

SILVER BIRD

SILVER BIRD GROUP BERHAD

(Company No. 277977-X)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 31 JULY 2005

	3 Months Ended 31 July		Cumulative 9 Months Ended 31 July	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Revenue	107,424	130,719	349,944	227,158
Cost of sales	(91,916)	(116,641)	(303,927)	(199,072)
Gross profit	15,508	14,078	46,017	28,086
Operating income	112	0	810	133
Operating expenses	(8,055)	(7,365)	(25,775)	(13,919)
Operating profit	7,565	6,713	21,052	14,300
Interest expense	(1,748)	(1,494)	(5,850)	(3,008)
Interest and other income	0	357	500	801
Profit before taxation	5,817	5,576	15,702	12,093
Income tax	(222)	(90)	(402)	(330)
Profit after taxation	5,595	5,486	15,300	11,763
Less: Minority interest	0	0	0	0
Profit after taxation and and minority interest	5,595	5,486	15,300	11,763
Net profit for the period	<u>5,595</u>	<u>5,486</u>	<u>15,300</u>	<u>11,763</u>
Basic earnings per share (sen)	2.68	5.10	8.63	10.93
Diluted earnings per share (sen)	2.61	3.54	8.38	7.59
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 31/07/2005

	AS AT END OF 3RD QUARTER 31/07/05 UNAUDITED RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/10/04 AUDITED RM'000
Property, plant and equipment	240,480	202,724
Deferred assets	9,180	9,180
Goodwill on consolidation	36,211	36,212
	<u>285,871</u>	<u>248,116</u>
Current assets		
Other investment	20	0
Inventories	14,682	7,524
Trade receivables	30,808	29,331
Other receivables, deposits and prepayments	23,390	4,335
Bank balance	6,974	9,293
	<u>75,874</u>	<u>50,483</u>
Current Liabilities		
Trade payables	22,717	17,324
Other payables and accruals	4,225	10,354
Short term borrowings	79,396	76,176
Provision for taxation	345	213
	<u>106,683</u>	<u>104,067</u>
Net current liabilities	<u>(30,809)</u>	<u>(53,584)</u>
	<u>255,062</u>	<u>194,532</u>
Shareholders' funds		
Share capital	105,256	70,798
Reserves		
Share premium	23,624	7,510
Merger deficit	(5,326)	(5,326)
Capital reserve	277	277
Retained profits	40,758	26,796
5-Year 1% Irredeemable Convertible Unsecured Loan Stocks	3,410	20,500
1% Redeemable Convertible Unsecured Loan Stocks	0	16,200
Proposed dividend	0	2,832
	<u>167,999</u>	<u>139,587</u>
Long term borrowings	77,863	45,745
Deferred taxation	9,200	9,200
	<u>255,062</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 31 JULY 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	503	123	-	-	-	-	-	626
Issuance of new shares	-	-	-	-	-	-	-	-
Dividend payable	-	-	-	-	-	-	-	-
Corporate exercise expense	-	(1,540)	-	-	-	-	-	(1,540)
Issuance of 5-Year 1% ICULS	-	-	-	-	-	-	-	-
Issuance of 1% RCULS	-	-	-	-	-	-	-	-
Conversion of ICULS	12,566	4,524	-	-	-	(17,090)	-	-
Conversion of RCULS	11,912	4,288	-	-	-	(16,200)	-	-
Private placement	9,477	8,719	-	-	-	-	-	18,196
Net profit for the period	-	-	-	-	13,962	-	(2,832)	11,130
Balance at 31.07.2005	105,256	23,624	(5,326)	277	40,758	3,410	-	167,999

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 31 JULY 2005

	9-month Ended 31 July 2005 RM'000	9-month Ended 31 July 2004 RM'000
Cash flows from operating activities		
Net profit before tax	15,702	12,093
Adjustments for non-cash flow: -		
Non-cash items	15,296	6,281
Non-operating items	(500)	(934)
Operating profit before changes in working capital	30,498	17,440
Changes in working capital		
Net change in current assets	(23,963)	3,881
Net change in current liabilities	(5,176)	(4,092)
Net cash (used in)/generated from operating activities	1,359	17,229
Cash flows from investing activities		
Dividend and interest income	500	934
Purchase of property, plant and equipment	(56,799)	(72,938)
Proceeds from disposal of properties	-	4,119
Acquisition of subsidiaries cash inflow	-	9,168
Net cash (used in)/generated from investing activities	(56,299)	(58,717)
Cash flows from financing activities		
Corporate exercise expenses	(1,540)	(1,109)
Bank borrowings	(41,514)	36,550
Proceed from issuance of Serial Bond	62,289	-
Drawdown of "CPs"	20,000	-
Private Placement	18,196	-
Proceeds from ESOS	626	3,193
Net cash (used in)/generated from financing activities	58,057	38,634
Net change in Cash & Cash equivalents	3,117	(2,854)
Cash & Cash equivalents at beginning of the financial year	(2,602)	3,764
Cash & Cash equivalents at end of the financial year*	515	910

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

	As at 31 July 2005 RM'000	As at 31 July 2004 RM'000
Bank balance	6,974	7,562
Bank overdrafts (included in short term borrowings)	(6,459)	(6,652)
	515	910

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 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 July 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 followings: -

a) Executive Share Option Scheme (“Scheme”)

467,500 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% Irredeemable Convertible Unsecured Loan Stocks (ICULS) into new ordinary shares of RM0.50 each

A total of 1,545,291 new ordinary shares of RM0.50 each were issued pursuant to the conversion of RM1,050,798 nominal value of ICULS.

7 DIVIDENDS PAID

On 27 May 2005, the Company paid a final tax exempt dividend of 2.0 sen gross per share on 208,496,858 ordinary shares, amounting to RM4,169,937.16 for the financial year ended 31 October 2004

8 SEGMENTAL REPORTING – GROUP

Segment Revenue	3 Months Ended 31/07/2005 RM'000	9 Months Ended 31/07/2005 RM'000
Consumer food	35,563	106,239
Telecommunication products	71,861	243,705
	107,424	349,944

Segment Profit Before Income Tax	3 Months Ended 31/07/2005 RM'000	9 Months Ended 31/07/2005 RM'000
Consumer food	5,505	14,364
Telecommunication products	312	1,338
	5,817	15,702

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

The Board of Directors of the Company had on 20 July 2005 approved the subscription of one ordinary share of S\$1.00 by Silver Bird International Sdn Bhd, a wholly-owned subsidiary of the Company, representing 100% shareholding in Silver Bird Foods (S) Pte. Ltd. (Company No. 200510016M) ("Silver Bird Foods") for cash consideration of S\$1.00 only.

Silver Bird Foods was incorporated on 20 July 2005 under the Companies Act, Chapter 50 of Singapore as a private limited company. The current authorised share capital of Silver Bird Foods is S\$100,000 divided into one hundred thousand (100,000) ordinary shares of S\$1.00 each, of which S\$1.00 has been issued and fully paid-up. As at todate, Silver Bird Foods has not commenced its intended business.

12 CHANGES IN CONTINGENT LIABILITIES

During the quarter ended 31 July 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 July 2005 RM'000	As at 31 October 2004 RM'000
Approved capital commitment contracted but not provided for	8,649	9,765
Approved capital commitment not contracted for	-	-
	8,649	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 RM107 million is lower than that of the preceding year's corresponding period due to the decrease in sales of telecommunication products. Sales of Consumer Foods remained flat at RM35.6mil due to heighten competition in the quarter under reviewed. Despite the lower sales, the Group's profit before tax remained intact and still in line with the preceding quarter at RM5.8 mil.

15 NO MATERIAL CHANGES IN THE QUARTERLY RESULTS AGAINST THE IMMEDIATE PRECEDING QUARTER'S RESULTS

The Group's profit before tax for the current quarter was marginally reduced by approximately 4% from RM6.07 million in the immediate preceding quarter to RM5.8 million due to lower sales for telecommunication products.

16 COMMENTARY ON PROSPECTS

The 4th quarter is expected to register substantial growth in line with year end festive sales and a strong advertising and promotion campaign. Price increases are also being implemented for about 30% of the Consumer Food's products but this will be offset somewhat by fuel and material costs increases. The Group's imminent expansion into a neighbouring country is expected to boost our Consumer Foods sales significantly by the end of 2005.

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 3rd Quarter Ended 31/07/05 RM'000	Cumulative Current Year To Date As At 31/07/05 RM'000
Current Tax	222	402

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 ("SCSB"), a wholly owned subsidiary of the Company entered into a Sales & Purchase Agreement ("SPA") dated 12 April 2005 with ME-PLAS (M) Sdn Bhd ("Purchaser") 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.

The Purchaser was unable to complete the SPA on the payment of the balance purchase price of 2,883,348.20 as stipulated in the SPA and on 14 September 2005, SCSB has forfeited the 10% deposit received from Purchaser in accordance to the terms and conditions as provided in the SPA.

20 QUOTED SECURITIES

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

Total investments in quoted securities as at 31 July 2005 are as follows:

	RM'000
At cost	20
At carrying value	20
At market value	12

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) **Proposed renounceable rights issue of up to 117,038,793 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 ("Rights Issue of Warrants"); and**

**Private Placement of new shares, representing up to 10% of the enlarged issued and paid-up share capital of the Company ("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 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.

- (ii) **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 ("Joint Venture")**

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 Foreign Investment Committees has approved the Joint Venture via their letter dated 27 June 2005. The shareholders of SBGB have also approved the Joint Venture at the extraordinary general meeting held on 14 July 2004.

Please refer to the announcement made by the Company to the Bursa Securities on 28 June 2005 and 14 July 2005 for further information.

22 GROUP BORROWINGS

The Group borrowings are as follows: -

Secured Borrowings	As at 31 July 2005	As at 31 October 2004
	RM'000	RM'000
Short term borrowings	59,396	76,176
Long term borrowings	7,863	45,745
	67,259	121,921

Unsecured Borrowings	As at 31 July 2005	As at 31 October 2004
	RM'000	RM'000
Short term borrowings	20,000	-
Long term borrowings	70,000	-
	90,000	-

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 3rd QUARTER 31/07/05 RM'000	CURRENT YEAR TO DATE 31/07/05 RM'000
Net profit attributable to members of the company	5,595	15,300
Weighted average number of ordinary shares outstanding ('000)	208,699	177,316
Basic earnings per share (sen)	2.68	8.63

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”), and ICULS.

	CURRENT YEAR 3rd QUARTER 31/07/05 RM'000	CURRENT YEAR TO DATE 31/07/05 RM'000
Net profit attributable to members of the company	5,595	15,300
Weighted average number of ordinary shares outstanding ('000)	208,699	177,316
Adjustment for assumed conversion of ESOS, ICULS and RCULS ('000)	5,278	5,278
Adjusted weighted average number of ordinary shares outstanding and issuable ('000)	213,977	182,594
Diluted earnings per share (sen)	2.61	8.38

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 19 September 2005.

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

Kuala Lumpur