

SILVER BIRD

Silver Bird Group Berhad
(27977-X) Incorporated in Malaysia

Silver Bird Complex
Lot 72, Persiaran Jubli Perak
Seksyen 21, 40300 Shah Alam
Selangor Darul Ehsan
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Email : silverb@pd.jaring.my
Website : www.silverbird.com.my



Annual Report 07

SILVER BIRD

Silver Bird Group Berhad
(27977-X) Incorporated in Malaysia

More than building brands ...

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Proxy Form



BOARD OF DIRECTORS

Dato' Prof. Dr. Gan Khuan Poh
(Chairman/Independent Non-Executive Director)

Dato' Jackson Tan Han Kook
(Group Managing Director)

Ching Siew Cheong
(Group Executive Director)

Lim Hock Chye
(Independent Non-Executive Director)

Richard George Azlan bin Abas
(Independent Non-Executive Director)

Dato' Seri Talaat bin Husain
(Independent Non-Executive Director)

Peter John McLoughlin
(Non-Independent Non-Executive Director)

Vanda Russell Gould
(Non-Independent Non-Executive Director)
(Alternate Director to Peter John McLoughlin)

Dato' Lee Kok Chuan
(Non-Independent Non-Executive Director)

Adi Azuan bin Abdul Ghani
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE

Richard George Azlan bin Abas - *Chairman*

Lim Hock Chye - *Member*

Dato' Lee Kok Chuan - *Member*

NOMINATION COMMITTEE

Dato' Prof. Dr. Gan Khuan Poh - *Chairman*

Richard George Azlan bin Abas - *Member*

Dato' Seri Talaat bin Husain - *Member*

REMUNERATION COMMITTEE

Lim Hock Chye - *Chairman*

Peter John McLoughlin - *Member*

Richard George Azlan bin Abas - *Member*

COMPANY SECRETARIES

Mah Li Chen
(MAICSA 7022751)

Tan Fong Shian @ Lim Fong Shian
(MAICSA 7023187)

REGISTERED OFFICE

Silver Bird Complex
Lot 72, Persiaran Jubli Perak
Seksyen 21, 40300 Shah Alam
Selangor Darul Ehsan
Tel : 603 - 5192 2888
Fax : 603 - 5192 4293
Email : silverb@pd.jaring.my
Website : www.silverbird.com.my

AUDITORS

Horwath
Level 16, Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur

PRINCIPAL BANKERS

Malayan Banking Berhad
G-Floor, Bangunan Yayasan Selangor
Jalan Bukit Bintang
55100 Kuala Lumpur

CIMB Bank Berhad
10th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur

Hong Leong Bank Berhad
Wisma Hong Leong
No 18, Jalan Perak
50450 Kuala Lumpur

United Overseas Bank (M) Berhad
Menara UOB
Jalan Raja Laut
PO Box 11212
50738 Kuala Lumpur

RHB Bank Berhad
Head Office
Tower Two & Three, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

REGISTRAR

Berjaya Registration Services Sdn Bhd
Lot 06-03, Level 6, East Wing
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur
Tel : 603 - 2145 0533
Fax : 603 - 2145 9702

STOCK EXCHANGE

Main Board of Bursa Securities



SILVER BIRD

SILVER BIRD GROUP BERHAD
(OPERATING SUBSIDIARIES)

100%
Standard
CONFECTIONERY
SDN BHD

100%
Stanson
GROUP SDN BHD

100%
Stanson
MARKETING SDN BHD

100%
Stanson
BAKERIES SDN BHD

100%
SILVER BIRD
INTERNATIONAL
SDN BHD

100%
SILVER BIRD
FOODS (S) PTE LTD

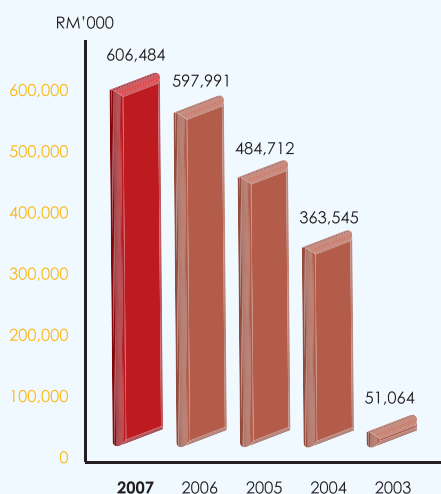
51%
INFORAIRE
SDN BHD



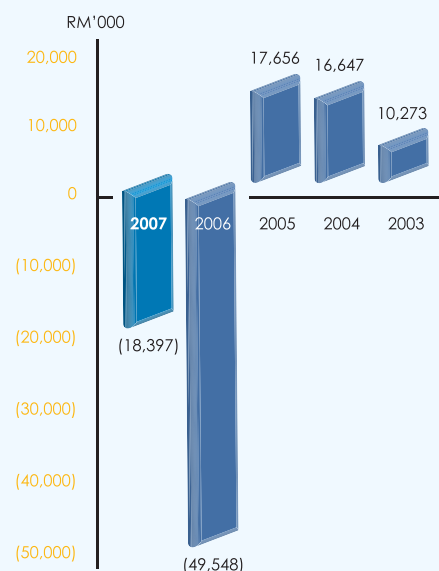
Financial Year Ended 31 October

	2007	2006	2005 Restated	2004	2003
Revenue	606,484	597,991	484,712	363,545	51,064
Revenue Growth	1%	23%	33%	612%	14%
Operating Profits	7,615	(26,299)	26,599	21,511	11,416
Profit/(Loss) Before Tax	(18,397)	(49,548)	17,656	16,647	10,273
Profit/(Loss) After Tax	(16,077)	(48,370)	22,151	16,763	10,059
PAT Growth	(67%)	(318%)	32%	67%	9%
Total Shareholders' Fund	112,612	119,665	171,027	139,587	75,743
No. of Share in Issue	235,538	210,638	210,521	141,596	80,991
Net Margin (%)	(2.7)	(8.1)	4.6	4.6	19.7
Net Assets Per Share (sen)	48.1	55.5	79.3	81.3	93.5
Gearing (net of cash)	1.34	0.9	0.88	0.94	0.6

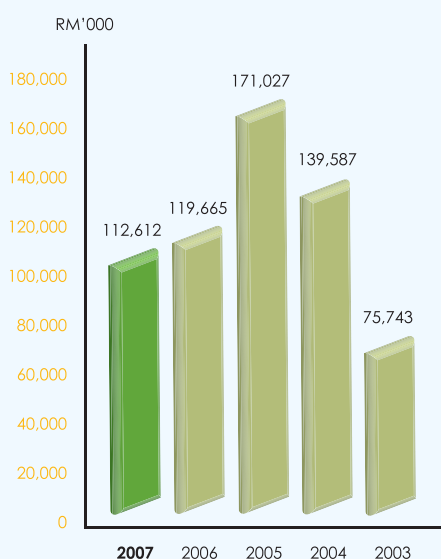
Revenue



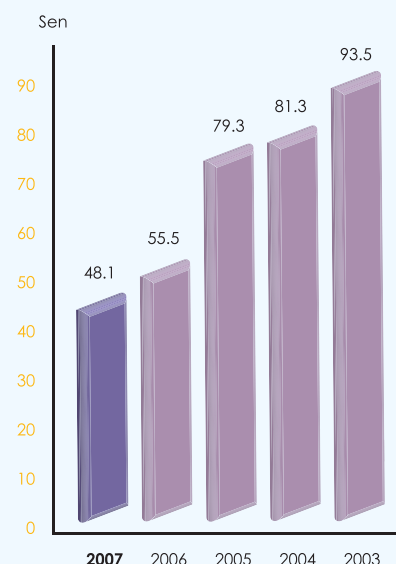
Profit After Tax



Total Shareholders' Fund



Net Assets Per Share





Dato' Prof. Dr. Gan Khuan Poh
Chairman

“On behalf of the Board of Directors, I would like to present the 2007 Annual Report and the Audited Financial Statements of Silver Bird Group Berhad for the financial year ended 31 October 2007.”

FINANCIAL HIGHLIGHTS

Although the Malaysia economy experienced lower inflation in 2007 compared to the previous year, prices still remained high, especially for raw materials for this industry. Flour prices doubled in this period but bakery products under price control increased only marginally toward the end of 2007. Hence cost cutting measures were necessary to remain competitive in the market. Despite these efforts, the turnover did not perform to expectations. In the face of this challenging business environment the Group did not perform as well as what was forecasted.

For the financial year under review the Group achieved revenue growth amounting to RM 606 million. Despite this commendable effort the Group registered a loss after taxation and minority interest of RM16 million, an improvement over the previous year’s loss after taxation of RM48 million. The higher operating costs, as mentioned earlier and the loss on the sale of some fixed assets in the period contributed to this continued loss albeit lower compared to previous financial year.

The Group loss mentioned above was significantly reduced partly due to the restructuring of the Singapore operations of Silver Bird International Sdn Bhd which is currently operating more efficiently.

DIVIDEND

The Board of Directors is not recommending any dividend for the financial year under review.

OUTLOOK AND PROSPECTS

The Group will continue to focus on this core business in the light of the large opportunities in the market both domestically as well as abroad, especially in the region where new business is anticipated. To accomplish this, greater efforts on brand building, aggressive promotional activities and additional distribution outlets will be pursued to meet the targets set for the coming year.



The Board of Directors is optimistic that with the commitment to improve efficiencies in operations, cost cutting measures, marketing and promotion the aspiration to be one of the nation's leading players in the consumer food market can be successful. Exploring other business avenues to enhance shareholder value will be continuously undertaken to strengthen the Group's resilience further particularly with the participation of new shareholders.

CHANGE OF BOARD OF DIRECTORS

I wish to take this opportunity to welcome Yang Berbahagia Dato' Lee Kok Chuan, Encik Adi Azuan bin Abdul Ghani, Mr Peter John McLoughlin and Mr Vanda Russell Gould (Alternate director to Peter John McLoughlin) as Non-Independent Non-Executive Directors of the Company since 3 January 2008.

I believe the new directors together with the existing Board Members could bring the Company to a greater height.

APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere appreciation to our valued customers for their continuous support and our business partners, bankers, regulatory authorities for their trust, confidence and cooperation given to us.

To my fellow directors, management and staff, I would like to express my gratitude and appreciation for their hard work, dedication and commitment.

Last but not least, sincere thanks to all valued shareholders for your continued support and confidence in Silver Bird Group Berhad.

DATO' PROF. DR. GAN KHUAN POH
Chairman





Dato' Jackson Tan Han Kook
Group Managing Director

Despite the challenging conditions carried forward from financial year ended 31 October 2006, the Group continued to show improved results. This was achieved notwithstanding the major increases in raw materials prices, 12% increase in electricity tariff and regulatory control on the selling price of our core bread product.

Financial Performance

The loss after taxation of RM16 million has been significantly trimmed compared to the loss after taxation of RM48 million in the previous year. However, revenue remains flat at RM606 million largely due to the Consumer Food Division which is still recovering from the loss of sales revenue and market share in the previous financial year. In the effort to strengthen the Group's bottom line, the Company has also implemented various improvement plans to increase volume to provide economies of scale and opportunity to cut costs.



We are continuously performing research and development for new products and exploring other related business segment. In April 2007, the Company has reworked and upgraded the previously impaired cake line to produce new products which have proven to be popular. Consequently, impairment loss of fixed asset of RM 17 million was reversed in line with FRS 136 in the financial year ended 31 October 2007.

The Group has successfully secured a supply contract in mid-2007 to manufacture house brand bakery products for a leading retail chain in Malaysia with more than 100 retail outlets which will bring in additional revenue. Turnover for the Consumer Food Division has surpassed previous highs and with the price increase approval by the authorities in November 2007, the management is positive on the future performance.



Group Managing Director's Message (cont'd)



The MultiCom Division continued to expand by double digits and continued to make profit contributions to the Group.

In April 2007, the Group entered into a Strategic Alliance Agreement with AmBank (M) Berhad to jointly promote AmBank (M) Berhad's products and services to clients, suppliers, small business operators and business agents of the Group. Barring any unforeseen circumstances, this alliance may become a star performer later when this alliance is rolled out fully after the trial run.

During the financial year, the Group also raised RM 10 million via a private placement exercise. The proceeds were used to fund the recovery and as the Group's working capital.

Singapore's Operation

In this segment, we are working to turnaround the operation. Progress has been slower and more challenging than we had expected. We are still rationalising this operation. Nevertheless, we remain committed to this market and continue to seek innovative ways to expand our reach.

We have also completed the acquisition of 6,000,000 and 2,000,000 irredeemable convertible cumulative preference shares ("ICCPs") of RM1.00 each in Silver Bird International Sdn Bhd from the Employee Provident Funds Board and Mayban Ventures Sdn Bhd respectively for a total purchase consideration of RM15.85 million.

Future Prospects

On September 2007, institutional shareholders have taken major equity stakes in the Group and we are positive that these new substantial shareholders are expected to help the Group secure new businesses with their wide customer reach and consumers' influences.

The Malaysian economy is anticipated to further strengthen to 6.0 - 6.5% in 2008 due to the growth momentum from the first two years of 9th Malaysia Plan where the realisation of project implementation must benefit everyone.

We will continue to structure our approach to pursue growth, maintaining the Group's competitiveness and ensuring the long term growth and prospects by expanding into similar and/or complementary businesses whenever opportunities arise. We are cautious over the uncertainties of fluctuation in the raw material prices which may impact the Company's performance for the next financial year. Barring any unforeseen circumstances, the Board is confident of achieving a much better set of results in 2008.

Acknowledgements

On behalf of the Board of Directors, I would like to place on record our sincere gratitude and appreciation to the management team and all employees for their hard work and commitment throughout the challenging financial year.

I would also like to express my deepest appreciation to all our valuable customers, business partners, bankers, shareholders and regulatory authorities for their continued support and trust in the Group.

DATO' JACKSON TAN HAN KOOK
Group Managing Director





i Dato' Prof. Dr. Gan Khuan Poh • *ii* Dato' Jackson Tan Han Kook • *iii* Ching Siew Cheong
iv Lim Hock Chye • *v* Richard George Azlan bin Abas • *vi* Dato' Seri Talaat bin Husain
vii Dato' Lee Kok Chuan • *viii* Adi Azuan bin Abdul Ghani
ix Peter John McLoghlin • *x* Vanda Russell Gould

Dato' Prof. Dr. Gan Khuan Poh
 ("Dato Prof. Dr. Gan")
Chairman



Dato' Prof. Dr. Gan Khuan Poh, a Malaysian age 62 is an Independent Non-Executive Chairman of Silver Bird Group Berhad. Dato' Prof. Dr. Gan was appointed to the Board on 27 April 2006. He is also the Chairman of the Nomination Committee. He holds a Ph.D and M.A. in Economics from Duke University, NC, USA; M.B.A. in Finance from Cornell University, NY, USA and B.A. (Hons.) in Business Economics from University of Malaya. He started his career as a Government Service Officer in 1967 and had served in various positions ranging from the District level, the National Institute of Public Administration ("INTAN") to the Prime Minister's Department as Senior Director responsible for Macroeconomics in the Economic Planning Unit for 31 years. He later joined Pilecon Group of Companies in 1997 as an Executive Director responsible for the Group's Finance and Corporate Planning and the last position he held was as Managing Director before he left the Company in year 2000.

He is currently the President of the Malaysian Economic Association and sits on the Board of Permodalan BSN Berhad, Time Engineering Berhad and Prudential Assurance Malaysia Berhad.

He is not related to any director and/or major shareholders of the Company and there is no business arrangement with the Company in which he has a personal interest. He has not been convicted for any offences within the past 10 years other than traffic offences, if any.



Dato' Jackson Tan Han Kook
 ("Dato' Jackson Tan")
Group Managing Director

Dato' Jackson Tan, a Malaysian age 53, is the Group Managing Director of Silver Bird Group Berhad. He was appointed to the Board on 5 October 1993. He is the founder of Standard Confectionery Sdn Bhd ("Standard Confectionery") and the prime-mover in formulating, nurturing and implementing Standard Confectionery's strategies since its incorporation in 1986. His exposure and involvement in the manufacturing and trading of bakery and confectionery products since the 1970's assures the Group of his experience in this field. The Group has grown from strength to strength under his leadership, foresight and inherent expertise, and this has earned him a commendable

standing in the local and international business communities in the bakery and confectionery industries. To keep abreast with current business skills, he has undergone the Harvard Business School Alumni Club of Malaysia's Senior Management Development Programme in 1994. In his continued efforts to contribute to the Group's expansion plans, he is at the forefront of the Group's marketing plans for the penetration of the Group's products into the South East Asian countries. Dato' Jackson Tan is primarily responsible for the success of the Group and currently also holds directorships in several private limited companies. Currently, Dato' Jackson Tan is a council member of the General Council of Malaysian Institute of Management.

Apart from the Group's business activities, his participation in and contribution to various organisations and charities has earned him the "Young Outstanding Malaysians Award" given by Jaycees Malaysia in 1992.

Dato' Jackson Tan is the spouse of Datin Ong Hooi Siang, a substantial shareholder of the Company. Apart from the aforesaid, he has no family relationship with any other director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has a personal interest.

He has not been convicted for any offences within the past 10 years other than traffic offences, if any.



Ching Siew Cheong
Group Executive Director

Ching Siew Cheong, a Malaysian age 45, is the Group Executive Director of Silver Bird Group Berhad. He was appointed to the Board on 10 June 1997. He joined Standard Confectionery in 1990 as Finance and Administration Manager working closely with Dato' Jackson Tan in transforming Standard Confectionery and other subsidiary companies into modern organisation with proper operating systems, budgets and controls. During his 18 years of service with the Group, he played an important and active role in formulating and implementing business strategies to expand the Group. He graduated from Strathclyde Graduate Business School with a Master in Business Administration in 1996. He also holds directorships in several other private limited companies.

He is not related to any director and/or major shareholders of the Company and there is no business arrangement with the Company in which he has a personal interest.

He has not been convicted for any offences within the past 10 years other than traffic offences, if any.

Lim Hock Chye
Independent Non-Executive Director

Lim Hock Chye, a Malaysian age 52, is an Independent Non-Executive Director of Silver Bird Group Berhad. He is the Chairman of the Remuneration Committee and also a member of the Audit Committee. He was appointed to the Board on 20 April 2002. Mr Lim is a law graduate with a LLB (Hons) Degree from the University of London and holds a Certificate in Legal Practice. Mr Lim was one of the pioneer consultants with the Malaysian Minority Shareholder Watchdog Group, an initiative set up by the Ministry of Finance in 2002 to protect the minority shareholders' interest and promoting good corporate governance and practices. Prior to that, he was a Deputy Editor with The Star Newspaper, where he wrote for the Business section.



In addition, he is also a panel speaker for Bursatra Sdn Bhd.

He is a Director of TSM Global Berhad (formerly known as Juan Kuang (M) Industrial Berhad), Tamco Corporate Holdings Berhad and Nylex (Malaysia) Berhad. He is currently the Group Director of Strategic Planning & Corporate Affairs of HELP University College, a position he has held since April 2008.

He is not related to any director and/or major shareholders of the Company and there is no business arrangement with the Company in which he has a personal interest.

He has not been convicted for any offences within the past 10 years other than traffic offences, if any.



Richard George Azlan bin Abas
Independent Non-Executive Director

Richard George Azlan bin Abas, a Malaysian age 44, is an Independent Non-Executive Director of Silver Bird Group Berhad. He is the Chairman of the Audit Committee and also a member of the Remuneration Committee. He was appointed to the Board on 21 May 2004. He holds a Bachelor of Commerce from the University of Western Australia. He worked for Arthur Andersen & Co. from 1984 to 1989 and subsequently served Arab-Malaysian Corporation Berhad (AMCORP) from 1989 to 1996. From 1997 to 2002, he was the Group Chief Executive of Yayasan Pelajaran Johor Holdings Sdn Bhd. He is presently a partner of Azlan & Co., Chartered Accountants. He is a Fellow of the Institute of Chartered Accountants in Australia and a Chartered Accountant of the Malaysian Institute of Accountants. In 1995, he attended the Asian Institute of Management, Management Development Program.



He is not related to any director and/or major shareholders of the Company and there is no business arrangement with the Company in which he has a personal interest.

He has not been convicted for any offences within the past 10 years other than traffic offences, if any.

**Dato' Seri Talaat bin Husain**
Independent Non-Executive Director

Dato' Seri Talaat bin Husain, a Malaysian aged 57 is an Independent Non-Executive Director of Silver Bird Group Berhad. Dato' Seri Talaat bin Husain was appointed to the Board on 5 March 2007 and he is a member of the Nomination Committee. He holds a Masters in Professional Studies from Cornell University, USA majoring in International Planning. Dato' Seri Talaat bin Husain has attended the Senior Executive Program, London Business School, United Kingdom and Advanced Management Program, Harvard Business School, USA.

He started his civil service career as an Assistant State Secretary in Penang and had since then held several vital posts in the Malaysian Centre for Development Studies,

Socio-Economics Research Unit, National Institute for Public Administration, National Palace, the Ministry of Education and as Mayor of Ipoh City, Perak.

He also held the position of the Secretary General of the Ministry of Youth and Sports and later appointed as the Secretary General of the Ministry of Domestic Trade and Consumer Affairs. Whilst in the government service he was the Chairman of Company Commission of Malaysia and Board Member of Malaysia Communication and Multimedia Corporation, Sepang International Circuit and Intellectual Property Corporation of Malaysia.

Currently, he is a director of Shell Refining Company (Federation of Malaya) Berhad, Konsortium Logistic Berhad and Outward Bound Trust of Malaysia.

He is not related to any director and/or major shareholders of the Company and there is no business arrangement with the Company in which he has a personal interest.

He has not been convicted for any offences within the past 10 years other than traffic offences, if any.



Dato' Lee Kok Chuan
Non-Independent Non-Executive Director

Dato' Lee Kok Chuan, a Malaysian age 48 was appointed to the Board on 3 January 2008 as a Non-Independent Non-Executive Director of Silver Bird Group Berhad and also a member of the Audit Committee. He graduated with a Bachelor of Economics (Accounting Major) from Monash University, Melbourne, in 1983 and is an Associate Member of the Institute of Chartered Accountants in Australia.

He has over 10 years of working experience in the fields of accounting, auditing and corporate services with major international accounting firms including Messrs Ernst & Whinney (Kuala Lumpur) (now known as Ernst & Young), Messrs Arthur Young (Melbourne) and subsequently Messrs Ernst & Young (Melbourne). He joined Berjaya Land Berhad

as Senior Manager, Internal Audit in 1994 and was responsible for its internal audit functions. He was an Executive Director of Berjaya Group Berhad from January 2000 to September 2001.

He is currently also a Director of Berjaya Capital Berhad and MOL Accessportal Berhad. He also holds directorships in several other private limited companies in the Berjaya Corporation Group of Companies. He is a representative of Berjaya Corporation Berhad, a substantial shareholder of the Company on the Board of Silver Bird Group Berhad.

He is not related to any director and/or major shareholders of the Company and there is no business arrangement with the Company in which he has a personal interest.

He has not been convicted for any offences within the past 10 years other than traffic offences, if any.

Adi Azuan bin Abdul Ghani
Non-Independent Non-Executive Director

Adi Azuan bin Abdul Ghani, a Malaysian age 37 was appointed to the Board on 3 January 2008 as a Non-Independent Non-Executive Director of Silver Bird Group Berhad. He graduated with a BSc (Honours) Accounting from Queen's University of Belfast, United Kingdom in 1993 and Association of Chartered Certified Accountants ("ACCA") from Emile Woolf College, London, United Kingdom in 1995. He is a Fellow Member of the ACCA and also a member of the Malaysian Institute of Accountants (MIA).

He started his professional career in the auditing and accounting fields with Messrs PricewaterhouseCoopers, Kuala Lumpur in year 1996. He was then promoted to the position of Manager in year 2002 and involved in the provision of audit and accounting services mainly to banking and financial institutions before joining Lembaga Tabung Haji as the Divisional Head of Group Finance in July 2002. Presently, he is the Head of Division in Finance & Accounts and Group Account Division.

He is currently also a Director of Lityan Holdings Berhad and Y.S.P Southeast Asia Holding Berhad. He is a representative of Lembaga Tabung Haji, a substantial shareholder of the Company on the Board of Silver Bird Group Berhad.

He is not related to any director and/or major shareholders of the Company and there is no business arrangement with the Company in which he has a personal interest.

He has not been convicted for any offences within the past 10 years other than traffic offences, if any.



Peter John McLoghlin*Non-Independent Non-Executive Director*

Peter John McLoghlin, an Australian age 63 was appointed to the Board on 3 January 2008 as a Non-Independent Non-Executive Director of Silver Bird Group Berhad and a member of the Remuneration Committee. He holds a Bachelor of Engineering (Electrical) from Melbourne University, Australia in 1966 and obtained a Master of Business Administration from Monash University, Australia in 1973.

He has an extensive Fast Moving Consumer Goods ("FMCG") experience with Australian and Multinational companies including Mars Confectionery, Kimberly-Clark Australia and the Goodman Fielder group. Prior to his current appointment, he joined Green's Foods Limited ("Green's") as Chief Operating Officer in May 2002 and was Managing Director from September 2002 until July 2004. He remained as non executive director in the Green's Board until early 2007. He is a representative of CVC Limited, a substantial shareholder of the Company on the Board of Silver Bird Group Berhad.



He is not related to any director and/or major shareholders of the Company and there is no business arrangement with the Company in which he has a personal interest.

He has not been convicted for any offences within the past 10 years other than traffic offences, if any.

**Vanda Russell Gould***Non-Independent Non-Executive Director
Alternate Director to Peter John McLoghlin*

Vanda Russell Gould, an Australian age 59 was appointed as an Alternate Director to Peter John McLoghlin on 3 January 2008. He holds a Bachelor of Commerce Degree in Accountancy (UNSW) and Master of Commerce Degree in Accounting and Financial Management (UNSW).

He is a fellow of The Institute of Chartered Accountants in Australia and Fellow of CPA Australia. He is also an Associate Fellow of the Australian Financial Institute of Management and holds Australian Financial Services Licences issued under the Financial Services Reform Act.

He commenced work as a Chartered Accountant in 1969 and worked for Messrs Ernst & Young and Greenwood Challoner. He has established a firm of Chartered Accountants as a sole practitioners (now known as Gould Raplh & Company) in May 1976 which has grown without acquisitions to be one of the top 20 public accounting firms in Australia. He has extensive experience in corporate restructuring and turn-around situations and a Registered Liquidator and Registered Trustee and specialised knowledge in taxation and law. He was the Founder and Executive Chairman of CVC Limited ("CVC") in 1985. CVC was one of only two venture capital companies not associated with a major financial institution which were awarded Australian Government Management and Investment Companies Licences in 1985. He has established a number of commercial businesses and initiated more than ten successful public company flotations, including CVC and Sunland Group Limited. He is a representative of CVC, a substantial shareholder of the Company on the Board of Silver Bird Group Berhad.

He is not related to any director and/or major shareholders of the Company and there is no business arrangement with the Company in which he has a personal interest.

He has not been convicted for any offences within the past 10 years other than traffic offences, if any.

The Board of Directors ("Board") of Silver Bird Group Berhad remains committed towards ensuring the highest standard of corporate governance is maintained throughout the Company and its subsidiaries ("the Group"). Hence, the Board is fully dedicated to continuously evaluating the Group's corporate governance practices and procedures to ensure the principles and best practices in corporate governance as promulgated by the Malaysian Code on Corporate Governance ("the Code") is applied and adhered to in the best interests of the stakeholders. The Board is pleased to report to the shareholders the manner in which the Group has applied these principles and best practices, and where these best practices of the Code were not adopted during the financial year if any, they are explained in the relevant paragraphs.

THE BOARD OF DIRECTORS

(a) Composition and Balance

The Company is led by an effective and experienced Board, encompassing of 9 members, made up of 4 Independent Non-Executive Directors including the Chairman, 3 Non-Independent Non-Executive Directors and 2 Executive Directors. This composition satisfies the Bursa Securities Listing Requirements that requires at least 3 Directors or 1/3 of the Board whichever is higher, are Independent Directors. The profiles of the members of the Board are set out on page 10 to page 14 of this Annual Report.

The role of the Independent Non-Executive Director is to provide objective and independent inputs to the decision making process of the Board so as to provide an effective check and balance. The Board composition brings together group of extensively experienced Directors who are from diverse backgrounds and have a wide range of skills and experiences in areas relevant to managing and directing the Group's operations.

The Executive Directors are primarily responsible for the implementation of policies and decisions of the Board, overseeing the Group's operations and developing the Group's business strategies.

The Board did not appoint a Senior Independent Non-Executive Director to whom concerns maybe conveyed as the Chairman of the Board encourages the active participation of each and every Board member in the decision making process.

(b) Duties and Responsibilities

The main focus of the Board is on the overall strategic leadership, identification and management of principal risks and development and control of the Group. The Board has delegated specific responsibilities to Board Committees, all of which discharge the duties and responsibilities within their respective Terms of Reference.

The roles of the Chairman and Group Managing Director are clearly distinct to ensure that there is a balance of power and authority. The Chairman is primarily responsible for the effective and efficient conduct and working of the Board whilst the Group Managing Director is responsible for the daily management of the Group's operations and implementation of the policies and strategies adopted by the Board.

(c) Board Meetings

The Board meets regularly on a quarterly basis with additional meetings being convened when necessary. In the meetings, the Board will deliberate on and consider matters relating to the Group's financial performance, significant investments, corporate development, strategic issues and business plan. For the financial year ended 31 October 2007, the Board met 12 times. The meeting attendance records of the Directors who held office are set out below:



THE BOARD OF DIRECTORS (cont'd)

(c) Board Meetings (cont'd)

Name of Director	Designation	No. of meetings attended
Dato' Prof. Dr. Gan Khuan Poh (Chairman)	Independent Non-Executive Director	12/12
Dato' Jackson Tan Han Kook	Group Managing Director	12/12
Ching Siew Cheong	Group Executive Director	11/12
Dato' Seri Talaat bin Husain (appointed on 5 March 2007)	Independent Non-Executive Director	6/8
Lim Hock Chye	Independent Non-Executive Director	11/12
Richard George Azlan bin Abas	Independent Non-Executive Director	12/12
Adi Aduan bin Abdul Ghani (appointed on 3 January 2008)	Non-Independent Non-Executive Director	-
Dato' Lee Kok Chuan (appointed on 3 January 2008)	Non-Independent Non-Executive Director	-
Peter John McLoughlin (appointed on 3 January 2008)	Non-Independent Non-Executive Director	-
Vanda Russell Gould (Alternate Director to Peter John McLoughlin) (appointed on 3 January 2008)	Non-Independent Non-Executive Director	-

Board meetings are structured with a pre-set agenda which encompass all aspects of matters under discussion. The Board papers are circulated to directors well in advance of the board meetings for their deliberation. All meetings of the Board are duly recorded in the Board Minutes.

Senior management may be invited to attend these meetings to explain and clarify matters being tabled.

In furtherance of their duties, the Board has unrestricted access to any information pertaining to the Group as well as to the advice and services of the Company Secretary and independent professional advisers whenever appropriate at the Group's expense.

(d) Appointment and Re-election of Directors

Any new appointments to the Board will require deliberation by the full Board guided by formal recommendations by the Nomination Committee. Board members who are appointed by the Board are subject to retirement at the first Annual General Meeting ("AGM") of the Company subsequent to their appointment. Article 97 of the Company's Article of Association also provides that at least one-third (1/3) of the Directors shall retire by rotation at each AGM and that all Directors shall retire once every three (3) years. A retiring Director shall be eligible for re-election.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965 ("the Act").

THE BOARD OF DIRECTORS (cont'd)

(e) Directors' Training

During the year, the Directors have attended the briefing on the Amendments to the Companies Act, 2007 and the Revised Malaysian Code on Corporate Governance to further enhance their skills and knowledge and to keep abreast with new developments in the furtherance of their duties.

The Directors will continue to attend relevant training programmes to further enhance their skills and knowledge and fully equip themselves to effectively discharge their duties.

For new Directors, the Nomination Committee ensures that they undergo an orientation program so that they are familiar with the Group's operation and current business issues.

BOARD COMMITTEES

Apart from the Audit Committee, there are two other additional committees established to assist the Board in the execution of its responsibilities. All the committees are provided with written terms of reference. Details of the Board committees are provided herein.

(a) Nomination Committee

The Nomination Committee has three (3) members, all of whom are Independent Non-Executive Directors. The members of the Nomination Committee are:

- i) **Chairman**
Dato' Prof. Dr. Gan Khuan Poh – Independent Non-Executive Director
- ii) **Members**
Richard George Azlan bin Abas – Independent Non-Executive Director
Dato' Seri Talaat bin Husain – Independent Non-Executive Director

The Nomination Committee is empowered by the Board of Directors and its terms of reference to assist the Board of Directors in their responsibilities in nominating new directors to the Board and Board Committees. The Committee also reviews the Board of Directors composition and balance as well as considering the Board of Directors' succession planning.

The members met once during the financial year.

The Board considers that the current mix of skills and experience of its members is sufficient for the discharge of its duties and responsibilities effectively.

(b) Remuneration Committee

The Remuneration Committee comprises three (3) members with the majority being Independent Directors. The Remuneration Committee is to assist the Board of Directors in their responsibilities in reviewing and assessing the remuneration packages of the executive directors. The members of the Remuneration Committee are:

- i) **Chairman**
Lim Hock Chye – Independent Non-Executive Director
- ii) **Members**
Richard George Azlan bin Abas – Independent Non-Executive Director
Peter John McLoghlin – Non-Independent Non-Executive Director
(appointed on 3 January 2008)
Ching Siew Cheong – Group Executive Director
(resigned on 3 January 2008)



BOARD COMMITTEES (cont'd)

(c) Remuneration Committee (cont'd)

The Remuneration Committee is responsible for recommending to the Board the remuneration framework for the remuneration package of each Executive Director.

This includes recommending remuneration packages necessary to attract, retain and motivate the Directors, and is reflective of the Directors' experience and level of responsibilities.

None of the Executive Directors participate in any way in determining their individual remuneration. The remuneration of the Executive Directors is to be reviewed annually. The remuneration and entitlements of the Non-Executive Directors shall be a matter to be decided by the Board as a whole.

The Remuneration Committee met once during the financial year. The meeting was attended by all its members to discuss the remuneration package of Directors that commensurate with corporate and individual performance.

(d) Audit Committee

In relation to the membership of the Audit Committee with the appointment of additional Directors on 3 January 2008, the Board has complied with the recent changes to the Code which recommends that the Audit Committee should comprise wholly Non Executive Directors.

The training attended by the Audit Committee during the financial year ended 31 October 2007 is set out on page 17.

The detailed report of the Audit Committee is set out on pages 22 to 24.

DIRECTORS' REMUNERATION

The details of the remuneration of each Director during the financial year ended 31 October 2007 are as follows:

(a) Total Remuneration

	Executive Directors RM '000	Non-Executive Directors RM '000	Total RM '000
Basic Salary	1,478	0	1,478
Bonuses	123	0	123
Fees	0	147	147
Attendance fee	0	12	12
Others	29	0	29
Total	1,630	159	1,789

(b) Directors' remuneration by bands

The number of Directors whose total remuneration falls within the following bands during the financial year ended 31 October 2007 is as follows:

Directors' Remuneration	Executive Directors	Non-Executive Directors	Total
RM1 to RM50,000	-	5*	5
RM400,001 to RM450,000	1	-	1
RM1,000,001 to RM1,050,000	1	-	1

* Includes Non-Executive Directors who retired/ resigned during the financial year.

DIRECTORS' REMUNERATION (cont'd)**(b) Directors' remuneration by bands** (cont'd)

Details of individual Director's Remuneration are not disclosed in this report as the Board considers that the above Remuneration disclosures by band and analysis between Executive and Non Executive Directors satisfies the accountability and transparency aspects of the Code.

SHAREHOLDERS**(a) Shareholders and Investors Relations**

The Board acknowledges the importance of accountability to the shareholders. Timely release of the financial results on a quarterly basis, press releases and announcements provide an overview of the Group's performance and operations to its shareholders.

Information disseminated to the investment community is in accordance to Bursa Malaysia disclosure rules and regulations. The Board has taken steps to ensure that no market sensitive information is disclosed to any party prior to making an official announcement to Bursa Securities.

The Group has also established a website at www.silverbird.com.my from which shareholders as well as members of the public may access for the latest information on operations and activities of the Group.

During the year, the Executive Director and senior management hold regular dialogues and briefings with existing and prospective investors and analysts to keep them updated on various announcements relating to the Group's financial performance, major corporate proposals and pertinent issues.

(b) Annual General Meeting

The Annual General Meeting ("AGM") is the principal platform for dialogue with the shareholders. At the AGM, the Board presents the progress and performance of the Group to provide shareholders with the opportunity to question the business issues, concerns and operations in general. The Board will also ensure that each item of special business is included in the notice of the AGM and will be accompanied by an explanation of the effects of the proposed resolutions.

ACCOUNTABILITY AND AUDIT**(a) Financial Reporting**

In presenting the annual financial statements and quarterly announcements to shareholders, the Directors aim to ensure that the financial statements and quarterly announcements are prepared in accordance with the Companies Act, 1965 and applicable approved accounting standards so as to offer a balanced and comprehensive assessment of the Group's financial position and prospects.

A Responsibility Statement by the Directors is set out on page 27 of this Annual Report.

(b) Internal Control

The Group's Statement on Internal Control is set out on pages 25 to 26 of the Annual Report to provide an overview on the state of internal control throughout the year.

In relation to the internal audit function, having considered the Group's operational requirements, the Board is of the view that the Group should still continue to outsource its internal audit function to external consultants. Nevertheless, this outsourcing arrangement shall be reviewed annually to ensure that it continues to meet the Group's requirements. The outsourced internal auditors assist the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems. They report directly to the Audit Committee.



ACCOUNTABILITY AND AUDIT (cont'd)

(c) Relationship with Auditors

The role of the Audit Committee in relation to the external auditors is explained in the Audit Committee Report set out on pages 22 to 24 of the annual report.

During the financial year ended 31 October 2007, the Audit Committee has met the external auditors twice but only once without Executive Directors' present. The Audit Committee has taken note of the recent amendments which recommends that the Audit Committee meets the external auditors twice a year and ensure that this is observed in the forthcoming financial year.

(d) Non-Audit Fees

There was no non-audit fees paid to external auditors by the Group for the current financial year.

OTHER INFORMATION

(a) Share Buy-Back

The share bought back and retained as treasury shares during the financial year are set out as below:-

Details of share buybacks as of 31 October 2007 is as follows:

	Number of Silver Bird Shares Purchased	Highest price RM	Lowest price RM	Average price RM	Total amount paid* RM
As at 1 Nov 2006	1,000	0.41	0.41	0.423	423.17
28 Dec 2006	300,000	0.375	0.385	0.386	115,807.02
29 Dec 2006	85,000	0.380	0.385	0.383	32,547.43
03 Jan 2007	283,400	0.385	0.415	0.394	111,790.10
08 Jan 2007	147,100	0.395	0.405	0.404	59,442.39
02 Apr 2007	10,000	0.435	0.435	0.438	4,382.84
04 May 2007	1,000	0.405	0.405	0.418	418.17
Total	828,500				324,811.12

* Including brokerage, commission, clearing house fee and stamp duty.

None of the treasury shares held was resold or cancelled during the financial year.

(b) Options, Warrants or Convertible Securities

During the financial year, the following options, warrants or convertible securities were exercised

- i. The issuance of 4,899,336 new ordinary shares of RM0.50 each pursuant to the conversion of RM 6,663,100 nominal value of 1% Irredeemable Convertible Unsecured Loan Stocks 2004/2009 at a conversion price of RM0.68 per new ordinary share; and
- ii. The issuance of 20,000,000 new ordinary shares of RM0.50 each pursuant to the private placement exercise which was completed on 20 September 2007.

(c) Material Contracts involving Directors' Interests

There were no contracts involving directors' interests which are or may be material, not being contracts entered into in the ordinary course of business, which have been entered into by the Company and its subsidiary companies since the end of the previous financial year.

OTHER INFORMATION (cont'd)

(d) Recurrent Related Party Transactions

The details of the transactions with related parties undertaken by the Company during the financial period are disclosed in note 44 on page 72 to 73 of the notes to the financial statements.

(e) American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programmes

During the financial year, the Company did not sponsor any ADR or GDR programme.

(f) Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the authorities during the financial year.

(g) Profit Guarantees

During the financial year, there were no profit guarantees given by the Company.

(h) Utilisation of Proceeds

For the financial year end 31 October 2007, the proceed from the private placement of RM10,000,000.00 has been fully utilised as the Group's working capital.

(i) Contracts Relating to Loans

There was no contract relating to loans by the Company.

(j) Revaluation of Landed Properties

The Group does not have any revaluation policy on landed properties.



The Board of Directors of Silver Bird Group Berhad is pleased to present the report of the Audit Committee for the financial year ended 31 October 2007.

Composition and Meetings

The members of the Audit Committee and details of their attendance at meetings during the financial year ended 31 October 2007 are as follows:

	Number of meetings	Attendance of meetings
Chairman		
Richard George Azlan bin Abas <i>(Independent Non-Executive Director)</i>	4	4
Members		
Lim Hock Chye <i>(Independent Non-Executive Director)</i>	4	4
Ching Siew Cheong <i>(Group Executive Director)</i> <i>(resigned on 3 January 2008)</i>	4	4
Dato' Lee Kok Chuan <i>(Non-Independent Non-Executive Director)</i> <i>(appointed on 3 January 2008)</i>	-	-

Senior Management staff and the external consultants, to whom the internal audit function was outsourced to, attended the meetings at the invitation of the Audit Committee. The agenda of the meetings and relevant information are distributed to its members with sufficient notice. The proceedings of the meetings are formalised in the form of meeting minutes by the General Manager of Accounts and Finance Department who is appointed by the Board to be the Secretary during the Audit Committee meetings.

Summary of Activities of the Audit Committee

The following activities were undertaken by the Audit Committee during the financial year ended 31 October 2007:-

- Reviewed the unaudited quarterly report on the consolidated results of the Group for the quarters ended 31 October 2006, 31 January 2007, 30 April 2007 and 31 July 2007.
- Reviewed and approved the internal audit plan prepared by the Internal Audit Function.
- Reviewed the internal audit reports and ensured the implementation of the action plans are carried out by Management on a timely basis
- Reviewed the audit plan of the external auditors.
- Reviewed the annual audited financial statements, external auditors' reports and their audit findings.
- Reviewed related party transactions and considered conflict of interest situation that may arise within the Group.

On March 2008, the Committee has also reviewed the Group's Updated Key Risk Profile ("KRP") and the development of Divisional KRP (i.e. Manufacturing Division and Selling & Distribution Division) by Management with the assistance of the external consultants.

Summary of Activities of the Internal Audit Function

The activities of the Internal Audit Function during the financial year were as follows:

- (a) develop the internal audit plan for year 2007;
- (b) execution of the approved internal audit plan;
- (c) presentation of the internal audit findings at the quarterly Audit Committee meetings. All findings raised by the Internal Audit Function have been appropriately addressed by Management; and
- (d) conducted follow up reviews to ensure that action plans are properly and appropriately implemented by Management.

The internal audits conducted did not reveal weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in the annual report.

TERMS OF REFERENCE OF AUDIT COMMITTEE

1. Composition

The Committee shall be appointed from amongst the Board of Directors and shall comprise no fewer than three (3) members, a majority of whom shall be independent directors and at least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience as approved by the Bursa Malaysia Securities Berhad ("Bursa Malaysia").

In the event of any vacancy with the result that the number of members is reduced to below three, the vacancy must be filled within 3 months.

2. Chairman

The Chairman, who shall be elected by the Audit Committee, shall be an Independent Non-Executive Director.

3. Secretary

The Secretary of the Committee shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members.

4. Meetings

The Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

The external auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The external auditors may also request a meeting if they consider it necessary.

5. Rights

The Audit Committee shall:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Group;



TERMS OF REFERENCE OF AUDIT COMMITTEE (cont'd)**5. Rights (cont'd)**

- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) have the right to obtain independent professional or other advice at the Company's expense;
- (f) have the right to convene meetings with the external auditors, excluding the attendance of the executive members of the audit committee, whenever deemed necessary; and
- (g) promptly report to the Bursa Securities matters which has not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements.

6. Duties

- (a) To review with the external auditors on:
 - the audit plan, its scope and nature;
 - the audit report;
 - the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
 - the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.
- (b) To review the adequacy of the scope, functions and resources and setting of performance standards of the internal audit function.
- (c) To provide assurance to the Board of Directors on the effectiveness of the system of internal controls and risk management practices of the Group.
- (d) To review the internal audit programme, processes the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- (e) To review with management:
 - audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
 - interim financial information; and
 - the assistance given by the officers of the Company to external auditors.
- (f) To monitor related party transactions entered into by the Company or the Group to be undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report and to review conflict of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (g) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:
 - changes in or implementation of major accounting policy and practices;
 - significant issues arising from the audit;
 - the going concern assumption;
 - compliance with accounting standards and other legal requirements; and
 - major judgemental areas.
- (h) To consider the appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors.

INTRODUCTION

Pursuant to paragraph 15.27 (b) of the Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and as guided by the Bursa Malaysia's Statement on Internal Control: Guidance for Directors of Public Listed Companies ("the Guidance"), the Board of Directors ("the Board") of Silver Bird Group Berhad is pleased to include a statement on the state of the Group's internal controls in the annual report.

RESPONSIBILITY

The Board acknowledges its responsibility and re-affirms its commitment in maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets as well as reviewing the adequacy and integrity of the system of internal control.

However, as there are inherent limitations in any system of internal controls, such systems put into effect by Management can only reduce but cannot eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

KEY FEATURES OF THE GROUP'S INTERNAL CONTROL SYSTEM

1. CONTROL ENVIRONMENT

- Organisation Structure & Authorisation Procedures

The Group maintains a formal organisation structure with well-defined delegation of responsibilities and accountability within the Group's Senior Management. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures in order to enhance the internal control system of the Group's various operations.

- Periodical and/or Annual Budget

Budgetary control for every operations of the Group, where actual performance is closely monitored against budgets to identify and to address significant variances.

- Group Policies and Procedures

The Group has documented policies and procedures that are regularly reviewed and updated to ensure that it maintains its effectiveness and continues to support the Group's business activities at all times as the Group continues to grow.

- Human Resource Policy

Comprehensive guidelines on the employment and retention of employees are in place, to ensure that the Group has a team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibility effectively.

2. RISK MANAGEMENT FRAMEWORK

Risk Management is regarded by the Board to be an integral part of the business operations. The Board maintains an on-going commitment to enhance the Group's control environment and processes. The key risks relating to the Group's operations and strategic and business plans are addressed at Management's periodic meetings. Significant risks identified are brought to the attention of the Board at their scheduled meetings.

Management with the assistance of external consultants has updated the Group's key risk profile which has been presented to the Audit Committee in March 2008. Risks identified were prioritised in terms of likelihood of their occurrence and the impact on the achievement of the Group's business objectives/goals. The key risk profile shall be updated on a regular basis to ensure that all key risks are identified and adequate responses are devised and continue to be relevant in mitigating these risks.

The abovementioned practices/initiatives by Management serves as the on-going process used to identify, evaluate and managed significant risks.



KEY FEATURES OF THE GROUP'S INTERNAL CONTROL SYSTEM (cont'd)**3. INTERNAL AUDIT FUNCTION**

The Group's internal audit function is outsourced to external consultants. The outsourced internal auditors assist the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's internal control systems. They report directly to the Audit Committee and internal audit plans are tabled to the Audit Committee for review and approval to ensure adequate coverage.

On a quarterly basis, the Group's internal auditors table the results of their review of the business processes of different operating units to the Audit Committee at their scheduled meetings. The status of the implementation of corrective actions to address control weaknesses are also followed up by the internal auditors to ensure that these actions have been satisfactorily implemented.

During the financial year under review, identified weaknesses in internal controls have been appropriately addressed and Senior Management will continue to ensure that appropriate action is taken to enhance and strengthen the internal control environment.

4. INFORMATION AND COMMUNICATION

Information critical to the achievement of the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

5. MONITORING AND REVIEW

Scheduled management meetings are held to discuss and review the business planning, budgeting, financial and operational performances.

- Financial and Operational Review

The monthly management accounts and the quarterly financial statements containing key financial results, operational performance results and comparisons of performance against budget are presented to the Board for their review, consideration and approval.

- Business Planning and Budgeting Review

The Board plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.

6. CONCLUSION

The Board is of the view that the Group's system of internal controls is adequate to safeguard shareholders' investments and the Group's assets. However, the Board is also cognizant of the fact that the Group's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal controls.

This statement was approved by the Board of Directors on 20 February 2008.

The Board is fully accountable to ensure that the financial statements are drawn up in accordance with Companies Act, 1965 and the applicable approved accounting standards set by Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 October 2007 and of the results and cash flows of the Group and Company for the financial year ended on that date.

In the preparation of the financial statements, the Directors have:

- a) applied relevant and appropriate accounting policies consistently and in accordance with applicable approved accounting standards;
- b) made judgements and estimates that are prudent and reasonable; and
- c) used the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept in accordance with the Act. The Directors also have overall responsibility in taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 20 February 2008.



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The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 October 2007.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding whilst the principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Loss after taxation for the financial year	(16,077)	(3,876)
Minority interests	138	-
Loss attributable to equity holders of the Company	(15,939)	(3,876)

DIVIDENDS

No dividend was declared or paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year, the Company

- (a) there were no changes in the authorised share capital of the Company.
- (b) increased its issued and paid-up share capital from RM105,319,382.50 to RM117,769,050.50 by way of:-
 - (i) conversion of RM3,331,548 nominal value 1% Irredeemable Convertible Unsecured Loan Stocks into 4,899,336 ordinary shares of RM0.50 each, at a conversion price of RM0.68 per new ordinary share; and
 - (ii) the allotment of 20,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.50 per share under a private placement exercise. The shares were issued for cash consideration for the purpose of working capital.

All new shares issued during the financial year rank pari passu in all respects with the existing shares of the Company.

- (c) there were no issues of debentures by the Company during the financial year.



TREASURY SHARES

During the financial year, the Company purchased its own ordinary shares from the open market under the share buy-back programme. Details are as follows:-

DATE	PRICE PER SHARE			NO. OF SHARES	TOTAL CONSIDERATION RM'000
	LOWEST	HIGHEST	AVERAGE		
Balance at 1 November 2006				1,000	1
December 2006	0.375	0.385	0.380	385,000	147
January 2007	0.385	0.415	0.400	430,500	170
April 2007	0.435	0.435	0.435	10,000	4
May 2007	0.405	0.405	0.405	1,000	1
AT 31 OCTOBER 2007				827,500	323

The total share purchased under the share buy-back programme was financed by internally generated funds. The shares purchased were retained as treasury shares and are presented as a deduction from shareholders' equity.

As at 31 October 2007, the Company held 827,500 of its own shares.

1% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2004/2009 ("ICULS")

Pursuant to a Trust Deed dated 6 February 2004, the Company issued RM20,500,000 nominal value ICULS 2004/2009 as partial discharge of the purchase consideration for the acquisition of a subsidiary. The principal terms of the ICULS are disclosed in Note 22 to the financial statements.

The movements in the ICULS during the financial year are as follows:-

	NUMBER OF ICULS OF RM0.50 EACH			
	AT 1.11.2006	ISSUED	CONVERTED	AT 31.10.2007
ICULS 2004/2009	6,817,200	-	6,663,100	154,100

EXECUTIVES' SHARE OPTION SCHEME ("ESOS")

The ESOS is governed by the by-laws approved by the shareholders on 2 April 2002. The ESOS was implemented on 29 May 2002 and is to be in force for a period of 5 years from the date of implementation.

In February 2004, the number of options and the exercise price of the options granted under the ESOS were revised to take into account the effect of a bonus issue undertaken then. On 9 August 2004, a second batch of ESOS comprising options over 2,664,000 new ordinary shares of RM0.50 each with an exercise price of RM1.05 per share was issued. The movement in the options to subscribe for the new ordinary shares of RM0.50 each at the respective exercise price per share is as follows:-

	Number Of Ordinary Shares of RM0.50 Each Granted Under Option At Exercise Price Of		
	RM0.60	RM1.05	Total
1 November 2006	1,425,000	1,451,000	2,876,000
Cancellation due to staff resignations during the financial year	-	(202,000)	(202,000)
Expired on 28 May 2007	(1,425,000)	(1,249,000)	(2,674,000)
At 31 October 2007	-	-	-

EXECUTIVES' SHARE OPTION SCHEME ("ESOS") (cont'd)

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders who were granted less than 160,000 options during the financial year in the annual report. Eligible employees who were granted options under the ESOS for and in excess of 160,000 ordinary shares each are as follows:-

**NUMBER OF ORDINARY SHARES OF RM0.50 EACH GRANTED UNDER
OPTION AT EXERCISE PRICE OF RM1.05**

	AT 1.11.2006	ALLOTMENT	EXPIRED	AT 31.10.2007
WONG TUCK LEONG	200,000	-	(200,000)	-
LAI POH MEI	160,000	-	(160,000)	-

The details of options granted to Directors are shown under Directors' Interests. ESOS holders may exercise up to a maximum of 50% of their ESOS in each year during the duration of the ESOS.

The salient features of the ESOS are as follows:-

- (a) eligible employees are employees including full-time salaried executive directors who have been confirmed and served in the employment of any company comprised in the Group for at least a continuous period of one year;
- (b) the total number of shares to be issued under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS out of which not more than 50% of the shares shall be allocated, in aggregate, to directors and senior management. In addition, not more than 10% of the shares available under the ESOS shall be allocated to any individual director or employee who, either singly or together with one or more of his associates, holds 20% or more of the issued and paid-up capital of the Company;
- (c) the maximum possible allocation for any single eligible employee during the existence of the ESOS shall not be less than 1,000 subject to the maximum allowable allocation according to their respective categories;
- (d) the option price for each share shall be based on the average of the mean market quotation of the shares as quoted and shown in the Daily Official List issued by the Bursa Malaysia Securities Berhad ("Bursa Securities") for the 5 market days prior to the date of offer or at the par value, whichever is higher; and
- (e) the shares to be allotted upon any exercise of an Option will upon allotment rank pari passu in all respects with the existing issued and paid-up shares of the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, the ESOS expired on 28 May 2007.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would further require the writing off of bad debts, or the additional allowance for doubtful debts in the financial statements of the Group and of the Company.



CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liability of the Company is disclosed in Note 45 to the financial statements. At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in Note 36 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

DATO' PROF. DR. GAN MIEW CHEE @ GAN KHUAN POH

DATO' TAN HAN KOOK

CHING SIEW CHEONG

LIM HOCK CHYE

RICHARD GEORGE AZLAN BIN ABAS

DATO' SERI TALAAT BIN HUSAIN *(Appointed on 5 March 2007)*

ADI AZUAN BIN ABDUL GHANI *(Appointed on 3 January 2008)*

DATO' LEE KOK CHUAN *(Appointed on 3 January 2008)*

PETER JOHN MCLOGHLIN *(Appointed on 3 January 2008)*

TAN HAN FOONG *(Resigned on 1 March 2007)*

VANDA RUSSELL GOULD (Alternate Director to Peter John McLoughlin)
(Appointed on 3 January 2008)

Pursuant to Article 97 of the Articles of Association of the Company, Ching Siew Cheong and Richard George Azlan bin Abas retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Pursuant to Article 104 of the Articles of Association of the Company, Encik Adi Azuan bin Abdul Ghani, Dato' Lee Kok Chuan and Mr Peter John McLoughlin retire at the forthcoming annual general meeting and, being eligible offer themselves for re-election.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM0.50 EACH			
	AT 1.11.2006	BOUGHT	SOLD	AT 31.10.2007
<i>DIRECT INTERESTS</i>				
DATO' TAN HAN KOOK	23,262,628	21,093,024	(9,825,000)	34,530,652
CHING SIEW CHEONG	4,285,581	70,000	-	4,355,581
RICHARD GEORGE AZLAN BIN ABAS	350,000	104,000	(354,000)	100,000
<i>INDIRECT INTEREST</i>				
DATO' TAN HAN KOOK ⁽¹⁾	23,096,803	6,000,000	(23,040,524)	6,056,279

⁽¹⁾ Deemed interests through spouse's shareholdings as well as through Dato' Tan Han Kook's interests in Amble Appeal Sdn. Bhd. and Tahako Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.



DIRECTORS' INTERESTS *(cont'd)*

	NUMBER OF ORDINARY SHARES OF RM0.50 EACH GRANTED UNDER OPTION AT EXERCISE PRICE OF RM0.60 AND RM1.05			
	AT 1.11.2006	EXPIRED	AT 31.10.2007	
<i>The interests of directors holding office at the end of the financial year in options under the ESOS are as follows:</i>				
DATO' TAN HAN KOOK	600,000	(600,000)	-	
CHING SIEW CHEONG	500,000	(500,000)	-	
	NUMBER OF WARRANTS			
	AT 1.11.2006	BOUGHT	SOLD	AT 31.10.2007
DIRECT INTERESTS				
DATO' TAN HAN KOOK	5,862,669	-	5,862,669	-
CHING SIEW CHEONG	300,065	-	150,000	150,065
RICHARD GEORGE AZLAN BIN ABAS	50,000	-	50,000	-
INDIRECT INTEREST				
DATO' TAN HAN KOOK ⁽¹⁾	11,048,400	5,862,669	16,591,300	319,769

⁽¹⁾ Deemed interests through spouse's shareholdings as well as through Dato' Tan Han Kook's interests in Amble Appeal Sdn. Bhd. and Tahako Sdn. Bhd. by virtue of Section 6A of the Companies Act, 1965.

By virtue of his interest in shares in the Company, Dato' Tan Han Kook is deemed to have interests in shares in its related corporations to the extent of the Company's interest, in accordance with Section 6A of the Companies Act, 1965.

None of the other directors holding office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted to the directors pursuant to the ESOS.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 50 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The significant events subsequent to the balance sheet date are disclosed in Note 51 to the financial statements.

AUDITORS

The auditors, Messrs. Horwath have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 20 FEBRUARY 2008

Dato' Prof. Dr. Gan Miew Chee @ Gan Khuan Poh

Dato' Tan Han Kook



We, Dato' Prof. Dr. Gan Miew Chee @ Gan Khuan Poh and Ching Siew Cheong, being two of the directors of Silver Bird Group Berhad, state that, in the opinion of the directors, the financial statements set out on pages 38 to 78 are drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 October 2007 and of their results and cash flows for the financial year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 20 FEBRUARY 2008

Dato' Prof. Dr. Gan Miew Chee @ Gan Khuan Poh

Ching Siew Cheong

STATUTORY DECLARATION

I, Ching Siew Cheong, I/C No. 620521-10-7055, being the director primarily responsible for the financial management of Silver Bird Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 39 to 73 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
Ching Siew Cheong, I/C No. 620521-10-7055,
at Kuala Lumpur in the Federal Territory
on this 20 February 2008

Before me
Mohd Radzi Bin Yasin
No: W 327

Ching Siew Cheong

Report Of The Auditors To The Members Of Silver Bird Group Berhad

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

SILVER BIRD

(277977-X)

We have audited the financial statements set out on pages 38 to 78. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of:-
 - (i) the state of affairs of the Group and of the Company at 31 October 2007 and their results and cash flows for the financial year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' report of which we have not acted as auditors, as indicated in Note 6 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Section 174(3) of the Companies Act, 1965.

Horwath
Firm No: AF 1018
Chartered Accountants

Lee Kok Wai
Approval No: 2760/06/08 (J)
Partner

Kuala Lumpur

20 February 2008



Balance Sheets

at 31 October 2007

	NOTE	THE GROUP		THE COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	6	-	-	105,428	81,864
Investment in a jointly controlled entity	7	-	-	-	7,200
Property, plant and equipment	8	182,085	152,189	-	-
Other receivable	9	14,842	14,842	14,842	14,842
Intangible assets	10	36,735	36,217	-	-
Long-term loan to subsidiaries	11	-	-	104,465	122,203
		233,662	203,248	224,735	226,109
CURRENT ASSETS					
Inventories	12	16,631	14,949	-	-
Trade receivables	13	45,245	43,796	-	-
Other receivables, deposits and prepayments		12,590	8,177	330	860
Amount owing by subsidiaries	14	-	-	906	819
Amount owing by a jointly controlled entity	15	-	-	-	12
Tax refundable		290	501	-	-
Fixed deposits with licensed banks	16	219	10,636	-	-
Short-term deposits with licensed banks	17	-	26,000	-	-
Cash and bank balances		9,227	23,350	84	147
		84,202	127,409	1,320	1,838
TOTAL ASSETS		317,864	330,657	226,055	227,947
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	117,769	105,319	117,769	105,319
Share premium	19	24,325	23,443	24,325	23,443
Merger deficit	20	(5,326)	(5,326)	-	-
Capital reserve	21	277	277	-	-
1% Irredeemable Convertible Unsecured Loan Stocks ("ICULS")	22	76	3,408	76	3,408
Warrants Reserve	23	7,363	7,363	7,363	7,363
(Accumulated loss)/ Retained profits		(30,757)	(14,818)	(4,868)	(992)
Exchange translation reserves		(792)	-	-	-
Treasury shares	24	(323)	(1)	(323)	(1)
		112,612	119,665	144,342	138,540
MINORITY INTERESTS		343	-	-	-
TOTAL EQUITY		112,955	119,665	144,342	138,540

	NOTE	THE GROUP		THE COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
NON-CURRENT LIABILITIES					
Deferred taxation	25	620	2,900	-	-
Long-term borrowings	26	1,398	1,863	-	-
Bonds	27	45,271	64,169	45,271	64,169
		47,289	68,932	45,271	64,169
CURRENT LIABILITIES					
Trade payables	28	26,837	22,620	-	-
Other payables and accruals	29	16,737	9,266	6,309	189
Amount owing to subsidiaries	14	-	-	128	44
Amount owing to a jointly controlled entity	15	-	8,901	-	-
Provision for taxation		-	173	5	5
Commercial Papers	30	30,000	25,000	30,000	25,000
Short-term borrowings	31	83,561	76,100	-	-
Bank overdrafts	32	485	-	-	-
		157,620	142,060	36,442	25,238
TOTAL LIABILITIES		204,909	210,992	81,713	89,407
TOTAL EQUITY AND LIABILITIES		317,864	330,657	226,055	227,947
NET ASSETS PER SHARE	33	48.10 sen	55.5 sen		



Income Statements

for the financial year ended 31 October 2007

	NOTE	THE GROUP		THE COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
REVENUE	35	606,483	597,991	-	1,547
COST OF SALES		(541,250)	(532,681)	-	-
GROSS PROFIT		65,233	65,310	-	1,547
OTHER OPERATING INCOME		1,058	2,273	4,688	5,753
		66,291	67,583	4,688	7,300
ADVERTISING AND PROMOTION EXPENSES		(4,419)	(6,902)	-	-
ADMINISTRATIVE EXPENSES		(28,058)	(15,545)	(4,023)	(2,995)
SELLING AND DISTRIBUTION EXPENSES		(34,852)	(30,710)	-	-
OTHER OPERATING EXPENSES	36	8,653	(40,725)	-	(1,744)
(LOSS)/PROFIT FROM OPERATIONS		7,615	(26,299)	665	2,561
FINANCE COSTS		(7,569)	(8,182)	(4,541)	(4,357)
SHARE OF LOSS OF A JOINTLY CONTROLLED ENTITY		(18,443)	(15,067)	-	-
LOSS BEFORE TAXATION	37	(18,397)	(49,548)	(3,876)	(1,796)
TAXATION					
- GROUP/COMPANY	38	2,320	1,031	-	(433)
- SHARE OF TAXATION OF A JOINTLY CONTROLLED ENTITY		-	147	-	-
		2,320	1,178	-	(433)
LOSS AFTER INCOME TAX EXPENSE		(16,077)	(48,370)	(3,876)	(2,229)
ATTRIBUTABLE TO:-					
Equity holders of the Company		(15,939)	(48,370)	(3,876)	(2,229)
Minority interests		(138)	-	-	-
		(16,077)	(48,370)	(3,876)	(2,229)
LOSS PER SHARE					
- Basic	39	(7.4 sen)	(23.0 sen)		
- Diluted	39	(7.4 sen)	(22.4 sen)		



Statement Of Changes in Equity

for the financial year ended 31 October 2007

SILVER BIRD

(277977-X)

<----- ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY ----->

	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	MERGER DEFICIT RM'000	CAPITAL RESERVE RM'000	1% ICULS RM'000	WARRANTS RESERVE RM'000	RETAINED PROFITS/ (ACCUMULATED LOSS) RM'000	PROPOSED DIVIDENDS RM'000	TREASURY SHARES RM'000	TOTAL RM'000	MINORITY INTERESTS RM'000	TOTAL EQUITY RM'000
Balance at 1.11.2005	105,261	23,452	(5,326)	277	3,410	7,368	33,553	3,032	-	171,027	-	171,027
Issuance of ordinary shares pursuant to:												
- ESOS	20	4	-	-	-	-	-	-	-	24	-	24
- conversion of 1% ICULS	1	1	-	-	(2)	-	-	-	-	-	-	-
- conversion of 1% RCULS	37	23	-	-	-	-	-	-	-	60	-	60
Rights issue of Warrants	-	5	-	-	-	(5)	-	-	-	-	-	-
Corporate exercise expenses Incurred	-	(42)*	-	-	-	-	-	-	-	(42)	-	(42)
Loss after taxation for the financial year	-	-	-	-	-	-	(48,370)	-	-	(48,370)	-	(48,370)
Dividend paid	-	-	-	-	-	-	(1)	(3,032)	-	(3,033)	-	(3,033)
Treasury shares	-	-	-	-	-	-	-	-	(1)	(1)	-	(1)
Balance at 31.10.2006/1.11.2006 (Balance brought forward)	105,319	23,443	(5,326)	277	3,408	7,363	(14,818)	-	(1)	119,665	-	119,665
Issuance of ordinary shares pursuant to:												
- conversion of 1% ICULS	2,450	882	-	-	(3,332)	-	-	-	-	-	-	-
- private placement	10,000	-	-	-	-	-	-	-	-	10,000	-	10,000
Subscription of shares in subsidiary	-	-	-	-	-	-	-	-	-	-	481	481
Loss after taxation for the financial year	-	-	-	-	-	-	(15,939)	-	-	(15,939)	(138)	(16,077)
Exchange difference on retranslation of net assets of overseas subsidiary	-	-	-	-	-	-	-	(792)	-	(792)	-	(792)
Treasury shares	-	-	-	-	-	-	-	-	(322)	(322)	-	(322)
Balance at 31.10.2007	117,769	24,325	(5,326)	277	76	7,363	(30,757)	(792)	(323)	112,612	343	112,955

The annexed notes form an integral part of these financial statements.



Statement Of Changes In Equity

for the financial year ended 31 October 2007
(cont'd)

	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	1% ICULS RM'000	WARRANTS RESERVE RM'000	RETAINED PROFITS/ (ACCUMULATED) LOSS) RM'000	PROPOSED DIVIDENDS RM'000	TREASURY SHARES RM'000	TOTAL RM'000
THE COMPANY								
Balance at 1.11.2005	105,261	23,452	3,410	7,368	1,238	3,032	-	143,761
Issuance of ordinary shares pursuant to:								
- ESOS	20	4	-	-	-	-	-	24
- conversion of 1% ICULS	1	1	(2)	-	-	-	-	-
- exercise of warrants	37	23	-	-	-	-	-	60
Realisation upon exercise of warrants	-	5	-	(5)	-	-	-	-
Corporate exercise expenses incurred	-	(42)*	-	-	-	-	-	(42)
Loss after taxation for the financial year	-	-	-	-	(2,229)	-	-	(2,229)
Dividend paid	-	-	-	-	(1)	(3,032)	-	(3,033)
Treasury shares	-	-	-	-	-	-	(1)	(1)
Balance at 31.10.2006/1.11.2006	105,319	23,443	3,408	7,363	(992)	-	(1)	138,540
Issuance of ordinary shares pursuant to:								
- conversion of 1% ICULS	2,450	882	(3,332)	-	-	-	-	-
- private placement	10,000	-	-	-	-	-	-	10,000
- upon exercise of warrants	-	-	-	-	-	-	-	-
- exercise expenses incurred	-	-	-	-	-	-	-	-
Loss after taxation for the financial year	-	-	-	-	(3,876)	-	-	(3,876)
Treasury shares	-	-	-	-	-	-	(322)	(322)
Balance at 31.10.2007	117,769	24,325	76	7,363	(4,868)	-	(323)	144,342

* - Net loss not recognised in the income statements.

The annexed notes form an integral part of these financial statements.

Cash Flow Statements

for the financial year ended 31 October 2007

SILVER BIRD

(277977-X)

NOTE	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Loss before taxation	(18,397)	(49,548)	(3,876)	(1,796)
Adjustments for:-				
Allowance for doubtful debts	72	646	-	-
Amortisation of discount on bonds	1,102	1,102	1,102	1,102
Amortisation of intangible assets	2	2	-	-
Bad debts written off	57	155	-	-
Depreciation on property, plant and equipment	19,031	19,986	-	-
Impairment loss on subsidiaries	-	-	-	1,744
Impairment loss on property, plant and equipment	-	28,021	-	-
Interest expense	6,468	7,080	3,439	3,255
Loss on disposal of investment Property, plant and equipment written off	13	7,839	-	-
Dividend income	-	-	-	(1,547)
(Gain)/Loss on disposal of property, plant and equipment	2,942	(1,906)	-	-
Interest income	(87)	(237)	(4,688)	(4,353)
Writeback of impairment on property, plant and equipment	(16,794)	-	-	-
Share of loss of a jointly controlled entity	-	15,067	-	-
Operating (loss)/profit before working capital changes	(5,591)	28,213	(4,023)	(1,595)
Increase in inventories	(1,682)	(3,429)	-	-
(Increase)/Decrease in trade and other receivables	(555)	(1,481)	530	(14,738)
Increase/(Decrease) in trade and other payables	1,802	1,783	6,120	(113)
Decrease in amount owing by a jointly controlled entity	(8,901)	(3,947)	-	-
CASH (FOR)/FROM OPERATIONS	(14,927)	21,139	2,627	(16,446)
Interest paid	(6,468)	(7,080)	(3,439)	(3,255)
Net income tax refunded/(paid)	78	(176)	-	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD	(21,317)	13,883	(812)	(19,701)

The annexed notes form an integral part of these financial statements.



Cash Flow Statements

for the financial year ended 31 October 2007
 (cont'd)

	NOTE	THE GROUP		THE COMPANY	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
BALANCE BROUGHT FORWARD		(21,317)	13,883	(812)	(19,701)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Purchase of plant and equipment	40	(34,225)	(55,612)	-	-
Additional investment in subsidiaries		-	-	(16,364)	-
Dividend received		-	-	-	1,114
Interest received		87	237	4,688	4,353
Net cash outflow on the acquisition of a subsidiary	41	(4,120)	-	-	-
Proceeds from disposal of investment		-	14	-	-
Proceeds from disposal of property, plant and equipment		7,668	91,641	-	-
(Repayment)/Advances to a jointly controlled entity		-	(484)	12	-
Net advances from subsidiaries		-	-	17,735	12,230
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(30,590)	35,796	6,071	17,697
CASH FLOWS FROM FINANCING ACTIVITIES					
Treasury shares acquired		(322)	(1)	(322)	(1)
Dividend paid		-	(3,033)	-	(3,033)
Corporate exercise expenses paid		-	(42)	-	(42)
Proceeds from issuance of ordinary shares		10,000	84	10,000	84
Net increase in bills payable		7,422	23,226	-	-
Net drawdown of Commercial Papers		5,000	5,000	5,000	5,000
Net repayment of hire purchase obligations		(426)	(620)	-	-
Net repayment of bond		(20,000)	-	(20,000)	-
Net repayment of term loans		-	(10,204)	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		1,674	14,410	(5,322)	2,008
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(50,233)	64,089	(63)	4
EFFECTS OF FOREIGN EXCHANGE TRANSLATION ON CASH AND CASH EQUIVALENTS		(792)	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		59,986	(4,103)	147	143
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	42	8,961	59,986	84	147

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Malaysia Companies Act, 1965. The domicile of the Company is Malaysia. The registered office and principal place of business is at Lot 72, Persiaran Jubli Perak, Seksyen 21, 40300 Shah Alam, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 20 February 2008.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market, credit, liquidity and cash flow risks. The Group operates within clearly defined guidelines that are established by the Audit Committee and approved by the Board and the policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign exchange risk on sales and purchases that are denominated in foreign currencies. It manages its foreign exchange exposure by a policy of matching as far as possible receipts and payments in each individual currency.

Surpluses of convertible currencies are either retained in foreign currency or sold for Ringgit Malaysia. The Group's foreign currency transactions and balances are substantially denominated in Singapore Dollar and United States ("US") Dollar.

Foreign exchange risk is monitored closely and managed to an acceptable level.

(ii) Interest Rate Risk

The Group obtains financing through borrowings and deposits. Its policy is to obtain the most favourable interest rates available.

Surplus funds are placed with licensed financial institutions at the most favourable interest rates.

(iii) Price Risk

The Group's principal exposure to price risks arises mainly from changes in quoted securities prices. Price risk is monitored closely and managed to an acceptable level.

(b) Credit Risk

The Group's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.



3. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)**(b) Credit Risk (cont'd)**

The Group manages its exposure to credit risk by investing its cash assets safely and profitably, and by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

(c) Liquidity and Cash Flow Risk

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practises prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

4. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965.

During the current financial year, the Group has adopted the following new and revised Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB") which are relevant to its operations:-

FRSs issued and effective for financial periods beginning on or after 1 October 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

The effects of adopting FRS 124 are disclosed in Note 44 to the financial statements.

The adoption of FRS 117 does not have any material financial effects on the financial statements of the Company.

The following FRSs have been issued and are effective for the financial periods beginning on or after 1 January 2007 and will be effective for the Group's financial statements for the financial year ending 31 October 2008:-

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 119 ²⁰⁰⁴	Amendment to FRS 119 ²⁰⁰⁴ Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

The Group has not adopted FRS 139 - Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 as the effective date is deferred to a date to be announced by the MASB. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of the standard as required by paragraph 30(b) of FRS 108 is not disclosed.

The following FRSs have been issued and are effective for financial periods beginning on or after 1 July 2007:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

4. BASIS OF PREPARATION (cont'd)

The above FRSs align the MASB's FRSs with the equivalent International Accounting Standards ("IASs"), both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements. The Group will apply these FRSs from the financial year ending 31 October 2008 onwards.

FRS 134 - Interim Financial Reporting has been issued and is effective for the financial periods beginning on or after 1 July 2007. This FRS aligns the MASB's FRS with the equivalent IAS, both in terms of form and content. The adoption of this standard will only impact the form and content of disclosures presented in the quarterly financial statements. The Group will apply this FRS from the financial year ending 31 October 2008 onwards.

Framework for the Preparation and Presentation of Financial Statements has been issued and is effective immediately. This Framework sets out the concepts that underline the preparation and presentation of financial statements for external users. It is not an MASB approved accounting standard and hence, does not define standards for any particular measurement or disclosure issue. The Group has applied this Framework from the financial year ended 31 October 2007 onwards.

Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates Net Investment in a Foreign Operation have been issued and are effective for financial periods beginning on or after 1 July 2007. The amendments resulted in exchange differences arising from a monetary item that forms part of the entity's net investment in a foreign operation to be recognised in equity irrespective of the currency in which the monetary item is denominated and whether the monetary item results from a transaction with the entity or any of its subsidiaries. Previously, exchange differences arising from such transactions between the entity and its subsidiaries would be accounted for in the income statement or in equity depending on the currency of the monetary item. The Group will apply this amendment from the financial year ending 31 October 2008 onwards.

IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation addresses the effects of events that changes the measurement of an existing decommissioning, restoration or similar liability, namely a change in the estimated outflow of resources embodying economic benefits required to settle the obligation, a change in the current market-based discount rate as defined in paragraph 48 of FRS 137²⁰⁰⁴ and an increase that reflects the passage of time. The Group will apply this interpretation from the financial year ending 31 October 2008 onwards.

IC Interpretation 2 - Members' Shares in Co-operative Entities and Similar Instruments has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.

IC Interpretation 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.

IC Interpretation 6 - Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.

IC Interpretation 7 - Applying the Restatement Approach under FRS 129²⁰⁰⁴ Financial Reporting in Hyperinflationary Economies has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's operations.

IC Interpretation 8 - Scope of FRS 2 has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation applies to transactions in which goods or services are received, including transactions in which the entity cannot identify specifically some or all of the goods or services received. Where the fair value of the share-based payment is in excess of the identifiable goods or services received, it is presumed that additional goods or services have been or will be received. The whole fair value of the share-based payment will be charged to the income statement. The Group will apply this interpretation from the financial year ending 31 October 2008 onwards.



5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) *Depreciation of Property, Plant and Equipment*

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) *Income Taxes*

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) *Impairment of Assets*

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) *Allowance for Doubtful Debts of Receivables*

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(v) *Allowance for Inventories*

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Critical Accounting Estimates And Judgements (cont'd)

(vi) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which require extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

(b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 October 2007.

A subsidiary is defined as an enterprise in which the Company has the power, directly or indirectly, to exercise control over the financial and operating policies so as to obtain benefits from its activities.

The acquisition method is used to consolidate the results of some of the subsidiaries identified in Note 6 to the financial statements. Under this method, the results of the subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the date of acquisition or up to the date of disposal.

For subsidiaries which were acquired by way of the issue of shares as identified in Note 6 to the financial statements, and which satisfy the requirements of FRS 122 - Business Combinations, the merger method is used to consolidate the results of these subsidiaries. The difference between the acquisition cost and the nominal value of the share capital and reserves of the subsidiaries is taken to the merger reserve.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquired subsidiary. Separate disclosure is made for minority interest.

(c) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to financial instruments classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.



5. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)***(d) Goodwill on Consolidation**

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in the consolidated income statement.

(e) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

(f) Investment In A Jointly Controlled Entity

The investment in a jointly controlled entity is stated at cost in the balance sheet of the Company, and is reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that its carrying value may not be recoverable.

The Group's interest in jointly controlled entities is accounted for in the consolidated financial statements by the equity method. Jointly controlled entities are corporations, partnerships or other entities with which there are contractual agreements in sharing of control by the Group with one or more parties.

Unrealised gain or losses on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Where necessary, in applying the equity method, adjustments are made to the financial statements of jointly controlled entities to ensure consistency of accounting policies with the Group.

When the Group's share of losses exceeds its interest in an equity accounted jointly controlled entity, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the jointly controlled entity.

(g) Investments

Investments are held on a long-term basis and are stated at cost. Allowance for diminution in value is only made if the directors are of the opinion that the diminution is permanent.

(h) Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost less impairment losses, if any and is not depreciated.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Property, Plant and Equipment (cont'd)

Depreciation is calculated under the straight-line method to write off the cost of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Motor vehicles	20%
Office equipment, furniture, fittings, renovation, cutlery and crockery	10%
Plant and machinery	5% - 10%
Gallery	10%
Canteen equipment	10%

(i) Impairment of Assets

The carrying amounts of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and includes all incidentals incurred in bringing the inventories to their present location and condition.

In arriving at net realisable value, due allowance is made for all damaged, obsolete and slow-moving items.

(k) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(l) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.



5. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)***(m) Assets Under Hire Purchase**

Plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5(h) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income statement over the period of the respective hire purchase agreements.

(n) Income Taxes

Income taxes for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(o) Trademark

The purchased trademark is stated at cost less accumulated amortisation and impairment losses, if any. The trademark is amortised on a straight-line basis over a period of 10 years.

(p) Interest-bearing Borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

All the borrowing costs are charged to the income statement as expenses in the period in which they are incurred.

(q) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and of the Company.

(ii) Defined Contribution Plans

The Group's and the Company's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group and the Company has no further liability in respect of the defined contribution plans.

(s) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(t) 1% Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

ICULS give the holders the right to convert the ICULS into ordinary shares of the Company at any time during the conversion period. ICULS that are not converted by the holders at the expiry of the conversion period shall be mandatorily converted into shares of the Company at the conversion price. As such, ICULS are recognised in the financial statements based on the nominal value of the loan stocks and are classified as equity.

(u) Bonds and Commercial Papers ("CPs")

Bonds and CPs issued by the Company are initially recognised based on proceeds received, net of issuance expenses incurred and are adjusted in subsequent years for amortisation of discount and/or accretion of premium to maturity, using the effective yield method. The discount amortised and/or premium accreted is recognised in the income statement over the period of the bonds and CPs.

(v) Warrants

Warrants issued by the Company are initially recognised based on proceeds received and reflected in the financial statements as warrants reserve. Upon the exercise of the warrants to subscribe for shares in the Company, the warrants reserve will be transferred to the share premium account.

(w) Purchase of Own Shares

When the share capital recognised as equity is bought by the Company under the share buy-back programme, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Shares bought that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

(x) Foreign Currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated at the rates ruling as of that date. All exchange differences are taken to the income statement.



5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(y) Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party, to the extent that it prevents the other party from pursuing its own separate interests in making financial and operating decisions.

(z) Revenue Recognition

(i) Sale of Goods and Services

Sales are recognised upon delivery of goods and customers' acceptance or performance of services and where applicable, net of returns and trade discounts.

(ii) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

(iii) Dividend Income

Dividend income from the investment in subsidiaries is recognised upon declaration by the subsidiaries.

Dividend income from the other investment is recognised when the right to receive payment is established.

6. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2007	2006
	RM'000	RM'000
Unquoted shares, at cost	107,172	83,608
Accumulated impairment loss on subsidiaries	(1,744)	(1,744)
	105,428	81,864
Unquoted shares, at cost:-		
At 1 November 2006/2005	83,608	83,608
Reclassification from jointly controlled entity	7,200	-
Acquisition of preference shares in Silver Bird International Sdn. Bhd.	15,854	-
Allotment of 510,000 shares of RM1.00 each in Inforaire Sdn. Bhd.	510	-
At 31 October	107,172	83,608

6. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Equity Interest		Principal Activities
		2007	2006	
Standard Confectionery Sdn. Bhd. ("SCSB") *	Malaysia	100%	100%	Manufacturer of frozen and daily fresh/shelf-stable bakery goods.
Stanson Distribution Sdn. Bhd. #	Malaysia	100%	100%	Dormant.
Stanson Group Sdn. Bhd. ("SGSB") #	Malaysia	100%	100%	Investment holding.
Stanson Marketing Sdn. Bhd. #^	Malaysia	100%	100%	Sales and distribution of bakery goods and telecommunication products.
Stanson Bakeries Sdn. Bhd. #^	Malaysia	100%	100%	Manufacturer of bread.
Standard Food R & D Lab Sdn. Bhd. #	Malaysia	100%	100%	Dormant.
Madeleine Foods Sdn. Bhd. *	Malaysia	100%	100%	Dormant.
Madeleine Bakery Sdn. Bhd. *	Malaysia	100%	100%	Dormant.
Madeleine Cafe Sdn. Bhd. *	Malaysia	100%	100%	Dormant.
Madeleine Property Sdn. Bhd. *	Malaysia	100%	100%	Dormant.
Inforaire Sdn. Bhd. #	Malaysia	51%	100%	Marketing and distribution agent for financial related products.
Silver Bird International Sdn. Bhd. ("SBI")#^^	Malaysia	100%	100%	Sales and distribution of bakery goods and telecommunication products.
Silver Bird Foods (S) Pte. Ltd. #~	Singapore	100%	100%	Sales and distribution of bakery goods.

^ Held through Stanson Group Sdn. Bhd. ("SGSB").

^^ Held through Silver Bird International Sdn. Bhd. ("SBI")

* Subsidiaries consolidated by way of the merger method.

Subsidiaries consolidated by way of the acquisition method.

~ Not audited by Messrs. Horwath.

The Company carried out a review of the recoverable amount of its investment in subsidiaries during the financial year. As a result of the review, no impairment loss on subsidiaries was recognised in the income statement. The recoverable amount was based on the net assets value of the subsidiaries.



7. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	THE COMPANY	
	2007 RM'000	2006 RM'000
Unquoted shares, at cost		
At 1 November 2006/2005	7,200	7,200
Reclassification to investment in subsidiaries	(7,200)	-
At 31 October	-	7,200

During the year, the Company acquired 100% of the preference shares issued in SBI held by the Employees Provident Fund Board ("EPF") and Mayban Ventures Sdn. Bhd. ("MVSB") for a consideration of approximately RM15,854,000. As a result of this acquisition, SBI became a wholly-owned subsidiary.

8. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	AT 1.11.2006 RM'000	ACQUISITION OF SUBSIDIARY RM'000	ADDITIONS RM'000	DEPRECIATION CHARGE RM'000	DISPOSALS RM'000	WRITTEN OFF RM'000	WRITEBACK	AT 31.10.2007 RM'000
							OF IMPAIRMENT LOSS RM'000	
NET BOOK VALUE								
Freehold land	6,165	-	-	-	(6,165)	-	-	-
Gallery	7,459	-	2,312	(1,107)	-	-	-	8,664
Motor vehicles	7,055	847	-	(1,071)	(4,441)	(10)	-	2,380
Office equipment, furniture and fittings	9,918	1,393	3,673	(3,923)	-	-	-	11,061
Plant and machinery	121,546	6,291	28,240	(12,925)	(4)	(3)	16,794	159,939
Canteen equipment	46	-	-	(5)	-	-	-	41
	152,189	8,531	34,225	(19,031)	(10,610)	(13)	16,794	182,085

At 31.10.2007

Gallery	11,484	(2,820)	-	8,664
Motor vehicles	8,881	(6,501)	-	2,380
Office equipment, furniture and fittings	24,349	(13,288)	-	11,061
Plant and machinery	231,178	(60,012)	(11,227)	159,939
Canteen equipment	48	(7)	-	41
	275,940	(82,628)	(11,227)	182,085

At 31.10.2006

Freehold land	6,165	-	-	6,165
Gallery	9,172	(1,713)	-	7,459
Motor vehicles	12,485	(5,430)	-	7,055
Office equipment, furniture and fittings	19,283	(9,365)	-	9,918
Plant and machinery	196,654	(47,087)	(28,021)	121,546
Canteen equipment	48	(2)	-	46
	243,807	(63,597)	(28,021)	152,189

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group carried out a review of the recoverable amount of its cake production line in the previous financial year due to the deterioration in sales from this line over the past two years. As a result of this review, an impairment loss of approximately RM28,021,000 was recognised in the income statements (included in other operating expenses as disclosed in Note 36 to the financial statements). The recoverable amount was based on the estimated value-in-use.

During the financial year, the Group was able to improve sales from this cake line. As a result of this, approximately RM16,794,000 was written back and recognised in the income statements as disclosed in Note 36 to the financial statements. The recoverable amount was based on the estimated value-in-use of the cake line based on current and estimated future revenue and cashflows from the cake line.

The net book value of assets acquired under hire purchase terms is as follows:-

	THE GROUP	
	2007 RM'000	2006 RM'000
Motor vehicles	2,107	2,689

9. OTHER RECEIVABLE

This represents the security deposits placed with Amanah Raya Berhad for the payment of rental pursuant to a sale and leaseback transaction. The amount is due and receivable after twelve months from the balance sheet date.

10. INTANGIBLE ASSETS

	THE GROUP	
	2007 RM'000	2006 RM'000
AT COST:-		
Goodwill on acquisition of subsidiaries:		
At 1 November 2006/2005	36,210	36,210
Arising during the financial year	520	-
	36,730	36,210
Trademark	5	7
At 31 October	36,735	36,217
Trademark, at cost	20	20
Accumulated amortisation:-		
At 1 November 2006/2005	(13)	(11)
Charge for the financial year	(2)	(2)
	(15)	(13)
At 31 October	5	7



10. INTANGIBLE ASSETS (cont'd)

Goodwill arises from the acquisition of SGSB by the Group in 2004.

Goodwill is stated at cost and reviewed for impairment annually.

Goodwill has been allocated for impairment testing to the Group's cash-generating unit ("CGU"), the Group's bakery products manufacturing division.

During the financial year, the Group assessed the recoverable amount of the goodwill, and determined that the goodwill is not impaired.

The recoverable amount of a CGU is determined based on the value-in-use calculations. These calculations use post-tax cash flow projections based on financial budgets approved by management.

The key assumptions underpinning the value-in-use calculations are as follows:

Gross margin	20%
Growth rate	20%
Discount rate	14%

Management determined the budgeted gross margin based on past performance and its expectations of market development.

11. LONG-TERM LOAN TO SUBSIDIARIES

Included in the long-term loan to subsidiaries is an amount of RM62,288,642 (2006 - RM62,288,642) which bears an effective interest rate of 5.80% (2006 - 5.80%) per annum at the balance sheet date. The balance of the long-term loan is interest-free.

The long-term loan is unsecured and is not repayable within the next twelve months.

12. INVENTORIES

	THE GROUP	
	2007 RM'000	2006 RM'000
AT COST:-		
Raw materials	2,616	2,443
Finished goods	7,982	2,753
Packaging materials	2,290	1,673
Telecommunication products	3,743	8,080
	<hr/>	<hr/>
	16,631	14,949
	<hr/>	<hr/>

None of the inventories is stated at net realisable value.

13. TRADE RECEIVABLES

	THE GROUP	
	2007 RM'000	2006 RM'000
Trade receivables	46,384	44,863
Less: Allowance for doubtful debts	(1,139)	(1,067)
	<u>45,245</u>	<u>43,796</u>
Allowance for doubtful debts:-		
At 1 November 2006/2005	1,067	429
Additions during the financial year	72	646
Write-off during the financial year	-	(8)
At 31 October	<u>1,139</u>	<u>1,067</u>

The Group's normal trade credit terms range from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of trade receivables of the Group at the balance sheet date is as follows:-

	THE GROUP	
	2007 RM'000	2006 RM'000
Singapore Dollar	4,827	103
Brunei Dollar	-	49

14. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts owing by/(to) subsidiaries are non-trade in nature, unsecured, interest-free and not subject to fixed terms of repayment.

15. AMOUNTS OWING BY/(TO) A JOINTLY CONTROLLED ENTITY

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade	-	2,647	-	-
Non-trade	-	484	-	12
	-	<u>3,131</u>	-	<u>12</u>
Share of loss in a jointly controlled entity	-	(12,032)	-	-
Net amount owing by/(to) a jointly controlled entity	-	<u>(8,901)</u>	-	<u>12</u>

In the previous financial year, the trade amount owing was subject to normal trade credit terms granted.

The non-trade amount owing was unsecured, interest-free and not subject to fixed terms of repayment.



16. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits are pledged to licensed banks for credit facilities granted to the subsidiaries of the Group.

The weighted average effective interest rate of fixed deposits at the balance sheet date was 3.25% (2006 - 3.41%) per annum. The range of maturity periods of the fixed deposits at the balance sheet date was 3 months (2006 - 1 to 12 months).

17. SHORT-TERM DEPOSITS WITH LICENSED BANKS

The weighted average effective interest rate of short-term deposits at the end of the previous financial year was 2.40% per annum. The maturity period was one day.

18. SHARE CAPITAL

The movements in the ordinary shares of RM0.50 each are as follows:-

	THE COMPANY			
	2007 NUMBER OF SHARES	2006 NUMBER OF SHARES	2007 RM'000	2006 RM'000
AUTHORISED				
At 1 November 2006/2005	1,000,000,000	400,000,000	500,000	200,000
Increase during the financial year	-	600,000,000	-	300,000
At 31 October	1,000,000,000	1,000,000,000	500,000	500,000
ISSUED AND FULLY PAID-UP				
At 1 November 2006/2005	210,638,765	210,521,119	105,319	105,261
Issuance of shares pursuant to the:				
- private placement	20,000,000	-	10,000	-
- conversion of 1% ICULS	4,899,336	2,646	2,450	1
- exercise of warrants	-	75,000	-	37
- ESOS	-	40,000	-	20
At 31 October	235,538,101	210,638,765	117,769	105,319

During the financial year, the Company increased its issued and paid-up capital as follows:-

- (i) the conversion of RM3,331,548 nominal value 1% ICULS into 4,899,336 new ordinary shares of RM0.50 each, at a conversion price of RM0.68 per new ordinary share; and
- (ii) the allotment of 20,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.50 per share under a private placement exercise. The shares were issued for cash consideration for the purpose of working capital.

All the new shares issued during the financial year rank pari passu with the existing shares of the Company.

19. SHARE PREMIUM

	THE GROUP / THE COMPANY	
	2007 RM'000	2006 RM'000
At 1 November 2006/2005	23,443	23,452
Premium arising from:		
- conversion of 1% ICULS	882	1
- shares issued pursuant to ESOS	-	4
- exercise of warrants	-	23
Realisation upon exercise of warrants	-	5
Expenses incurred for corporate exercises	-	(42)
At 31 October	24,325	23,443

The share premium is not distributable by way of dividends.

20. MERGER DEFICIT

The merger deficit relates to the difference between the nominal value of shares issued for the purchase of subsidiaries and the nominal value of the shares acquired.

21. CAPITAL RESERVE

The capital reserve arose from the capitalisation of the post-acquisition profits of a subsidiary for the bonus issue of shares in prior years. This reserve is not distributable by way of dividends.

22. 1% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

	THE GROUP / THE COMPANY	
	2007 RM'000	2006 RM'000
At 1 November 2006/2005	3,408	3,410
Converted during the financial year	(3,332)	(2)
At 31 October	76	3,408

Pursuant to a Trust Deed dated 6 February 2004, the Company had on 16 February 2004 issued RM20,500,000 nominal value ICULS 2004/2009 as partial payment of the purchase consideration for the acquisition of the entire equity interest of Stanson Group Sdn. Bhd.

The principal terms of the ICULS are as follows:-

- | | |
|----------------------|--|
| (a) Interest rate | The ICULS bear interest at 1% per annum payable annually in arrears. |
| (b) Convertibility | Convertible into new ordinary shares of the Company at any time during the conversion period at the conversion price. All ICULS not converted by the holders at the expiry of the conversion period shall be mandatorily converted into ordinary shares. |
| (c) Conversion price | The conversion price of the ICULS shall be RM0.68 per new ordinary share. Conversion shall be by way of surrendering ICULS which shall be converted into new ordinary shares of the Company at the conversion price. |



22. 1% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") (cont'd)

- (d) Conversion period The period commencing on the first anniversary of the date of listing of the ICULS and expiring on the last day of the tenure of the ICULS.
- The ICULS have a tenure of 5 years from the date of issue, maturing on 16 February 2009.
- (e) Redeemability The ICULS will not be redeemable for cash. All outstanding ICULS shall be mandatorily converted into new ordinary shares of the Company on the date of maturity.
- (f) Securities The ICULS issued are unsecured in nature.
- (g) Transferability and listing Listing on Bursa Securities is subject to a minimum of one hundred ICULS holders ("Public Spread"). The legal ownership of the ICULS shall be transferable in amounts of RM0.50 each or multiples thereof.
- (h) Status of new shares issue The new ordinary shares issued pursuant to the conversion of ICULS shall upon allotment and issue, rank *pari passu* in all respects with the existing ordinary shares of the Company except that the new ordinary shares issued shall not be entitled to any dividends, rights, allotments or other distributions which may be declared, made or paid, the entitlement date of which is before or on the relevant conversion date of ICULS.

23. WARRANTS RESERVE

	THE GROUP / THE COMPANY	
	2007	2006
	RM'000	RM'000
At 1 November 2006/2005	7,363	7,368
Realisation upon exercise of warrants	-	(5)
At 31 October	7,363	7,363

The movements in the warrants are as follows:-

	NUMBER OF WARRANTS OF RM0.07 EACH		
	AT		AT
	1.11.2006	EXERCISED	31.10.2007
WARRANTS	105,180,559	-	105,180,559

The principal terms of the warrants are as follows:-

- (a) Tenure 5 years from the date of issuance of the Warrants.
- (b) Exercise Period The Warrants may be exercised at any time within a period commencing from the date of issue of the Warrants and ending on the Expiry Date. Warrants not exercised during the exercise period shall thereafter lapse and cease to be valid.
- (c) Exercise Rights Each Warrant entitles the holder to subscribe for 1 new ordinary share of RM0.50 each ("Share") in SBGB at the Exercise Price at any time during the Exercise Period.

23. WARRANTS RESERVE (cont'd)

- (d) Exercise Price RM0.80 payable in full in respect of each Share upon exercise of the Warrant or any such price adjusted in accordance with the terms and conditions set out in the Deed Poll governing the Warrants.
- (e) Expiry Date 19 September 2010, being the date of the end of the 5th anniversary from the date of issue of the Warrants and if that date does not fall on a Market Day, then it shall be the immediate preceding Market Day.
- (f) Rights of Warrants The Warrant holders are not entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of the new Shares in SBGB arising from the exercise of their Warrants.
- (g) Ranking of the SBGB new Shares The new SBGB Shares to be issued pursuant to the exercise of the Warrants shall, upon issue and allotment rank *pari passu* in all respects with existing SBGB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of the allotment of new Shares arising from the exercise of Warrants.
- (h) Listing Approval-in-principle has been obtained from Bursa Securities on 18 May 2006 for the admission of the Warrants to the Official List of Bursa Securities and for the listing of and quotation for the Warrants and the new SBGB Shares arising from the exercise of the Warrants on the Main Board of Bursa Securities.
- (i) Adjustment to the Exercise Price and the number of Warrants The exercise price of the Warrants, and the number of Warrants belonging to the Warrant holder, may from time to time be adjusted, calculated or determined by the directors in consultation with an approved merchant bank and certified by the auditor appointed by the Company, in accordance with the terms of the Deed Poll.

24. TREASURY SHARES

During the financial year, the Company purchased its own ordinary shares from the open market under the share buy-back programme. Details are as follows:-

DATE	PRICE PER SHARE			NO. OF SHARES	TOTAL
	LOWEST	HIGHEST	AVERAGE		CONSIDERATION RM'000
Balance at 1 November 2006				1,000	1
December 2006	0.375	0.385	0.380	385,000	147
January 2007	0.385	0.415	0.400	430,500	170
April 2007	0.435	0.435	0.435	10,000	4
May 2007	0.405	0.405	0.405	1,000	1
AT 31 OCTOBER 2007				827,500	323

The total share purchased under the share buy-back programme was financed by internally generated funds. The shares purchased were retained as treasury shares and are presented as a deduction from shareholders' equity.

As at the balance sheet date, the Company held 827,500 (2006 - 1,000) of its own shares.



Notes To The Financial Statements

for the financial year ended 31 October 2007

(cont'd)

25. DEFERRED TAXATION

	THE GROUP	
	2007 RM'000	2006 RM'000
At 1 November 2006/2005	2,900	3,930
Recognised in income statement (Note 38)	(2,280)	(2,317)
Underprovision in the previous financial year (Note 38)	-	1,287
At 31 October	620	2,900

The deferred taxation is in respect of temporary differences on qualifying capital expenditure.

26. LONG-TERM BORROWINGS

	THE GROUP	
	2007 RM'000	2006 RM'000
Hire purchase payables (Note 34)	1,398	1,863

27. BONDS

	THE GROUP / THE COMPANY	
	2007 RM'000	2006 RM'000
Non-current:		
Gross amount of bonds	50,000	70,000
Discount on bonds	(4,729)	(5,831)
	45,271	64,169
Discount on bonds		
At 1 November 2006/2005	5,831	6,933
Amortisation during the financial year	(1,102)	(1,102)
At 31 October	4,729	5,831

The principal terms of the bonds are as follows:-

(a) Maturity	Tranche	Tenure (Years)	Amount (RM' Million)
	A	3	20
	B	4	20
	C	5	20
	D	6	5
	E	7	5
			70

(b) Coupon rate Interest at 3.5% per annum shall be payable semiannually commencing 6 months from date of first issue until final maturity of the respective tranches.

27. BONDS (cont'd)

(c) Security	Assignment over the Designated Account, comprising the Debt Service Reserve Account.
(d) Basis of Arrangement	On a "bought deal" basis.
(e) Issue and Redemption	The Serial Bonds shall be issued at a discount and redeemed at par on the respective maturities.
(f) Listing	The Serial Bonds will not be listed on Bursa Securities or on any other stock exchange.

28. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days.

The foreign currency exposure profile of trade payables of the Group at the balance sheet date is as follows:-

	THE GROUP	
	2007 RM'000	2006 RM'000
US Dollar	317	336

29. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Other payables	14,466	7,210	6,217	32
Accruals	2,271	2,056	92	157
	16,737	9,266	6,309	189

The foreign currency exposure profile of other payables and accruals of the Group at the balance sheet date is as follows:-

	THE GROUP	
	2007 RM'000	2006 RM'000
Euro	-	9
Singapore Dollar	15	6
US Dollar	171	-



30. COMMERCIAL PAPERS ("CPs")

	THE GROUP / THE COMPANY	
	2007 RM'000	2006 RM'000
At 1 November 2006/2005	25,000	20,000
Drawdown during the financial year	55,000	65,000
Repayment during the financial year	(50,000)	(60,000)
At 31 October	30,000	25,000

The principal terms of the CPs are as follows:-

- | | |
|----------------------|--|
| (a) Tenure/Maturity | The CPs facility is available up to 7 years from the date of execution of the Facility Agreements with the issuance of CPs with 1 month to 12 months maturity. |
| (b) Security | The CPs issued are unsecured in nature. |
| (c) Interest rate | The interest on CPs are recognised based on the difference between gross and net proceeds received, and amortised to the income statement over the period of the CPs. |
| (d) Redemption | At par on the respective maturity dates. |
| (e) Ranking of notes | The notes to be issued under the CPs Facility shall constitute direct, unconditional and unsecured obligations of the Issuer and evidence the obligations of the Issuer to pay to the noteholders the sums represented thereby. The notes shall at all times rank pari passu and rateably, without discrimination, preference or priority amongst themselves, subject to priorities or rights preferred at law and will rank at least equally and rateably (pari passu) in point of priority and security with all other present and future unsecured and unsubordinated liabilities (both actual and contingent) of the Issuer. |

31. SHORT-TERM BORROWINGS

	THE GROUP	
	2007 RM'000	2006 RM'000
Bills payable	83,095	75,673
Hire purchase payables (Note 34)	466	427
	83,561	76,100

The bills payable bore a weighted average effective interest rate of 3.80% (2006 - 4.23%) per annum at the balance sheet date.

The bills payable are secured as follows:-

- (i) by a deed of debenture incorporating a first fixed charge over all the property, plant and equipment of the Group, and by a floating charge over all current assets, both present and future of the subsidiaries;
- (ii) by a lien over the fixed deposits of the subsidiaries; and
- (iii) by a corporate guarantee of the Company for certain subsidiaries.

32. BANK OVERDRAFTS

The bank overdrafts bore a weighted average effective interest rate of 8.00% (2006 – Nil) per annum and are secured in the same manner as the bills payable as disclosed in Note 31 to the financial statements.

33. NET ASSETS PER SHARE

The net assets per share is calculated based on the net assets value at the balance sheet date of RM112,955,000 (2006 - RM119,665,000) divided by the enlarged number of ordinary shares in issue at the balance sheet date of 234,823,916 (2006 - 215,649,823), details of which are as follows:-

	THE GROUP	
	2007 NUMBER OF SHARES	2006 NUMBER OF SHARES
Ordinary shares of RM0.50 each in issue at the balance sheet date	235,538,101	210,638,765
Ordinary shares to be issued at RM0.68 per share pursuant to the full conversion of 1% ICULS	113,315	5,012,058
Ordinary shares under the share buy-back programme	(827,500)	(1,000)
	<u>234,823,916</u>	<u>215,649,823</u>

34. HIRE PURCHASE PAYABLES

	THE GROUP	
	2007 RM'000	2006 RM'000
Minimum hire purchase payments:		
- not later than one year	582	582
- later than one year but not later than five years	1,528	2,105
	<u>2,110</u>	<u>2,687</u>
Less: Future finance charges	(246)	(397)
Present value of hire purchase payables	<u>1,864</u>	<u>2,290</u>
The net hire purchase payables are repayable as follows:-		
Current:		
Not later than one year (Note 31)	466	427
Non-current:		
Later than one year but not later than five years (Note 26)	1,398	1,863
	<u>1,864</u>	<u>2,290</u>

The hire purchase payables are subject to a weighted average effective interest rate of 7.08% per annum (2006 - 7.08%).



35. REVENUE

Revenue of the Group represents the invoiced value of goods sold and services rendered less discounts and returns whilst revenue of the Company represents gross dividend income.

Details of the revenue are as follows:-

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Sale of bakery products and services	146,892	152,158	-	-
Sale of telecommunication products	459,504	445,833	-	-
Dividend income	-	-	-	1,547
Others	87	-	-	-
	606,483	597,991	-	1,547

36. OTHER OPERATING EXPENSES

Included in other operating expenses are the following:-

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
(Writeback of impairment loss)/				
Impairment loss on:				
- property, plant and equipment	(16,794)	28,021	-	-
- subsidiaries	-	-	-	1,744
Property, plant and equipment written off	-	7,839	-	-

Notes To The Financial Statements

for the financial year ended 31 October 2007

SILVER BIRD

(277977-X)

(cont'd)

37. LOSS BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Loss before taxation is arrived at after charging/(crediting):-				
Audit fee				
- current year	77	70	15	15
- overprovision in previous financial years	-	(2)	-	-
Allowance for doubtful debts	72	646	-	-
Amortisation of discount on bonds	1,102	1,102	1,102	1,102
Amortisation of intangible assets	2	2	-	-
Bad debts written off	57	155	-	-
Depreciation of property, plant and equipment	19,031	19,986	-	-
Directors' fee				
- current year	159	156	159	156
- underprovision in the previous financial year	-	114	-	114
Directors' non-fee emoluments	1,602	1,848	1,602	1,848
Directors' fees	159	270	159	270
Impairment loss on property, plant and equipment	-	28,021	-	-
Impairment loss on subsidiaries	-	-	-	1,744
Interest expense	6,468	7,080	3,439	3,255
Loss on disposal of investment	-	6	-	-
Property, plant and equipment written off	13	7,839	-	-
Rental of premises	5,570	1,166	-	-
Rental of truck	-	555	-	-
Staff costs	28,038	26,842	752	343
Dividend income	-	-	-	(1,547)
(Gain)/Loss on disposal of property, plant and equipment	2,942	(1,906)	-	-
Interest income	(87)	(237)	(80)	(35)
Interest income from subsidiaries	-	-	(4,608)	(4,318)
Management fee income	-	-	-	(1,400)
Realised (gain)/loss on foreign exchange	1	(36)	-	-
Writeback of impairment loss on property, plant and equipment	(16,794)	-	-	-



38. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000 (Restated)	2007 RM'000	2006 RM'000
Current taxation:-				
- for the financial year	-	-	-	433
- overprovision in the previous financial year	(40)	(1)	-	-
	(40)	(1)	-	433
Deferred taxation (Note 25) :-				
- for the financial year	(2,280)	(2,317)	-	-
- underprovision in the previous financial year	-	1,287	-	-
	(2,280)	(1,030)	-	-
	(2,320)	(1,031)	-	433

During the current financial year, the statutory tax rate was reduced from 28% to 27%.

A reconciliation of the statutory tax rate to the effective tax rate applicable to the loss before taxation of the Group and of the Company is as follows:-

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000 (Restated)	2007 RM'000	2006 RM'000
Loss before taxation	(18,397)	(49,548)	(3,876)	(1,796)
Tax at the statutory tax rate of 27% (2006 - 28%)	(4,967)	(13,873)	(1,047)	(503)
Tax effects of:-				
Non-deductible expenses	4,622	3,432	1,243	1,059
Non-taxable gain	(4,535)	-	-	-
Share of loss in a jointly controlled entity	4,979	4,219	-	-
Deferred tax assets not recognised during the financial year	-	4,035	-	-
Deferred tax liabilities not recognised during the financial year	(2,091)	-	-	-
Utilisation of previously unrecognised deferred tax assets	(288)	(130)	(196)	(123)
Overprovision of income tax in previous financial years	(40)	(1)	-	-
Underprovision of deferred tax liabilities in the previous financial year	-	1,287	-	-
Tax for the financial year	(2,320)	(1,031)	-	433

39. LOSS PER SHARE

The basic loss per share is arrived at by dividing the Group's loss attributable to shareholders of RM15,939,000 (2006 - RM48,370,000) by the weighted average number of ordinary shares in issue during the financial year of approximately 214,036,244 (2006 - 210,619,963).

The fully diluted loss per share for the current financial year is arrived at by dividing the Group's adjusted loss attributable to shareholders of RM15,939,000 (2006 - RM48,336,000), adjusted for the effect of interest of ICULS by the assumed weighted average number of ordinary shares in issue during the financial year, adjusted for the effect of the outstanding share options, under the Warrants and conversion of ICULS, of approximately 214,149,559 (2006 - 215,632,614). It is assumed that the Warrants will not be exercised as the exercise price of the Warrants is higher than the prevailing market price at the balance sheet date.

40. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP	
	2007 RM'000	2006 RM'000
Cost of property, plant and equipment purchased	34,225	58,522
Amount financed through hire purchase	-	(2,910)
Cash disbursed for purchase of property, plant and equipment	34,225	55,612

41. ACQUISITION OF A SUBSIDIARY

The date of acquisition and equity interest held by the Company in these subsidiaries are disclosed in Notes 6 and 50 to the financial statements. The details of net assets acquired and cash flow arising from the acquisition of the subsidiaries are as follows:-

	THE GROUP	
	2007 RM'000	2006 RM'000
Plant and equipment	8,531	-
Current assets	5,436	-
Current liabilities	(10,447)	-
Minority interest	(481)	-
Fair value of net assets acquired	3,039	-
Goodwill on acquisition	520	-
Total purchase consideration	3,559	-
Cash and cash equivalents of subsidiaries	561	-
Net cash outflow from acquisition	4,120	-



42. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Fixed deposits with licensed banks	219	10,636	-	-
Short-term deposits with licensed banks	-	26,000	-	-
Cash and bank balances	9,227	23,350	84	147
Bank overdrafts	(485)	-	-	-
	8,961	59,986	84	147

43. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by Directors of the Group and of the Company during the financial year are as follows:-

	THE GROUP		THE COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Executive directors:-				
- basic salaries, bonus and EPF	1,602	1,848	1,602	1,848
Non-executive directors:-				
- fee	159	270	159	270

The details of emoluments for the directors of the Group and of the Company received/receivable for the financial year in bands of RM50,000 are as follows:-

	THE GROUP/THE COMPANY			
	2007		2006	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Below RM50,000	-	7	-	8
RM400,001 - RM450,000	-	-	-	-
RM500,001 - RM550,000	1	-	1	-
RM1,200,001 - RM1,250,000	-	-	-	-
RM1,300,001 - RM1,350,000	1	-	1	-

44. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related Party	Relationship
Stanson Group Sdn. Bhd. ("SGSB")	Subsidiary
Silver Bird International Sdn. Bhd. ("SBI")	Subsidiary
Standard Confectionery Sdn. Bhd. ("SCSB")	Subsidiary
Madeleine Bakery Sdn. Bhd. ("MBSB")	Subsidiary
Stanson Marketing Sdn. Bhd. ("SMSB")	Subsidiary
Silver Bird Foods (S) Pte. Ltd. ("SBF")	Subsidiary

44. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

In addition to the transactions detailed elsewhere in the financial statements, the Group carried out the following transactions and balances between related parties during the financial year:-

	2007 RM'000	2006 RM'000
Amount owing by:-		
- SGSB	6	6
- SBI	13	-
- SCSB	887	813
	906	819
Amount owing to:-		
- MBSB	6	6
- SMSB	39	38
- SBSB	4	-
- SCSB	77	-
- SBF	2	-
	128	44
Key management personnel compensation: - short-term employee benefits	2,029	2,118

45. CONTINGENT LIABILITY

	THE COMPANY	
	2007 RM'000	2006 RM'000
Corporate guarantees given to secure banking facilities granted to certain subsidiaries	150,715	151,238

46. CAPITAL COMMITMENT

	THE GROUP	
	2007 RM'000	2006 RM'000
Approved capital commitment contracted but not provided for	8,736	9,073

47. FOREIGN EXCHANGE RATES

The applicable closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the balance sheet date are as follows:-

	2007 RM'000	2006 RM'000
Brunei Dollar	2.28	2.34
Euro	4.82	4.64
Singapore Dollar	2.30	2.34
US Dollar	3.34	3.65



48. SEGMENTAL REPORTING

2007	Manufacturing and distribution of consumer food RM'000	Distribution of telecommunication products RM'000	Others RM'000	Group RM'000
REVENUE				
External sales	221,625	459,504	87	681,216
Inter-segment sales	(74,733)	-	-	(74,733)
	146,892	459,504	87	606,483
RESULT				
Segment results	12,792	2,877	(8,141)	7,528
Interest income				87
Finance costs				(7,569)
Loss of a former jointly controlled entity	(18,443)			(18,443)
Loss before taxation				(18,397)
Taxation				
- Group	2,320			2,320
- Share of taxation from a jointly controlled entity	-			-
				2,320
Loss after taxation				(16,077)
OTHER INFORMATION				
Segment assets #	293,612	3,743	20,219	317,574
Segment liabilities *	114,395	14,625	75,269	204,289
Capital expenditure	182,085	-	-	182,085
Depreciation	19,031	-	-	19,031
Writeback of impairment of property, plant and equipment	16,794	-	-	16,794
Property, plant and equipment written off	13	-	-	13

48. SEGMENTAL REPORTING (cont'd)

2007	Malaysia RM'000	Singapore RM'000	Group RM'000
REVENUE			
External sales	662,091	19,125	681,216
Inter-segment sales	(74,733)	-	(74,733)
	587,358	19,125	606,483
RESULT			
Segment results	28,183	(20,655)	7,528
Interest income			87
Finance costs			(7,569)
Loss of a former jointly controlled entity		(18,443)	(18,443)
Loss before taxation			(18,397)
Taxation			
- Group	2,320		2,320
- Share of taxation from a jointly controlled entity			-
			2,320
Loss after taxation			(16,077)
OTHER INFORMATION			
Segment assets #	310,681	6,893	317,574
Segment liabilities *	203,145	1,144	204,289
Capital expenditure	179,847	2,238	182,085
Depreciation	18,676	355	19,031
Writeback of impairment of property, plant and equipment	16,794	-	16,794
Property, plant and equipment written off	13	-	13

No segmental report is presented for the financial year ended 2006 as this is the first year the Group is consolidating its Singapore corporation.



48. SEGMENTAL REPORTING (cont'd)

2006	Manufacturing and distribution of consumer food RM'000	Distribution of telecommunication products RM'000	Others RM'000	Group RM'000
REVENUE				
External sales	246,137	445,833	-	691,970
Inter-segment sales	(93,979)	-	-	(93,979)
	152,158	445,833	-	597,991
RESULT				
Segment results	(24,219)	3,361	(5,678)	(26,536)
Interest income				237
Finance costs				(8,182)
Share of loss from a jointly controlled entity	(15,067)			(15,067)
Loss before taxation				(49,548)
Taxation				
- Group	1,031			1,031
- Share of taxation from a jointly controlled entity	147			147
				1,178
Loss after taxation				(48,370)
OTHER INFORMATION				
Segment assets #	305,418	8,864	15,874	330,156
Segment liabilities *	89,165	24,582	94,172	207,919
Capital expenditure	57,881	641	-	58,522
Depreciation	19,906	80	-	19,986
Impairment of property, plant and equipment	28,021	-	-	28,021
Property, plant and equipment written off	5,270	-	2,569	7,839

- Segment assets comprise total current and non-current assets, excluding income tax assets.

* - Segment liabilities comprise total current and non-current liabilities, excluding income tax liabilities.

The revenue of the Group is derived mainly from customers located in Malaysia. The Group's assets are substantially located in Malaysia and the cost to acquire property, plant and equipment arose from Malaysia.

49. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(a) Amounts Owing By/To Subsidiaries/A Jointly Controlled Entity

It is not practicable to estimate the fair values of the amounts owing by/to the subsidiaries/a jointly controlled entity due principally to the lack of fixed repayment terms. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

(b) Short-Term Borrowings, Other Current Liabilities and Commercial Papers

The carrying amounts approximated their fair values because of the short period to maturity of these instruments.

(c) Long-Term Bank Loans and Bonds

The carrying amounts approximated their fair values as these instruments bear interest at variable rates.

(d) Hire Purchase Obligations

The fair values of hire purchase payables are determined by discounting the relevant cash flows using current interest rates for similar types of instruments.

(e) Bank Balances and Short-Term Receivables

The carrying amounts approximated their fair values due to the relatively short-term maturity of these investments.

(f) Long-Term Other Receivable

The carrying amount approximated its fair value as this is a security deposits for a sale and leaseback transaction.

(g) Long-Term Loan to Subsidiaries

The carrying amounts approximated their fair values as these instruments bear interest at variable rates.



49. FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)

(h) Contingent Liability

The nominal amount and net fair value of financial instruments not recognised in the balance sheets of the Group and of the Company are as follows:

	Note	THE GROUP		THE COMPANY	
		Nominal Amount RM'000	Net Fair Value RM'000	Nominal Amount RM'000	Net Fair Value RM'000
At 31 October 2007					
Contingent liability	45	-	-	150,715	*
At 31 October 2006					
Contingent liability	45	-	-	151,238	*

* It is not practicable to estimate the fair value of the contingent liability reliably due to uncertainties of timing, costs and eventual outcome.

50. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events of the Group during the financial year are as follows:-

- (a) The Group entered into an agreement with Widewin Capital Sdn. Bhd. to venture into the marketing and distribution of financial related products through Inforaire Sdn. Bhd. ("Inforaire") which is a subsidiary of the Company.

As at May 2007, the Company holds 51% of the total paid-up capital of Inforaire and Widewin Capital Sdn. Bhd. holds the remaining 49% of the total paid-up capital of Inforaire via an increase in the paid-up share capital in Inforaire.

- (b) In July 2007, the Company acquired the preference shares of SBI from Mayban Ventures Sdn. Bhd. and Employees Provident Fund Board making SBI a wholly owned subsidiary of the Company.

51. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The significant events of the Group subsequent to the balance sheet date are as follows:-

- (a) The Company sold the treasury shares held as at 31 October 2007 to the open market at a total consideration of approximately RM914,000.
- (b) The Company entered into a Memorandum of Understanding with Berjaya Group Capital (Cayman) Limited on 8 January 2008 to establish a formal relationship to jointly carry out activities relating to the production, marketing and distribution of confectionery and bakery products in Vietnam.

Analysis Of Ordinary Shareholdings, Covertibles And Warrants *as at 7 March 2008*



ANALYSIS OF ORDINARY SHAREHOLDINGS

A. Authorised Share Capital	:	RM1,000,000,000-00
Issued and Fully Paid-Up	:	RM157,057,615-00
Class of Shares	:	Ordinary shares of RM0-50 each
Voting Right	:	Every member of the Company, present in person or by proxy, shall have on a show of hands one (1) vote or on poll, one (1) vote for each share held

B. Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	47	2.84	2,013	0.00
100 – 1,000	261	15.75	180,811	0.06
1,001 – 10,000	999	60.29	4,096,639	1.30
10,001 – 100,000	301	18.16	8,138,910	2.59
100,001 – 15,705,761	44	2.66	96,340,921	30.67
15,705,761 & above	5	0.30	205,355,936	65.38
Total	1,657	100.00	314,115,230	100.00

C. Substantial Shareholders' Shareholdings

Substantial Shareholders	Direct Shareholdings		Indirect Shareholdings	
	No. of Shares	%	No. of Shares	%
Dato' Tan Han Kook	46,040,866	14.66	⁽¹⁾ 8,076,079	2.57
Datin Ong Hooi Siang	8,076,079	2.57	⁽¹⁾ 46,040,866	14.66
Berjaya Sompoo Insurance Berhad	15,317,333	4.88	0	0
Rantau Embun Sdn Bhd	36,667,500	11.67	0	0
Selat Makmur Sdn Bhd	15,600,000	4.97	0	0
Inter-Pacific Capital Sdn Bhd	1,333,900	0.42	0	0
Bizurai Bijak (M) Sdn Bhd	0	0	⁽²⁾ 53,318,733	16.97
Hotel Resort Enterprise Sdn Bhd	0	0	⁽³⁾ 68,918,733	21.94
Berjaya Corporation Berhad	0	0	⁽⁴⁾ 68,918,733	21.94
Berjaya Group Berhad	0	0	⁽⁵⁾ 68,918,733	21.94
Berjaya Capital Berhad	0	0	⁽⁶⁾ 53,318,733	16.97
Juara Sejati Sdn Bhd	0	0	⁽²⁾ 53,318,733	16.97
Tan Seri Dato' Seri Vincent Tan Chee Yioun	2,666,666	0.85	⁽³⁾ 68,918,733	21.94
CVC Limited	40,076,666	12.76	0	0
Lembaga Tabung Haji	90,483,106	28.81	0	0
Vanda Russell Gould	0	0	⁽⁷⁾ 40,076,666	12.76



ANALYSIS OF ORDINARY SHAREHOLDINGS (cont'd)

C. Substantial Shareholders' Shareholdings (cont'd)

- (1) Deemed interested by virtue of his/her spouse's shareholding.
- (2) Deemed interested by virtue of interest in Berjaya Capital Berhad, the holding company of Berjaya Sampo Insurance Berhad and Rantau Embun Sdn Bhd. and Inter-Pacific Capital Sdn Bhd.
- (3) Deemed interested by virtue of interest in Berjaya Corporation Berhad, the ultimate holding company of Berjaya Sampo Insurance Berhad, Rantau Embun Sdn Bhd and Selat Makmur Sdn Bhd. and Inter-Pacific Capital Sdn Bhd.
- (4) Deemed interested by virtue of 100% equity interest in Berjaya Group Berhad.
- (5) Deemed interested by virtue of interest in Berjaya Capital Berhad, the holding company of Berjaya Sampo Insurance Berhad and Rantau Embun Sdn Bhd and Inter-Pacific Capital Sdn Bhd, Berjaya Land Berhad, the holding company of Selat Makmur Sdn. Bhd.
- (6) Deemed interested by virtue of interest in Berjaya Sampo Insurance Berhad and Inter-Pacific Capital Sdn Bhd and 100% interest in Rantau Embun Sdn Bhd.
- (7) Deemed interest through CVC Limited by virtue of the Section 6A of the Companies Act, 1965.

D. Directors' Shareholdings

Directors	Direct Shareholdings		Indirect Shareholdings	
	No. of Shares	%	No. of Shares	%
Dato' Prof. Dr. Gan Miew Chee @ Gan Khuan Poh	0	0	0	0
Dato' Tan Han Kook	46,040,866	14.66	⁽¹⁾ 8,076,079	2.57
Ching Siew Cheong	5,349,291	1.70	0	0
Lim Hock Chye	0	0	0	0
Richard George Azlan bin Abas	133,333	0.04	0	0
Dato' Seri Talaat bin Husain	0	0	0	0
Adi Azuan bin Abdul Ghani (appointed on 3 January 2008)	0	0	0	0
Dato' Lee Kok Chuan (appointed on 3 January 2008)	0	0	0	0
Peter John McLoghlin (appointed on 3 January 2008)	0	0	0	0
Vanda Russell Gould (Alternate Director to Peter John McLoghlin) (Appointed on 3 January 2008)	0	0	⁽²⁾ 40,076,666	12.76

(1) Deemed interested by virtue of his spouse's shareholding.

(2) Deemed interested through CVC Limited by virtue of the Section 6A of the Companies Act, 1965.

E. Thirty (30) Largest Shareholders

No.	Name of Shareholders	No. of Share	%
1	Lembaga Tabung Haji	90,183,106	28.710
2	CVC Limited	40,076,666	12.759
3	Rantau Embun Sdn Bhd	36,667,500	11.673
4	OSK Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd For Tan Han Kook	22,378,664	7.124
5	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Tan Han Kook (Banking)	16,050,000	5.110

ANALYSIS OF ORDINARY SHAREHOLDINGS (cont'd)

E. Thirty (30) Largest Shareholders (cont'd)

No.	Name of Shareholders	No. of Share	%
6	Selat Makmur Sdn Bhd	15,600,000	4.966
7	Amanah Raya Nominees (Tempatan) Sdn Bhd Exempt AN For Perkasa Normandy Managers Sdn Bhd	13,363,400	4.254
8	Berjaya Sampo Insurance Berhad	11,765,600	3.746
9	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Han Kook (CEB)	7,007,524	2.231
10	Kurnia Insurans (Malaysia) Berhad	5,440,000	1.732
11	OSK Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd For Ong Hooi Siang	4,519,800	1.439
12	Koperasi Permodalan Felda Berhad	3,704,133	1.179
13	Berjaya Sampo Insurance Berhad	3,551,733	1.131
14	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ong Hooi Siang (CEB)	3,500,000	1.114
15	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Sew Hoey (Tan Siew Hoey) (TAN6986M)	3,066,533	0.976
16	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ching Siew Cheong	2,911,131	0.927
17	Vincent Tan Chee Yioun	2,666,666	0.849
18	CIMB Group Nominees (Tempatan) Sdn Bhd General & Global Capital Corp. Sdn Bhd For Eco General & Global Sdn Bhd (49985 KLMN)	2,620,478	0.834
19	Ching Siew Cheong	2,364,827	0.753
20	Citigroup Nominees (Asing) Sdn Bhd Goldman Sachs International	2,240,866	0.713
21	Oommen Thomas	1,850,000	0.589
22	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Inter-Pacific Capital Sdn Bhd (A/C 83)	1,333,900	0.425
23	Ong Min Hong	1,192,050	0.380
24	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Arsam bin Damis (AA)	1,000,000	0.318
25	Maureen Chong Mai Lee	959,000	0.305
26	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Lim Yen Kong	790,333	0.252
27	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Oo Siew Chin (E-KLC)	504,250	0.161
28	Tan Han Kook	500,000	0.159
29	Ng Lai Yin	400,000	0.127
30	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chan Soo Ping (E-KLC)	272,000	0.087



**ANALYSIS OF 1% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2004/2009
 ("ICULS") HOLDINGS**

A. No. of ICULS issued	:	41,000,000
No. of ICULS Exercised	:	40,911,620
No. of ICULS Unexercised	:	88,380
Voting Right at the Meeting of ICULS Holders	:	Every member of the Company, present in person or by proxy, shall have on a show of hands one (1) vote or on poll, one (1) vote for each ICULS held in the meeting of ICULS holders.

B. Distribution of ICULS Holdings

Size of ICULS Holdings	No. of ICULS Holders	%	No. of ICULS	%
Less than 100	4	3.51	180	0.20
100 – 1,000	93	81.58	11,300	12.79
1,001 – 4,418	11	9.65	30,100	34.06
4,419 and above	6	5.26	46,800	52.95
Total	114	100.00	88,380	100.00

C. Directors' ICULS Holdings

None of the Directors had any interest in the ICULS of the Company as at 7 March 2008.

D. Thirty (30) Largest ICULS Holders

No.	Name of ICULS Holders	No. of ICULS	%
1	James Harold Brodie	15,900	17.991
2	Lee Su Chew	9,100	10.296
3	Goh Pui Lay	6,800	7.694
4	James Harold Brodie	5,000	5.657
5	Goh Kok Lam	5,000	5.657
6	Janet Chung Eng Guan	5,000	5.657
7	Lee Eng Min	4,200	4.752
8	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Sow Yen Kheng	4,000	4.526
9	HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd For Tan Jui Yak	3,400	3.847
10	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Hong Khim	3,000	3.394
11	Hoe Chew Ngok	3,000	3.394
12	HLG Nominee (Tempatan) Sdn Bhd Pledged Securities Account For Tham Chee Leong (CCTS)	3,000	3.394
13	Ooi Lee Peng	2,800	3.168
14	Liong Sam Kong	2,000	2.263
15	Alliance Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kamarul Baharin Bin Albakri	2,000	2.263

**ANALYSIS OF 1% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2004/2009
("ICULS") HOLDINGS (cont'd)**

D. Thirty (30) Largest ICULS Holders (cont'd)

No.	Name of ICULS Holders	No. of ICULS	%
16	Wong Gek Keong	1,500	1.697
17	Joon Kok Seng	1,200	1.358
18	Lee Soh Hong	1,000	1.132
19	Sow Yeen Nam	800	0.905
20	Tan Kim Khuat	300	0.339
21	Teah Kwee Eng	200	0.226
22	Kok Bik Kwan	200	0.226
23	Au Siew Ngor	100	0.113
24	Phua Cheng Tuan @ Phan Chin Yen	100	0.113
25	Cheong Wing Keong	100	0.113
26	Tan Chee Fai	100	0.113
27	Yang Sing Boon	100	0.113
28	Wong Tuck Leong	100	0.113
29	Tan Hock Seng	100	0.113
30	Wong Toon Chick	100	0.113



Analysis Of Ordinary Shareholdings, Covertibles And Warrants as at 7 March 2008 (cont'd)

ANALYSIS OF WARRANT 2005/2010 HOLDINGS

A. No. of Warrant issued	:	109,173,423
No. of Warrant Exercised	:	-
No. of Warrant Unexercised	:	109,173,423
Exercise Period	:	20 September 2005 to 19 September 2010
Voting Right at the Meeting of Warrant Holders	:	Every member of the Company, present in person or by proxy, shall have on a show of hands one (1) vote or on poll, one (1) vote for each Warrant held in the meeting of Warrant holders.

B. Distribution of Warrant Holdings

Size of Warrant Holdings	No. of Warrant Holders	%	No. of Warrant	%
Less than 100	46	2.56	2,435	0.00
100 – 1,000	272	15.14	131,326	0.12
1,001 – 10,000	677	37.67	2,768,401	2.54
10,001 – 100,000	705	39.23	18,126,426	16.60
100,001 – 5,458,670	94	5.23	46,025,050	42.16
5,458,671 and above	3	0.17	42,119,785	38.58
Total	1,797	100.00	109,173,423	100.00

C. Directors' Warrant Holdings

Directors	Direct Warrant Holdings		Indirect Warrant Holdings	
	No. of Warrant	%	No. of Warrant	%
Dato' Prof. Dr. Gan Miew Chee @ Gan Khuan Poh	0	0	0	0
Dato' Tan Han Kook	0	0	⁽¹⁾ 135,647	0.12
Ching Siew Cheong	155,617	0.14	0	0
Lim Hock Chye	0	0	0	0
Richard George Azlan bin Abas	0	0	0	0
Dato' Seri Talaat bin Husain	0	0	0	0
Adi Azuan bin Abdul Ghani (Appointed on 3 January 2008)	0	0	0	0
Dato' Lee Kok Chuan (Appointed on 3 January 2008)	0	0	0	0
Peter John McLoughlin (appointed on 3 January 2008)	0	0	0	0
Vanda Russell Gould (Alternate Director to Peter John McLoughlin) (Appointed on 3 January 2008)	0	0	0	0

⁽¹⁾ Deemed interested by virtue of his spouse's warrant holding.

ANALYSIS OF WARRANT 2005/2010 HOLDINGS (cont'd)

D. Thirty (30) Largest Warrants Holders

No.	Name of Warrants Holders	No. of Holders	%
1	Rantau Embun Sdn Bhd	21,777,000	19,947
2	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Sew Hoey (Tan Siew Hoey)	12,046,785	11.034
3	Selat Makmur Sdn Bhd	8,296,000	7.599
4	Mayban Securities Nominees Sdn Bhd Pledged Securities Account For Chai Yeng Sun (Rem 868-Margin)	5,152,375	4.719
5	Berjaya Sampo Insurance Berhad	4,165,732	3.816
6	Citigroup Nominees (Asing) Sdn Bhd Goldman Sachs International	3,752,731	3.437
7	M.I.T Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chai Yeng Sun (MG0060-222)	3,060,187	2.803
8	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Inter-Pacific Capital Sdn Bhd	2,592,500	2.375
9	Kurnia Insurans (Malaysia) Berhad	2,074,000	1.900
10	Alliance Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chay Wing Wai @ Cheah Wing Wai (8037250)	1,503,650	1.377
11	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ong Yin Chong (M05)	1,318,100	1.207
12	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Oo Siew Chin (E-KLC)	1,103,264	1.011
13	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Soh Hai Liang	1,037,000	0.950
14	Soh Kok Heng	1,000,000	0.916
15	CIMSEC Nominees (Asing) Sdn Bhd ING Asia Private Bank Ltd for Regina International Limited	862,058	0.790
16	OSK Nominees (Asing) Sdn Bhd DMG & Partners Securities Pte Ltd For Yeap Lam Wah (N1/76551)	777,750	0.712
17	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Batu Bara Resources Corporation Sdn Bhd	709,308	0.650
18	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Robert Ong Thien Cheng (CEB)	674,050	0.617
19	Tan Song Mo	657,458	0.602
20	Ng Pee Moy	622,200	0.570
21	AmBank (M) Berhad Pledged Securities Account For Ng Leong Huat (SMART)	571,900	0.524



ANALYSIS OF WARRANT 2005/2010 HOLDINGS (cont'd)

D. Thirty (30) Largest Warrants Holders

No.	Name of Warrants Holders	No. of Holders	%
22	CIMB Group Nominees (Tempatan) Sdn Bhd General & Global Capital Corp. Sdn Bhd For Eco General & Global Sdn Bhd (49985 KLMN)	550,800	0.505
23	Saravanan A/L Subramaniam	518,500	0.475
24	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For How Wong Yuh (K Terengganu)	466,650	0.427
25	Chin Kok Yee	435,540	0.399
26	Gerard Chen Woon Ming	414,800	0.380
27	Woon Yee Chong	403,393	0.370
28	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account For John Leong Chung Hi	395,097	0.362
29	Tan Tiam Yee	365,140	0.335
30	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Wong Lee Yun (PB)	334,432	0.306

ANALYSIS OF WARRANT 2008/2013 HOLDINGS

A.	No. of Warrant issued	:	29,448,302
	No. of Warrant Exercised	:	-
	No. of Warrant Unexercised	:	29,448,302
	Exercise Period	:	25 February 2008 to 24 February 2013
	Voting Right at the Meeting of Warrant Holders	:	Every member of the Company, present in person or by proxy, shall have on a show of hands one (1) vote or on poll, one (1) vote for each Warrant held in the meeting of Warrant holders.

B. Distribution of Warrant Holdings

Size of Warrant Holdings	No. of Warrant Holders	%	No. of Warrant	%
Less than 100	69	2.56	3,422	0.01
100 – 1,000	501	15.14	201,717	0.69
1,001 – 10,000	374	37.67	1,060,093	3.60
10,001 – 100,000	64	39.23	1,856,051	6.30
100,001 – 1,472,414	17	5.23	7,859,299	26.69
1,472,415 and above	4	0.17	18,467,720	62.71
Total	1,029	100.00	29,448,302	100.00

C. Directors' Warrant Holdings

Directors	Direct Warrant Holdings		Indirect Warrant Holdings	
	No. of Warrant	%	No. of Warrant	%
Dato' Prof. Dr. Gan Miew Chee @ Gan Khuan Poh	0	0	0	0
Dato' Tan Han Kook	4,316,330	14.66	⁽¹⁾ 757,425	2.57
Ching Siew Cheong	372,640	1.27	0	0
Lim Hock Chye	0	0	0	0
Richard George Azlan bin Abas	12,499	0.04	0	0
Dato' Seri Talaat bin Husain	0	0	0	0
Adi Azuan bin Abdul Ghani (Appointed on 3 January 2008)	0	0	0	0
Dato' Lee Kok Chuan (Appointed on 3 January 2008)	0	0	0	0
Peter John McLoughlin (appointed on 3 January 2008)	0	0	0	0
Vanda Russell Gould (Alternate Director to Peter John McLoughlin) (Appointed on 3 January 2008)	0	0	⁽²⁾ 3,757,187	12.759

⁽¹⁾ Deemed interested by virtue of his spouse's warrant holding.

⁽²⁾ Deemed interested through CVC Limited by virtue of the Section 6A of the Companies Act, 1965.



ANALYSIS OF WARRANT 2008/2013 HOLDINGS (cont'd)

D. Thirty (30) Largest Warrants Holders

No.	Name of Warrants Holders	No. of Holders	%
1	Lembaga Tabung Haji	6,956,391	23.622
2	OSK Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd For Tan Han Kook	4,316,330	14.657
3	CVC Limited	3,757,187	12.759
4	Rantau Embun Sdn Bhd	3,437,812	11.674
5	Selat Makmur Sdn Bhd	1,462,500	4.966
6	Amanah Raya Nominees (Tempatan) Sdn Bhd Exempt AN For Perkasa Normandy Managers Sdn Bhd	1,261,275	4.283
7	Berjaya Sampo Insurance Berhad	1,103,025	2.746
8	OSK Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd For Ong Hooi Siang	757,425	2.572
9	Kurnia Insurans (Malaysia) Berhad	671,250	2.279
10	Ching Siew Cheong	367,641	1.248
11	Koperasi Permodalan Felda Berhad	347,262	1.179
12	Berjaya Sampo Insurance Berhad	332,974	1.131
13	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Sew Hoey (Tan Siew Hoey) (TAN6986M)	256,587	0.871
14	Vincent Tan Chee Yioun	249,999	0.849
15	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Seow Than (CEB)	226,900	0.771
16	Kwong Moei Jie	189,937	0.645
17	Ng Kah Yoke	141,912	0.482
18	Chong Hon Yen	126,750	0.430
19	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Inter-Pacific Capital Sdn Bhd (A/C 83)	125,062	0.425
20	Maureen Chong Mai Lee	125,000	0.425
21	Dan Yoke Pyng	113,800	0.386
22	Wong Lee Peng	95,750	0.325
23	Lim Chiew Heong	82,200	0.279
24	Syed Mohd Kamal Bin Syed Ahmad	75,000	0.255
25	Koh Boon Poh	75,000	0.255
26	Lee Mee Kuen	70,000	0.238
27	Tan Sook Peng @ Annie Tan	64,912	0.220
28	HLG Nominee (Tempatan) Sdn Bhd Hong Leong Bank Bhd For Low Kim Chai	60,600	0.206
29	Sri Lata A/P AN Raj @ Nookaraju	60,000	0.204
30	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Sallehudin Bin Muhammad	50,000	0.170

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of SILVER BIRD GROUP BERHAD will be held at High5 Breadtown, Silver Bird Complex, Lot 72 Persiaran Jubli Perak, Seksyen 21, 40300 Shah Alam, Selangor Darul Ehsan on Tuesday, 29 April 2008 at 10.00 a.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 October 2007 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who are retiring under Article 97 of the Articles of Association of the Company:
 - 2.1 Mr Ching Siew Cheong *Ordinary Resolution 1*
 - 2.2 Encik Richard George Azlan bin Abas *Ordinary Resolution 2*
3. To re-elect the following Directors who are retiring under Article 104 of the Articles of Association of the Company:
 - 3.1 Encik Adi Azuan bin Abdul Ghani *Ordinary Resolution 3*
 - 3.2 Dato' Lee Kok Chuan *Ordinary Resolution 4*
 - 3.3 Mr Peter John McLoghlin *Ordinary Resolution 5*
4. To approve the sum of RM146,000.00 being the directors' fees for the financial year ended 31 October 2007. *Ordinary Resolution 6*
5. To re-appoint Messrs Horwath as Auditors to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. *Ordinary Resolution 7*

SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions:

6. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** *Ordinary Resolution 8*

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and issue shares in the Company, at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company at the time of issue and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."



7. PROPOSED RENEWAL OF AUTHORITY TO PURCHASE THE COMPANY'S OWN SHARES*Ordinary Resolution 9*

"THAT subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM 0.50 each in the Company's issued and paid-up share capital through the Bursa Securities subject further to the following: -

- (i) the maximum number of shares which may be purchased and/or held by the Company shall be equivalent to 10% of the issued and paid-up share capital of the Company ("Shares") at any point in time;
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the retained profits and share premium account of the Company. As at 31 October 2007, the audited accumulated loss and share premium account of the Company were RM4,868,000.00 and RM24,325,000.00 respectively;
- (iii) the authority conferred by this resolution will commence immediately upon passing of this resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company, unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or the expiration of the period within which the next AGM after that date is required by the law to be held, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by the Bursa Securities or any other relevant authority; and
- (iv) upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Shares in the following manner: -
 - (a) cancel the Shares so purchased; or
 - (b) retain the Shares so purchased as treasury shares; or
 - (c) retain part of the Shares so purchased as treasury shares and cancel the remainder; or
 - (d) distribute the treasury shares as dividends to shareholders and/or resell on the Bursa Securities and/or cancel all or part of them; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Bursa Securities and any other relevant authority for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

8. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

Special Resolution

"THAT the proposed amendments to the Articles of Association of the Company contained in Appendix I attached to the Annual Report 2007 be and are hereby approved."

BY ORDER OF THE BOARD

MAH LI CHEN (MAICSA 7022751)
TAN FONG SHIAN @ LIM FONG SHIAN (MAICSA 7023187)

COMPANY SECRETARIES

Shah Alam
7 April 2008

Notes :

- 1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies (but not more than two (2)) to attend and vote in his/her stead. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy. A proxy may but need not be a member of the Company and if he is not a member, he need not be an advocate, an approved Company auditor or a person approved by the Registrar of Companies.*
- 2. In the case of a corporation, the proxy appointed must be in accordance with its Articles of Association and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of an officer or attorney duly appointed.*
- 3. The instrument appointing a proxy must be deposited at the Secretarial Office of the Company at C15-1, Level 15, Tower C, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for the holding of the Fourteenth Annual General Meeting or any adjournment thereof.*

Explanatory Note on the Special Business

Ordinary Resolution 8

Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company, from the date of the Fourteenth Annual General Meeting, to issue and allot shares (other than bonus or rights issue) of the Company up to and not exceeding in total ten per centum (10%) of the issued share capital of the Company at the time of issue for such purpose as they considered would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Ordinary Resolution 9

Proposed Renewal of Authority to Purchase the Company's Own Shares

The proposed Ordinary Resolution 9, if passed, will empower the Company to purchase and/or hold up to 10% of the issued and paid-up share of the Company. This authority unless revoked or varied by the Company at a General Meeting will expire at the next Annual General Meeting of the Company.

Please refer to Share Buy Back Statement dated 7 April 2008 for further information.

Special Resolution

Proposed Amendments to the Articles of Association of the Company

The proposed amendments, if passed, will bring the Articles of Association of the Company to be in line with the Listing Requirements of the Bursa Malaysia Securities Berhad.



Statement Accompanying Notice Of Annual General Meeting

(Pursuant to Paragraph 8.28 (2) of the Bursa Securities Listing Requirements)

1. Names of Directors who are standing for re-election at the Fourteenth Annual General Meeting of the Company:

- (i) Mr Ching Siew Cheong;
- (ii) Encik Richard George Azlan bin Abas;
- (iii) Encik Adi Azuan bin Abdul Ghani;
- (iv) Dato' Lee Kok Chuan; and
- (v) Mr Peter John McLoghlin.

2. Details of attendance of Directors at Board Meetings

The details are set out on page 16 of this Annual Report.

3. Date, Time and Venue of the Fourteenth Annual General Meeting of the Company

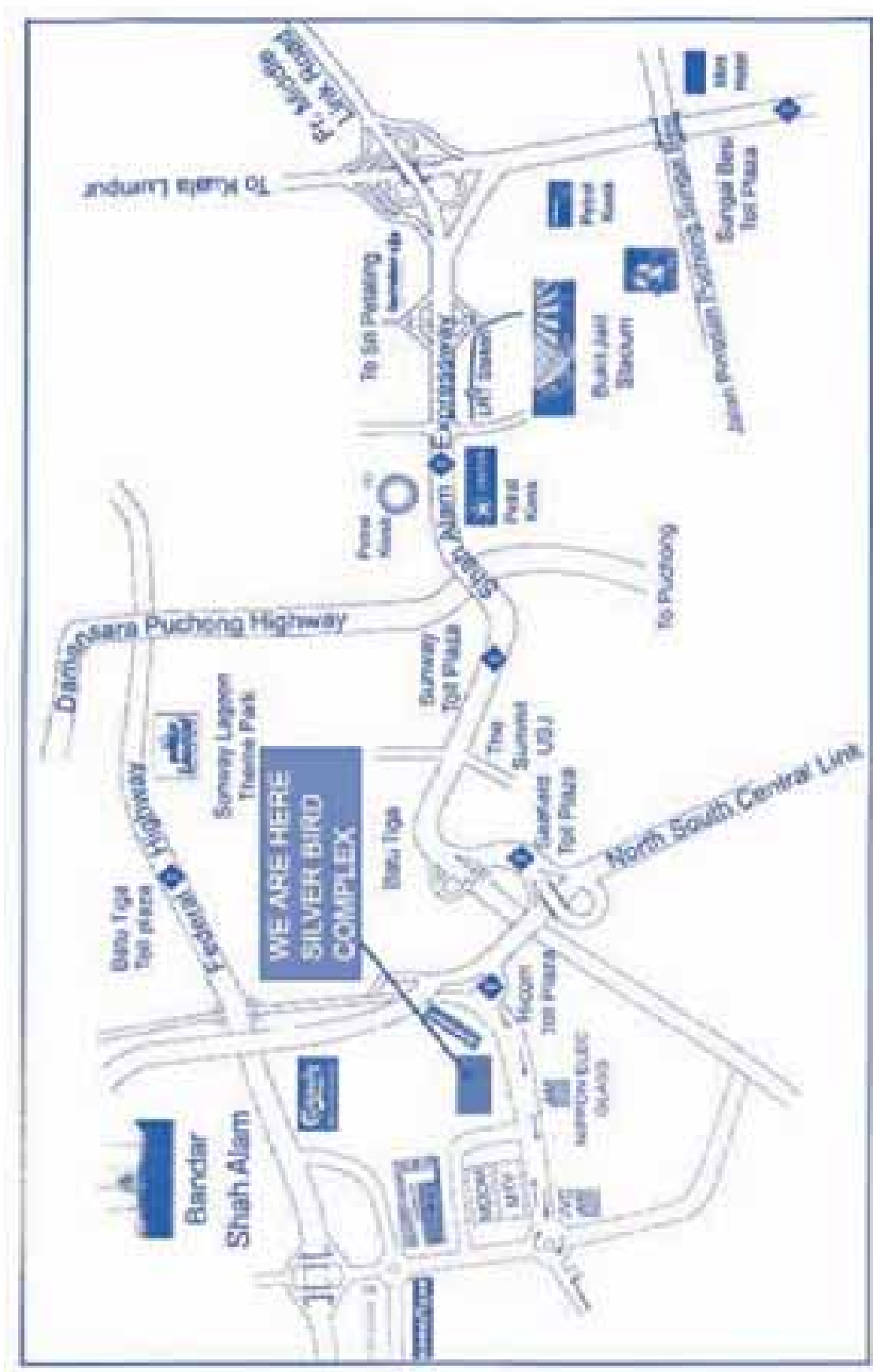
The Fourteenth Annual General Meeting of the Company will be held on Tuesday, 29 April 2008 at 10.00 a.m. at High5 Breathtown, Silver Bird Complex, Lot 72 Persiaran Jubli Perak, Seksyen 21, 40300 Shah Alam, Selangor Darul Ehsan.

4. Further details of Directors who are standing for re-election as Directors

The details of the Directors who are standing for re-election at the Fourteenth Annual General Meeting are set out on page 10 to 14 of this Annual Report.

No individual other than the retiring Directors is seeking election as a Director at the Fourteenth Annual General Meeting of the Company.

No notice of nomination has been received to date from any member nominating any individual for election as a Director at the Fourteenth Annual General Meeting of the Company.



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

FORM OF PROXY

CDS Account No.⁽ⁱ⁾ _____

No. of Shares held _____

*I/We _____
(FULL NAME IN BLOCK CAPITALS)

NRIC No./Company No. _____ (NEW) _____ (OLD)

of _____
(FULL ADDRESS)

being a member of **SILVER BIRD GROUP BERHAD** hereby appoint _____
(FULL NAME)

NRIC No. _____ (NEW) _____ (OLD) or failing him/her

_____ NRIC No. _____ (NEW) _____ (OLD)
(FULL NAME)

or failing him/her, the Chairman of the Meeting as *my/our proxy to attend and vote on *my/our behalf at the Fourteenth Annual General Meeting ("AGM") of the Company to be held at High5 Breathtown, Silver Bird Complex, Lot 72 Persiaran Jubli Perak, Seksyen 21, 40300 Shah Alam, Selangor Darul Ehsan on Tuesday, 29 April 2008 at 10.00 a.m. and at any adjournment thereof of the following resolutions referred to in the Notice of Fourteenth AGM. My/Our proxy is to vote as indicated below:

	FOR	AGAINST
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Ordinary Resolution 8		
Ordinary Resolution 9		
Special Resolution		

(Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast. Unless voting instructions are indicated in the space above, the proxy will vote as he/she thinks fit.)

⁽ⁱ⁾ Applicable to shares held through a nominee account.

* Delete where applicable

Signed this day of 2008

For appointment of two proxies, percentage if shareholdings to be represented by the proxies:

	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Signature/Common Seal of Member

Notes:-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies (but not more than two (2)) to attend and vote in his/her stead. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy. A proxy may but need not be a member of the Company and if he is not a member, he need not be an advocate, an approved Company auditor or a person approved by the Registrar of Companies.
2. In the case of a corporation, the proxy appointed must be in accordance with its Articles of Association and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of an officer or attorney duly appointed.
3. The instrument appointing a proxy must be deposited at the Secretarial Office of the Company at C15-1, Level 15, Tower C, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for the holding of the Fourteenth Annual General Meeting or any adjournment thereof.

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STAMP

The Company Secretary
SILVER BIRD GROUP BERHAD
(Company No. 277977-X)

C15-1, Level 15, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur

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