

SILVER BIRD

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

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 31 JULY 2004

	3 Months Ended 31 July		Cumulative 9 Months Ended 31 July	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	130,719	11,401	227,158	34,747
Cost of sales	(116,641)	(7,470)	(199,072)	(23,173)
Gross profit	14,078	3,931	28,086	11,574
Operating income	0	99	133	297
Operating expenses	(7,365)	(1,241)	(13,919)	(4,500)
Operating profit	6,713	2,789	14,300	7,371
Interest expense	(1,494)	(262)	(3,008)	(567)
Interest and other income	357	129	801	330
Profit before taxation	5,576	2,656	12,093	7,134
Income tax	(90)	(148)	(330)	(558)
Profit after taxation	5,486	2,508	11,763	6,576
Less: Minority interest	0	0	0	0
Profit after taxation and minority interest	5,486	2,508	11,763	6,576
Net profit for the period	<u>5,486</u>	<u>2,508</u>	<u>11,763</u>	<u>6,576</u>
Basic earnings per share (sen)	5.10	3.13	10.93	8.21
Diluted earnings per share (sen)	3.54	3.08	7.59	8.08

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.

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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31/07/2004

	AS AT END OF 3RD QUARTER 31/07/04 UNAUDITED RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/10/03 RM'000
Property, plant and equipment	182,063	93,883
Deferred assets	6,323	4,837
Other Investment	0	2,000
Goodwill on consolidation	37,764	1,610
	226,150	102,330
Current assets		
Other investment	0	2,000
Inventories	9,333	4,487
Trade receivables	25,106	12,575
Other receivables, deposits and prepayments	8,738	3,177
Bank balance	7,562	7,822
	50,739	30,061
Current Liabilities		
Trade payables	12,740	2,861
Other payables and accruals	8,189	5,093
Short term borrowings	60,787	26,060
1% Redeemable Convertible Unsecured Loan Stocks	5,400	0
Provision for taxation	173	177
	87,289	34,191
Net current liabilities	(36,550)	(4,130)
	189,600	98,200
Shareholders' funds		
Share capital	70,682	40,495
Reserves		
Share premium	7,565	5,416
Merger deficit	(5,326)	(5,326)
Capital reserve	277	277
Retained profits	24,536	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
	129,034	75,742
Long term borrowings	54,111	17,489
Deferred taxation	6,455	4,969
	189,600	98,200
Net tangible assets per share (RM)	0.65	0.92

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.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 JULY 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
Balance at 31.10.2002/ 1.11.2002	40,053	5,326	(5,326)	277	24,821	-	500	65,651
Listing expenses incurred	-	(267)	-	-	-	-	-	(267)
Dividend paid	-	-	-	-	-	-	(500)	(500)
Exercise of ESOS	87	71	-	-	-	-	-	158
Net profit for the period	-	-	-	-	6,191	-	-	6,191
Balance at 31.07.2003	40,140	5,130	(5,326)	277	31,012	-	-	71,233
Balance at 31.10.2003/ 1.11.2003	40,495	5,416	(5,326)	277	33,260	-	1,620	75,742
Exercise of ESOS	2,557	636	-	-	-	-	-	3,193
Issuance of new shares	27,630	2,622	-	-	(20,351)	-	-	9,901
Dividend payable	-	-	-	-	-	-	(1,620)	(1,620)
Corporate exercise expense	-	(1,109)	-	-	-	-	-	(1,109)
Issuance of 5-Year 1% ICULS	-	-	-	-	-	20,500	-	20,500
Issuance of 1% RCULS	-	-	-	-	-	10,800	-	10,800
Accrued interest on ICULS and RCULS (Equity portion)	-	-	-	-	(136)	-	-	(136)
Net profit for the period	-	-	-	-	11,763	-	-	11,763
Balance at 31.07.2004	70,682	7,565	(5,326)	277	24,536	31,300	-	129,034

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.

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED 31 JULY 2004

	9-month Ended 31 July 2004 RM'000	9-month Ended 31 July 2003 RM'000
Cash flows from operating activities		
Net profit before tax	12,093	7,134
Adjustments for non-cash flow: -		
Non-cash items	6,281	2,186
Non-operating items	(934)	(627)
Operating profit before changes in working capital	17,440	8,693
Changes in working capital		
Net change in current assets	3,881	(4,174)
Net change in current liabilities	(4,092)	(1,658)
Net cash (used in)/generated from operating activities	17,229	2,861
Cash flows from investing activities		
Dividend and interest income	934	627
Purchase of property, plant and equipment	(72,938)	(20,333)
Proceeds from disposal of properties	4,119	2,600
Acquisition of subsidiaries cash inflow	9,168	-
Net cash (used in)/generated from investing activities	(58,717)	(17,106)
Cash flows from financing activities		
Corporate exercise expenses	(1,109)	(267)
Bank borrowings	36,550	6,260
Proceeds from ESOS	3,193	297
Net cash (used in)/generated from financing activities	38,634	6,290
Net change in Cash & Cash equivalents	(2,854)	(7,955)
Cash & Cash equivalents at beginning of the financial year	3,764	14,031
Cash & Cash equivalents at end of the financial year*	910	6,076

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

	As at 31 July 2004 RM'000	As at 31 July 2003 RM'000
Bank balance	7,562	8,474
Bank overdrafts (included in short term borrowings)	(6,652)	(2,398)
	910	6,076

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.

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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. On the other hand, the sales of daily fresh bread, buns and rolls are not significantly affected by seasonal factors.

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 31 July 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 31 July 2004: -

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 31 July 2004 at an exercise price of RM0.90 per share pursuant to the Scheme.
- (ii) 4,698,650 new ordinary shares of RM0.50 each allotted under the Scheme during the current financial year to date as at 31 July 2004 at an exercise price of RM0.60 per share (after adjusting for the bonus issue completed in March 2004) pursuant to the Scheme.

7 DIVIDENDS PAID

A final tax-exempt dividend of 1.2 sen per share in respect of the financial year ended 31 October 2003 which was declared and approved by the members of the Company at the Annual General Meeting duly held on 28 April 2004 was paid on 28 May 2004.

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

8 SEGMENTAL REPORTING – GROUP

Segment Revenue	3 Months Ended 31/07/2004 RM'000	9 Months Ended 31/07/2004 RM'000
Consumer food	37,842	77,519
Telecommunication products	92,877	149,639
	130,719	227,158

Segment Profit Before Income Tax	3 Months Ended 31/07/2004 RM'000	9 Months Ended 31/07/2004 RM'000
Consumer food	5,144	11,385
Telecommunication products	432	708
	5,576	12,093

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

Save as disclosed below, there were no material events subsequent to the quarter: -

- (i) **Acquisition of A Fleet of Commercial Vehicles by Silver Bird Group Berhad's wholly-owned subsidiary, Stanson Marketing Sdn Bhd ("SMSB"), from Boon Koon Vehicles Industries Sdn Bhd ("BKVI"), a subsidiary of Boon Koon Group Berhad ("Boon Koon") for a total cash consideration of RM10,080,000-00 ("Proposed Acquisition")**

The Company and SMSB had on 2 September 2004 entered into a Procurement Agreement ("the Agreement") with Boon Koon and BKVI for the acquisition of a fleet of commercial vehicles ("the Products") for a total cash consideration of RM10,080,000-00.

SMSB and the BKVI have agreed that the Products are to be delivered in staggered delivery and that the batches of delivery are to be completed within 15 months of the Agreement.

The Group wishes to expand SMSB's fleet of commercial vehicles to cope with the distribution needs of SMSB and Boon Koon had expressed an interest in obtaining the task of supplying such commercial vehicles to SMSB.

- (ii) **Acquisition of Subsidiaries**

On 2 July 2004, the Company acquired 100% of Standard Food R&D Lab Sdn Bhd ("SFRL"). Further details are disclosed in Note 11.

On 7 September 2004, the Company acquired 100% of AFL Logistics Sdn Bhd ("AFL Logistics") from the wholly-owned subsidiary, Asia Food Link Sdn Bhd ("AFL"). Further details are disclosed in Note 11.

- (iii) **Discontinued Operation**

On 16 September 2004, the Company disposed of 100% of AFL. Further details are disclosed in Note 11.

11 CHANGES IN THE COMPOSITION OF THE GROUP

Save as disclosed below, there were no changes in the composition of the Group during the current quarter: -

- (i) **Acquisition of Standard Food R&D Lab Sdn Bhd**

On 2 July 2004, the Company acquired two (2) ordinary shares of RM1.00 each in the capital of SFRL, representing the entire issued and paid-up share capital of SFRL for a total consideration of RM2.00 only.

SFRL was incorporated on 25 June 2004 under the Companies Act, 1965 as a private limited company with an authorised share capital of RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.

Upon completion of the acquisition, SFRL became a wholly-owned subsidiary of the Company.

(ii) Acquisition of 100% Equity Interest in AFL Logistics Sdn Bhd From A Wholly-owned Subsidiary At Cost

The Board of Directors of the Company had on 7 September 2004 approved the acquisition of 300,000 ordinary shares of RM1.00 each in the capital of AFL Logistics, being 100% of the equity interest in AFL Logistics for a total consideration of RM82,000-00 from its wholly-owned subsidiary, AFL.

AFL Logistics was incorporated on 2 August 1995 under the Companies Act, 1965 as a private limited company. The current authorised share capital of AFL Logistics is RM500,000.00 divided into 500,000 ordinary shares of RM1.00 each, of which RM300,000.00 has been issued and fully paid-up. AFL Logistics is engaged in providing warehousing, distribution and related services.

Upon completion of the acquisition, AFL Logistics will become a direct wholly-owned subsidiary of the Company.

(iii) Disposal of 100% Equity Interest in Asia Food Link Sdn Bhd

The Company had on 16 September 2004 entered into a Sale and Purchase Agreement to dispose of 400,000 ordinary shares of RM1.00 each in the capital of AFL, representing 100% of the equity interest in AFL for a total consideration of RM1,865,000-00 to Mr Wong Toon Chick and Mr Chua Neai Sim. The gain on disposal to the Group is approximately RM179,000.

AFL was incorporated on 29 April 1994 under the Companies Act, 1965 as a private limited company. The current authorised share capital of AFL is RM500,000.00 divided into 500,000 ordinary shares of RM1.00 each, of which RM400,000.00 has been issued and fully paid-up. AFL is engaged in business as wholesaler of confectionery and food ingredients.

Upon completion of the disposal, AFL will cease to be a subsidiary of the Company.

12 CHANGES IN CONTINGENT LIABILITIES

During the financial period ended 31 July 2004, the Company has given corporate guarantees amounting to approximately RM155 million to secure banking facilities granted to certain subsidiaries.

13 CAPITAL COMMITMENTS

	As at 31 July 2004 RM'000	As at 31 October 2003 RM'000
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: -

	3 months ended 31 July 2004 RM'000	9 months ended 31 July 2004 RM'000
- Sales from Standard Confectionery Sdn Bhd, a wholly-owned subsidiary of the Group, to Stanson Marketing Sdn Bhd	-	9,289*
- Purchases by Standard Confectionery Sdn Bhd, a wholly-owned subsidiary of the Group, from Stanson Bakeries Sdn Bhd	-	373*

* Sales or purchases were made prior to the completion of the acquisition of Stanson Group Sdn Bhd ("Stanson Group") which was completed on 12 March 2004.

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

15 REVIEW OF PERFORMANCE

The Group's quarterly turnover of RM130.7 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 Group.

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 19% from RM4.7 million in the immediate preceding quarter to RM5.6 million due to the higher sales of daily fresh consumer products of the Company.

17 COMMENTARY ON PROSPECTS

Underlying the Company's efficient distribution network throughout Peninsular Malaysia coupled with the strategic launching of new daily fresh and shelf stable consumer food, and barring any unforeseen circumstances, the Board of Directors anticipates that the overall performance of the Group will continue to improve in the remaining quarter for the financial year ending 31 October 2004.

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

	Current Year 3rd Quarter Ended 31/07/04 RM'000	Cumulative Current Year To Date As At 31/07/04 RM'000
Current tax	90	330

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 was completed on 24 August 2004.

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 of the Property has been

registered with the Pendaftar Hakmilik, Negeri Selangor under Standard Confectionery Sdn Bhd.

Save for the above-mentioned acquisition of Property, there were no other corporate proposals under consideration for the current financial quarter.

23 GROUP BORROWINGS

The Group borrowings are as follows: -

Secured Borrowings	As at 31 July 2004 RM'000	As at 31 October 2003 RM'000
Short term borrowings	60,787	26,060
Long term borrowings	54,111	17,489
	114,898	43,549

Unsecured Borrowings	As at 31 July 2004 RM'000	As at 31 October 2003 RM'000
Short term borrowings	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: -

	CURRENT YEAR 3rd QUARTER 31/07/04 RM'000	CURRENT YEAR TO DATE 31/07/04 RM'000
Net profit attributable to members of the company	5,486	11,763
Weighted average number of ordinary shares outstanding ('000)	107,610	107,610
Basic earnings per share (sen)	5.10	10.93

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.

	CURRENT YEAR 3rd QUARTER 31/07/04 RM'000	CURRENT YEAR TO DATE 31/07/04 RM'000
Net profit attributable to members of the company	5,486	11,763
Weighted average number of ordinary shares outstanding ('000)	107,610	107,610
Adjustment for assumed conversion of ESOS, ICULS and RCULS ('000)	47,313	47,313
Adjusted weighted average number of ordinary shares outstanding and issuable ('000)	154,923	154,923
Diluted earnings per share (sen)	3.54	7.59

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 29 September 2004.

By order of the Board

Mah Li Chen

Tan Fong Shian @ Lim Fong Shian

Company Secretaries

Kuala Lumpur