

# SILVER BIRD

## SILVER BIRD GROUP BERHAD

(Company No. 277977-X)

(Incorporated in Malaysia)

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	3 Months Ended 31 Oct		Cumulative 12 Months Ended 31 Oct	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Revenue</b>	134,799	136,387	484,743	363,545
Cost of sales	(119,274)	(121,469)	(423,201)	(313,197)
<b>Gross profit</b>	15,525	14,918	61,542	50,348
Operating income	114	67	924	200
Operating expenses	(7,563)	(8,747)	(33,338)	(30,177)
<b>Operating profit</b>	8,076	6,238	29,128	20,371
Interest expense	(1,831)	(2,193)	(7,681)	(4,864)
Interest and other income	0	509	500	1,140
Share of loss from jointly-controlled company	(1,760)	0	(1,760)	0
<b>Profit before taxation</b>	4,485	4,554	20,187	16,647
Taxation				
- Company	(208)	446	(610)	116
- Share of taxation in jointly-controlled company	(150)	0	(150)	0
<b>Profit after taxation</b>	4,127	5,000	19,427	16,763
Less: Minority Interest	0	0	0	0
<b>Profit after taxation and minority interest</b>	4,127	5,000	19,427	16,763
<b>Net profit for the period</b>	<u>4,127</u>	<u>5,000</u>	<u>19,427</u>	<u>16,763</u>
<b>Basic earnings per share (sen)</b>	1.96	3.53	10.46	13.77
<b>Diluted earnings per share (sen)</b>	1.96	2.54	10.46	9.46
<b>Dividend per share (sen)</b>	0.00	2.00	0.00	2.00

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.

# SILVER BIRD

## SILVER BIRD GROUP BERHAD

(Company No. 277977-X)

(Incorporated in Malaysia)

### CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31/10/2005

	AS AT END OF 4TH QUARTER 31/10/05 UNAUDITED RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/10/04 AUDITED RM'000
Property, plant and equipment	243,620	202,724
Deferred assets	3,910	9,180
Other Investment	2,888	0
Goodwill on consolidation	36,218	36,212
	<u>286,636</u>	<u>248,116</u>
<b>Current assets</b>		
Other investment	20	0
Inventories	11,519	7,524
Trade receivables	55,934	29,331
Other receivables, deposits and prepayments	11,614	4,335
Bank balance	5,624	9,293
	<u>84,711</u>	<u>50,483</u>
<b>Current Liabilities</b>		
Trade payables	23,772	17,324
Other payables and accruals	8,661	10,354
Short term borrowings	85,320	76,176
Provision for taxation	213	213
	<u>117,966</u>	<u>104,067</u>
Net current liabilities	<u>(33,255)</u>	<u>(53,584)</u>
	<u>253,381</u>	<u>194,532</u>
<b>Shareholders' funds</b>		
Share capital	105,261	70,798
Reserves		
Share premium	23,452	7,510
Merger deficit	(5,326)	(5,326)
Capital reserve	277	277
Retained profits	44,885	26,796
Warrants Reserve	7,368	0
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>179,327</u>	<u>139,587</u>
Long term borrowings	70,124	45,745
Deferred taxation	3,930	9,200
	<u>253,381</u>	<u>194,532</u>
Net tangible assets per share (RM)	<u>0.66</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.

# SILVER BIRD

## SILVER BIRD GROUP BERHAD

(Company No. 277977-X)

(Incorporated in Malaysia)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 OCT 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	Warrant Reserves	Proposed Dividend RM'000	Total RM'000
<b>Balance at 31.10.2003/ 1.11.2003</b>	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
<b>Balance at 31.10.2004</b>	70,798	7,510	(5,326)	277	26,796	36,700	-	2,832	139,587
<b>Balance at 31.10.2004/ 01.11.2004</b>	70,798	7,510	(5,326)	277	26,796	36,700	-	2,832	139,587
Exercise of ESOS	508	124	-	-	-	-	-	-	632
Issuance of new shares	-	-	-	-	-	-	-	-	-
Dividend payable	-	-	-	-	-	-	-	-	-
Corporate exercise expense	-	(1,713)	-	-	-	-	-	-	(1,713)
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
Issuance of warrant	-	-	-	-	-	-	7,368	-	7,368
Net profit for the period	-	-	-	-	18,089	-	-	(2,832)	15,257
<b>Balance at 31.10.2005</b>	105,261	23,452	(5,326)	277	44,885	3,410	7,368	-	179,327

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.

# SILVER BIRD

## SILVER BIRD GROUP BERHAD

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### UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED 31 OCT 2005

	12-month Ended 31 Oct 2005 RM'000	12-month Ended 31 Oct 2004 RM'000
<b>Cash flows from operating activities</b>		
Net profit before tax	20,187	16,647
Adjustment		
Share of loss in jointly-controlled entity	1,760	-
Adjustments for non-cash flow: -		
Non-cash items	20,841	11,983
Non-operating items	(500)	(1,340)
Operating profit before changes in working capital	42,288	27,290
Changes in working capital		
Net change in current assets	(34,135)	4,345
Net change in current liabilities	(25)	4,067
Net cash (used in)/generated from operating activities	8,128	35,702
<b>Cash flows from investing activities</b>		
Dividend and interest income	500	1,340
Purchase of property, plant and equipment	(65,505)	(102,450)
Proceeds from disposal of properties	-	5,588
Investment in jointly controlled entity	(4,798)	-
Acquisition of subsidiaries cash inflow	-	9,168
Disposal of subsidiaries cash inflow	-	1,636
Net cash (used in)/generated from investing activities	(69,803)	(84,718)
<b>Cash flows from financing activities</b>		
Corporate exercise expenses	(1,713)	(1,185)
Bank borrowings	(46,634)	40,503
Proceed from issuance of Serial Bond	62,289	-
Drawdown of "CPs"	30,000	-
Repayment of "CPs"	(10,000)	-
Private Placement	18,196	-
Proceed from issuance of Warrants	7,368	-
Proceeds from ESOS	632	3,331
Net cash (used in)/generated from financing activities	60,138	42,649
<b>Net change in Cash &amp; Cash equivalents</b>	(1,537)	(6,366)
<b>Cash &amp; Cash equivalents at beginning of the financial year</b>	(2,602)	3,764
<b>Cash &amp; Cash equivalents at end of the financial year*</b>	(4,139)	(2,602)

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

	As at 31 Oct 2005 RM'000	As at 31 Oct 2004 RM'000
Bank balance	5,624	9,293
Bank overdrafts (included in short term borrowings)	(9,763)	(11,895)
	(4,139)	(2,602)

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.

# **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 (“Bursa Securities”).

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 October 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 current financial year to date as at 31 October 2005: -

### a) Executive Share Option Scheme (“Scheme”)

- (i) 51,000 new ordinary shares of RM0.50 each allotted under the Scheme during the current financial year to date as at 31 October 2005 at an exercise price of RM1.05 per share pursuant to the Scheme.
- (ii) 964,500 new ordinary shares of RM0.50 each allotted under the Scheme during the current financial year to date as at 31 October 2005 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 25,131,758 new ordinary shares of RM0.50 each were issued pursuant to the conversion of RM17,089,595 nominal value of ICULS.

### d) Private Placement

A total of 18,954,259 new ordinary shares of RM0.50 each were issued on 14 April 2005 at the issued price of RM0.96 per share pursuant to the private placement.

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

On 15 February 2005, the Company issued RM70 million Serial Bonds with tenure of 7 years.

On 14 April 2005, the Company issued the first CP of RM10 million whilst an additional RM10 million CP was issued on 27 June 2005. On 14 October 2005, the Company issued RM10 million CP to settle the first CP which maturity date falling on 14 October 2005.

The outstanding debts are as disclosed in Note 22.

## 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

<b>Segment Revenue</b>	<b>3 Months Ended 31/10/2005 RM'000</b>	<b>12 Months Ended 31/10/2005 RM'000</b>
Consumer food	42,850	149,089
Telecommunication products	91,949	335,654
	134,799	484,743

<b>Segment Profit Before Income Tax</b>	<b>3 Months Ended 31/10/2005 RM'000</b>	<b>12 Months Ended 31/10/2005 RM'000</b>
Consumer food	4,074	18,438
Telecommunication products	411	1,749
	4,485	20,187

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

### (a) Silver Bird International Sdn Bhd

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

On 22 July 2005, the authorised share capital of SBI was increased from RM2,500,000 to RM100,000,000 by the creation of 84,000,000 ordinary shares of RM1.00 each and 16,000,000 irredeemable convertible cumulative preference shares of RM1.00 each.

As at todate, the issued and paid up share capital and irredeemable convertible cumulative preference shares of SBI is 12,000,000 and 8,000,000 respectively.

SBI was incorporated on 4 January 2005. Its intended principal activity is manufacturing and/or distributing, selling and marketing certain bakery, frozen foods, and telecommunication products.

**(b) Silver Bird Foods (S) Pte. Ltd.**

On 20 July 2005, SBI, a subsidiary of the Company subscribed for one ordinary share of S\$1.00 each in Silver Bird Foods (S) Pte. Ltd. (Company No. 200510016M) ("Silver Bird Foods") representing the entire issued and paid up share capital in Silver Bird Foods, a private company limited by shares in Singapore.

Silver Bird Foods was incorporated in Singapore on 20 July 2005 and has an authorised share capital of S\$100,000 divided into 100,000 ordinary shares of S\$1.00 each, of which one (1) ordinary share has been issued and fully paid-up.

The principal activity of Silver Bird Foods is marketing, branding, campaigning, distributing and wholesales of fast moving consumers' goods

**(c) Inforaire Sdn Bhd**

The Board of Directors of the Company had on 5 September 2005 approved the acquisition of two (2) ordinary share of RM1.00 each in the capital of Inforaire Sdn Bhd, representing the entire issued and paid-up share capital in Inforaire Sdn Bhd for a total cash consideration of RM2.00 only.

Inforaire Sdn Bhd was incorporated on 31 December 2003 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 two (2) ordinary shares have been issued and fully paid-up.

Presently, Inforaire Sdn Bhd is a dormant company.

Except for the above, there were no changes in the composition of the group during the quarter under review.

**12 CHANGES IN CONTINGENT LIABILITIES**

During the financial period ended 31 October 2005, the Company has given corporate guarantees amounting to approximately RM132 million to secure banking facilities granted to certain subsidiaries.



**13 CAPITAL COMMITMENTS**

	<b>As at 31 Oct 2005 RM'000</b>	<b>As at 31 October 2004 RM'000</b>
Approved capital commitment contracted but not provided for	10,257	9,765
Approved capital commitment not contracted for	-	-
	10,257	9,765

**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES****14 REVIEW OF PERFORMANCE**

Despite a 26% growth from the 3<sup>rd</sup> quarter, the Group's quarterly turnover of RM134.8 million was comparable to the preceding year's corresponding period due to the decrease in sales of daily fresh products during fasting month of October 2005. Sales of telecommunication products registered a 2% revenue growth, achieving revenue of RM91.9 million for this quarter as compared to RM89.6 million for the same quarter previous year. Due to better margins arising from increased prices, the Group's profit before tax has increased from RM4.6 million to RM6.2 million as compared to last year same period.

The Group chalked up a profit before tax of RM21.9 million for the current financial year to date, represent an increase of 32% over prior year.

**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 increased by approximately 7% from RM5.8 million in the immediate preceding quarter to RM6.2 million due to increased sales of the Consumer Food Division.

However our jointly-controlled company, SBI and it's wholly-owned subsidiary Silver Bird Foods (S) Pte Ltd (“collectively known as SBI Group”) commenced operation in October 2005 and incurred a start up loss of RM1.76 million which is in line with management expectation to penetrate and build up our market share in Singapore.

**16 COMMENTARY ON PROSPECTS**

The forthcoming 1<sup>st</sup> quarter to 31<sup>st</sup> January 2006 is expected to show significant growth in sales for SBI Group and the Group's telecommunication products.

However there will be pressure on profitability due to start-up losses from SBI Group, higher fuel and material costs.

**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

	<b>Current Year 4th Quarter Ended 31/10/05 RM'000</b>	<b>Cumulative Current Year To Date As At 31/10/05 RM'000</b>
Current Tax	358	760

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

There were no sales of unquoted investments or properties for the current financial quarter and financial year to date.

## 20 QUOTED SECURITIES

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

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

	<b>RM'000</b>
At cost	20
At carrying value	20
At market value	10

## 21 STATUS OF CORPORATE PROPOSALS

### 21.1 Private Debt Securities of up to RM100.0 Million

On 24 November 2004, the Company announced that it has proposed to issue RM70 million nominal value of serial bonds ("Serial Bonds") and up to RM30 million Commercial Papers ("CPs") and/or Medium Term Notes with tenure ranging from three (3) years to seven (7) years. The Securities Commission's approval has been obtained on 20 December 2004 and the Company has completed the issuance of Serial Bonds on 15 February 2005. The first issuance of RM10 million CP was issued on 14 April 2005.

### 21.2 Private Placement

The Private Placement of 18,954,259 new ordinary shares of RM0.50 each of the Company was issued on 14 April 2005 and granted listing and quotation on the Main Board of the Bursa Securities on 25 April 2005.

The proceeds raised from the Private Placement has been fully utilised as working capital.

**21.3 Joint Venture between SBGB, Employees Provident Fund Board (“EPF”), Mayban Ventures Sdn Bhd (“MVSB”), 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 joint venture between SBG, EPF and MVSB to invest in SBI.

The Foreign Investment Committees and the shareholders of SBGB have also approved the Joint Venture on 27 June 2005 and 14 July 2004 respectively.

SBI is classified as a joint-control company arising from certain voting right of EPF and MVSB.

**21.4 Renounceable rights issue of 105,255,559 Warrants 2005/2010 at an issue price of RM0.07 per warrant on the basis of one (1) new warrant for every two (2) existing ordinary shares of RM0.50 each held (“Rights Issue of Warrants”)**

The 105,255,559 Warrants issued pursuant to the Rights Issue of Warrants were granted listing and quotation on the Main Board of Bursa Securities with effect from 27 September 2005.

**22 GROUP BORROWINGS**

The Group borrowings are as follows: -

<b>Secured Borrowings</b>	<b>As at 31 October 2005 RM'000</b>	<b>As at 31 October 2004 RM'000</b>
Short term borrowings	65,320	76,176
Long term borrowings	7,057	45,745
	72,377	121,921

<b>Unsecured Borrowings</b>	<b>As at 31 October 2005 RM'000</b>	<b>As at 31 October 2004 RM'000</b>
Short term borrowings	20,000	-
Long term borrowings	63,067	-
	83,067	-

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**

The Board of Directors will announce their recommendation on the dividend for the current financial period on a later date.

**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: -

	<b>CURRENT YEAR 4<sup>th</sup> QUARTER 31/10/05 RM'000</b>	<b>CURRENT YEAR TO DATE 31/10/05 RM'000</b>
Net profit attributable to members of the company	4,127	19,427
Weighted average number of ordinary shares outstanding ('000)	210,513	185,683
Basic earnings per share (sen)	1.96	10.46

**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.

	<b>CURRENT YEAR 4<sup>th</sup> QUARTER 31/10/05 RM'000</b>	<b>CURRENT YEAR TO DATE 31/10/05 RM'000</b>
Net profit attributable to members of the company	4,127	19,427
Weighted average number of ordinary shares outstanding ('000)	210,513	185,683
Adjustment for assumed conversion of ESOS, ICULS and RCULS ('000)	0	0
Adjusted weighted average number of ordinary shares outstanding and issuable ('000)	210,513	185,683
Diluted earnings per share (sen)	1.96	10.46

**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 21 December 2005.

By order of the Board

**Mah Li Chen**

**Tan Fong Shian @ Lim Fong Shian**

Company Secretaries

Kuala Lumpur