

# SILVER BIRD

SILVER BIRD GROUP BERHAD

(Company No. 277977-X)

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 30 APRIL 2004

### PART A2: SUMMARY OF KEY FINANCIAL INFORMATION

	3 Months Ended 30 April		Cumulative 6 Months Ended 30 April	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	83,823	11,207	96,439	23,346
Cost of sales	(73,549)	(7,698)	(82,431)	(15,703)
<b>Gross profit</b>	<b>10,274</b>	<b>3,509</b>	<b>14,008</b>	<b>7,643</b>
Operating income	33	99	133	198
Operating expenses	(4,887)	(1,609)	(6,554)	(3,259)
<b>Operating profit</b>	<b>5,420</b>	<b>1,999</b>	<b>7,587</b>	<b>4,582</b>
Interest expense	(1,088)	(174)	(1,514)	(305)
Interest and other income	354	141	444	201
<b>Profit before taxation</b>	<b>4,686</b>	<b>1,966</b>	<b>6,517</b>	<b>4,478</b>
Income tax	(90)	(190)	(240)	(410)
<b>Profit after taxation</b>	<b>4,596</b>	<b>1,776</b>	<b>6,277</b>	<b>4,068</b>
Less: Minority interest	0	0	0	0
<b>Profit after taxation and minority interest</b>	<b>4,596</b>	<b>1,776</b>	<b>6,277</b>	<b>4,068</b>
<b>Net profit for the period</b>	<b>4,596</b>	<b>1,776</b>	<b>6,277</b>	<b>4,068</b>
<b>Basic earnings per share (sen)</b>	<b>4.65</b>	<b>2.22</b>	<b>6.36</b>	<b>5.08</b>
<b>Diluted earnings per share (sen)</b>	<b>3.12</b>	<b>2.20</b>	<b>4.26</b>	<b>5.04</b>
<b>Dividend per share (sen)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>As At End of Current Quarter</b>		<b>As At Preceding Financial Year End</b>	
<b>Net tangible assets per share (RM)</b>	0.61		0.92	

### PART A3: SUMMARY OF KEY FINANCIAL INFORMATION

	3 Months Ended 30 April		6 Months Ended 30 April	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>1 Profit from operations</b>	<b>5,420</b>	<b>1,999</b>	<b>7,587</b>	<b>4,582</b>
<b>2 Gross interest income</b>	<b>21</b>	<b>54</b>	<b>31</b>	<b>86</b>
<b>3 Gross interest expense</b>	<b>1,088</b>	<b>174</b>	<b>1,514</b>	<b>305</b>

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Cost of sales	(73,549)	(7,698)	(82,431)	(15,703)
<b>Gross profit</b>	10,274	3,509	14,008	7,643
Operating income	33	99	133	198
Operating expenses	(4,887)	(1,609)	(6,554)	(3,259)
<b>Operating profit</b>	5,420	1,999	7,587	4,582
Interest expense	(1,088)	(174)	(1,514)	(305)
Interest and other income	354	141	444	201
<b>Profit before taxation</b>	4,686	1,966	6,517	4,478
Income tax	(90)	(190)	(240)	(410)
<b>Profit after taxation</b>	4,596	1,776	6,277	4,068
Less: Minority interest	0	0	0	0
<b>Profit after taxation and minority interest</b>	4,596	1,776	6,277	4,068
<b>Net profit for the period</b>	<u>4,596</u>	<u>1,776</u>	<u>6,277</u>	<u>4,068</u>
<b>Basic earnings per share (sen)</b>	4.65	2.22	6.36	5.08
<b>Diluted earnings per share (sen)</b>	3.12	2.20	4.26	5.04

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 October 2003 and the accompanying explanatory notes attached to the interim financial statements.

# SILVER BIRD

## SILVER BIRD GROUP BERHAD

(Company No. 277977-X)

(Incorporated in Malaysia)

### CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30/04/2004

	AS AT END OF 2ND QUARTER 30/04/04 UNAUDITED RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/10/03 RM'000
Property, plant and equipment	163,925	93,883
Deferred assets	6,323	4,837
Other Investment	0	2,000
Goodwill on consolidation	37,764	1,610
	<u>208,012</u>	<u>102,330</u>
<b>Current assets</b>		
Other investment	0	2,000
Inventories	10,499	4,487
Trade receivables	29,142	12,575
Other receivables, deposits and prepayments	7,301	3,177
Bank balance	11,338	7,822
	<u>58,280</u>	<u>30,061</u>
<b>Current Liabilities</b>		
Trade payables	13,139	2,861
Other payables and accruals	10,673	5,093
Short term borrowings	58,126	26,060
1% Redeemable Convertible Unsecured Loan Stocks	5,400	0
Provision for taxation	176	177
Dividend payable	1,753	0
	<u>89,267</u>	<u>34,191</u>
<b>Net current assets</b>	<u>(30,987)</u>	<u>(4,130)</u>
	<u>177,025</u>	<u>98,200</u>
<b>Shareholders' funds</b>		
Share capital	69,311	40,495
Reserves		
Share premium	7,308	5,416
Merger deficit	(5,326)	(5,326)
Capital reserve	277	277
Retained profits	19,186	33,260
5-Year 1% Irredeemable Convertible Unsecured Loan Stocks	20,500	0
1% Redeemable Convertible Unsecured Loan Stocks	10,800	0
Proposed dividend	0	1,620
	<u>122,056</u>	<u>75,742</u>
Long term borrowings	48,514	17,489
Deferred taxation	6,455	4,969
	<u>177,025</u>	<u>98,200</u>
<b>Net tangible assets per share (RM)</b>	<u>0.61</u>	<u>0.92</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 October 2003 and the accompanying explanatory notes attached to the interim financial statements.

**SILVER BIRD****SILVER BIRD GROUP BERHAD**

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**Unaudited Condensed Consolidated Statement of Changes In Equity  
For The Quarter Ended 30 April 2004**

	Share Capital RM'000	Share Premium Reserve RM'000	Merger Deficit RM'000	Capital Reserves RM'000	Retained Profits RM'000	5-Year 1% ICULS/ 1% RCULS RM'000	Proposed Dividend RM'000	Total RM'000
<b>Balance at 31.10.2002/ 1.11.2002</b>	40,053	5,326	(5,326)	277	24,821	-	500	65,651
Listing expenses incurred	-	(299)	-	-	-	-	-	(299)
Dividend paid	-	-	-	-	-	-	(500)	(500)
Net profit for the period	-	-	-	-	3,683	-	-	3,683
<b>Balance at 30.04.2003</b>	<b>40,053</b>	<b>5,027</b>	<b>(5,326)</b>	<b>277</b>	<b>28,504</b>	<b>-</b>	<b>-</b>	<b>68,535</b>

<b>Balance at 31.10.2003/ 1.11.2003</b>	40,495	5,416	(5,326)	277	33,260	-	1,620	75,742
Exercise of ESOS	1,186	362	-	-	-	-	-	1,548
Issuance of new shares	27,630	2,621	-	-	(20,351)	-	-	9,900
Dividend payable	-	-	-	-	-	-	(1,620)	(1,620)
Corporate exercise expense	-	(1,091)	-	-	-	-	-	(1,091)
Issuance of 5-Year 1% ICULS	-	-	-	-	-	20,500	-	20,500
Issuance of 1% RCULS	-	-	-	-	-	10,800	-	10,800
Net profit for the period	-	-	-	-	6,277	-	-	6,277
<b>Balance at 30.04.2004</b>	<b>69,311</b>	<b>7,308</b>	<b>(5,326)</b>	<b>277</b>	<b>19,186</b>	<b>31,300</b>	<b>-</b>	<b>122,056</b>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 October 2003 and the accompanying explanatory notes attached to the interim financial statements.

# SILVER BIRD

## SILVER BIRD GROUP BERHAD

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### Unaudited Condensed Consolidated Cash Flow Statement For The Quarter Ended 30 April 2004

	6-month Ended 30 April 2004 RM'000	6-month Ended 30 April 2003 RM'000
<b>Cash flows from operating activities</b>		
Net profit before tax	6,517	2,512
Adjustments for non-cash flow: -		
Non-cash items	3,207	700
Non-operating items	(577)	(99)
Operating profit before changes in working capital	9,147	3,113
Changes in working capital		
Net change in current assets	116	3,551
Net change in current liabilities	772	(7,602)
Net cash (used in)/generated from operating activities	10,035	(938)
<b>Cash flows from investing activities</b>		
Dividend and interest income	577	-
Purchase of property, plant and equipment	(47,608)	(10,850)
Acquisition of subsidiaries cash inflow	9,168	-
Net cash (used in)/generated from investing activities	(37,863)	(10,850)
<b>Cash flows from financing activities</b>		
Corporate exercise expenses	(1,091)	-
Bank borrowings	31,119	(224)
Proceeds from ESOS	1,548	-
Net cash (used in)/generated from financing activities	31,576	(224)
<b>Net change in Cash &amp; Cash equivalents</b>	3,748	(12,012)
<b>Cash &amp; Cash equivalents at beginning of the financial year</b>	3,764	14,031
<b>Cash &amp; Cash equivalents at end of the financial year*</b>	7,512	2,019

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

	As at 30 April 2004 RM'000	As at 30 April 2003 RM'000
Bank balance	11,338	6,786
Bank overdrafts (included in short term borrowings)	(3,826)	(4,767)
	7,512	2,019

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 October 2003 and the accompanying explanatory notes attached to the interim financial statements.

# **SILVER BIRD**

## **SILVER BIRD GROUP BERHAD**

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### **PART A – EXPLANATORY NOTES PURSUANT TO MASB 26**

#### **1 BASIS OF PREPARATION**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MASB 26: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Bhd.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 October 2003. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 October 2003.

The accounting policies and methods of computation followed in this quarterly financial statement are the same as those in the audited financial statements for the financial year ended 31 October 2003.

#### **2 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the audited financial statements for the financial year ended 31 October 2003 was not qualified.

#### **3 COMMENTS ABOUT SEASONAL AND CYCLICAL FACTORS**

The demand for certain bakery products are seasonal in nature. The sales of these products are usually higher in the first and fourth quarters of the financial year.

#### **4 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 April 2004.

#### **5 CHANGES IN ESTIMATES**

Not applicable as no estimates were published for the financial period under review.

## **6 DEBT AND EQUITY SECURITIES**

Save as disclosed below, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial year to date as at 30 April 2004: -

### **(a) Executive Share Option Scheme (“Scheme”)**

- (i) 415,000 new ordinary shares of RM0.50 each allotted under the Scheme during the current financial year to date as at 30 April 2004 at an exercise price of RM0.90 per share pursuant to the Scheme.
- (ii) 1,956,900 new ordinary shares of RM0.50 each allotted under the Scheme during the current financial year to date as at 30 April 2004 at an exercise price of RM0.60 per share (after adjusting for the bonus issue completed in March 2004) pursuant to the Scheme.

### **(b) 5-Year 1% Irredeemable Convertible Unsecured Loan Stocks 2004/2009 (“ICULS”)**

On 16 February 2004, the Company issued 41,000,000 of ICULS at a nominal value of RM0.50 each in consideration of the acquisition of Stanson Group Sdn Bhd (“Stanson”). The total RM20.5 million of ICULS are classified as shareholders’ equity.

### **(c) 1% Redeemable Convertible Unsecured Loan Stocks 2004/2005 (“RCULS”)**

On 12 March 2004, the Company issued 32,400,000 of RCULS at a nominal value of RM0.50 each in consideration of the acquisition of Stanson. RM5.4 million of RCULS are classified as short-term borrowings while the remaining RM10.8 million of RCULS are classified as shareholders’ equity.

### **(d) Issued and Paid-Up Share Capital**

On 8 March 2004, the Company issued 14,558,823 ordinary share of RM0.50 each in consideration of the Acquisition of Stanson.

## **7 DIVIDENDS PAID**

There was no dividend paid for the financial period under review.

## 8 SEGMENTAL REPORTING – GROUP

<b>Segment Revenue</b>	<b>3 Months Ended 30/04/2004 RM'000</b>	<b>6 Months Ended 30/04/2004 RM'000</b>
Consumer food	27,246	39,862
Telecommunication products	56,577	56,577
	83,823	96,439

<b>Segment Profit/(Loss) Before Income Tax</b>	<b>3 Months Ended 30/04/2004 RM'000</b>	<b>6 Months Ended 30/04/2004 RM'000</b>
Consumer food	4,369	6,200
Telecommunication products	317	317
	4,686	6,517

Reporting by geographical segment is not applicable as the Group operates principally in Malaysia.

## 9 REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

There had been no revaluation of property, plant and equipment and other investment.

## 10 SUBSEQUENT MATERIAL EVENTS

There were no material events subsequent to the quarter.

## 11 CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter except for the acquisition of the entire equity interest in Stanson which was completed on 12 March 2004.

The net tangible assets of Stanson as at 30 April 2004 was RM17 million.

## 12 CHANGES IN CONTINGENT LIABILITIES

During the financial period ended 30 April 2004, the Company has given corporate guarantees amounting to RM160 million to secure banking facilities granted to certain subsidiaries.



**13 CAPITAL COMMITMENTS**

	<b>As at 30 April 2004 RM'000</b>	<b>As at 31 October 2003 RM'000</b>
Approved capital commitment contracted but not provided for	2,000	14,000
Approved capital commitment not contracted for	-	12,642
	2,000	26,642

**14 RELATED PARTY TRANSACTIONS**

Transaction with directors/certain major shareholders of the Group and company in which they have interest: -

	<b>3 months ended 30 April 2004 RM'000</b>	<b>6 months ended 30 April 2004 RM'000</b>
- Sales from Standard Confectionery Sdn Bhd, a wholly-owned subsidiary of the Group, to Stanson Marketing Sdn Bhd	2,968*	9,289*
- Purchases by Standard Confectionery Sdn Bhd, a wholly-owned subsidiary of the Group, from Stanson Bakeries Sdn Bhd	322*	373*

\* Sales or purchases were made prior to the completion of the acquisition of Stanson as elaborated in Note 11.

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF KLSE**

**15 REVIEW OF PERFORMANCE**

The Group's quarterly turnover of RM83.8 million is significantly higher than that of the preceding year's corresponding period due to the inclusion of the consolidated turnover of the newly acquired wholly-owned subsidiary, Stanson.

**16 MATERIAL CHANGES IN THE QUARTERLY RESULTS AGAINST THE IMMEDIATE PRECEDING QUARTER'S RESULTS**

The Group's profit before tax for the current quarter increased by approximately 139% from RM1.96 million in the immediate preceding quarter to RM4.68 million due to the inclusion of the consolidated results of Stanson.

**17 COMMENTARY ON PROSPECTS**

For the second half of the 2004 financial year, in addition to the aggressive market expansion and launching of the new consumer food products in the market place, the Group will focus on improving productivity as well as operational efficiency.

Barring unforeseen circumstances, the Board of Directors cautiously anticipates that the manufacturing of bakery products coupled with the successful acquisition of Stanson will steer the performance of the Group to better results in the second half of the financial year.

**18 VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST/PROFIT GUARANTEE**

Not applicable as no profit forecast was published and no profit guarantee was provided for the financial period under review.

**19 TAXATION**

	<b>Current Year 2nd Quarter Ended 30/04/04 RM'000</b>	<b>Cumulative Current Year To Date As At 30/04/04 RM'000</b>
Current tax	90	240

The adoption of MASB 25 has no material effect on the tax liability of the Group.

The effective tax rate for the current year quarter and year to date is lower than the statutory income tax rate mainly due to the availability of capital and reinvestment allowances.

**20 SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

As announced on 15 April 2004, the Company entered into a Sale and Purchase Agreement dated 15 April 2004 with Starhome Realty Sdn Bhd for the disposal of Kepong Properties for a total cash consideration of RM3.95 million. The disposal will result in an estimated loss of RM220,000.

Save for the above-mentioned disposal of Kepong Properties, there were no sales of unquoted investments or properties for the current financial quarter.

**21 QUOTED SECURITIES**

There were no purchases or disposal of any quoted investments for the current quarter and financial year-to-date.

**22 STATUS OF CORPORATE PROPOSALS**

On 24 November 2003, Standard Confectionery Sdn Bhd, a wholly-owned subsidiary of the Company, had completed the acquisition of 18 acres of freehold land with buildings thereon (collectively the "Property") located in Taman Perindustrian Subang Utama, Shah Alam from Onkyo Asia Electronics Sdn Bhd for a total cash consideration of RM20.5 million.

The subdivided title to the Property is pending registration with the Pendaftar Hakmilik, Negeri Selangor.

**23 GROUP BORROWINGS**

The Group borrowings are as follows: -

<b>Secured Borrowings</b>	<b>As at 30 April 2004 RM'000</b>	<b>As at 31 October 2003 RM'000</b>
Short term borrowings	58,126	26,060
Long term borrowings	48,514	17,489
	106,640	43,549

<b>Unsecured Borrowings</b>	<b>As at 30 April 2004 RM'000</b>	<b>As at 31 October 2003 RM'000</b>
Short term borrowings	5,400	-
	5,400	-

All of the above borrowings are denominated in Ringgit Malaysia.

**24 OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no off Balance Sheet financial instruments entered into by the Group as at the date of this announcement.

**25 MATERIAL LITIGATION**

There was no material litigation involving the Group as at the date of this announcement.

**26 PROPOSED DIVIDEND**

There was no dividend proposed by the Board of Directors for the current financial period under review.

**27 EARNINGS PER SHARE**

**Basic**

The basic earnings per share is calculated by dividing the Group's net profit for the period by the weighted average number of ordinary shares in issue during the period as follows: -

	<b>CURRENT YEAR 2nd QUARTER 30/04/04 RM'000</b>	<b>CURRENT YEAR TO DATE 30/04/04 RM'000</b>
Net profit attributable to members of the company	4,596	6,277
Weighted average number of ordinary shares outstanding ('000)	98,764	98,764
Basic earnings per share (sen)	4.65	6.36

## Diluted

For the purpose of calculating diluted earnings per share, the net profit for the period and the weighted average number of ordinary shares outstanding during the period have been adjusted for the effects of dilutive potential ordinary shares from conversion of the Executive Share Option Scheme (“ESOS”), ICULS and RCULS.

	<b>CURRENT YEAR 2<sup>nd</sup> QUARTER 30/04/04 RM'000</b>	<b>CURRENT YEAR TO DATE 30/04/04 RM'000</b>
Net profit attributable to members of the company	4,596	6,277
Weighted average number of ordinary shares outstanding ('000)	98,764	98,764
Adjustment for assumed conversion of ESOS, ICULS and RCULS ('000)	48,649	48,649
Adjusted weighted average number of ordinary shares outstanding and issuable ('000)	147,413	147,413
Diluted earnings per share (sen)	3.12	4.26

## 28 AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 June 2004.

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

Kuala Lumpur