

Century Bond Bhd.
(Company No. 228669-V)
(Incorporated in Malaysia)

**Interim Financial Report (Announcement)
30 September 2003**

Century Bond Bhd.

(Company No. 228669-V)
(Incorporated in Malaysia)

Condensed consolidated balance sheet at 30 September 2003

	Note	30.9.2003 RM'000	31.3.2003 RM'000
Property, plant and equipment	2	36,861	37,839
Investments in associates		219	203
Investments in quoted shares		7	7
Goodwill		421	433
		<u>37,508</u>	<u>38,482</u>
Current assets			
Inventories		18,930	18,630
Trade and other receivables		32,139	24,644
Due from associates		121	1,031
Cash and cash equivalents		5,417	11,455
		<u>56,607</u>	<u>55,760</u>
Current liabilities			
Trade and other payables		15,452	12,400
Borrowings		15,015	16,682
Taxation		1,358	501
Dividend payable		4,000	12,080
		<u>35,825</u>	<u>41,663</u>
Net current assets		<u>20,782</u>	<u>14,097</u>
		<u>58,290</u>	<u>52,579</u>
Financed by:-			
Capital and reserves			
Share capital		33,483	10,616
Reserves		17,083	34,615
		<u>50,566</u>	<u>45,231</u>
Minority shareholders' interests		832	798
Long term and deferred liabilities			
Deferred tax liabilities		4,315	4,234
Borrowings		2,577	2,316
		<u>6,892</u>	<u>6,550</u>
		<u>58,290</u>	<u>52,579</u>

The accompanying notes form an integral part of the interim financial report.

Century Bond Bhd.

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Condensed consolidated income statement for the period ended 30 September 2003

	Individual 3 months ended 30 September 2003 RM'000	Cumulative 6 months ended 30 September 2003 RM'000
Revenue	31,982	60,707
Cost of sales	<u>(25,687)</u>	<u>(48,197)</u>
Gross profit	6,295	12,510
Operating expenses	<u>(2,283)</u>	<u>(4,517)</u>
Operating profit	4,012	7,993
Interest expense	(220)	(550)
Share of profits of associates	<u>26</u>	<u>26</u>
Profit before tax	3,818	7,469
Tax expense	<u>(1,093)</u>	<u>(2,120)</u>
Profit after tax	2,725	5,349
Less: Minority interests	<u>(15)</u>	<u>(34)</u>
Net profit for the period	<u>2,710</u>	<u>5,315</u>
Basic earnings per ordinary share (sen)	<u>8.09</u>	<u>15.87</u>

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Condensed consolidated statement of changes in equity for the period ended 30 September 2003

	Note	Share capital RM'000	Non- distributable RM'000	<i>Distributable</i> Retained profits RM'000	Total RM'000
<i>At 1 April 2003</i>		10,616	8,356	26,259	45,231
Bonus issue	9	22,867	(3,650)	(19,217)	--
Exchange fluctuation on translation of a subsidiary		--	20	--	20
Net profit for the six months period		--	--	5,315	5,315
<i>At 30 September 2003</i>		<u>33,483</u>	<u>4,726</u>	<u>12,357</u>	<u>50,566</u>

The accompanying notes form an integral part of the interim financial report.

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Condensed consolidated cash flow statement for the period ended 30 September 2003

	30.9.2003 RM'000
Cash flows from operating activities	
Profit before tax	7,469
Adjustments for non-cash flow:	
Non-cash items	1,666
Non-operating items	359
	<hr/>
Operating profit before working capital changes	9,494
Changes in working capital:	
Net change in current assets	(6,885)
Net change in current liabilities	1,880
	<hr/>
Net cash generated from operating activities	4,489
	<hr/>
Cash flows from investing activity	
Other investments/Net cash used in investing activity	(434)
	<hr/>
Cash flows from financing activities	
Transactions with owners	(8,080)
Bank borrowings	(1,243)
	<hr/>
Net cash used in financing activities	(9,323)
	<hr/>
Net decrease in cash and cash equivalents	(5,268)
Cash and cash equivalents at 1 April 2003	9,065
	<hr/>
Cash and cash equivalents at 30 September 2003	3,797
	<hr/> <hr/>
Cash and cash equivalents comprise:	
Cash and bank balances	2,025
Deposits with licensed banks	3,392
Bank overdrafts	(1,620)
	<hr/>
	3,797
	<hr/> <hr/>

The accompanying notes form an integral part of the interim financial report.

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Notes to the interim financial report

1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with MASB 26, Interim Financial Reporting.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2003.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 March 2003 except for the adoption of the following:

- (i) MASB 25, Income Taxes.
- (ii) MASB 29, Employee Benefits.

The following notes explain the 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 March 2003.

2. Property, plant and equipment

The valuations of land and buildings have been brought forward, without amendment from the previous financial statements.

3. Changes in composition of the Group

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

4. Dividends

Since the end of the previous financial year, the Company paid:

- i) an interim dividend of 70.65% tax exempt totalling RM7,500,000 in respect of the year ended 31 March 2002 of which RM5,000,000 was paid in the previous financial year and RM2,500,000 was paid on 2 April 2003; and
- ii) an interim dividend of 73% less tax at 28% totalling RM5,580,000 in respect of the year ended 31 March 2002 on 2 April 2003.

The interim dividend of 52.33% less tax at 28% totalling RM4,000,000 in respect of the year ended 31 March 2003 was paid subsequent to the period end on 7 October 2003.

5. Seasonal or cyclical factors

The Group normally experiences higher sales volume for the first and second quarters of the financial year due to the customers' business cycle trend.

6. Segment information

Segment information is presented in respect of the Group's business segments. Inter-segment pricing is determined based on a negotiated basis.

	Revenue 6 months ended 30 September 2003 RM'000	Profit before tax 6 months ended 30 September 2003 RM'000
Paper packaging	47,176	5,902
Plastic packaging	10,717	1,273
Contract manufacturing and packing	11,799	923
Investment and property holding	211	(143)
	<u>69,903</u>	<u>7,955</u>
Inter-segment elimination	<u>(9,196)</u>	38
	60,707	<u>--</u>
Segment result		7,993
Interest expense	--	(550)
Share of profits of associates	--	26
	<u>60,707</u>	<u>7,469</u>

7. Capital commitments

	30.9.2003 RM'000
<i>Property, plant and equipment</i>	
Contracted but not provided for	<u>1,938</u>
Authorised but not provided for	<u>10,800</u>

8. Changes in contingent liabilities

There is no material changes in contingent liability for the Group since the last annual balance sheet date to 21 November 2003, which is in respect of a litigation against a subsidiary.

A debtor of a subsidiary has made a claim in the Seremban High Court against the subsidiary for damages of approximately RM3,800,000 as well as general damages due to alleged negligence on the part of the subsidiary in relation to the supply of goods and in respect of the publication of an advertisement to wind up the debtor. Prior to the above suit, the subsidiary had filed a winding up petition against the debtor following the demands made by the subsidiary for full payment of goods sold and delivered to the debtor.

The Directors are of the view that the debtor's claim that it suffered considerable loss as a result of the alleged negligence/recklessness in publishing an advertisement of its intention to wind-up the debtor by the subsidiary, is without basis. Based on the opinion furnished by the subsidiary's solicitors, Messrs Shook Lin & Bok, the Directors are of the view that there are sufficient merits in the subsidiary's application to strike out the debtor's claim and accordingly, no provision has been made in the financial statements for the claim. The application is now pending for hearing on 13 January 2004.

9. Debt and equity securities

During the period under review, the followings were undertaken:-

- i) The authorised share capital was increased from RM25,000,000 to RM50,000,000.
- ii) The issued and paid-up capital was increased from RM10,615,978 to RM33,483,000 via a bonus issue of 22,867,022 new ordinary shares of RM1.00 each on the basis of 2.154 new ordinary shares for every one (1) existing ordinary share held. The bonus issue was effected by way of capitalisation of RM1,802,402 from revaluation reserve, RM1,847,931 from share premium account and RM19,216,689 from retained profits.

There were no other issuance, cancellations, repurchase, resale and repayments of debt and equity securities for the period under review.

10. Related parties

Significant related party transactions of the Group are as follows:

	30.9.2003 RM'000
Directors' remunerations	<u>745</u>
<i>Remuneration paid to staff who is a close family member of a Director, Mr. Loi Tuan Ee</i>	<u>30</u>
<i>Associate</i>	
<i>- Gemilang Packaging Sdn. Bhd.</i>	
Sales of carton boxes	<u>1,610</u>
<i>- PB Packaging (M) Sdn. Bhd.</i>	
Sales of carton boxes	<u>578</u>
<i>Companies in which the spouse of Mdm. Tan Seok Kim, an Executive Director of CBB has substantial financial interest</i>	
<i>- Flexo Process Sdn. Bhd.</i>	
Purchases of printing block	<u>382</u>
<i>- Flexo Process (K.L.) Sdn. Bhd.</i>	
Rental receivable	<u>15</u>

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

11. Events subsequent to the balance sheet date

Subsequent to the end of the interim period, the following events have taken place:-

- i) Century Bond Bhd. ("CBB") was listed on the Second Board of the Kuala Lumpur Stock Exchange on 23 October 2003. A public issue of 6,517,000 new ordinary shares of RM1.00 each was effected pursuant to the listing.

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- ii) On 31 October 2003, CBB, through a wholly owned subsidiary, CB Bags Sdn. Bhd. (“CB Bags”) that was acquired after the period end, entered into a joint venture arrangement (“JV”) with Cement Industries of Malaysia Berhad (“CIMA”). Under the JV, a joint venture company, Prestige Packages (Perlis) Sdn. Bhd. (“Prestige”), with eventual equity participation by CB Bags and CIMA of 70% and 30% respectively, would be set up for the purpose of acquiring the existing multi-wall paper bags manufacturing business of Perlis Paper Products Sdn. Bhd. (“PPPSB”), a wholly owned subsidiary of CIMA, for a total consideration of RM1,612,689.

Prestige then entered into a supply agreement with Negeri Sembilan Cement Industries Sdn. Bhd. (“NSCI”), a wholly owned subsidiary of CIMA for the supply of cement paper bags from Prestige to NSCI.

- iii) Acquisition of the entire issued and paid-up share capital of CB Packages Sdn. Bhd. of 2 ordinary shares of RM1.00 each for a total cash consideration of RM2,650 on 12 November 2003. The intended principal activity of CB Packages Sdn. Bhd. is trading of packaging products.

12. Audit qualification

The audit report of the Company for the preceding annual financial statements was not subject to any audit qualification.

13. Unusual items affecting the assets, liabilities, equity, net income or cash flows

There are no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current quarter to-date.

14. Material changes in estimates

There are no material changes in estimates for the current quarter to-date.

15. Comparative figures

There are no comparative figures for the condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement as this is the first year of quarterly interim report prepared in accordance with MASB 26, Interim Financial Reporting.

Century Bond Bhd.
(Company No. 228669-V)
(Incorporated in Malaysia)

Interim Financial Report
30 September 2003

Additional information required by the
KLSE's Listing Requirements

Century Bond Bhd.

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Additional information required by the KLSE's Listing Requirements

1. Review of performance

The Group has achieved a profit after tax of RM2,710,000 for the current quarter, which is within the expectation of the Directors.

2. Variation of results against preceding quarter

For the quarter under review, the Group recorded a profit before tax of RM3.82 million compared to RM3.65 million in the previous quarter. The reason for the increase in profit is mainly attributable to increase in revenue as the current quarter is usually cyclically peak quarter during the financial year.

3. Current year prospects

The Group expects to achieve a forecasted profit after tax for the financial year ending 31 March 2004 of RM9.1 million.

4. Profit forecast

Not applicable to-date.

5. Tax expense

	3 months ended 30 September 2003 RM'000	6 months ended 30 September 2003 RM'000
Income tax	1,132	2,039
Deferred tax	(39)	81
	<u>1,093</u>	<u>2,120</u>

6. Unquoted investments and properties

There were no profits on sale of unquoted investments or properties as there were no disposals of unquoted investments or properties during the period under review.

7. Quoted investments

	6 months ended 30 September 2003 RM'000
<i>Quoted shares in Malaysia</i>	
At cost	41
Less: Allowance for diminution in value	(34)
	<u>7</u>
Market value	<u>3</u>

8. Status of corporate proposal announced

- (i) Century Bond Bhd. (“CBB”) was listed on the Second Board of the Kuala Lumpur Stock Exchange on 23 October 2003. A public issue of 6,517,000 new ordinary shares of RM1.00 each was effected pursuant to the listing.
- (ii) The corporate proposals announced on 31 October 2003 pertaining to the joint venture arrangement between CB Bags Sdn. Bhd., a wholly owned subsidiary of Century Bond Bhd. (“CBB”), and Cement Industries of Malaysia Berhad (“CIMA”) and the supply agreement entered into between the joint venture company and a wholly owned subsidiary of CIMA as disclosed in Note 11 to the Interim Financial Report of CBB, are still subject to the following conditions:-
- (i) Perlis Paper Products Sdn. Bhd. (“PPPSB”) and Prestige Packages (Perlis) Sdn. Bhd. (“Prestige”) obtaining the approval of their respective board of directors and shareholders at a general meeting for the sale and purchase of business, and in respect of Prestige, the issuance of the consideration shares;
- (ii) Approval from the Ministry of International Trade and Industry to be obtained by Prestige; and
- (iii) The approval of any other relevant authorities deemed necessary.

There were no other corporate proposal announced nor were there any corporate proposal not completed as at the date of this quarterly report.

9. Borrowing and debt securities

	30.9.2003 RM’000
<i>Current</i>	
<i>Secured</i>	
- Term loans	572
- Hire purchase creditors	22
	594
<i>Unsecured</i>	
- Term loans	651
- Bankers’ acceptance	4,023
- Bank overdrafts	1,620
- Trust receipts	8,127
	14,421
	15,015
<i>Non-current</i>	
<i>Secured</i>	
- Term loans	1,460
- Hire purchase creditor	30
<i>Unsecured</i>	1,490
- Term loans	1,087
	2,577
Total borrowings	<u>17,592</u>

10. Off balance sheet financial instruments

During the financial period to-date, the Group did not enter into any contracts involving off balance sheet financial instruments.

11. Changes in material litigation

There is no material changes in contingent liability for the Group since the last annual balance sheet date to 21 November 2003, which is in respect of a litigation against a subsidiary.

A debtor of a subsidiary has made a claim in the Seremban High Court against the subsidiary for damages of approximately RM3,800,000 as well as general damages due to alleged negligence on the part of the subsidiary in relation to the supply of goods and in respect of the publication of an advertisement to wind up the debtor. Prior to the above suit, the subsidiary had filed a winding up petition against the debtor following the demands made by the subsidiary for full payment of goods sold and delivered to the debtor.

The Directors are of the view that the debtor's claim that it suffered considerable loss as a result of the alleged negligence/recklessness in publishing an advertisement of its intention to wind-up the debtor by the subsidiary, is without basis. Based on the opinion furnished by the subsidiary's solicitors, Messrs Shook Lin & Bok, the Directors are of the view that there are sufficient merits in the subsidiary's application to strike out the debtor's claim and accordingly, no provision has been made in the financial statements for the claim. The application is now pending for hearing on 13 January 2004.

12. Basic earnings per share

Basic earnings per share

The calculation of basic earnings per share for the current and financial period to-date are based on the net profit attributable to ordinary shareholders of RM2,710,000 and RM5,315,000 over the weighted average number of ordinary shares of 33,483,000 after taking into account the effect of the bonus issue as disclosed in Note 9 (ii) to the Interim Financial Report of CBB.

Diluted earnings per share

No disclosure is made for the diluted earnings per share as there was no dilutive potential ordinary shares outstanding.