

SILVER BIRD

SILVER BIRD GROUP BERHAD

(Company No. 277977-X)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 30 APRIL 2005

	3 Months Ended 30 April		Cumulative 6 Months Ended 30 April	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Revenue	116,476	83,823	242,520	96,439
Cost of sales	(99,473)	(73,549)	(212,011)	(82,431)
Gross profit	17,003	10,274	30,509	14,008
Operating income	698	33	698	133
Operating expenses	(9,028)	(4,887)	(17,720)	(6,554)
Operating profit	8,673	5,420	13,487	7,587
Interest expense	(2,603)	(1,088)	(4,102)	(1,514)
Interest and other income	0	354	500	444
Profit before taxation	6,070	4,686	9,885	6,517
Income tax	(90)	(90)	(180)	(240)
Profit after taxation	5,980	4,596	9,705	6,277
Less: Minority interest	0	0	0	0
Profit after taxation and minority interest	5,980	4,596	9,705	6,277
Net profit for the period	<u>5,980</u>	<u>4,596</u>	<u>9,705</u>	<u>6,277</u>
Basic earnings per share (sen)	3.29	4.65	6.01	6.36
Diluted earnings per share (sen)	3.17	3.12	5.77	4.26
Dividend per share (sen)	0.00	0.00	0.00	0.00

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 October 2004 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30/04/2005

	AS AT END OF 2ND QUARTER 30/04/05 UNAUDITED RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/10/04 AUDITED RM'000
Property, plant and equipment	223,167	202,724
Deferred assets	9,180	9,180
Other Investment	0	0
Goodwill on consolidation	36,211	36,212
	<u>268,558</u>	<u>248,116</u>
Current assets		
Other investment	20	0
Inventories	12,448	7,524
Trade receivables	27,147	29,331
Other receivables, deposits and prepayments	21,848	4,335
Bank balance	14,625	9,293
	<u>76,088</u>	<u>50,483</u>
Current Liabilities		
Trade payables	19,009	17,324
Other payables and accruals	5,859	10,354
Short term borrowings	65,133	76,176
Provision for taxation	213	213
	<u>90,214</u>	<u>104,067</u>
Net current liabilities	<u>(14,126)</u>	<u>(53,584)</u>
	<u>254,432</u>	<u>194,532</u>
Shareholders' funds		
Share capital	104,249	70,798
Reserves		
Share premium	23,582	7,510
Merger deficit	(5,326)	(5,326)
Capital reserve	277	277
Retained profits	36,501	26,796
5-Year 1% Irredeemable Convertible Unsecured Loan Stocks	4,461	20,500
1% Redeemable Convertible Unsecured Loan Stocks	0	16,200
Proposed dividend	2,832	2,832
	<u>166,576</u>	<u>139,587</u>
Long term borrowings	78,656	45,745
Deferred taxation	9,200	9,200
	<u>254,432</u>	<u>194,532</u>
Net tangible assets per share (RM)	<u>0.61</u>	<u>0.53</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 October 2004 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 30 APRIL 2005

	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 31.10.2003/ 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
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
Balance at 31.10.2004/ 01.11.2004	70,798	7,510	(5,326)	277	26,796	36,700	2,832	139,587
Exercise of ESOS	269	77	-	-	-	-	-	346
Issuance of new shares	-	-	-	-	-	-	-	-
Dividend payable	-	-	-	-	-	-	-	-
Corporate exercise expense	-	(1,258)	-	-	-	-	-	(1,258)
Issuance of 5-Year 1% ICULS	-	-	-	-	-	-	-	-
Issuance of 1% RCULS	-	-	-	-	-	-	-	-
Conversion of ICULS	11,793	4,246	-	-	-	(16,039)	-	-
Conversion of RCULS	11,912	4,288	-	-	-	(16,200)	-	-
Private placement	9,477	8,719	-	-	-	-	-	18,196
Net profit for the period	-	-	-	-	9,705	-	-	9,705
Balance at 30.04.2005	104,249	23,582	(5,326)	277	36,501	4,461	2,832	166,576

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 October 2004 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 30 APR 2005

	6-month Ended 30 April 2005 RM'000	6-month Ended 30 April 2004 RM'000
Cash flows from operating activities		
Net profit before tax	9,885	6,517
Adjustments for non-cash flow: -		
Non-cash items	9,768	3,207
Non-operating items	(500)	(577)
Operating profit before changes in working capital	19,153	9,147
Changes in working capital		
Net change in current assets	(12,824)	116
Net change in current liabilities	(2,990)	772
Net cash (used in)/generated from operating activities	3,339	10,035
Cash flows from investing activities		
Dividend and interest income	500	577
Purchase of property, plant and equipment	(38,896)	(47,608)
Proceeds from disposal of properties	1,236	9,168
Net cash (used in)/generated from investing activities	(37,160)	(37,863)
Cash flows from financing activities		
Corporate exercise expenses	(1,258)	(1,091)
Bank borrowings	(42,782)	31,119
Proceed from issuance of Serial Bond	62,289	-
Drawdown of "CPs"	10,000	-
Private Placement	18,196	-
Proceeds from ESOS	346	1,548
Net cash (used in)/generated from financing activities	46,791	31,576
Net change in Cash & Cash equivalents	12,970	3,748
Cash & Cash equivalents at beginning of the financial year	(2,602)	3,764
Cash & Cash equivalents at end of the financial year*	10,368	7,512

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

	As at 30 April 2005 RM'000	As at 30 April 2004 RM'000
Bank balance	14,625	11,338
Bank overdrafts (included in short term borrowings)	(4,257)	(3,826)
	10,368	7,512

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 October 2004 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 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 quarter 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 30 April 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 during the quarter other than the following: -

a) Executive Share Option Scheme (“Scheme”)

155,750 new ordinary shares of RM0.50 each allotted under the Scheme at an exercise price of RM0.60 per share pursuant to the Scheme.

b) Conversion of 1% Redeemable Convertible Unsecured Loan Stocks (“RCULS”) into new ordinary shares of RM0.50 each

A total of 23,823,529 new ordinary shares of RM0.50 each were issued pursuant to the conversion of the entire 16,200,000 RCULS on 3 February 2005.

c) Conversion of 1% Irredeemable Convertible Unsecured Loan Stocks (“ICULS”) into new ordinary shares of RM0.50 each

A total of 23,586,467 new ordinary shares of RM0.50 each were issued pursuant to the conversion of RM16,038,800 nominal value of ICULS.

d) Private Placement

A total of 18,954,259 new ordinary shares of RM0.50 each were issued pursuant to the private placement. The exercise was completed on 25 April 2005.

e) Private Debt Securities of up to RM100.00 Million comprising RM70 million nominal value of serial bonds; and up to RM30 million Commercial papers (“CPs”) and/or Medium Term Notes (“MTN”).

On 15 February 2005, the Company issued a nominal value of serial bonds of RM70.0 million with tenure of 7 years.

On 14 April 2005, the Company issued the first CP of RM10 million with tenure of 6 months.

7 DIVIDENDS PAID

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

8 SEGMENTAL REPORTING – GROUP

Segment Revenue	3 Months Ended 30/04/2005 RM'000	6 Months Ended 30/04/2005 RM'000
Consumer food	36,748	70,676
Telecommunication products	79,728	171,844
	116,476	242,520

Segment Profit Before Income Tax	3 Months Ended 30/04/2005 RM'000	6 Months Ended 30/04/2005 RM'000
Consumer food	5,370	8,860
Telecommunication products	700	1,025
	6,070	9,885

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

There were no changes in the composition of the Group during the current quarter.

12 CHANGES IN CONTINGENT LIABILITIES

During the quarter ended 30 April 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 30 April 2005 RM'000	As at 31 October 2004 RM'000
Approved capital commitment contracted but not provided for	11,148	9,765
Approved capital commitment not contracted for	-	-
	11,148	9,765

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)

14 REVIEW OF PERFORMANCE

The Group's turnover of RM116 million for the quarter is a satisfactory improvement over the preceding year's corresponding period despite increased competition. Positive growth was registered in the Consumer Food Division while our Telecommunication Division registered a marginal decrease in sales.

Similarly, the Group's profit before tax of RM6.07 million reflects our increased capacity utilisation and is a significant improvement given the recent cost pressures.

15 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 59% from RM3.82 million in the immediate preceding quarter to RM 6.07 million due to sales increase and margin of the Consumer Foods Division.

16 COMMENTARY ON PROSPECTS

The growth prospects of the Group remains strong as our core Consumer Foods sales and distribution coverage continue to expand over the next twelve (12) months. Beside cost pressures, we expect competition to be heightened, therefore, higher marketing expenses will be required to sustain and possibly gain market share. Persistent efforts in several cost reduction initiatives and effective control on fixed costs will be pursued to mitigate cost pressures.

The Group also recognizes the importance of overseas markets as a future growth area. The potential opportunities in the large regional consumer markets augur well with the Group's growth strategies and more endeavors are to be undertaken in this direction.

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 2nd Quarter Ended 30/04/05 RM'000	Cumulative Current Year To Date As At 30/04/05 RM'000
Current Tax	90	180

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

Standard Confectionery Sdn Bhd, a wholly owned subsidiary of the Company entered into a Sales & Purchase Agreement dated 12 April 2005 with ME-PLAS (M) Sdn Bhd to dispose a piece of land bearing title H.S. (D) No: 111684, PT 17510, Mukim Setul, Daerah Seremban, Negeri Sembilan measuring approximately 43,485.3 square metres for a sale consideration of RM 4,119,068.80.

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

20 QUOTED SECURITIES

There were no purchases or disposal of quoted securities during the current quarter.

Total investments in quoted securities as at 30 April 2005 are as follows:

	RM'000
At cost	20
At carrying value	20
At market value	13

21 STATUS OF CORPORATE PROPOSALS

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

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

The Company received all approvals for the issuance of private debt securities of up to RM100.0 million comprising 7-Year nominal value of Serial Bonds of RM70.0 million; and 7-Year CPs and/or MTN of up to RM30.0 million

Please refer to the announcement made by the Company to the Bursa Securities on 20 December 2004 for full details of the Serial Bonds and CP/MTN.

The Serial Bonds and the first issuance of CP were completed on 15 February 2005 and 14 April 2005 respectively.

- (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"

The Company has obtained all the necessary approvals on the Proposals from various regulatory authorities and its shareholders as announced by the Company via the announcement to Bursa Securities dated 1 March 2005, 10 March 2005 and 27 April 2005 respectively.

The Company has completed the Proposed Placement with the listing of 18,954,259 new ordinary shares of RM0.50 each on Bursa Securities on 25 April 2005.

The Proposed Rights Issue of Warrants is pending completion.

- (iii) **Proposed Joint Venture between SBGB, Employees Provident Fund Board ("EPF"), Mayban Ventures Sdn Bhd ("MVSB"), Silver Bird International Sdn Bhd ("SBI") Madeleine Café Sdn Bhd ("MCSB") and Madeleine Bakery Sdn Bhd ("MBSB") in relation to SBI ("Proposed JV")**

On 29 April 2005, the Company entered into an Investment Agreement with EPF, MVSB, SBI, MCSB and MBSB to facilitate a proposed joint venture between SBG, EPF and MVSB to invest in SBI.

The Proposed JV is subject to approvals from the Foreign Investment Committee, and the approval of the shareholders of SBGB at an extraordinary general meeting to be convened.

Please refer to the announcement made by the Company to the Bursa Securities on 29 April 2005 for full details of the Proposed JV.

II. Status of Utilisation of Proceeds Raised From the Corporate Proposals

A gross amount of RM18.2 million was raised from the Private Placement of 18,954,259 new ordinary shares of RM0.50 each. As at the date of this announcement, proceeds from the Private Placement has been fully utilised as working capital.

22 GROUP BORROWINGS

The Group borrowings are as follows: -

Secured Borrowings	As at 30 April 2005	As at 31 October 2004
	RM'000	RM'000
Short term borrowings	55,133	76,176
Long term borrowings	8,656	45,745
	63,789	121,921

Unsecured Borrowings	As at 30 April 2005	As at 31 October 2004
	RM'000	RM'000
Short term borrowings	10,000	-
Long term borrowings	70,000	-
	80,000	-

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

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

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 2ND QUARTER 30/04/05 RM'000	CURRENT YEAR TO DATE 30/04/05 RM'000
Net profit attributable to members of the company	5,980	9,705
Weighted average number of ordinary shares outstanding ('000)	181,630	161,364
Basic earnings per share (sen)	3.29	6.01

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 2ND QUARTER 30/04/05 RM'000	CURRENT YEAR TO DATE 30/04/05 RM'000
Net profit attributable to members of the company	5,980	9,705
Weighted average number of ordinary shares outstanding ('000)	181,630	161,364
Adjustment for assumed conversion of ESOS, ICULS and RCULS ('000)	6,960	6,960
Adjusted weighted average number of ordinary shares outstanding and issuable ('000)	188,590	168,324
Diluted earnings per share (sen)	3.17	5.77

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 22 June 2005.

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

Kuala Lumpur