

# 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 2010**

	Note	3 months ended		9 months ended	
		7/31/2010 RM'000 Unaudited	7/31/2009 RM'000 Unaudited	7/31/2010 RM'000 Unaudited	7/31/2009 RM'000 Unaudited
<b>Continuing Operations</b>					
Revenue	4	145,207	139,544	439,589	444,698
Cost of Sales		(125,535)	(121,973)	(382,489)	(392,120)
<b>Gross profit</b>		<u>19,672</u>	<u>17,571</u>	<u>57,100</u>	<u>52,578</u>
Other income		52	705	955	1,625
Administrative expenses		(5,342)	(4,853)	(16,770)	(14,714)
Selling and marketing expenses		(8,894)	(8,917)	(25,862)	(25,332)
Other expenses		(2,520)	(2,530)	(7,661)	(7,706)
Finance expenses		(1,699)	(1,640)	(4,943)	(5,615)
<b>Profit before tax</b>		<u>1,269</u>	<u>336</u>	<u>2,819</u>	<u>836</u>
Income tax expense	20	-	-	-	-
<b>Profit for the period from continuing operations</b>		<u>1,269</u>	<u>336</u>	<u>2,819</u>	<u>836</u>
<b>Discontinued Operations</b>					
Loss for the period from discontinued operations	12	(3)	(6)	(8)	(11)
<b>Profit for the period</b>		<u>1,266</u>	<u>330</u>	<u>2,811</u>	<u>825</u>
Attributable to :					
Equity holders of the parent		1,268	331	2,815	828
Minority interest		(2)	(1)	(4)	(3)
		<u>1,266</u>	<u>330</u>	<u>2,811</u>	<u>825</u>
<b>Earnings per share attributable to equity holders of the parent :</b>					
Basic, for profit from continuing operations (sen)	28	0.37	0.11	0.83	0.27
Basic, for loss from discontinued operations (sen)	28	(0.00)	0.00	(0.00)	0.00
Basic, for profit for the period (sen)	28	<u>0.37</u>	<u>0.11</u>	<u>0.83</u>	<u>0.26</u>
Diluted, for profit from continuing operations (sen)	28	0.37	0.11	0.83	0.27
Diluted, for loss from discontinued operations (sen)	28	(0.00)	0.00	(0.00)	0.00
Diluted, for profit for the period (sen)	28	<u>0.37</u>	<u>0.11</u>	<u>0.83</u>	<u>0.26</u>

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 October 2009 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 2010**

	Note	As at 7/31/2010 Unaudited RM'000	As at 10/31/2009 Audited RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	189,922	187,505
Other receivable		7,546	7,546
Intangible assets		36,730	36,731
		<u>234,198</u>	<u>231,782</u>
<b>Current Assets</b>			
Inventories		15,738	12,475
Trade receivables		48,700	47,024
Other receivables		10,831	10,730
Fixed deposits with licensed banks		2,647	14,959
Cash and bank balances		27,332	23,133
		<u>105,248</u>	<u>108,321</u>
<b>TOTAL ASSETS</b>		<u>339,446</u>	<u>340,103</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holder of the parent</b>			
Share capital	10	174,278	157,090
Share premium		42,274	36,077
Merger deficit		(5,326)	(5,326)
Capital reserves		277	277
1% Irredeemable Convertible Unsecured Loan Stocks	10	-	-
Warrants reserve		7,363	7,363
Accumulated loss		(47,147)	(49,962)
Exchange Translation Reserve		(3,278)	(3,120)
<b>SHAREHOLDERS' EQUITY</b>		<u>168,441</u>	<u>142,399</u>
<b>Minority Interest</b>		<u>267</u>	<u>271</u>
		<u>168,708</u>	<u>142,670</u>
<b>Non-current liabilities</b>			
Borrowings	24	13,669	15,968
		<u>13,669</u>	<u>15,968</u>
<b>Current liabilities</b>			
Borrowings	24	138,326	147,423
Trade payables		13,456	25,851
Other payables		5,115	8,018
Current tax payable		173	173
		<u>157,070</u>	<u>181,465</u>
<b>Total liabilities</b>		<u>170,739</u>	<u>197,433</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>339,446</u>	<u>340,103</u>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>		<u>0.49</u>	<u>0.45</u>

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 October 2009 and the accompanying explanatory notes attached to the interim financial statements.



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE-MONTH PERIOD ENDED 31 JULY 2010**

	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	Total RM'000	Minority Interest RM'000	Total Equity RM'000
<b>Balance at 31.10.2009/ 1.11.2009</b>	157,090	36,077	(5,326)	277	(49,962)	-	7,363	(3,120)	142,399	271	142,670
Currency translation differences, representing net loss not recognised in Income Statement								(158)	(158)	-	(158)
Minority interest share of net assets in subsidiary company									-	(4)	(4)
Issuance of ordinary shares	17,188	6,875							24,063		24,063
Corporate exercise expenses		(678)							(678)	-	(678)
Net profit for the period					2,815				2,815	-	2,815
<b>Balance at 31.07.2010</b>	174,278	42,274	(5,326)	277	(47,147)	-	7,363	(3,278)	168,441	267	168,707
<b>Balance at 31.10.2008/1.11.2008</b>	157,059	36,066	(5,326)	277	(51,401)	42	7,363	(2,270)	141,810	277	142,087
Conversion of ICULS	31	11	-	-	-	(42)	-	-	-	-	-
Currency translation differences, representing net loss not recognised in Income Statement	-	-	-	-	-	-	-	(1,089)	(1,089)	-	(1,089)
Minority interest share of net assets in subsidiary company										(5)	(5)
Net loss for the period	-	-	-	-	828	-	-	-	828	-	828
<b>Balance at 31.07.2009</b>	157,090	36,078	(5,326)	277	(50,573)	-	7,363	(3,359)	141,550	272	141,822

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 October 2009 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 NINE-MONTH ENDED 31 JULY 2010**

	9 months ended	
	7/31/2010	7/31/2009
	RM'000	RM'000
	Unaudited	Unaudited
Net cash (used in)/from operating activities	(846)	21,322
Net cash used in investing activities	(19,098)	(20,820)
Net cash from financing activities	11,989	2,932
Net (decrease)/increase in cash and cash equivalents	(7,955)	3,434
Effects of exchange rate changes	(158)	(1,089)
Cash and cash equivalents at beginning of financial period	38,092	17,749
Cash and cash equivalents at end of financial period	29,979	20,094

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

	As at	As at
	7/31/2010	7/31/2009
	RM'000	RM'000
	Unaudited	Unaudited
Cash and bank balances	29,979	20,094
	29,979	20,094

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 October 2009 and the accompanying explanatory notes attached to the interim financial statements.

# SILVER BIRD

## SILVER BIRD GROUP BERHAD

(Company No. 277977-X)  
(Incorporated in Malaysia)

### 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 2009. 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 2009.

#### 2. CHANGES IN ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with Financial Reporting Standards (FRSs), accounting principles generally accepted in Malaysia and the provision of Companies Act, 1965.

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 October 2009 except for the Company has not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

<b>FRSs/Interpretations</b>	<b>Effective date</b>
FRS 1, <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendment to FRS 1)</i>	1 Jan 2011
FRS 1, <i>Additional Exemptions for First-time Adopters (Amendments to FRS 1)</i>	1 Jan 2011
FRS 2, <i>Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)</i>	1 Jan 2011
FRS 7, <i>Improving Disclosures about Financial Instruments (Amendments to FRS 7)</i>	1 Jan 2011
IC Interpretation 4, <i>Determining whether an Arrangement contains a Lease</i>	1 Jan 2011
IC Interpretation 18, <i>Transfers of Assets from Customers</i>	1 Jan 2011

### 3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 October 2009 was not qualified.

### 4. SEGMENTAL INFORMATION

	3 months ended		9 months ended	
	31.7.2010	31.7.2009	31.7.2010	31.7.2009
	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>				
Revenue from continuing operations:				
Consumer food	46,939	42,906	136,961	125,699
Telecommunication products	98,268	96,638	302,628	318,999
Total revenue from continuing operations	145,207	139,544	439,589	444,698
Revenue from discontinued operation	-	-	-	-
Total	145,207	139,544	439,589	444,698

#### Segment Results

Results from continuing operations:

Consumer food	923	189	2,027	134
Telecommunication products	346	147	792	702
Total results from continuing operations	1,269	336	2,819	836
Results from discontinued operation	(3)	(6)	(8)	(11)
Total	1,266	330	2,811	825

### 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 2010.

### 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 3,000,000 new ordinary shares of RM0.50 each pursuant to the private placement exercise.

## 11. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the quarter under review.

## 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		9 months ended	
	31.7.2010	31.7.2009	31.7.2010	31.7.2009
	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	-
Loss before tax	(3)	(6)	(8)	(11)
Income tax expense	-	-	-	-
Loss for the period from a discontinued operation	(3)	(6)	(8)	(11)
Cash flows used in operating activities	-	(9)	-	(12)
Cash flows used in investing activities	-	-	-	-
Cash flows used in financing activities	-	-	-	-
Total cash flows	-	(9)	-	(12)

## 12. DISCONTINUED OPERATION (CONT'D.)

The major classes of assets and liabilities of the five subsidiaries classified as discontinued operations as at 31 July 2010 are as follows:

	<b>RM'000</b>
Assets:	
Investment	4,800
Cash and bank balances	11
Assets of dormant group	<u>4,811</u>
Liabilities:	
Amount owing to Holding/Related companies	(4,987)
Tax payable	(168)
Liabilities directly associated with the assets classified as dormant	<u>(5,155)</u>
Net liabilities attributable to discontinued operations	<u>(344)</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 2010 is as follows:

	<b>RM'000</b>
Approved and contracted for	17,183
	<u>17,183</u>

## 14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

During the financial period ended 31 July 2010, the Company had given corporate guarantees amounting to approximately RM159 million to secure banking facilities granted to certain subsidiaries.

## 15. SUBSEQUENT EVENTS

There was no material event subsequent to the quarter under review.



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

**16. PERFORMANCE REVIEW**

For the third quarter under review, the Group registered revenue of RM145 million which was an increase by 4% compared with the corresponding period of the previous year.

The Consumer Food Division registered an increase in revenue by 9% from RM43 million in the corresponding period of the previous year to current quarter of RM47 million due to sales channel expansion. The MultiCom Division (telecommunication business) recorded an increase in revenue as well by 2% from RM97 million to RM98 million.

The Group registered profit before taxation of RM1.266 million for the current quarter compared with RM 330,000 in the corresponding period of the previous year. This significant improvement was attributed to the sales growth in our core business of Consumer Food Division.

**17. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION**

The Group recorded a profit before taxation of RM1.266 million for the current quarter; a 67% improvement from the preceding quarter's profit before taxation of RM 758,000. This was attributed mainly to sales growth of Consumer Food Division and cost reductions during the quarter.

**18. COMMENTARY ON PROSPECTS**

The Group will continue to improve the revenue of the core business of Consumer Food Division whilst containing its costs in order to further improve the bottom line.

**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**

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.

(a) Proposed Private Placement of up to Ten Percent (10%) of the Issued and Paid-up Share Capital of the Company ("Private Placement")

On 13 July 2010, the Company had allotted 3,000,000 new ordinary shares of RM0.50 each to identified investor at the issue price of RM0.70 per share and the said additional placement shares were granted listing and quotation on 15 July 2010.

The total proceeds raised by the Company from the Private Placement amounted to RM 2,100,000. The status of the utilisation of proceeds as at 31 July 2010 is as follow:-

<b>Purpose</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Intended timeframe for utilisation</b>	<b>Deviation RM'000</b>
Working Capital	2,065	2,065	Within 24 months	-
Proposed Expenses	35	35	Within 24 months	-
<b>Total</b>	<b>2,100</b>	<b>2,100</b>		-

(b) Proposed Private Placement of up to 19,500,000 New Ordinary Shares of RM0.50 each in Silver Bird Group Berhad ("Silver Bird") to Qualified Placeses Representing 5.3% of the Enlarged Issued and Paid-up Share Capital of Silver Bird at an Issue Price of RM0.70 per Share ("Proposed Private Placement")

On 20 July 2010, the Board of Directors of the Company announced to undertake a Proposed Private Placement of up to 19.50 million new ordinary shares of RM0.50 each in Silver Bird ("Placement Shares") to qualified placees at an issue price of RM0.70 per Placement Share to be issued to investors to be identified.

An extraordinary general meeting was held on 23 August 2010 and the shareholders' approval has been obtained for the Proposed Private Placement.

All the 19.5 million Placement Shares have been successfully placed out to identified investors and the said Placement Shares were granted listing and quotation on 7 September 2010.

## 23. CORPORATE PROPOSALS (CONT'D.)

The total proceeds raised by the Company from the Private Placement amounted to RM 13,650,000. The status of the utilisation of proceeds as at 21 September 2010 is as follow:-

<b>Purpose</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Intended timeframe for utilisation</b>	<b>Deviation RM'000</b>
Repayment of borrowings	2,000	2,000	Within 12 months	-
Advertising and promotions	2,000	473	Within 12 months	1,527
Research and development	1,000	-	Within 12 months	1,000
Other general working capital	8,450	2,100	Within 12 months	6,350
Estimated expenses	200	200	Within 12 months	-
<b>Total</b>	<b>13,650</b>	<b>4,773</b>		<b>8,877</b>

## 24. BORROWINGS

	<b>As at 31.7.2010 RM'000</b>	<b>As at 31.10.2009 RM'000</b>
<b>Short term borrowings</b>		
Secured	21,610	20,381
Unsecured	116,716	127,042
	<u>138,326</u>	<u>147,423</u>
<b>Long term borrowings</b>		
Secured	10,371	7,392
Unsecured	3,298	8,576
	<u>13,669</u>	<u>15,968</u>
	<u>151,995</u>	<u>163,391</u>

## 25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 21 September 2010.

## 26. CHANGES IN MATERIAL LITIGATION

There was no material litigation since the last annual balance sheet date up to the date of this report.

## 27. DIVIDEND PAYABLE

No interim ordinary dividend has been declared for the financial period ended 31 July 2010 (31 July 2009: 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	
	31.7.2010	31.7.2009	31.7.2010	31.7.2009
	RM'000	RM'000	RM'000	RM'000
Profit from continuing operations attributable to ordinary equity holders of the parent	1,269	336	2,819	836
Loss from discontinued operation attributable to ordinary equity holders of the parent	(3)	(6)	(8)	(11)
Profit attributable to ordinary equity holders of the parent	1,266	330	2,811	825
	3 months ended		9 months ended	
	31.7.2010	31.7.2009	31.7.2010	31.7.2009
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	346,143	314,180	339,933	314,156
	3 months ended		9 months ended	
	31.7.2010	31.7.2009	31.7.2010	31.7.2009
	Sen	Sen	Sen	Sen
Basic earnings per share for:				
Profit from continuing operations	0.37	0.11	0.83	0.27
Loss from discontinued operation	(0.00)	(0.00)	(0.00)	(0.00)
Profit for the period	0.37	0.11	0.83	0.26

### (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.)

### (b) Diluted (Cont'd.)

	3 months ended		9 months ended	
	31.7.2010	31.7.2009	31.7.2010	31.7.2009
	RM'000	RM'000	RM'000	RM'000
Profit from continuing operations attributable to ordinary equity holders of the parent	1,269	336	2,819	836
Loss from discontinued operation attributable to ordinary equity holders of the parent	(3)	(6)	(8)	(11)
Profit attributable to ordinary equity holders of the parent	1,266	330	2,811	825
	3 months ended		9 months ended	
	31.7.2010	31.7.2009	31.7.2010	31.7.2009
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	346,143	314,180	339,933	314,156
Effects of dilution:				
ICULS	-	-	-	-
Warrants	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	346,143	314,180	339,933	314,156
	3 months ended		9 months ended	
	31.7.2010	31.7.2009	31.7.2010	31.7.2009
	Sen	Sen	Sen	Sen
Diluted earnings per share for:				
Profit from continuing operations	0.37	0.11	0.83	0.27
Loss from discontinued operation	(0.00)	(0.00)	(0.00)	(0.00)
Profit for the period	0.37	0.11	0.83	0.26

## 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.

By order of the Board  
**Tan Fong Shian @ Lim Fong Shian**  
Company Secretary  
Shah Alam