

# SILVER BIRD

**SILVER BIRD GROUP BERHAD**

(Company No. 277977-X)

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	3 Months Ended 30 Apr		Cumulative 6 Months Ended 30 Apr	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	127,786	116,476	269,144	242,520
Cost of sales	(111,854)	(99,473)	(238,784)	(212,011)
<b>Gross profit</b>	15,932	17,003	30,360	30,509
Operating income	370	698	1,609	698
Operating expenses	(10,457)	(9,028)	(19,185)	(17,720)
<b>Operating profit</b>	5,845	8,673	12,784	13,487
Interest expense	(2,147)	(2,603)	(5,005)	(4,102)
Interest and other income	20	0	40	500
Share of loss from jointly-controlled company	(2,508)	0	(5,396)	0
<b>Profit before taxation</b>	1,210	6,070	2,423	9,885
Taxation				
- Company	(90)	(90)	(180)	(180)
- Share of taxation in jointly-controlled company	0	0	0	0
<b>Profit after taxation</b>	1,120	5,980	2,243	9,705
Less: Minority Interest	0	0	0	0
<b>Profit after taxation and minority interest</b>	1,120	5,980	2,243	9,705
<b>Net profit for the period</b>	<u>1,120</u>	<u>5,980</u>	<u>2,243</u>	<u>9,705</u>
<b>Basic earnings per share (sen)</b>	0.53	3.29	1.07	6.01
<b>Diluted earnings per share (sen)</b>	0.53	3.17	1.07	5.77
<b>Dividend per share (sen)</b>	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 2005 and the accompanying explanatory notes attached to the interim financial statements.

# SILVER BIRD

## SILVER BIRD GROUP BERHAD

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(Incorporated in Malaysia)

### CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30/04/2006

	AS AT END OF 2ND QUARTER 30/04/06 UNAUDITED  RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 31/10/05 AUDITED (Restated) RM'000
Property, plant and equipment	236,810	243,620
Investment in a jointly controlled entity *	0	2,888
Goodwill on consolidation	36,218	36,219
	<u>273,028</u>	<u>282,727</u>
<b>Current assets</b>		
Other investment	0	20
Inventories	11,503	11,520
Trade receivables	38,491	54,923
Other receivables, deposits and prepayments	9,920	11,746
Bank balance	11,040	5,661
Amount owing by a jointly controlled entity	271	0
	<u>71,225</u>	<u>83,870</u>
<b>Current Liabilities</b>		
Trade payables	18,140	22,279
Other payables and accruals	5,167	9,124
Short term borrowings	70,034	85,358
Provision for taxation	173	383
	<u>93,514</u>	<u>117,144</u>
Net current liabilities	<u>(22,289)</u>	<u>(33,274)</u>
	<u>250,739</u>	<u>249,453</u>
<b>Shareholders' funds</b>		
Share capital	105,309	105,261
Reserves		
Share premium	23,436	23,452
Merger deficit	(5,326)	(5,326)
Capital reserve	277	277
Retained profits	40,168	37,925
Warrants Reserve	7,368	7,368
5-Year 1% Irredeemable Convertible Unsecured Loan Stocks	3,408	3,410
Proposed dividend	3,032	3,032
	<u>177,672</u>	<u>175,399</u>
Long term borrowings	69,137	70,124
Deferred taxation	3,930	3,930
	<u>250,739</u>	<u>249,453</u>
Net assets per share (RM)	<u>0.82</u>	<u>0.81</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 October 2005 and the accompanying explanatory notes attached to the interim financial statements.

\* Share of losses is restricted to the carrying amount of the investment.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 APR 2006**

	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 31.10.2004/ 1.11.2004 (as previously reported )</b>	70,798	7,510	(5,326)	277	26,796	36,700	-	2,832	139,587
<b>Prior year adjustment</b>	-	-	-	-	(9,180)	-	-	-	(9,180)
<b>Balance at 31.10.2004/ 1.11.2004 ( as restated )</b>	70,798	7,510	(5,326)	277	17,616	36,700	-	2,832	130,407
Exercise of ESOS	269	77	-	-	-	-	-	-	346
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
Corporate exercise expense	-	(1,258)	-	-	-	-	-	-	(1,258)
Net profit for the period	-	-	-	-	9,705	-	-	-	9,705
<b>Balance at 30.04.2005</b>	104,249	23,582	(5,326)	277	27,321	4,461	-	2,832	157,396
<b>Balance at 31.10.2005/ 01.11.2005 (as previously reported)</b>	105,261	23,452	(5,326)	277	41,835	3,410	7,368	3,032	179,309
<b>Prior year adjustment</b>	-	-	-	-	(3,910)	-	-	-	(3,910)
<b>Balance at 31.10.2005/ 1.11.2005 ( as restated )</b>	105,261	23,452	(5,326)	277	37,925	3,410	7,368	3,032	175,399
Exercise of ESOS	10	2	-	-	-	-	-	-	12
Corporate exercise expense	-	(42)	-	-	-	-	-	-	(42)
Conversion of ICULS	1	1	-	-	-	(2)	-	-	-
Conversion of warrant	37	23	-	-	-	-	-	-	60
Net profit for the period	-	-	-	-	2,243	-	-	-	2,243
<b>Balance at 30.04.2006</b>	105,309	23,436	(5,326)	277	40,168	3,408	7,368	3,032	177,672

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 October 2005 and the accompanying explanatory notes attached to the interim financial statements.

# SILVER BIRD

## SILVER BIRD GROUP BERHAD

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(Incorporated in Malaysia)

### UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED 30 APR 2006

	6-month Ended 30 Apr 2006 RM'000	6-month Ended 30 Apr 2005 RM'000
<b>Cash flows from operating activities</b>		
Net profit before tax	2,423	9,885
Adjustment		
Share of loss in jointly-controlled entity	5,396	-
Adjustments for non-cash flow: -		
Non-cash items	11,261	9,768
Non-operating items	(40)	(500)
Operating profit before changes in working capital	19,040	19,153
Changes in working capital		
Net change in current assets	15,517	(12,824)
Net change in current liabilities	(8,486)	(2,990)
Net cash (used in)/generated from operating activities	26,071	3,339
<b>Cash flows from investing activities</b>		
Dividend and interest income	40	500
Purchase of property, plant and equipment	(4,451)	(38,896)
Proceeds from disposal of properties	-	1,236
Net cash (used in)/generated from investing activities	(4,411)	(37,160)
<b>Cash flows from financing activities</b>		
Corporate exercise expenses	(42)	(1,258)
Bank borrowings	(8,667)	(42,782)
Proceed from issuance of Serial Bond	-	62,289
Proceed from issuance of ordinary shares	60	-
Drawdown of "CPs"	-	10,000
Private Placement	-	18,196
Proceeds from ESOS	12	346
Net cash (used in)/generated from financing activities	(8,637)	46,791
<b>Net change in Cash &amp; Cash equivalents</b>	13,023	12,970
<b>Cash &amp; Cash equivalents at beginning of the financial year</b>	(4,103)	(2,602)
<b>Cash &amp; Cash equivalents at end of the financial year*</b>	8,920	10,368

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

	As at 30 Apr 2006 RM'000	As at 30 Apr 2005 RM'000
Bank balance	11,040	14,625
Bank overdrafts (included in short term borrowings)	(2,120)	(4,257)
	8,920	10,368

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 October 2005 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 FRS 134**

#### **1 BASIS OF PREPARATION**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard 134 (“FRS” 134) previously known as MASB 26 on 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 2005. 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 2005.

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 2005.

#### **2 AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors’ report on the audited financial statements for the financial year ended 31 October 2005 was not qualified.

#### **3 COMMENTS ABOUT SEASONAL AND CYCLICAL FACTORS**

The demand for certain bakery products are seasonal in nature. 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 2006.

#### **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 30 April 2006: -

- a) **Conversion of Warrants 2005/2010 into new ordinary shares of RM0.50 each**  
A total of 75,000 new ordinary shares of RM0.50 each were issued pursuant to the conversion of Warrants 2005/2010 at an exercise price of RM0.80 each.
- b) **Executive Share Option Scheme (“Scheme”)**  
20,000 new ordinary shares of RM0.50 each allotted under the Scheme at an exercise price of RM0.60 per share pursuant to the Scheme.
- c) **Conversion of 1% Irredeemable Convertible Unsecured Loan Stocks (ICULS) into new ordinary shares of RM0.50 each**  
A total of 2,646 new ordinary shares of RM0.50 each were issued pursuant to the conversion of RM1,799 nominal value of ICULS.

The outstanding debts are as disclosed in Note 23.

## 7 DIVIDENDS PAID

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

## 8 SEGMENTAL REPORTING – GROUP

<b>Segment Revenue</b>	<b>3 Months Ended 30/04/2006 RM'000</b>	<b>3 Months Ended 30/04/2005 RM'000</b>	<b>Cumulative Period Ended 30/04/2006 RM'000</b>	<b>Cumulative Period Ended 30/04/2005 RM'000</b>
Consumer food	40,483	36,748	78,105	70,676
Telecommunication products	87,303	79,728	191,039	171,844
Total	127,786	116,476	269,144	242,520

<b>Segment Profit Before Income Tax</b>	<b>3 Months Ended 30/04/2006 RM'000</b>	<b>3 Months Ended 30/04/2005 RM'000</b>	<b>Cumulative Period Ended 30/04/2006 RM'000</b>	<b>Cumulative Period Ended 30/04/2005 RM'000</b>
Consumer food	3,105	5,370	6,538	9,034
Telecommunication products	613	700	1,281	851
Share of loss from jointly-controlled company	(2,508)	0	(5,396)	0
Total	1,210	6,070	2,423	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 for the current quarter and financial year to date.

**12 CHANGES IN CONTINGENT LIABILITIES**

During the financial period ended 30 April 2006, the Company has given corporate guarantees amounting to approximately RM131 million to secure banking facilities granted to certain subsidiaries.

**13 CAPITAL COMMITMENTS**

	<b>As at 30/04/2006 RM'000</b>	<b>As at 31/10/2005 RM'000</b>
Approved capital commitment contracted but not provided for	10,257	10,257
Approved capital commitment not contracted for	-	-
	10,257	10,257

**14 PRIOR YEAR ADJUSTMENT**

During the current quarter, the Group changed its accounting policy in relation to the recognition of unutilised reinvestment allowance as deferred asset.

The Group had previously recognised unutilised reinvestment allowance as deferred asset to the extent of the amount of deferred liability recognised pursuant to FRS 112 - Income Taxes. The Group changed its policy to discontinue the recognition of unutilised reinvestment allowance as deferred asset in the current quarter. Correspondingly, all recognised deferred asset from prior years arising from the unutilised reinvestment allowance will be reversed. The change in policy has been effected retrospectively as a prior year adjustment and the comparative figures of Income Statement and Balance Sheet for the financial year ended 31 October 2005 will be as follows:

	<b>As Previously Reported RM'000</b>	<b>Effect of Adjustment RM'000</b>	<b>As Restated RM'000</b>
Balance Sheet (extract):-			
Deferred asset	3,910	(3,910)	-
Retained profits	41,835	(3,910)	37,925
Income Statement (extract):-			
Taxation	(755)	5,270	4,495
Profit after taxation	19,409	5,270	24,679

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

**15 REVIEW OF PERFORMANCE**

The Group registered a revenue growth of 10% for the quarter under review, achieving RM127.8 million compared with the preceding year's corresponding period. Sales of consumer food registered 10% revenue growth, achieving RM40.5 million for this quarter as compared to RM36.7 million for the same quarter previous year due to the strong sales performance of the daily fresh products. Multicom successfully achieved revenue of RM87.3 million and registered 10% growth as compared to RM79.7 million for the same quarter previous year arising from improved sales channel arrangement.

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

The Group's profit before tax of RM1.2 million is similar to the preceding quarter.

**17 COMMENTARY ON PROSPECTS**

Our Consumer Food Division has launched a sales and distribution expansion program in May 2006 with the objective to increase our retail outlets significantly coupled with an aggressive advertising and promotion campaign. This is expected to contribute positively to our sales growth by end 2006.

**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**

	<b>Current Year 2nd Quarter Ended 30/04/06 RM'000</b>	<b>Cumulative Current Year To Date As At 30/04/06 RM'000</b>
Current Tax	90	180

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**

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

**21 QUOTED SECURITIES**

Save as disclosed below, there were no purchases or disposal of quoted securities during the current quarter and financial year to date.



Disposal of investment in quoted securities:-

	<b>6 months ended</b>
	<b>30/4/2006</b>
	<b>RM'000</b>
Sale proceeds	14
Purchase consideration	20
Loss on disposal	(6)

No disposal of investment in quoted securities in the second quarter ended 30 April 2006.

## **22 STATUS OF CORPORATE PROPOSALS**

Corporate proposals that have been announced but have not completed as at the date of this announcement:

- a) **PROPOSED SALE AND LEASEBACK OF A FREEHOLD INDUSTRIAL PROPERTY MEASURING APPROXIMATELY 59,337.11 SQ. METRES, BEING A PORTION OF THE LAND HELD UNDER THE MASTER TITLE GERAN NO. 64178, LOT 62003, PEKAN BARU HICOM, DAERAH PETALING, SELANGOR DARUL EHSAN, TOGETHER WITH ALL THE ERECTED BUILDINGS / STRUCTURES ON THE SITE AND ALL THE FIXTURES AND FIXED EQUIPMENT ATTACHED THEREON FOR THE SAID PROPERTY TO BE FULLY OPERATIONAL AS AN INDUSTRIAL WAREHOUSE COMPLEX ("PROPERTY") ("PROPOSED SALE AND LEASEBACK")**

On 27 March 2006, AmMerchant Bank Berhad (a member of the AmInvestment Group) ("**AmMerchant Bank**") had announced on behalf of the Board of Directors of Silver Bird ("**Board**"), that Amanah Raya Berhad as Trustee for the Common Fund ("**ARB**") and Silver Bird had entered into a conditional sale and leaseback arrangement in relation to the above-mentioned Property upon the terms and conditions contained in the letter of confirmation to purchase issued by ARB to the Company on 22 March 2006.

On 17 May 2006, Standard Confectionery Sdn Bhd ("**SCSB**"), a wholly owned subsidiary of Silver Bird, had entered into a Sale and Purchase Agreement ("**SPA**") with ARB, for SCSB to sell and ARB to purchase the Property for a cash consideration of RM91.2 million.

Pursuant to the above proposed disposal, a lease agreement was entered into concurrently between ARB and Silver Bird for the lease of the Property to Silver Bird for a period of ten (10) years commencing from the completion date of the proposed disposal. The lease term is extendable for a further five (5) years subject to the terms therein.

On 29 May 2006, AmMerchant Bank had, on behalf of the Board, announced that ARB had informed the Company that the Foreign Investment Committee ("**FIC**") has, vide its letter dated 29 May 2006, informed ARB that the FIC has no objections to the proposed acquisition of the Property by ARB from SCSB.

On 14 June 2006, AmMerchant Bank had, on behalf of the Board, announced that the Securities Commission ("SC") has vide its letter dated 13 June 2006, which was received on 14 June 2006, approved the Company's application for an exemption from having to comply with the requirements of paragraph 12.01 of the SC's Policies and Guidelines on Issue/Offer of Securities and Section 32(2)(g) of the Securities Commission Act 1993, and thereby exempting the Company from the requirement to seek the SC's approval for the Proposed Sale and Leaseback as a result of a deemed significant change in business direction.

The completion of the Proposed Sale and Leaseback is pending fulfillment of certain conditions precedent.

**b) PROPOSED PURCHASE OF OWN ORDINARY SHARES OF UP TO TEN PER CENT (10%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY ("PROPOSED SHARE BUY-BACK")**

On 17 May 2006, AmMerchant Bank had announced on behalf of the Board that Silver Bird is proposing to seek the approval of its shareholders at the forthcoming extraordinary general meeting to be convened to purchase its own ordinary shares of RM0.50 each up to ten (10) per cent of the Company's issued and paid-up capital.

**23 GROUP BORROWINGS**

The Group borrowings are as follows: -

<b>Secured Borrowings</b>	<b>As at 30/04/2006 RM'000</b>	<b>As at 31/10/2005 RM'000</b>
Short term borrowings	50,034	65,358
Long term borrowings	5,523	7,057
	55,557	72,415

<b>Unsecured Borrowings</b>	<b>As at 30/04/2006 RM'000</b>	<b>As at 31/10/2005 RM'000</b>
Short term borrowings	20,000	20,000
Long term borrowings	63,614	63,067
	83,614	83,067

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 has approved the payment date for the Final Dividend of 2.0 sen per share less 28% income tax for the financial year ended 31 October 2005 to be on 24 July 2006.

## 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: -

	<b>CURRENT YEAR 2nd QUARTER 30/04/06 RM'000</b>	<b>CURRENT YEAR TO DATE 30/04/06 RM'000</b>
Net profit attributable to members of the company	1,120	2,243
Weighted average number of ordinary shares outstanding ('000)	210,610	210,594
Basic earnings per share (sen)	0.53	1.07

### 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 2nd QUARTER 30/04/06 RM'000</b>	<b>CURRENT YEAR TO DATE 30/04/06 RM'000</b>
Net profit attributable to members of the company	1,120	2,243
Weighted average number of ordinary shares outstanding ('000)	210,610	210,594
Adjustment for assumed conversion of ESOS, ICULS and RCULS ('000)	0	0
Adjusted weighted average number of ordinary shares outstanding and issuable ('000)	210,610	210,594
Diluted earnings per share (sen)	0.53	1.07

## 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 21 June 2006.

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

Kuala Lumpur