 |
| Current tax payable | | 102 | 173 |
| | | 140,847 | 142,060 |
| Total liabilities | | 190,285 | 210,992 |
| TOTAL EQUITY AND LIABILITIES | | 298,333 | 330,657 |
| Net assets per share attributable to equity holders of the Company (RM) | | 0.50 | 0.55 |

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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED 31 JULY 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 | Foreign Exchange Reserve RM'000 | Treasury Shares RM'000 | Total RM'000 | Minority Interest RM'000 | Total Equity RM'000 |
|--|-------------------------|---------------------------------|--------------------------|----------------------------|------------------------------|--|----------------------------|-----------------------------|------------------------------------|---------------------------|-----------------|-----------------------------|------------------------|
| 9 months quarter ended 31 July 2007 | | | | | | | | | | | | | |
| Balance at 31.10.2006/ 01.11.2006 (as previously reported) | 105,319 | 23,443 | (5,326) | 277 | (14,818) | 3,408 | 7,363 | - | - | (1) | 119,665 | - | 119,665 |
| Prior year adjustment | - | - | - | - | 7,201 | - | - | - | - | - | 7,201 | - | 7,201 |
| Balance at 31.10.2006/ 1.11.2006 (as restated) | 105,319 | 23,443 | (5,326) | 277 | (7,617) | 3,408 | 7,363 | - | - | (1) | 126,866 | - | 126,866 |
| Treasury shares acquired | - | - | - | - | - | - | - | - | - | (322) | (322) | - | (322) |
| Currency translation differences, representing net loss not recognised in Income Statement | - | - | - | - | - | - | - | - | (459) | - | (459) | - | (459) |
| Minority interest share of net assets in subsidiary company | - | - | - | - | - | - | - | - | - | - | - | 361 | 361 |
| Net loss for the period | - | - | - | - | (18,398) | - | - | - | - | - | (18,398) | - | (18,398) |
| Balance at 31.07.2007 | 105,319 | 23,443 | (5,326) | 277 | (26,015) | 3,408 | 7,363 | - | (459) | (323) | 107,687 | 361 | 108,048 |

| | | | | | | | | | | | | | |
|---|---------|--------|---------|-----|---------|-------|-------|---------|---|---|---------|---|---------|
| 9 months quarter ended 31 July 2006 | | | | | | | | | | | | | |
| Balance at 31.10.2005/ 01.11.2005 (as previously reported) | 105,261 | 23,452 | (5,326) | 277 | 41,835 | 3,410 | 7,368 | 3,032 | - | - | 179,309 | - | 179,309 |
| Prior year adjustment | - | - | - | - | (3,910) | - | - | - | - | - | - | - | (3,910) |
| Balance at 31.10.2005/ Balance at 31.10.2006/1.11.2006 | 105,261 | 23,452 | (5,326) | 277 | 37,925 | 3,410 | 7,368 | 3,032 | - | - | 175,399 | - | 175,399 |
| Exercise of ESOS | 20 | 4 | - | - | - | - | - | - | - | - | 24 | - | 24 |
| Realisation upon exercise of warrants | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividend payable | - | - | - | - | - | - | - | (3,032) | - | - | (3,032) | - | (3,032) |
| Corporate exercise expense | - | (42) | - | - | - | - | - | - | - | - | (42) | - | (42) |
| Issuance of 5-Year 1% ICULS | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Issuance of 1% RCULS | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Conversion of ICULS | 1 | 1 | - | - | - | (2) | - | - | - | - | - | - | - |
| Conversion of warrant | 37 | 23 | - | - | - | - | - | - | - | - | 60 | - | 60 |
| Private placement | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Issuance of warrant | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Treasury shares acquired | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net profit for the period | - | - | - | - | 2,916 | - | - | - | - | - | 2,916 | - | 2,916 |
| Balance at 31.07.2006 | 105,319 | 23,438 | (5,326) | 277 | 40,841 | 3,408 | 7,368 | - | - | - | 175,325 | - | 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 2006 and the accompanying explanatory notes attached to the interim financial statements.

SILVER BIRD

SILVER BIRD GROUP BERHAD
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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 31 JULY 2007

| | 9 months ended | |
|--|-----------------------|-------------------|
| | 31/07/2007 | 31/07/2006 |
| | RM'000 | RM'000 |
| | Unaudited | Unaudited |
| Net cash from/(used in) operating activities | 12,279 | (38,391) |
| Net cash (used in)/from investing operations | (45,097) | 50,818 |
| Net cash (used in)/from financing activities | (24,367) | 1,520 |
| Net (decrease)/increase in cash and cash equivalents | (57,185) | 13,947 |
| Effects of exchange rate changes | (459) | - |
| Cash and cash equivalents at beginning of financial period | 59,986 | (4,103) |
| Cash and cash equivalents at end of financial period | 2,342 | 9,844 |

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

| | As at | As at |
|------------------------|-------------------|-------------------|
| | 31/07/2007 | 31/07/2006 |
| | RM'000 | RM'000 |
| | Unaudited | Unaudited |
| Cash and bank balances | 2,342 | 11,015 |
| Bank overdraft | - | (1,171) |
| | 2,342 | 9,844 |

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 RM 1,500 in the financial period ended 31 July 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

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

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 | | 9 months ended | |
|--|----------------|------------|----------------|------------|
| | 31.07.2007 | 31.07.2006 | 31.07.2007 | 31.07.2006 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment Revenue | | | | |
| Revenue from continuing operations: | | | | |
| Consumer food | 37,232 | 44,752 | 102,540 | 122,797 |
| Telecommunication products | 105,185 | 133,974 | 335,396 | 325,013 |
| Total revenue from continuing operations | 142,417 | 178,726 | 437,936 | 447,810 |
| Revenue from discontinued operation | - | - | - | 60 |
| Total | 142,417 | 178,726 | 437,936 | 447,870 |

Segment Results

| | | | | |
|--|--------|------|----------|-------|
| Results from continuing operations: | | | | |
| Consumer food | 12,264 | (84) | (19,699) | 1,180 |
| Telecommunication products | 377 | 876 | 1,543 | 2,157 |
| Total results from continuing operations | 12,641 | 792 | (18,156) | 3,337 |
| Results from discontinued operation | (3) | (27) | (13) | (149) |
| Total | 12,638 | 765 | (18,169) | 3,188 |

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 July 2007 except for the partial write back of impaired assets amounting to approximately RM12.2 million which was included in the Other Expenses. This write back was based on the future estimated income of previously impaired assets.

6. CHANGES IN ESTIMATES

The Group revised the estimated useful lives of its plant and machinery based on the independent professional survey reports. The revisions were accounted for as change in accounting estimates and is applied prospectively. As a result, the depreciation charges for the current quarter had been reduced by RM3.7 million.

Other than the above, there were no material 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:

Share buybacks / Treasury shares

On 26 April 2007, the shareholders of the Company renewed their approval for the Company's plan to repurchase its own ordinary shares. During the current quarter, the Company repurchased 10,000 of its issued ordinary shares from the open market at an average price of RM 0.438 per share. The total consideration paid for the repurchase including transaction costs was RM 4,383 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.

Conversion of Irredeemable Convertible Unsecured Loan Stocks 2004/2009 ("ICULS")

On 11 September 2007, a total of 4,823,529 new ordinary shares at RM0.50 each were listed pursuant to the conversion of RM 3,280,000 nominal value of ICULS.

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 except for the following:

Signing of Shareholders Agreement with Widewin Capital Sdn Bhd in relation to Inforaire Sdn Bhd

On 18 April 2007, the Company entered into a Shareholders Agreement with Widewin Capital Sdn Bhd whereby the Company shall hold 51% of the total paid-up capital of Inforaire Sdn Bhd and Widewin Capital Sdn Bhd shall hold the remaining 49%.

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:

12. DISCONTINUED OPERATION (CONT'D.)

| | 3 months ended | | 9 months ended | |
|---|----------------|------------|----------------|------------|
| | 31.07.2007 | 31.07.2006 | 31.07.2007 | 31.07.2006 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | - | 60 | - | 180 |
| Loss before tax | (3) | (27) | (13) | (149) |
| Income tax expense | - | - | - | - |
| Loss for the period from a discontinued operation | (3) | (27) | (13) | (149) |
| Cash flows from operating activities | 7 | (17) | - | (21) |
| Cash flows from investing activities | - | - | - | - |
| Cash flows from financing activities | - | - | - | - |
| Total cash flows | 7 | (17) | - | (21) |

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

| | RM'000 |
|---|----------------|
| Assets: | |
| Investment | 4,800 |
| Cash and bank balances | 29 |
| Assets of dormant group | <u>4,829</u> |
| Liabilities: | |
| Amount owing to Holding/Related companies | (4,948) |
| Tax payable | (168) |
| Liabilities directly associated with the assets classified as dormant | <u>(5,116)</u> |
| Net liabilities attributable to discontinued operations | <u>(287)</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 July 2007 is as follows:

| | RM'000 |
|-----------------------------|--------------|
| Approved and contracted for | 8,411 |
| | <u>8,411</u> |

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

During the financial period ended 31 July 2007, the Company had given corporate guarantees amounting to approximately RM151 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 RM142.4 million compared with RM178.7 million in the corresponding period of previous year mainly due to lower revenue by 21% from MultiCom Division owing to restructuring of its distribution channels.

However, the Group achieved a profit before taxation of RM12.6 million for this quarter compared with a profit of RM0.8 million in the corresponding period of previous year due to the reversal of previously recognised impairment loss of assets based on the improved foreseeable income generation from the assets.

17. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group registered a profit before taxation of RM12.6 million for the current quarter compared with a loss of RM12.7 million in the preceding quarter. The improved results for the 3rd quarter were principally due to the partial reversal of impairment loss of assets, recovering sales and improvement from the ongoing cost reduction exercise implemented in both the Malaysia and Singapore operations.

18. COMMENTARY ON PROSPECTS

The Group is expected to maintain its sales growth and remain profitable in the coming quarter with the 2nd phase of the Advertising and Promotional campaigns in Malaysia kicking in to boost the sales and profitability.

The Group will continue with its ongoing cost cutting measures to further contain and reduce costs. The continued rationalisation of operations in Singapore will bring about improvement in the coming quarters.

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 | | 9 months ended | |
|--|----------------|------------|----------------|------------|
| | 31.07.2007 | 31.07.2006 | 31.07.2007 | 31.07.2006 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax: | | | | |
| Malaysian income tax | - | 90 | 353 | 270 |
| Overprovision of Malaysian income tax in prior years | - | - | - | - |
| Total income tax expense | - | 90 | 353 | 270 |

There was no tax liability for the current quarter due to sufficient unutilised tax losses and allowances carried forward to set off the taxable profit of the Company and its certain subsidiaries.

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

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

A. PROPOSED RENOUNCEABLE TWO-CALL RIGHTS WITH WARRANTS ISSUE OF UP TO 120,311,989 NEW ORDINARY SHARES OF RM0.50 EACH

On 16 May 2007, the Company announced a Proposed Renounceable Two-Call Rights Issue of up to 120,311,989 new ordinary shares of RM0.50 each ("Rights Shares") payable in two calls upon application on the basis of three (3) Rights Shares for every eight (8) existing ordinary shares of RM0.50 each held together with up to 48,124,796 new free detachable warrants of RM0.50 each ("Warrants") on the basis of two (2) Warrants for every five (5) Rights Shares subscribed on a date to be determined later.

The Proposed Two-Call Rights Issue With Warrants was not approved by the Securities Commission vide its letter dated 5 July 2007 and the Board is no longer pursuing the implementation of the Proposed Two Call Rights Issue With Warrants.

23. CORPORATE PROPOSALS (CONT'D.)

B. PROPOSED PRIVATE PLACEMENT OF UP TO TEN PERCENT (10%) OF THE ISSUED AND PAID UP SHARE CAPITAL OF THE COMPANY.

On 25 July 2007, the Board of Directors of the Company announced to undertake the Proposed Private Placement of new ordinary shares of RM0.50 each in SBGB ("Placement Shares") of up to 10% of the issued and paid-up share capital of SBGB (excluding treasury shares) at an issue price to be fixed to placee(s) to be identified.

Further to the aforesaid announcement, the Company has also made the following announcements in relation to the Proposed Private Placement:

- (i) SBGB has on 10 August 2007 announced that the Securities Commission had vide its letter dated 9 August 2007, approved the Proposed Private Placement under Section 32(5) of the SC Act 1993. The SC had also approved the Proposed Private Placement under the Guidelines on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests.
- (ii) SBGB has on 23 August 2007 announced that the Ministry of International Trade and Industry had vide its letter dated 22 August 2007, approved the Proposed Private Placement.
- (iii) SBGB has on 7 September 2007 announced that Bursa Malaysia Securities Berhad had, vide its letter dated 6 September 2007, approved in-principle the additional listing application of up to 32,083,100 new ordinary shares of RM0.50 each representing up to ten percent (10%) of the enlarged issued and paid-up share capital of SBGB to be issued pursuant to the Private Placement.
- (iv) SBGB has on 7 September 2007 fixed the issue price for the Placement Shares at RM0.50 per Placement Share, representing a premium of approximately 19.25% over the five (5) day weighted average market price of SBGB shares up to and including 7 September 2007 of RM0.4193.

The Private Placement was completed on 20th September 2007 with the listing of 20,000,000 Placement Shares on the Main Board of the Bursa Malaysia Securities Berhad.

23. CORPORATE PROPOSALS (CONT'D.)

C. PROPOSED ACQUISITION OF 8,000,000 IRREDEEMABLE CONVERTIBLE CUMULATIVE PREFERENCE SHARES ("ICCPs") OF RM1.00 EACH IN SILVER BIRD INTERNATIONAL SDN BHD ("SBI")

- (i) On 4 May 2007, the Company announced that Employees Provident Fund Board ("EPF") accepted the proposed acquisition by the Company of 6,000,000 ICCPS of RM1.00 each in SBI for a cash consideration of RM11.89 million ("Purchase Price EPF") of which the Purchase Price EPF shall be paid over a twelve (12) months period. The first (1st) instalment commenced on 7 May 2007.
- (ii) On 3 July 2007, the Company announced that Mayban Ventures Sdn Bhd ("MVSB") accepted the proposed acquisition by the Company of 2,000,000 ICCPS of RM 1.00 each in SBI for a cash consideration of RM3.96 million ("Purchase Price MVSB") of which the Purchase Price MVSB shall be paid over a twelve (12) months. The first (1st) instalment commenced on 4 July 2007.

24. BORROWINGS

| | As at 31.07.2007 RM'000 | As at 31.10.2006 RM'000 |
|------------------------------|-------------------------------|-------------------------------|
| Short term borrowings | | |
| Secured | 66,549 | 76,100 |
| Unsecured | 30,000 | 25,000 |
| | <u>96,549</u> | <u>101,100</u> |
| Long term borrowings | | |
| Secured | 1,545 | 1,863 |
| Unsecured | 44,993 | 64,169 |
| | <u>46,538</u> | <u>66,032</u> |
| | <u>143,087</u> | <u>167,132</u> |

25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 13 September 2007.

26. CHANGES IN MATERIAL LITIGATION

As at 13 September 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 July 2007 (31 July 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 | | 9 months ended | |
|--|----------------|------------|----------------|------------|
| | 31.07.2007 | 31.07.2006 | 31.07.2007 | 31.07.2006 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit/(Loss) from continuing operations attributable to ordinary equity holders of the parent | 12,641 | 702 | (18,509) | 3,067 |
| Loss from discontinued operation attributable to ordinary equity holders of the parent | (3) | (27) | (13) | (149) |
| Profit/(Loss) attributable to ordinary equity holders of the parent | 12,638 | 675 | (18,522) | 2,918 |
| | | | | |
| | 3 months ended | | 9 months ended | |
| | 31.07.2007 | 31.07.2006 | 31.07.2007 | 31.07.2006 |
| | '000 | '000 | '000 | '000 |
| Weighted average number of ordinary shares in issue | 210,616 | 210,638 | 210,616 | 210,609 |
| | | | | |
| | 3 months ended | | 9 months ended | |
| | 31.07.2007 | 31.07.2006 | 31.07.2007 | 31.07.2006 |
| | Sen | Sen | Sen | Sen |
| Basic earnings per share for: | | | | |
| Profit/(Loss) from continuing operations | 6.00 | 0.33 | (8.79) | 1.46 |
| Loss from discontinued operation | (0.00) | (0.01) | (0.01) | (0.07) |
| Profit/(Loss) for the period | 6.00 | 0.32 | (8.79) | 1.39 |

28. EARNINGS PER SHARE (CONT'D.)

(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.

| | 3 months ended | | 9 months ended | |
|--|----------------|------------|----------------|------------|
| | 31.07.2007 | 31.07.2006 | 31.07.2007 | 31.07.2006 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (Loss)/Profit from continuing operations attributable to ordinary equity holders of the parent | 12,641 | 702 | (18,509) | 3,067 |
| Loss from discontinued operation attributable to ordinary equity holders of the parent | (3) | (27) | (13) | (149) |
| (Loss)/Profit attributable to ordinary equity holders of the parent | 12,638 | 675 | (18,522) | 2,918 |
| | | | | |
| | 3 months ended | | 9 months ended | |
| | 31.07.2007 | 31.07.2006 | 31.07.2007 | 31.07.2006 |
| | '000 | '000 | '000 | '000 |
| Weighted average number of ordinary shares in issue | 210,616 | 210,638 | 210,616 | 210,609 |
| Effects of dilution: | | | | |
| ICULS | - | - | - | - |
| Share options | - | - | - | - |
| Adjusted weighted average number of ordinary shares in issue and issuable | 210,616 | 210,638 | 210,616 | 210,609 |
| | | | | |
| | 3 months ended | | 9 months ended | |
| | 31.07.2007 | 31.07.2006 | 31.07.2007 | 31.07.2006 |
| | Sen | Sen | Sen | Sen |
| Diluted earnings per share for: | | | | |
| Profit/(Loss) from continuing operations | 6.00 | 0.33 | (8.79) | 1.46 |
| Loss from discontinued operation | (0.00) | (0.01) | (0.01) | (0.07) |
| Profit/(Loss) for the period | 6.00 | 0.32 | (8.79) | 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 21 September 2007.

By order of the Board

Mah Li Chen

Tan Fong Shian @ Lim Fong Shian

Company Secretaries

Kuala Lumpur