

SILVER BIRD

SILVER BIRD GROUP BERHAD

(Company No. 277977-X)

(Incorporated in Malaysia)

AUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 31 OCT 2004

	3 Months Ended 31 Oct		Cumulative 12 Months Ended 31 Oct	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Revenue	136,387	16,230	363,545	50,664
Cost of sales	(121,469)	(10,703)	(313,197)	(33,877)
Gross profit	14,918	5,527	50,348	16,787
Operating income	67	100	200	400
Operating expenses	(8,747)	(2,090)	(30,177)	(6,470)
Operating profit	6,238	3,537	20,371	10,717
Interest expense	(2,193)	(554)	(4,864)	(1,143)
Interest and other income	509	384	1,140	699
Profit before taxation	4,554	3,367	16,647	10,273
Income tax	446	143	116	(214)
Profit after taxation	5,000	3,510	16,763	10,059
Less: Minority interest	0	0	0	0
Profit after taxation and minority interest	5,000	3,510	16,763	10,059
Net profit for the period	<u>5,000</u>	<u>3,510</u>	<u>16,763</u>	<u>10,059</u>
Basic earnings per share (sen)	3.53	4.35	13.77	12.50
Diluted earnings per share (sen)	2.54	4.27	9.46	12.40
Dividend per share (sen)	2.00	2.00	2.00	2.00

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 31/10/2004

	AS AT END OF 4TH QUARTER 31/10/04 AUDITED RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/10/03 AUDITED RM'000
Property, plant and equipment	202,724	93,883
Deferred assets	9,180	4,837
Other Investment	0	2,000
Goodwill on consolidation	36,212	1,610
	<u>248,116</u>	<u>102,330</u>
Current assets		
Other investment	0	2,000
Inventories	7,524	4,487
Trade receivables	29,331	12,575
Other receivables, deposits and prepayments	4,335	3,177
Bank balance	9,293	7,822
	<u>50,483</u>	<u>30,061</u>
Current Liabilities		
Trade payables	17,324	2,861
Other payables and accruals	10,354	5,093
Short term borrowings	76,176	26,060
Provision for taxation	213	177
	<u>104,067</u>	<u>34,191</u>
Net current liabilities	<u>(53,584)</u>	<u>(4,130)</u>
	<u>194,532</u>	<u>98,200</u>
Shareholders' funds		
Share capital	70,798	40,495
Reserves		
Share premium	7,510	5,416
Merger deficit	(5,326)	(5,326)
Capital reserve	277	277
Retained profits	26,796	33,260
5-Year 1% Irredeemable Convertible Unsecured Loan Stocks	20,500	0
1% Redeemable Convertible Unsecured Loan Stocks	16,200	0
Proposed dividend	2,832	1,620
	<u>139,587</u>	<u>75,742</u>
Long term borrowings	45,745	17,489
Deferred taxatior	9,200	4,969
	<u>194,532</u>	<u>98,200</u>
Net tangible assets per share (RM)	<u>0.73</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.

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AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 OCT 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 (as restated)	40,053	5,326	(5,326)	277	24,821	-	500	65,651
Listing expenses incurred	-	(264)	-	-	-	-	-	(264)
Dividend paid	-	-	-	-	-	-	(500)	(500)
Exercise of ESOS	442	354	-	-	-	-	-	796
Net profit for the period	-	-	-	-	8,439	-	1,620	10,059
Balance at 31.10.2003	40,495	5,416	(5,326)	277	33,260	-	1,620	75,742
Balance at 31.10.2003/ 1.11.2003	40,495	5,416	(5,326)	277	33,260	-	1,620	75,742
Exercise of ESOS	2,673	658	-	-	-	-	-	3,331
Issuance of new shares	27,630	2,621	-	-	(20,351)	-	-	9,900
Dividend payable	-	-	-	-	(44)	-	(1,620)	(1,664)
Corporate exercise expense	-	(1,185)	-	-	-	-	-	(1,185)
Issuance of 5-Year 1% ICULS	-	-	-	-	-	20,500	-	20,500
Issuance of 1% RCULS	-	-	-	-	-	16,200	-	16,200
Accrued interest on ICULS and RCULS (Equity portion)	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	13,931	-	2,832	16,763
Balance at 31.10.2004	70,798	7,510	(5,326)	277	26,796	36,700	2,832	139,587

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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AUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED 31 OCT 2004

	12-month Ended 31 Oct 2004 RM'000	12-month Ended 31 Oct 2003 RM'000
Cash flows from operating activities		
Net profit before tax	16,647	10,273
Adjustments for non-cash flow: -		
Non-cash items	11,983	3,655
Non-operating items	(1,340)	(606)
Operating profit before changes in working capital	27,290	13,322
Changes in working capital		
Net change in current assets	4,345	9,638
Net change in current liabilities	4,067	(826)
Net cash (used in)/generated from operating activities	35,702	22,134
Cash flows from investing activities		
Dividend and interest income	1,340	206
Purchase of property, plant and equipment	(102,450)	(60,723)
Proceeds from disposal of properties	5,588	1,788
Acquisition of subsidiaries cash inflow	9,169	-
Disposal of subsidiaries cash inflow	1,636	-
Net cash (used in)/generated from investing activities	(84,717)	(58,729)
Cash flows from financing activities		
Corporate exercise expenses	(1,185)	(264)
Bank borrowings	40,503	25,795
Proceeds from ESOS	3,331	797
Net cash (used in)/generated from financing activities	42,649	26,328
Net change in Cash & Cash equivalents	(6,366)	(10,267)
Cash & Cash equivalents at beginning of the financial year	3,764	14,031
Cash & Cash equivalents at end of the financial year*	(2,602)	3,764

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

	As at 31 Oct 2004 RM'000	As at 31 Oct 2003 RM'000
Bank balance	9,293	7,823
Bank overdrafts (included in short term borrowings)	(11,895)	(4,059)
	(2,602)	3,764

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 audited 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 telecommunication products are not significantly affected by seasonal and cyclical 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 October 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 October 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 October 2004 at an exercise price of RM0.90 per share pursuant to the Scheme.
- (ii) 4,928,400 new ordinary shares of RM0.50 each allotted under the Scheme during the current financial year to date as at 31 October 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 31/10/2004 RM'000	12 Months Ended 31/10/2004 RM'000
Consumer food	46,834	124,353
Telecommunication products	89,553	239,192
	136,387	363,545

Segment Profit Before Income Tax	3 Months Ended 31/10/2004 RM'000	12 Months Ended 31/10/2004 RM'000
Consumer food	4,050	15,435
Telecommunication products	504	1,212
	4,554	16,647

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 was no material event subsequent to the current quarter.

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 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.

On 6 October 2004, AFL Logistics became a direct wholly-owned subsidiary of the Company. Subsequently, with effect from 19 October 2004, AFL Logistics changed its name to Stanson Distribution Sdn Bhd.

(ii) 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.

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.

On 7 October 2004, AFL ceased to be a subsidiary of the Company.

12 CHANGES IN CONTINGENT LIABILITIES

During the financial period ended 31 October 2004, the Company has given corporate guarantees amounting to approximately RM175 million to secure banking facilities granted to certain subsidiaries.

13 CAPITAL COMMITMENTS

	As at 31 October 2004 RM'000	As at 31 October 2003 RM'000
Approved capital commitment contracted but not provided for	9,765	14,000
Approved capital commitment not contracted for	-	12,642
	9,765	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 October 2004 RM'000	12 months ended 31 October 2004 RM'000
- Sales from Standard Confectionery Sdn Bhd, a wholly-owned subsidiary of the Company, to Stanson Marketing Sdn Bhd	-	9,289*
- Purchases by Standard Confectionery Sdn Bhd, a wholly-owned subsidiary of the Company, 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 RM136.4 million is significantly higher than that of the preceding year's corresponding period due to the consolidation of 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 35% from RM3.4 million in the immediate preceding quarter to RM4.6 million due to the higher sales of daily fresh consumer products of the Group.

17 COMMENTARY ON PROSPECTS

Despite some moderation in global growth trend and expected sustainable high global oil prices, the domestic consumer food industry is expected to sustain growth in year 2005. Coupled with the successful integration of Stanson Group Sdn Bhd, which has an extensive and still expanding distribution network throughout Peninsular Malaysia and wide marketing channels, the Group will continue to focus on developing new daily fresh and shelf stable range of bakery products to be introduced to the consumer market in order to further widen the Group's products range.

Barring any unforeseen circumstances, the Board of Directors is confident that the overall performance of the Group will continue to grow in tandem with the extensive advertisement campaigns and new product launches in the coming new 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

	Current Year 4th Quarter Ended 31/10/04 RM'000	Cumulative Current Year To Date As At 31/10/04 RM'000
Overprovision of taxation	446	116

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

Save as disclosed in Item 11(ii), there was no sale 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 2004, the Board of Directors of the Company (“BOD”) announced that the BOD is proposing the issuance of private debt securities of up to RM100.0 Million comprising the following:-

- 1) 7-Year nominal value of Serial Bonds of RM70.0 million (“Serial Bond”); and
- 2) 7-Year Commercial Papers (“CPs”) and/or Medium Term Notes (“MTNs”) of up to RM30.0 million

(Collectively herewith referred to as “Proposed Financing”)

AmMerchant Bank Berhad was appointed as the Principal Adviser and Lead Arranger for the Proposed Financing. An application to the Securities Commission (“SC”) seeking the SC’s approval for the Proposed Financing was made on the same day.

Pursuant to the Proposed Financing, Rating Agency Malaysia assigned a stand-alone long term rating of A1 to the proposed Serial Bond, and respective long and short term ratings of A1 and P1 to the proposed CP/MTN.

Save for the above-mentioned Proposed Financing, there was no other corporate proposal under consideration as at the date of this announcement.

23 GROUP BORROWINGS

The Group borrowings are as follows: -

Secured Borrowings	As at 31 October 2004	As at 31 October 2003
	RM'000	RM'000
Short term borrowings	76,176	26,060
Long term borrowings	45,745	17,489
	121,921	43,549

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

The Board of Directors proposed first and final tax-exempt dividend of 2 sen per share 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 4th QUARTER 31/10/04 RM'000	CURRENT YEAR TO DATE 31/10/04 RM'000
Net profit attributable to members of the company	5,000	16,763
Weighted average number of ordinary shares outstanding ('000)	141,513	121,711
Basic earnings per share (sen)	3.53	13.77

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 4th QUARTER 31/10/04 RM'000	CURRENT YEAR TO DATE 31/10/04 RM'000
Net profit attributable to members of the company	5,000	16,763
Weighted average number of ordinary shares outstanding ('000)	141,513	121,711
Adjustment for assumed conversion of ESOS, ICULS and RCULS ('000)	55,465	55,465
Adjusted weighted average number of ordinary shares outstanding and issuable ('000)	196,978	177,176
Diluted earnings per share (sen)	2.54	9.46

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 15 December 2004.

By order of the Board

Mah Li Chen

Tan Fong Shian @ Lim Fong Shian

Company Secretaries

Kuala Lumpur