

SILVER BIRD

SILVER BIRD GROUP BERHAD

(Company No. 277977-X)

(Incorporated in Malaysia)

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 2004. 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 2004.

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 2004.

2 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited financial statements for the financial year ended 31 October 2004 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 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 quarter ended 31 January 2005.

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 January 2005: -

Executive Share Option Scheme (“Scheme”)

- (i) 331,250 new ordinary shares of RM0.50 each allotted under the Scheme during the current quarter ended 31 January 2005 at an exercise price of RM0.60 per share pursuant to the Scheme.
- (ii) 51,000 new ordinary shares of RM0.50 each allotted under the Scheme during the current quarter ended 31 January 2005 at an exercise price of RM1.05 per share pursuant to the Scheme.

7 DIVIDENDS PAID

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

8 SEGMENTAL REPORTING – GROUP

Segment Revenue	3 Months Ended 31/01/2005 RM'000	3 Months Ended 31/01/2004 RM'000
Consumer food	33,928	12,616
Telecommunication products	92,116	-
	126,044	12,616

Segment Profit Before Income Tax	3 Months Ended 31/01/2005 RM'000	3 Months Ended 31/01/2004 RM'000
Consumer food	3,489	1,831
Telecommunication products	326	-
	3,815	1,831

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

On 19 January 2005, the Board of Directors of the Company had approved the acquisition of two (2) ordinary shares of RM1.00 each in the capital of Silver Bird International Sdn Bhd, representing the entire issued and paid-up share capital Silver Bird International Sdn Bhd for a total consideration of RM2.00 only.

Silver Bird International Sdn Bhd was incorporated on 4 January 2005 under the Companies Act, 1965 as a private limited company with an authorised share capital of RM2,500,000.00 divided into 2,500,000 ordinary shares of RM1.00 each, of which RM2.00 has been issued and fully paid-up. As at to-date, Silver Bird International Sdn Bhd has not commenced its intended business operations.

12 CHANGES IN CONTINGENT LIABILITIES

During the quarter ended 31 January 2005, 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 January 2005 RM'000	As at 31 October 2004 RM'000
Approved capital commitment contracted but not provided for	9,594	9,765
Approved capital commitment not contracted for	-	-
	9,594	9,765

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

14 REVIEW OF PERFORMANCE

The Group's quarterly turnover of RM126 million is significantly higher than that of the preceding year's corresponding period due to the consolidation of turnover of the Stanson Group, a wholly-owned subsidiary of the Company which was acquired in financial year ended 2004.

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

Similar to the first quarters of past years, the Group's profit before tax for the current quarter reduced by approximately 17% from RM4.6 million in the immediate preceding quarter to RM3.8 million due to the seasonal effect of lower sales for daily fresh products during festive season and school holiday.

16 COMMENTARY ON PROSPECTS

With aggressive promotion and products planned in the forth coming period, the Group believes that this strategy will enhance the position of the Group as a leading consumer food group in Malaysia.

The recent increases in retail price of oil which affect the transportation industry and some consumer items in Malaysia did not materially affect the Group's cost structure. Therefore, the Group's core business remains favourable.

17 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.

18 TAXATION

	Current Year 1st Quarter Ended 31/01/05 RM'000	Cumulative Current Year To Date As At 31/01/05 RM'000
Current Tax	90	90

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.

19 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.

20 QUOTED SECURITIES

- a) Total purchases and disposals for the current quarter and current year-to-date ended 31 January 2005 are as follows:

	3 months ended		12 months ended	
	31.1.2005	31.1.2004	31.1.2005	31.1.2004
	RM'000	RM'000	RM'000	RM'000
Total purchases	20	0	20	0
Total disposals - sale proceeds	0	0	0	0
Total profit on disposals	0	0	0	0

- b) Total investments in quoted securities as at 31 January 2005 are as follows:

	RM'000
At cost	20
At carrying value	20
At market value	23

21 STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not yet completed as at the date of this report except as follows:-

(i) Proposed Issue of Private Debt Securities of up to RM100.0 Million

On 24 November 2004, the Board of Directors of the Company ("BOD") announced that the BOD was 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, the Principal Adviser and Lead Arranger for the Proposed Financing has made an application to the Securities Commission ("SC") seeking the SC's approval for the Proposed Financing. The SC had, vide its letter dated 20 December 2004 (which was received by the Company on 21 December 2004), has granted its approval for the Proposed Financing subject to the terms and conditions as announced by the Company via the announcement dated 23 December 2004 to Bursa Securities.

The Serial Bond was duly issued on 15 February 2005 while the issuance of CP/ MTN is in progress.

- (ii) - **Proposed renounceable rights issue of up to 118,317,830 new warrants on the basis of one (1) new warrant for every two (2) existing ordinary shares of RM0.50 each ("share(s)") held in Silver Bird Group Berhad ("SBGB") on the entitlement date ("Proposed Rights Issue of Warrants"); and**
- **Proposed Private Placement of new shares, representing up to 10% of the enlarged issued and paid-up share capital of the Company ("Proposed Placement").**

Collectively known as the "Proposals"

On 13 January 2005, the Board of Directors of the Company was pleased to announce that the Company was proposing the following:-

- 1) a renounceable rights issue of up to 118,317,830 new warrants in SBGB ("Warrants" or "Rights Warrants") on the basis of one (1) new Warrant for every two (2) existing Shares held in the Company on a date to be determined later; and
- 2) Proposed private placement of new Shares ("Placement Shares"), representing up to 10% of the enlarged issued and paid-up share capital of the Company.

The Proposals are subject to inter-alia the following approvals being obtained:-

- a) the SC;
- b) Unit Pematuhan Ekuiti, Jabatan Pengambilalihan Dan Percantuman of the SC ("UPE") for the Proposed Placement under the Foreign Investment Committee requirements;
- c) the Ministry of International Trade and Industry (MITI) for the Proposed Placement;
- d) the shareholders of the Company at an Extraordinary General Meeting to be convened for the Proposed Rights Issue of Warrants ; and
- e) the Bursa Securities.

On 1 March 2005, the Company announced that the MITI, has approved the Proposed Placement, subject to the following conditions to the terms and conditions as announced by the Company via the announcement dated 1 March 2005 to Bursa Securities.

On 10 March 2005, the Company announced that the SC as well as Unit Pematuhan Ekuiti, Jabatan Pengambilalihan dan Percantuman of the SC have approved the Proposals, subject to the terms and conditions as announced by the Company via the announcement dated 10 March 2005 to Bursa Securities.

22 GROUP BORROWINGS

The Group borrowings are as follows: -

Secured Borrowings	As at	As at
	31 January 2005	31 October 2004
	RM'000	RM'000
Short term borrowings	83,065	76,176
Long term borrowings	45,556	45,745
	128,621	121,921

All of the above borrowings are denominated in Ringgit Malaysia.

23 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.

24 MATERIAL LITIGATION

On 5 January 2005, the Company announced that its wholly owned subsidiaries, Stanson Bakeries Sdn Bhd ("SBSB") and Standard Confectionery Sdn Bhd ("SCSB"), had on 31 December 2004, filed legal proceedings against Gardenia Bakeries (KL) Sdn Bhd ("the Defendant") for passing off of the Company trade mark/name "*Nutri-White*".

On 9 March 2005, the Defendant offered a settlement by undertaking a Consent Order which refrained it from manufacturing, advertising, promoting, distributing, marketing and/or selling bread using the phrase or words "Nutri-White" or any phonetically similar sounding phrase or words. The Group, after considering all aspects of legal advice, agreed to accept the terms as stipulated in the Consent Order.

25 PROPOSED DIVIDEND

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

26 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 1st QUARTER 31/01/05 RM'000	CURRENT YEAR TO DATE 31/01/05 RM'000
Net profit attributable to members of the company	3,725	3,725
Weighted average number of ordinary shares outstanding ('000)	141,758	141,758
Basic earnings per share (sen)	2.63	2.63

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 1st QUARTER 31/01/05 RM'000	CURRENT YEAR TO DATE 31/01/05 RM'000
Net profit attributable to members of the company	3,725	3,725
Weighted average number of ordinary shares outstanding ('000)	141,758	141,758
Adjustment for assumed conversion of ESOS, ICULS and RCULS ('000)	54,857	54,857
Adjusted weighted average number of ordinary shares outstanding and issuable ('000)	196,615	196,615
Diluted earnings per share (sen)	1.89	1.89

27 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 23 March 2005.

By order of the Board

Mah Li Chen

Tan Fong Shian @ Lim Fong Shian

Company Secretaries

Kuala Lumpur