

SILVER BIRD

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

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 30 APRIL 2008

	Note	3 months ended		6 months ended	
		30/04/2008	30/04/2007	30/04/2008	30/04/2007
		RM'000	RM'000	RM'000	RM'000
		unaudited	unaudited	unaudited	unaudited
Continuing Operations					
Revenue	4	159,867	141,032	316,937	295,519
Cost of Sales		(151,698)	(128,242)	(302,327)	(274,557)
Gross profit		<u>8,169</u>	<u>12,790</u>	<u>14,610</u>	<u>20,962</u>
Other income		679	148	1,277	466
Administrative expenses		(4,851)	(3,993)	(9,383)	(11,194)
Selling and marketing expenses		(7,701)	(10,676)	(15,760)	(17,741)
Other expenses	5	(2,780)	(2,054)	(3,994)	(4,209)
Finance expenses		(2,041)	(1,662)	(3,735)	(3,372)
Share of loss of jointly controlled entities		-	(7,288)	-	(15,709)
Profit/(Loss) before tax		<u>(8,525)</u>	<u>(12,735)</u>	<u>(16,985)</u>	<u>(30,797)</u>
Income tax expense	20	-	(171)	-	(353)
Profit/(Loss) for the period from continuing operations		<u>(8,525)</u>	<u>(12,906)</u>	<u>(16,985)</u>	<u>(31,150)</u>
Discontinued Operations					
Loss for the period from discontinued operations	12	(3)	(6)	(15)	(10)
Profit/(Loss) for the period		<u>(8,528)</u>	<u>(12,912)</u>	<u>(17,000)</u>	<u>(31,160)</u>
Attributable to :					
Equity holders of the parent		(8,517)	(12,912)	(16,944)	(31,160)
Minority interest		(11)	-	(56)	-
		<u>(8,528)</u>	<u>(12,912)</u>	<u>(17,000)</u>	<u>(31,160)</u>
Earnings per share attributable to equity holders of the parent :					
Basic, for profit/(loss) from continuing operations (sen)	28	(2.92)	(6.13)	(6.44)	(14.79)
Basic, for loss from discontinued operations (sen)	28	(0.00)	(0.00)	(0.01)	0.00
Basic, for profit/(loss) for the period (sen)	28	<u>(2.92)</u>	<u>(6.13)</u>	<u>(6.45)</u>	<u>(14.79)</u>
Diluted, for profit/(loss) from continuing operations (sen)	28	(2.12)	(6.13)	(4.55)	(14.79)
Diluted, for loss from discontinued operations (sen)	28	(0.00)	(0.00)	(0.00)	0.00
Diluted, for profit/(loss) for the period (sen)	28	<u>(2.12)</u>	<u>(6.13)</u>	<u>(4.56)</u>	<u>(14.79)</u>

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 October 2007 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 30 APRIL 2008

	Note	As at 30/04/2008 Unaudited RM'000	As at 31/10/2007 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	181,869	182,085
Other receivable		14,842	14,842
Intangible assets		36,734	36,735
		233,445	233,662
Current Assets			
Inventories		15,497	16,631
Trade receivables		44,869	45,245
Other receivables		8,468	12,590
Tax refundable		-	290
Fixed deposits with licensed banks		222	219
Cash and bank balances		9,170	9,227
		78,226	84,202
TOTAL ASSETS		311,671	317,864
EQUITY AND LIABILITIES			
Equity attributable to equity holder of the parent			
Share capital	10	157,057	117,769
Share premium		36,066	24,325
Merger deficit		(5,326)	(5,326)
Capital reserves		277	277
1% Irredeemable Convertible Unsecured Loan Stocks	10	44	76
Warrants reserve		7,363	7,363
Accumulated loss		(47,701)	(30,757)
Exchange Translation Reserve		(1,021)	(792)
Treasury shares	10	-	(323)
SHAREHOLDERS' EQUITY		146,759	112,612
Minority Interest		287	343
		147,046	112,955
Non-current liabilities			
Borrowings	24	27,029	46,669
Deferred tax liabilities		620	620
		27,649	47,289
Current liabilities			
Borrowings	24	100,703	114,046
Trade payables		29,928	26,837
Other payables		6,172	16,737
Current tax payable		173	-
		136,976	157,620
Total liabilities		164,625	204,909
TOTAL EQUITY AND LIABILITIES		311,671	317,864
Net assets per share attributable to equity holders of the Company (RM)		0.47	0.48

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 October 2007 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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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 APRIL 2008

	6 months ended	
	30/04/2008	30/04/2007
	RM'000	RM'000
	Unaudited	Unaudited
Net cash used in operating activities	(9,658)	(7,750)
Net cash used in investing activities	(15,000)	(8,554)
Net cash from/(used) in financing activities	24,833	(41,636)
Net increase/(decrease) in cash and cash equivalents	175	(57,940)
Effects of exchange rate changes	(229)	-
Cash and cash equivalents at beginning of financial period	9,446	59,986
Cash and cash equivalents at end of financial period	9,392	2,046

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

	As at	As at
	30/04/2008	30/04/2007
	RM'000	RM'000
	Unaudited	Unaudited
Cash and bank balances	9,392	2,046
	9,392	2,046

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 October 2007 and the accompanying explanatory notes attached to the interim financial statements.

SILVER BIRD

SILVER BIRD GROUP BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 APRIL 2008

	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	Foreign Exchange Reserve RM'000	Treasury Shares RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
Balance at 31.10.2007/ 01.11.2007 (as previously reported)	117,769	24,325	(5,326)	277	(30,757)	76	7,363	(792)	(323)	112,612	343	112,955
Conversion of ICULS	24	9	-	-	-	(33)	-	-	-	-	-	-
Issuance of ordinary shares	39,264	12,564	-	-	-	-	-	-	-	51,828	-	51,828
Treasury shares disposal	-	-	-	-	-	-	-	-	323	323	-	323
Currency translation differences, representing net loss not recognised in Income Statement	-	-	-	-	-	-	-	(229)	-	(229)	-	(229)
Minority interest share of net assets in subsidiary company	-	-	-	-	-	-	-	-	-	-	(56)	(56)
Corporate exercise expenses	-	(832)	-	-	-	-	-	-	-	(832)	-	(832)
Net loss for the period	-	-	-	-	(16,944)	-	-	-	-	(16,944)	-	(16,944)
Balance at 30.04.2008	157,057	36,066	(5,326)	277	(47,701)	44	7,363	(1,021)	-	146,759	287	147,046
Balance at 31.10.2006/1.11.2006	105,319	23,443	(5,326)	277	(14,818)	3,408	7,363	-	(1)	119,665	-	119,665
Treasury shares acquired	-	-	-	-	-	-	-	-	(322)	(322)	-	(322)
Net profit for the period	-	-	-	-	(31,160)	-	-	-	-	(31,160)	-	(31,160)
Balance at 30.04.2007	105,319	23,443	(5,326)	277	(45,978)	3,408	7,363	-	(323)	88,183	-	88,183

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 October 2007 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 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 2007. 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 2007.

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 2007 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 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.

(b) 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 2007 was not qualified.

4. SEGMENTAL INFORMATION

	3 months ended		6 months ended	
	30.4.2008	30.4.2007	30.4.2008	30.4.2007
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue from continuing operations:				
Consumer food	37,009	33,826	72,837	65,308
Telecommunication products	122,858	107,206	244,100	230,211
Total revenue from continuing operations	159,867	141,032	316,937	295,519
Revenue from discontinued operation	-	-	-	-
Total	159,867	141,032	316,937	295,519
Segment Results				
Results from continuing operations:				
Consumer food	(9,216)	(13,176)	(18,124)	(31,963)
Telecommunication products	691	441	1,139	1,166
Total results from continuing operations	(8,525)	(12,735)	(16,985)	(30,797)
Results from discontinued operation	(3)	(6)	(15)	(10)
Total	(8,528)	(12,741)	(17,000)	(30,807)

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 30 April 2008.

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 for the current quarter except for the following:

(a) Equity Securities

The Company has issued 78,528,807 additional new ordinary shares of RM0.50 each pursuant to the Rights Issue with Warrants which was completed on 28 February 2008.

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		6 months ended	
	30.4.2008	30.4.2007	30.4.2008	30.4.2007
	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	-
Loss before tax	(3)	(6)	(15)	(10)
Income tax expense	-	-	-	-
Loss for the period from a discontinued operation	(3)	(6)	(15)	(10)
Cash flows used in operating activities	(4)	(7)	(4)	(8)
Cash flows used in investing activities	-	-	-	-
Cash flows used in financing activities	-	-	-	-
Total cash flows	(4)	(7)	(4)	(8)

12. DISCONTINUED OPERATION (CONT'D.)

The major classes of assets and liabilities of the five subsidiaries classified as discontinued operations as at 30 April 2008 are as follows:

	RM'000
Assets:	
Investment	4,800
Cash and bank balances	28
Assets of dormant group	<u>4,828</u>
Liabilities:	
Amount owing to Holding/Related companies	(4,977)
Tax payable	(168)
Liabilities directly associated with the assets classified as dormant	<u>(5,145)</u>
Net liabilities attributable to discontinued operations	<u>(317)</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 30 April 2008 is as follows:

	RM'000
Approved and contracted for	914
	<u>914</u>

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

During the financial period ended 30 April 2008, the Company had given corporate guarantees amounting to approximately RM159 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 RM159.9 million compared with RM141.0 million in the corresponding period of previous year. The core business of Consumer Food Division registered increase in revenue from RM33.8 million of the corresponding period of previous year to RM37.0 million; a significant recovery of 9%.

The Group registered a loss before taxation of RM8.5 million which was nevertheless a reduction in comparison with a loss of RM12.7 million in the corresponding period of previous year. This is attributable to the continuous cost cutting and rationalization of the Consumer Food Division operations in Malaysia and Singapore in the light of price developments.

17. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group recorded a loss before taxation of RM8.5 million for the current quarter; similar to the preceding quarter arising from a similar business environment over the two quarters.

18. COMMENTARY ON PROSPECTS

The prospect of the improved business condition and the measures instituted by the Company should translate into better potential for next quarter.

In addition, the Group is undertaking smart partnerships with some major shareholders that will improve its sales and distribution in a move to boost the sales of the Consumer Food Division.

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		6 months ended	
	30.4.2008	30.4.2007	30.4.2008	30.4.2007
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	-	171	-	353
Overprovision of Malaysian income tax in prior years	-	-	-	-
Total income tax expense	-	171	-	353

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.

22. QUOTED SECURITIES

There were no purchases and disposals of quoted securities for the current quarter.

23. CORPORATE PROPOSALS

Save as disclosed, there was no corporate proposal announced but not completed as at the date of this report.

- (i) The total proceeds raised by the Company from the Rights Issue with Warrants amounted to RM 51,829,012.62. The status of the utilisation of proceeds is as follow:-

Purpose	Proposed Utilization RM'000	Actual Utilization (as at 30/04/08) RM'000	Intended timeframe for utilization	Deviation RM'000
Working Capital	50,829	43,550	Within 12 months	7,279
Proposed Expenses	1,000	832	Within 12 months	168

- (ii) The Company has completed the acquisition of 2,000,000 and 6,000,000 Irredeemable Cumulative Convertible Preference Shares of Silver Bird International Sdn Bhd from Mayban Ventures Sdn Bhd and Employees Provident Fund Board for a cash consideration of RM3.96 million and RM11.89 million respectively.

24. BORROWINGS

	As at 30.4.2008 RM'000	As at 31.10.2007 RM'000
Short term borrowings		
Secured	50,703	84,046
Unsecured	50,000	30,000
	<u>100,703</u>	<u>114,046</u>
Long term borrowings		
Secured	1,212	1,398
Unsecured	25,817	45,271
	<u>27,029</u>	<u>46,669</u>
	<u>127,732</u>	<u>160,715</u>

25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 23 June 2008.

26. CHANGES IN MATERIAL LITIGATION

There was no material litigation as at the date of this report.

27. DIVIDEND PAYABLE

No interim ordinary dividend has been declared for the financial period ended 30 April 2008 (30 April 2007: 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.

28. EARNINGS PER SHARE (CONT'D.)

	3 months ended		6 months ended	
	30.4.2008	30.4.2007	30.4.2008	30.4.2007
	RM'000	RM'000	RM'000	RM'000
Loss from continuing operations attributable to ordinary equity holders of the parent	(8,525)	(12,906)	(16,985)	(31,150)
Loss from discontinued operation attributable to ordinary equity holders of the parent	(3)	(6)	(15)	(10)
Loss attributable to ordinary equity holders of the parent	<u>(8,528)</u>	<u>(12,912)</u>	<u>(17,000)</u>	<u>(31,160)</u>
	3 months ended		6 months ended	
	30.4.2008	30.4.2007	30.4.2008	30.4.2007
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	292,302	210,639	263,614	210,639
	3 months ended		6 months ended	
	30.4.2008	30.4.2007	30.4.2008	30.4.2007
	Sen	Sen	Sen	Sen
Basic earnings per share for:				
Loss from continuing operations	(2.92)	(6.13)	(6.44)	(14.79)
Loss from discontinued operation	(0.00)	(0.00)	(0.01)	(0.00)
Loss for the period	<u>(2.92)</u>	<u>(6.13)</u>	<u>(6.45)</u>	<u>(14.79)</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 warrants.

28. EARNINGS PER SHARE (CONT'D.)

	3 months ended		6 months ended	
	30.4.2008	30.4.2007	30.4.2008	30.4.2007
	RM'000	RM'000	RM'000	RM'000
Loss from continuing operations attributable to ordinary equity holders of the parent	(8,525)	(12,906)	(16,985)	(31,150)
Loss from discontinued operation attributable to ordinary equity holders of the parent	(3)	(6)	(15)	(10)
Loss attributable to ordinary equity holders of the parent	<u>(8,528)</u>	<u>(12,912)</u>	<u>(17,000)</u>	<u>(31,160)</u>
	3 months ended		6 months ended	
	30.4.2008	30.4.2007	30.4.2008	30.4.2007
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	292,302	210,639	263,614	210,639
Effects of dilution:				
ICULS	113	-	113	-
Warrants	109,174	-	109,174	-
Adjusted weighted average number of ordinary shares in issue and issuable	<u>401,589</u>	<u>210,639</u>	<u>372,902</u>	<u>210,639</u>
	3 months ended		6 months ended	
	30.4.2008	30.4.2007	30.4.2008	30.4.2007
	Sen	Sen	Sen	Sen
Diluted earnings per share for:				
Loss from continuing operations	(2.12)	(6.13)	(4.55)	(14.79)
Loss from discontinued operation	(0.00)	(0.00)	(0.00)	(0.00)
Loss for the period	<u>(2.12)</u>	<u>(6.13)</u>	<u>(4.56)</u>	<u>(14.79)</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 27 June 2008.

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