

13. FINANCIAL INFORMATION

13.1 Proforma Consolidated Financial Results

The following table is a summary of the proforma consolidated financial results of CBB for the past five (5) financial years ended 31 March 1999 to 2003 and is prepared on the assumption that the CBB Group has been in existence throughout the years/period under review. The proforma consolidated financial results are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report.

	← Financial year ended 31 March →				
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Revenue	55,228	66,612	85,251	77,545	94,755
Profit before depreciation, R&D, interest, depreciation, taxation and amortisation	9,332	13,403	13,374	14,210	15,990
R&D expense	(100)	(150)	(200)	(277)	(300)
Profit before interest, depreciation, taxation and amortisation	9,232	13,253	13,174	13,933	15,690
Depreciation and amortisation	(2,009)	(2,640)	(2,810)	(2,941)	(3,269)
Interest expense	(1,968)	(1,166)	(1,433)	(880)	(763)
Share of profits/(losses) of associated companies	(14)	5	59	59	14
PBT and before exceptional item	5,241	9,452	8,990	10,171	11,672
Exceptional item	4,750	453	-	-	-
PBT	9,991	9,905	8,990	10,171	11,672
Taxation	(105)	(2,931)	(2,538)	(2,993)	(2,905)
PAT	9,886	6,974	6,452	7,178	8,767
MI	(3)	(13)	(76)	(39)	(44)
PAT and MI	9,883	6,961	6,376	7,139	8,723
Weighted average no. of ordinary shares in issue ('000)	10,000	10,000	10,411	10,616	10,616
Basic EPS (sen)	98.83	69.61	61.24	67.25	82.17

Notes:-

- i. *The exceptional items are in respect of insurance claim on fire consequential loss received by a subsidiary in 1999 due to a plant fire and a gain on disposal of a piece of leasehold land and building by a subsidiary in 2000.*
- ii. *The effective tax rate for the financial years ended 31 March 1999 and 2003 were lower than the statutory tax rate in Malaysia due to the waiver of income tax in 1999 on the profit in accordance with the provision of the Income Tax (Amendment) Act 1999 and utilisation of reinvestment allowance in 2003 respectively. The effective tax rate for the financial years ended 31 March 2000 and 2002 were higher mainly due to certain expenses not deductible for tax purposes.*
- iii. *The basic EPS has been calculated by dividing PAT and MI by the weighted average number of shares in issue of the respective years. Diluted earnings per share is not computed as CBB Group does not have any dilutive potential ordinary shares in issue for the past 5 years ended 31 March 2003.*
- iv. *There are no extraordinary items for all the years under review.*

13. FINANCIAL INFORMATION (continued)

13.2 Analysis of Revenue and Profits

Analysis of turnover by companies

Subsidiary Companies	← Financial years ended 31 March →				
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
CBB	6,686	276	288	15,955	5,700
Multiview	4,835	4,655	5,053	6,035	8,601
Prestige	33,235	33,731	43,970	42,051	53,371
Eversynergy	360	286	290	290	266
Southern	-	-	-	300	562
MPSB	9,317	8,605	9,801	8,254	9,060
MSPL	4,739	4,508	4,329	3,041	3,834
IHSB	-	-	-	-	-
Macro	-	897	1,333	1,973	2,108
ReadyChem	2,363	2,157	3,225	3,598	5,868
Prior	3,673	4,106	3,490	3,266	3,489
Polyplus	13,207	17,314	18,722	12,963	15,766
Brandpak	-	2,347	5,844	3,594	3,592
IDSB	12	12	12	12	12
PSSB	2,911	3,191	3,338	3,182	2,732
PPPSB	-	1,819	4,074	3,060	2,595
Creative	-	-	-	-	* 903
Consolidated adjustments	(26,110)	(17,292)	(18,518)	(30,029)	(23,704)
Proforma consolidated Turnover	55,228	66,612	85,251	77,545	94,755

Analysis of PBT/(LBT) by companies

Subsidiary Companies	← Financial years ended 31 March →				
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
CBB	6,194	(93)	(169)	15,709	5,485
Multiview	1,274	683	268	682	406
Prestige	5,842	6,344	6,202	6,613	7,611
Eversynergy	14	18	15	50	20
Southern	(1)	(15)	(1)	(39)	(55)
MPSB	542	808	973	816	884
MSPL	(39)	201	151	23	91
IHSB	-	-	(259)	(53)	(48)
Macro	(3)	138	109	495	380
ReadyChem	(58)	191	9	49	117
Prior	566	669	615	792	815
Polyplus	3,073	972	421	373	912
Brandpak	(39)	(70)	(98)	144	253
IDSB	(57)	(77)	(64)	(60)	(130)
PSSB	72	303	316	221	174
PPPSB	(2)	(275)	206	103	26
Creative	-	-	-	-	* (25)
Consolidation adjustments	(7,386)	108	297	(15,747)	(5,244)
Proforma consolidated PBT	9,991	9,905	8,990	10,171	11,672

* For the 15-month period ended 31 March 2003.

13. FINANCIAL INFORMATION (continued)

Analysis of turnover by products

Products	← Financial years ended 31 March →				
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Paper Packaging and Carton Division	40,692	49,274	64,051	57,227	70,660
Plastic Packaging Division	10,823	13,734	15,564	12,880	13,291
Contract Manufacturing Division	3,713	3,604	5,636	7,438	10,804
Proforma Consolidated Turnover	55,228	66,612	85,251	77,545	94,755

Analysis of PBT by products

Products	← Financial years ended 31 March →				
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Paper Packaging Division	4,046	7,483	7,100	7,159	8,786
Plastic Packaging Division	1,082	1,410	1,504	1,880	1,917
Contract Manufacturing Division	113	559	386	1,132	969
Exceptional item*	4,750	453	-	-	-
Proforma Consolidated PBT	9,991	9,905	8,990	10,171	11,672

* The exceptional items are in respect of insurance claim on fire consequential loss received by a subsidiary in 1999 due to a plant fire and a gain on disposal of a piece of leasehold land and building by a subsidiary in 2000.

Overview of revenue and PBT for the past five (5) financial years ended 31 March 2003

Revenue

Paper Packaging Division

Polyplus' corrugator plant was destroyed by fire in January 1998. The increase in revenue of approximately 21% in 2000 was mainly due to the resumption of Polyplus' operation subsequent to the fire and the commencement of PPPSB's operation.

Revenue increased by approximately 30% in 2001 largely due to higher sale of paper bag products, in particular, cement bags.

In 2002, revenue decreased by approximately 11% largely attributed to the lower contribution from Polyplus as a result of lower sales and unit selling prices. These were mainly due to cost cutting measures adopted by certain customers, drop in paper roll prices and intensified competition.

The sales from paper packaging division increased in 2003 by approximately 23% mainly due to higher demand for carton boxes from Prestige's major customers in the electronic industry and edible oil industry.

13. FINANCIAL INFORMATION (continued)

Plastic Packaging Division

Brandpak commenced operation in the manufacturing of plastic bags in 2000. Plastic bag sales grew in 2001 by approximately 13% but declined in 2002. As a whole, the division has a consistent growth in 2000 and 2001. However, revenue fell in 2002 by approximately 17% mainly due to lower demand from certain customers subsequent to the 11 September 2001 terrorist attack occurred in the United States of America.

Contract Manufacturing Division

Revenue increased since 2000 mainly due to the shift in focus by the CBB Group to contract manufacturing of retail adhesives, which captures a fast growing market.

In 2001, revenue continued to grow mainly attributable to increasing sales of household care products under its own brand and private label to hypermarkets such as Giant, Carrefour, The Store Group, Xtra, TOPS, NTUC (Singapore), Shop n Save (Singapore) and Dairy Farm (Hong Kong).

PBT*Paper Packaging Division*

The lower PBT for paper division in 1999 as compared to 2000 was mainly due to the damage caused by fire at the corrugator plant of Polyplus. This has resulted in lower revenue and additional costs in renting factory and production facilities.

PBT recovered in 2000 after Polyplus resumed its normal operation. However, PBT decreased in 2001 by approximately 5% and recovered in 2002 by approximately 1% despite the drop in revenue in response to the fluctuation in paper roll prices.

PBT increased by approximately 23% in 2003 in response to the growth in revenue.

Plastic Packaging Division

PBT increased in 2000 and 2001 by approximately 30% and 7% respectively, in line with the increase in revenue.

PBT increased in 2002 despite a lower revenue mainly due to higher PBT contribution from Brandpak. Brandpak has turned around from a LBT of RM97,070 in 2001 to a PBT of RM143,664 in 2002 as a result of the management's cost cutting effort.

PBT continued to grow slightly by approximately 2% in 2003 in line the higher revenue.

Contract Manufacturing Division

PBT increased in 2000 mainly due to sales of higher margin household care product.

PBT decreased in 2001 by approximately 31% despite an increase in revenue mainly attributable to higher sales of household care products for private labels (such as Giant, The Store and Carrefour) which yield a thinner margin.

PBT increased in 2002 by approximately 193% mainly due to the increase in sales and decrease in raw material prices.

13. FINANCIAL INFORMATION (continued)

PBT decreased in 2003 by approximately 14% mainly attributable to the division's increasing promotional spending on brand building to capture more market share.

13.3 Impact of Interest Rates on Operating Profit

The following table sets out the interest expense and consolidated profit before interest and taxation of CBB for the past five (5) financial years ended 31 March 2003.

	← Financial years ended 31 March →				
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Interest expense	1,968	1,166	1,433	880	763
Profit after exceptional item but before taxation	9,991	9,905	8,990	10,171	11,672
Interest coverage (times)	6.08	9.49	7.27	12.56	16.30

13.4 Directors' Declaration on Financial Performance

Save as disclosed in this Prospectus, as at 17 September 2003, being the latest practicable date prior to the printing of this Prospectus, the financial conditions and operations of the Company and its subsidiaries are not materially affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had or that the CBB Group reasonably expects to have a material favourable or unfavourable impact on financial performance, position and operations of the CBB Group;
- (ii) material commitment for capital expenditure;
- (iii) unusual, infrequent events or transactions or any significant economic changes that materially affected the financial performance, position and operations of the CBB Group; and
- (iv) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

13.5 Working Capital, Borrowings, Litigation and Contingent Liabilities

(i) Working Capital

The Directors of CBB are of the opinion that, after taking into account the proceeds to be raised from the Public Issue, internally generated cashflow forecast and banking facilities available, the CBB Group will have adequate working capital for a period of twelve (12) months from the date of issue of this Prospectus.

13. FINANCIAL INFORMATION (continued)

(ii) Borrowings

As at 31 August 2003 (being the latest practical date which such amounts could be calculated prior to the registration of this Prospectus), the total outstanding banking facilities extended to the CBB Group amounted to RM17.2 million, details of which are as follows:-

Type of facility	Amount outstanding as at 31.08.03 RM'000	Terms of repayment	Purpose
Bankers Acceptance	5,052	Upon maturity	Trade financing requirement – facilitate imports and local purchases of goods related to business.
Trust Receipts	5,227	Upon maturity	Trade financing requirement – facilitate imports and local purchases of goods related to business.
Bank Guarantee	715	Not applicable	Guarantee payments to parties acceptable to the bank.
Shipping Guarantee	45	Not applicable	Favour shipping agents for taking delivery of goods before arrival of shipping documents endorsed to the bank.
Overdraft	623	Repayable on demand	Finance working capital requirement.
Letter of Credit	1,717	Payable against sight or usance bills	Trade financing requirement – facilitate imports and local purchases of goods related to business.
Term Loan – United Overseas Bank	2,066	By monthly installments of principal and interest at RM47,655-00 over a period of 60 months	Finance construction of factory building at PLO 96, Senai.
Term Loan – United Overseas Bank	1,034	By monthly installments of principal and interest at RM37,549-00 over a period of 36 months	Finance purchase of machine
Term Loan – Bumiputra-Commerce Bank Berhad	747	By monthly installments of RM16,667 each exclusive of interest over five years	Finance purchase of machine

13. FINANCIAL INFORMATION (continued)

The Group's total borrowings as at 31 August 2003 amounted to approximately RM14.5 million, of which RM2.6 million are long term borrowings and RM11.9 million are short term borrowings. All banking facilities are unsecured save for the term loan.

There have not been any default on payments of either interest and/or principal sums, for all the borrowings disclosed above, throughout the financial year ended 31 March 2003 and as at 31 August 2003.

(iii) *Material Commitments*

Save as disclosed below, as at the date of 17 September 2003 (being the latest practicable date prior to the registration of this Prospectus), the Directors are not aware of any capital commitments which, upon becoming enforceable, may have material impact on the profit or net assets value of the CBB Group:-

Capital commitments	Estimated Amount RM'000	Purposes
<i>Approved and contracted for</i>		
Prestige	1,938	Purchase of machinery
<i>Approved but not contracted for</i>		
Prestige	3,800	Purchase of machinery for the paper packaging division.
	1,500	Construction of an office block at PLO 97 to be used as the head office of the CBB Group.
CBB	5,500	To establish a manufacturing facility for a planned investment in Vietnam
	----- 10,800 =====	

(iv) *Contingent Liabilities*

Save as disclosed below, as at 31 August 2003 (being the latest practicable date prior to the registration of this Prospectus), the Directors are not aware of any contingent liabilities which, upon becoming enforceable, may have material impact on the profit or net assets value of CBB:-

	Company RM'000
Corporate guarantee given to licensed banks and financial institutions in respect of outstanding banking facilities granted to subsidiaries	14,487

13. FINANCIAL INFORMATION (continued)

(v) Material Litigation

As at 17 September 2003, (being the latest practicable date prior to the registration of this Prospectus), neither CBB nor its subsidiaries are engaged in any material litigation either as plaintiff or defendant and the Directors do not know of any proceedings pending or threatened which upon becoming enforceable, or of any fact likely to give rise to any proceedings which might materially or adversely affect the financial performance and position or business of the Company or any of its subsidiaries, save for the following:-

Polyplus had filed a winding-up petition against a company ("said company") following the demands made by Polyplus for full payment of goods sold and delivered to the said company. The winding up petition against the said company was struck-off by the High Court on 6 September 2002 but the Directors of Polyplus have been advised by their lawyers that the petition was struck-off due to technical grounds without adjudicating on the merits.

On 13 March 2003, the said company obtained a judgement in default of appearance ("JID") against Polyplus in relation to its claim for damages in the sum of, inter alia, RM3,778,537.60 and USD 1,000.00 as well as general damages due to alleged negligence on the part of Polyplus in relation to the supply of goods and in respect of the publication of the advertisement to wind-up the said company.

On 19 June 2003, the JID was set aside by the High Court. Polyplus had on 9 September 2003 filed an application to strike out the said company's claim. The Directors of Polyplus have been verily advised by their lawyers that the said company's claim for negligence which was brought after Polyplus had filed the winding up petition against the said company is without basis.

Based on the legal opinion furnished by its lawyers, the Directors of Polyplus and CBB are of the view that there are sufficient merits in the application to strike out the said company's claim and that in view thereof, it is unlikely that the above suit will have any impact on the financial performance of the CBB Group.

The Directors of Polyplus will take all necessary steps to strenuously defend its interests in the above suit.

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13. FINANCIAL INFORMATION (continued)

13.6 Consolidated Profit Forecast and Assumptions

The Directors of CBB forecast that, barring any unforeseen circumstances, the consolidated PAT for the financial year ending 31 March 2004 will be as follows:-

	Forecast RM'000
Revenue	100,790
PBT	11,646
Taxation	(2,509)
PAT before MI	9,137
MI	(49)
PAT and MI	<u>9,088</u>
Weighted average number of CBB shares in issue	('000) 36,198 [#]
Enlarged number of CBB shares in issue	('000) 40,000

Based on weighted average number of CBB shares in issue

Gross EPS	(sen) 32.04
Net EPS	(sen) 25.11
Gross PE multiple	(times) 5.31*
Net PE multiple	(times) 6.77*

Based on enlarged number of CBB shares in issue

Gross EPS	(sen) 28.99
Net EPS	(sen) 22.72
Gross PE multiple	(times) 5.86*
Net PE multiple	(times) 7.48*

Notes:-

The weighted average number of 36,198,417 CBB shares was arrived at after assuming that the Bonus Issue takes effect on 1 April 2003 and the IPO is completed by October 2003.

* Based on an issue price of RM1.70 per Issue Share.

The principal bases and assumptions upon which the consolidated profit forecast have been made are as follows:-

- (a) There will be no significant changes in the selling prices and raw materials cost, in particular, paper cost that which may cause adverse effect to the Group profitability.
- (b) There will be no significant changes in other materials and operating costs of the Group.
- (c) There will be no significant changes in the principal activities, key management personnel, management structure and accounting policies adopted by the Group.
- (d) There will be no significant changes in the prevailing Malaysian and World economic conditions, which will directly or indirectly have an adverse effect on the Group performance.

13. FINANCIAL INFORMATION (continued)

- (e) There will be no material changes in the present government regulations and legislations, which would adversely affect the operations of the Group or the markets in which the Group operates.
- (f) There will be no significant changes in the rates and bases of taxation and other duties applicable to the Group.
- (g) There will be no significant changes in prevailing inflation and foreign currency exchange rates. The exchange rate used in conversion of USD to Ringgit Malaysia is 3.80.
- (h) There will be no major industrial dispute, breakdown or disruption of machineries or other abnormal factors, which will adversely affect the operations of the Group.
- (i) Capital expenditure will be incurred as planned and there will be no significant disposal of fixed assets, which will give rise to significant profit and loss on disposal.
- (j) The Group will continue to enjoy its existing credit facilities and any new facilities arising from expansion plan at prevailing interest rates, terms and conditions.

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13. FINANCIAL INFORMATION (continued)

13.7 Reporting accountants' letters on consolidated profit forecast for the financial year ending 31 March 2004

(Prepared for inclusion in this Prospectus)



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The Board of Directors
Century Bond Bhd.
PLO 97, 98 & 99
Jalan Cyber 5
Senai Industrial Estate Phase III
81400 Senai
Johor

23 September 2003

Dear Sirs

**Century Bond Bhd.
Reporting accountants' letter on the consolidated profit forecast
for the year ending 31 March 2004**

We have reviewed the consolidated profit forecast of Century Bond Bhd. and its subsidiary companies ("CBB Group") for the financial year ending 31 March 2004 as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the standard on Auditing (ISA 810) applicable to the review of forecasts. The consolidated profit forecast has been prepared for inclusion in the Prospectus dated 30 September 2003 in connection with the Proposed listing of and quotation for the entire enlarged issued and paid-up share capital of CBB on the Second Board of the Kuala Lumpur Stock Exchange and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the consolidated profit forecast is, in all material respects, properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the CBB Group in its audited financial statements for the year ended 31 March 2003. The Directors of CBB Group are solely responsible for the preparation and presentation of the consolidated profit forecast and the assumptions on which the consolidated profit forecast is based.

Forecasts, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which a forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.



13. FINANCIAL INFORMATION (continued)



Subject to the matters stated in the preceding paragraphs:

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and
- (ii) in our opinion, the consolidated profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the year ended 31 March 2003.

Yours faithfully

A handwritten signature in black ink, appearing to be 'K. P. M. G.' or similar, written over a horizontal line.

KPMG
Firm No.: AF 0758
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Ang Ah Leck', written over a horizontal line.

Ang Ah Leck
Partner
Approval Number: 1991/09/05 (J)

13. FINANCIAL INFORMATION (continued)

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Century Bond Bhd. and its subsidiaries
Consolidated Profit Forecast For The Financial
Year Ending 31 March 2004
And The Bases And Assumptions Thereon

The Directors forecast that, barring any unforeseen circumstances, the consolidated profit after taxation and minority interest for CBB Group for the financial year ending 31 March 2004 after listing proposals are as follows:-

	After Listing Proposals RM'000
Revenue	100,790
Profit before taxation	11,646
Less: Taxation	<u>(2,509)</u>
Profit after taxation	9,137
Less: Minority interest	<u>(49)</u>
Net profit for the year	<u>9,088</u>
Number of shares in issue ('000)	40,000
Weighted average number of ordinary shares in issue ('000)	<u>36,198</u>
Basic earnings per share (sen)	<u>25.11</u>
Price earnings multiple based on the issue price of RM1.70 per share (times)	<u>6.77</u>

The principal bases and assumptions upon which the consolidated profit forecast have been made are as follows:-

- (a) There will be no significant changes in the selling prices and raw materials cost, mainly paper cost that will cause adverse effect to the Group profitability.
- (b) There will be no significant changes in other materials and operating costs of the Group.
- (c) There will be no significant changes in the principal activities, key management personnel, management structure and accounting policies adopted by the Group.
- (d) There will be no significant changes in the prevailing Malaysian and World economic conditions, which will directly or indirectly have an adverse effect on the Group performance.
- (e) There will be no material changes in the present government regulations and legislations, which would adversely affect the operations of the Group or the markets in which the Group operates.
- (f) There will be no significant changes in the rates and bases of taxation and other duties applicable to the Group.
- (g) There will be no significant changes in prevailing inflation and foreign currency exchange rates. The exchange rate used in conversion of USD to Ringgit Malaysia is 3.80.
- (h) There will be no major industrial dispute, breakdown or disruption of machineries or other abnormal factors, which will adversely affect the operations of the Group.

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13. FINANCIAL INFORMATION (continued)

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Century Bond Bhd. and its subsidiaries**Consolidated Profit Forecast For The Financial
Year Ending 31 March 2004
And The Bases And Assumptions Thereon**

- (i) Capital expenditure will be incurred as planned and there will be no significant disposal of fixed assets, which will give rise to significant profit and loss on disposal.
- (j) The Group will continue to enjoy its existing credit facilities and any new facilities arising from expansion plan at prevailing interest rates, terms and conditions.
- (k) The proceeds from the proposed listing exercise of RM11,078,900 will be received in October 2003 and utilised as follows:-

	RM
Repayment of bank borrowings for the purchase of Machinery for manufacturing of paper bags	2,200,000
Purchase of machinery for manufacturing of paper bags	3,800,000
Construction of office block to be used as the head office of the CBB Group at PLO 97	1,500,000
Working capital requirements for the CBB Group	1,778,900
Estimated listing expenses	1,800,000
	<u>11,078,900</u>

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13. FINANCIAL INFORMATION (continued)

13.8 Directors' Comments on Profit Forecast

The Directors of CBB have reviewed and analysed the reasonableness of the bases and assumptions in arriving at the consolidated profit forecast for the financial year ending 31 March 2004 and are of the opinion that the consolidated profit forecast for the financial year ending 31 March 2004 to be true, fair and achievable in light of the bases and assumptions adopted, future prospects of the industry, future plans and strategies to be adopted by CBB Group and its level of gearing, liquidity and working capital requirements.

13.9 Sensitivity Analysis

13.9.1 Variations in price of raw materials

	Forecast for the financial year ending 31 March 2004			
	PBT before MI		PAT before MI	
	RM'000	% change	RM'000	% change
As forecasted	11,646	-	9,137	-
Increase 10%	5,345	(54)	4,600	(50)
Increase 5%	8,495	(27)	6,869	(25)
Decrease 5%	14,797	27	11,405	25
Decrease 10%	17,947	54	13,674	50

13.9.2 Variations in selling price

	Forecast for the financial year ending 31 March 2004			
	PBT before MI		PAT before MI	
	RM'000	% change	RM'000	% change
As forecasted	11,646	-	9,137	-
Increase 10%	21,725	87	16,394	79
Increase 5%	16,686	43	12,765	40
Decrease 5%	6,607	(43)	5,509	(40)
Decrease 10%	1,567	(87)	1,497	(84)

The principal bases and assumptions upon which the above sensitivity analyses are set out in Section 13.6 of this Prospectus.

13.10 Dividend forecast for the financial year ending 31 March 2004

It is the policy of the Directors of CBB in recommending dividends to allow shareholders to participate in the profits of the CBB Group as well as to leave adequate reserves for the future growth of the CBB Group.

Based on the forecast PAT after MI of RM9,088,000 for the financial year ending 31 March 2004, the Directors of CBB anticipate that in the absence of unforeseen circumstances, the Company will be in a position to propose a gross dividend of 8%.

13. FINANCIAL INFORMATION (continued)

The intended appropriation of the forecast PAT after MI for the financial year ending 31 March 2004 will be as follows:-

	Year ending 31 March 2004 RM'000
Consolidated PBT	11,646
Taxation	(2,509)
Consolidated PAT before MI	<u>9,137</u>
MI	(49)
Consolidated PAT and MI	<u>9,088</u>
Proposed dividend of 8% less tax	(2,304)
Consolidated PAT after MI and dividend	<u>6,784</u>
Gross dividend per share (sen)	8.00
Net dividend per share (sen)	5.76
Gross dividend yield based on issue price of RM1.70	4.71
Net dividend yield based on issue price of RM1.70	3.39
Net dividend cover (times)	3.94

Investors should note that future dividends might be waived if:-

- (a) the Group records a loss instead of the forecast profits; or
- (b) the Directors of CBB are of the view that the payment of dividends would adversely affect the Group's cashflows and operations.

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13. FINANCIAL INFORMATION (continued)

13.11 Proforma Consolidated Balance Sheets as at 31 March 2003 and Reporting Accountants' Letter thereon

(Prepared for inclusion in this Prospectus)



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The Board of Directors
Century Bond Bhd.
PLO 97, 98 & 99
Jalan Cyber 5
Senai Industrial Estate Phase III
81400 Senai
Johor

23 September 2003

Dear Sirs

**Century Bond Bhd.
Reporting accountants' letter on the proforma
consolidated balance sheet as at 31 March 2003**

We have reviewed the presentation of the proforma consolidated balance sheets of Century Bond Bhd. and its subsidiary companies ("CBB Group") as at 31 March 2003 which has been prepared for illustrative purposes only, for which the Directors are solely responsible, as set out in the attachment, for the purpose of inclusion in the Prospectus dated 30 September 2003 in connection with the proposed listing of and quotation for its entire enlarged issued and paid-up share capital of CBB on the Second Board of the Kuala Lumpur Stock Exchange and should not be relied on for any other purposes.

In our opinion,

- the proforma consolidated balance sheets have been properly compiled on the basis of preparation stated;
- such basis is consistent with the accounting policies of CBB Group; and
- the adjustments are appropriate for the purposes of the proforma consolidated balance sheets.

Yours faithfully

KPMG
Firm No.: AF 0758
Chartered Accountants

Ang Ah Leck
Partner
Approval Number: 1991/09/05 (J)



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13. FINANCIAL INFORMATION (continued)

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Century Bond Bhd. and its subsidiaries

Proforma Consolidated Balance Sheets At 31 March 2003

	Audited financial statement at 31 March 2003 RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000
Property, plant and equipment	37,839	37,839	37,839	43,139
Goodwill	433	433	433	433
Investment in associates	203	203	203	203
Investment in quoted shares	7	7	7	7
	<u>38,482</u>	<u>38,482</u>	<u>38,482</u>	<u>43,782</u>
Current assets	55,760	55,760	66,839	57,539
Current liabilities	41,664	41,664	41,664	41,664
Net current assets	<u>14,096</u>	<u>14,096</u>	<u>25,175</u>	<u>15,875</u>
	<u>52,578</u>	<u>52,578</u>	<u>63,657</u>	<u>59,657</u>
Financed by:-				
Capital and reserves				
Share capital	10,616	33,483	40,000	40,000
Share premium	1,848	--	4,562	2,762
Exchange fluctuation reserve	76	76	76	76
Revaluation reserve	6,431	4,629	4,629	4,629
Retained profits	26,259	7,042	7,042	7,042
	<u>45,230</u>	<u>45,230</u>	<u>56,309</u>	<u>54,509</u>
Minority shareholders' interests	798	798	798	798
Long term and deferred liabilities				
Borrowings	2,316	2,316	2,316	116
Deferred taxation	4,234	4,234	4,234	4,234
	<u>6,550</u>	<u>6,550</u>	<u>6,550</u>	<u>4,350</u>
	<u>52,578</u>	<u>52,578</u>	<u>63,657</u>	<u>59,657</u>
Net Tangible Asset (NTA)	44,797	44,797	55,876	54,076
NTA per ordinary share (RM)	4.22	1.34	1.40	1.35

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13. FINANCIAL INFORMATION (continued)

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Century Bond Bhd.

Notes To Proforma Consolidated Balance Sheets As At 31 March 2003

1) Basis of Preparation

- i) The proforma consolidated balance sheets are provided for illustrative purposes only and are based on the audited financial statements of CBB Group as at 31 March 2003.
 - ii) The bases and accounting principles are consistent with those normally adopted in the preparation of audited financial statements of CBB Group.
- 2) The proforma consolidated balance sheets are prepared on the basis set out in Note 1 above after incorporating the following adjustments:-

Proforma I

CBB Group will undertake a proposed bonus issue of 22,867,022 new ordinary shares of RM1.00 each in CBB on the basis of 2.154 new ordinary shares for every one (1) existing ordinary share held by way of capitalisation of RM1,847,931 from share premium account, RM1,802,402 from revaluation reserve account and RM19,216,689 from retained profits.

Proforma II

After Proforma I and incorporates the proposed public issue of 6,517,000 new ordinary shares of RM1.00 each in CBB at an issue price of RM1.70 per ordinary share to eligible directors, employees and the Malaysian public.

Proforma III

After Proforma I, II and incorporates the proposed utilisation of proceeds of RM11,078,900 as follows:-

	RM
Repayment of bank borrowings for the purchase of Machinery for manufacturing of paper bags	2,200,000
Purchase of machinery for manufacturing of paper bags	3,800,000
Construction of office block to be used as the head office of the CBB Group at PLO 97	1,500,000
Working capital requirements for the CBB Group	1,778,900
Estimated listing expenses	1,800,000
	11,078,900

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13. FINANCIAL INFORMATION (continued)

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- 3) The movements of the issued and paid-up capital, share premium, exchange fluctuation reserve, revaluation reserve and retained profits of CBB after taking into account the above transactions are as follows:-

	<u>Share Capital</u> RM'000	<u>Share Premium</u> RM'000	<u>Exchange Fluctuation Reserve</u> RM'000	<u>Revaluation Reserve</u> RM'000	<u>Retained Profits</u> RM'000	<u>Total</u> RM'000
At 31 March 2003	10,616	1,848	76	6,431	26,259	45,230
Proposed bonus issue	22,867	(1,848)	--	(1,802)	(19,217)	--
Proforma I	33,483	--	76	4,629	7,042	45,230
Proposed public issue	6,517	4,562	--	--	--	11,079
Proforma II	40,000	4,562	76	4,629	7,042	56,309
Listing expenses	--	(1,800)	--	--	--	(1,800)
Proforma III	40,000	2,762	76	4,629	7,042	54,509

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