

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 2011

	Note	3 months ended		9 months ended	
		31/07/2011	31/07/2010	31/07/2011	31/07/2010
		RM'000	RM'000	RM'000	RM'000
		Unaudited	Unaudited	Unaudited	Unaudited
Continuing Operations					
Revenue	4	149,456	145,207	446,111	439,589
Cost of Sales		(128,926)	(125,535)	(386,848)	(382,489)
Gross profit		<u>20,530</u>	<u>19,672</u>	<u>59,263</u>	<u>57,100</u>
Other income		1,319	52	1,831	955
Administrative expenses		(5,571)	(5,342)	(15,869)	(16,770)
Selling and marketing expenses		(9,235)	(8,894)	(27,382)	(25,862)
Other expenses		(2,558)	(2,520)	(7,677)	(7,661)
Finance expenses		(2,893)	(1,699)	(5,720)	(4,943)
Profit before tax		<u>1,592</u>	<u>1,269</u>	<u>4,446</u>	<u>2,819</u>
Income tax expense	20	-	-	-	-
Profit for the period from continuing operations		<u>1,592</u>	<u>1,269</u>	<u>4,446</u>	<u>2,819</u>
Discontinued Operations					
Loss for the period from discontinued operations	12	8	(3)	(6)	(8)
Profit for the period		<u>1,600</u>	<u>1,266</u>	<u>4,440</u>	<u>2,811</u>
Attributable to :					
Equity holders of the parent		1,602	1,268	4,443	2,815
Minority interest		(2)	(2)	(3)	(4)
		<u>1,600</u>	<u>1,266</u>	<u>4,440</u>	<u>2,811</u>
Earnings per share attributable to equity holders of the parent :					
Basic, for profit from continuing operations (sen)	29	0.40	0.37	1.13	0.83
Basic, for loss from discontinued operations (sen)	29	0.00	0.00	(0.00)	0.00
Basic, for profit for the period (sen)	29	<u>0.40</u>	<u>0.37</u>	<u>1.13</u>	<u>0.83</u>
Diluted, for profit from continuing operations (sen)	29	0.40	0.37	1.13	0.83
Diluted, for loss from discontinued operations (sen)	29	0.00	0.00	(0.00)	0.00
Diluted, for profit for the period (sen)	29	<u>0.40</u>	<u>0.37</u>	<u>1.13</u>	<u>0.83</u>

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 October 2010 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 JULY 2011

	Note	As at 31/07/2011 Unaudited RM'000	As at 31/10/2010 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	173,846	185,199
Other receivable		7,546	7,546
Intangible assets		36,730	36,730
		<u>218,122</u>	<u>229,475</u>
Current Assets			
Inventories		14,693	17,777
Trade receivables		51,479	51,168
Other receivables		21,912	18,467
Tax refundable		1	1
Fixed deposits with licensed banks		2,673	5,627
Cash and bank balances		29,542	43,730
		<u>120,300</u>	<u>136,770</u>
TOTAL ASSETS		<u>338,422</u>	<u>366,245</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holder of the parent			
Share capital	10	203,341	193,341
Share premium		54,144	52,453
Merger deficit		(5,326)	(5,326)
Capital reserves		277	277
Warrants reserve		6,059	6,059
Accumulated loss		(44,627)	(49,070)
Exchange Translation Reserve		(450)	(360)
SHAREHOLDERS' EQUITY		<u>213,418</u>	<u>197,374</u>
Minority Interest		<u>262</u>	<u>265</u>
		<u>213,680</u>	<u>197,639</u>
Non-current liabilities			
Borrowings	24	23,599	27,769
		<u>23,599</u>	<u>27,769</u>
Current liabilities			
Borrowings	24	81,305	113,671
Trade payables		12,828	19,423
Other payables		6,837	7,570
Current tax payable		173	173
		<u>101,143</u>	<u>140,837</u>
Total liabilities		<u>124,742</u>	<u>168,606</u>
TOTAL EQUITY AND LIABILITIES		<u>338,422</u>	<u>366,245</u>
Net assets per share attributable to equity holders of the Company (RM)		<u>0.52</u>	<u>0.51</u>

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 October 2010 and the accompanying explanatory notes attached to the interim financial statements.



SILVER BIRD GROUP BERHAD
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE NINE-MONTH PERIOD ENDED 31 JULY 2011**

	Share Capital RM'000	Share Premium Reserve RM'000	Merger Deficit RM'000	Capital Reserves RM'000	Accumulated Losses RM'000	Warrant Reserves RM'000	Foreign Exchange Reserve RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
Balance at 31.10.2010/ 1.11.2010	193,341	52,453	(5,326)	277	(49,070)	6,059	(360)	197,374	265	197,639
Currency translation differences, representing net loss not recognised in Income Statement	-	-	-	-	-	-	(90)	(90)	(3)	(93)
Issuance of ordinary shares	10,000	1,850	-	-	-	-	-	11,850	-	11,850
Corporate exercise expenses	-	(159)	-	-	-	-	-	(159)	-	(159)
Net profit for the period	-	-	-	-	4,443	-	-	4,443	-	4,443
Balance at 31.07.2011	203,341	54,144	(5,326)	277	(44,627)	6,059	(450)	213,418	262	213,680
Balance at 31.10.2009/1.11.2009	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
Balance at 31.07.2010	174,278	42,274	(5,326)	277	(47,147)	7,363	(3,278)	168,441	267	168,708

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 October 2010 and the accompanying explanatory notes attached to the interim financial statements.

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SILVER BIRD GROUP BERHAD
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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE NINE-MONTH ENDED 31 JULY 2011

	9 months ended	
	31/07/2011	31/07/2010
	RM'000	RM'000
	Unaudited	Unaudited
Net cash from/(used) in operating activities	13,671	(846)
Net cash used in investing activities	(5,878)	(19,098)
Net cash (used)/from financing activities	(24,845)	11,989
Net decrease in cash and cash equivalents	<u>(17,052)</u>	<u>(7,955)</u>
Effects of exchange rate changes	(90)	(158)
Cash and cash equivalents at beginning of financial period	<u>49,357</u>	<u>38,092</u>
Cash and cash equivalents at end of financial period	<u><u>32,215</u></u>	<u><u>29,979</u></u>

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

	As at	As at
	31/07/2011	31/07/2010
	RM'000	RM'000
	Unaudited	Unaudited
Cash and bank balances	<u>32,215</u>	<u>29,979</u>
	<u><u>32,215</u></u>	<u><u>29,979</u></u>

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 October 2010 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 2010. 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 2010.

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 2010 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:

FRSs/Interpretations	Effective date
FRS 124, <i>(Revised) Related Party Disclosures</i>	1 Jan 2012
IC Interpretation 15, <i>Agreements for the Construction of Real Estate</i>	1 Jan 2012

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 October 2010 was not qualified.

4. SEGMENTAL INFORMATION

	3 months ended		9 months ended	
	31.7.2011	31.7.2010	31.7.2011	31.7.2010
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue from continuing operations:				
Consumer food	55,028	46,939	148,440	136,961
Telecommunication products	94,428	98,268	297,671	302,628
Total revenue from continuing operations	149,456	145,207	446,111	439,589
Revenue from discontinued operation	-	-	-	-
Total	149,456	145,207	446,111	439,589
Segment Results				
Results from continuing operations:				
Consumer food	1,510	923	3,942	2,027
Telecommunication products	82	346	504	792
Total results from continuing operations	1,592	1,269	4,446	2,819
Results from discontinued operation	8	(3)	(6)	(8)
Total	1,600	1,266	4,440	2,811

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 2011.

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 during the current quarter except for the following:

a) Equity Securities

The Company has issued 10,000,000 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 seven subsidiaries i.e. Madeleine Café Sdn Bhd, Madeleine Foods Sdn Bhd, Madeleine Bakery Sdn Bhd, Madeleine Property Sdn Bhd, Standard Food R&D Lab Sdn Bhd, Stanson Distribution Sdn Bhd and Inforaire 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	
	31.7.2011	31.7.2010	31.7.2011	31.7.2010
	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	-
Loss before tax	8	(3)	(6)	(8)
Income tax expense	-	-	-	-
Loss for the period from a discontinued operation	8	(3)	(6)	(8)
Cash flows used in operating activities	-	-	-	-
Cash flows used in investing activities	-	-	-	-
Cash flows used in financing activities	-	-	-	-
Total cash flows	-	-	-	-

12. DISCONTINUED OPERATION (CONT'D.)

The major classes of assets and liabilities of the seven subsidiaries classified as discontinued operations as at 31 July 2011 are as follows:

	RM'000
Assets:	
Investment	4,800
Fixed assets	11
Cash and bank balances	48
Assets of dormant group	<u>4,859</u>
Liabilities:	
Amount owing to Holding/Related companies	4,489
Other payables and accruals	30
Tax payable	168
Liabilities directly associated with the assets classified as dormant	<u>4,687</u>
Net assets attributable to discontinued operations	<u>172</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 2011 is as follows:

	RM'000
Approved and contracted for	11,417

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

During the financial period ended 31 July 2011, the Company had given corporate guarantees amounting to approximately RM176 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’s revenue increased by 3% to RM149.5 million from the corresponding period of previous year’s revenue of RM145.2 million.

The Consumer Food Division increased its revenue by 17% from RM46.9 million in the corresponding period of the previous year to current quarter of RM55 million due to sales channel expansion and increase in selling prices. However, Multicom Division (telecommunication business) recorded a 4% decline in revenue from RM98.3 million to RM 94.4 million.

The Group’s profit before taxation of RM1.6 million for the quarter compared favourably against the RM1.3 million in the corresponding period of previous year. This improvement was attributed to the increase in selling prices and expansion of routes.

17. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group’s recorded profit before taxation of RM1.6 million for the current quarter was lower compared to the preceding quarter’s profit before taxation of RM1.9 million due to increases in raw material costs.

18. COMMENTARY ON PROSPECTS

The Group will continue to enhance the revenue of the core business of the Consumer Food Division 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

	3 months ended		9 months ended	
	31.7.2011	31.7.2010	31.7.2011	31.7.2010
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	-	-	-	-
Total 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) Private Placement of up to 10% of the Issued and Paid-up Share Capital of Silver Bird (“Private Placement”)

The total proceeds raised by the Company from the previous Private Placement exercises amounted to RM19,700,000. The status of the utilisation of proceeds as at 26 September 2011 is as follow:-

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended timeframe for utilisation	Deviation RM'000
Repayment of borrowings	4,000	4,000	Within 12 months	-
Advertising and promotions	2,000	2,000	Within 12 months	-
Research and development	1,000	300	Within 12 months	700
Other general working capital	12,100	12,100	Within 12 months	-
Estimated expenses	600	600	Within 12 months	-
Total	19,700	19,000		700

(b) Proposed Private Placement of up to 10% of the Issued and Paid-up Share Capital of Silver Bird (“Proposed Private Placement”)

On 28 June 2011, the Company had allotted the second tranche of 2,500,000 Placement Shares to identified investor at the issue price of RM0.58 per share and the said additional placement shares were granted listing and quotation on 30 June 2011.

The total proceeds raised by the Company from the Proposed Private Placement amounted to RM5,800,000. The status of the utilisation of proceeds as at 26 September 2011 is as follow:-

23. CORPORATE PROPOSALS (CONT'D.)

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended timeframe for utilisation	Deviation RM'000
Repayment of borrowings	5,500	3,000	Within 6 months	2,500
Proposed Expenses	300	300	Within 6 months	-
Total	5,800	3,300		2,500

24. BORROWINGS

	As at 31.7.2011 RM'000	As at 31.10.2010 RM'000
Short term borrowings		
Secured	21,390	21,511
Unsecured	59,915	92,160
	<u>81,305</u>	<u>113,671</u>
Long term borrowings		
Secured	23,599	23,092
Unsecured	-	4,677
	<u>23,599</u>	<u>27,769</u>
	<u>104,904</u>	<u>141,440</u>

25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 26 September 2011.

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 2011 (31 July 2010: Nil).

28. REALISED AND UNREALISED PROFITS/(LOSSES)

	As at 31.7.2011 RM'000	As at 31.10.2010 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	(44,627)	(49,070)
- Unrealised	3,145	1,808
	<u>(41,482)</u>	<u>(47,262)</u>
Less: Consolidation adjustments	(3,145)	(1,808)
Total group retained profits/(accumulated losses) as per consolidated accounts	<u>(44,627)</u>	<u>(49,070)</u>

29. 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	
	31.7.2011	31.7.2010	31.7.2011	31.7.2010
	RM'000	RM'000	RM'000	RM'000
Profit from continuing operations attributable to ordinary equity holders of the parent	1,592	1,269	4,446	2,819
Loss from discontinued operation attributable to ordinary equity holders of the parent	8	(3)	(6)	(8)
Profit attributable to ordinary equity holders of the parent	1,600	1,266	4,440	2,811
	3 months ended		9 months ended	
	31.7.2011	31.7.2010	31.7.2011	31.7.2010
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	400,839	346,143	393,022	339,933
	3 months ended		9 months ended	
	31.7.2011	31.7.2010	31.7.2011	31.7.2010
	Sen	Sen	Sen	Sen
Basic earnings per share for:				
Profit from continuing operations	0.40	0.37	1.13	0.83
Loss from discontinued operation	0.00	(0.00)	(0.00)	(0.00)
Profit for the period	0.40	0.37	1.13	0.83

(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.

29. EARNINGS PER SHARE (CONT'D.)

(b) Diluted (Cont'd.)

	3 months ended		9 months ended	
	31.7.2011	31.7.2010	31.7.2011	31.7.2010
	RM'000	RM'000	RM'000	RM'000
Profit from continuing operations attributable to ordinary equity holders of the parent	1,592	1,269	4,446	2,819
Loss from discontinued operation attributable to ordinary equity holders of the parent	8	(3)	(6)	(8)
Profit attributable to ordinary equity holders of the parent	1,600	1,266	4,440	2,811
	3 months ended	9 months ended	31.7.2011	31.7.2010
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	400,839	346,143	393,022	339,933
Effects of dilution:				
ICULS	-	-	-	-
Warrants	-	-	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	400,839	346,143	393,022	339,933
	3 months ended	9 months ended	31.7.2011	31.7.2010
	Sen	Sen	Sen	Sen
Diluted earnings per share for:				
Profit from continuing operations	0.40	0.37	1.13	0.83
Loss from discontinued operation	0.00	(0.00)	(0.00)	(0.00)
Profit for the period	0.40	0.37	1.13	0.83

30. 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
Lee Suet Yin
Company Secretary
Shah Alam