

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

**Interim Financial Report (Announcement)**  
**31 December 2003**

# Century Bond Bhd.

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

## Condensed consolidated balance sheet at 31 December 2003

	Note	31.12.2003 RM'000	31.3.2003 RM'000
<b>Property, plant and equipment</b>	2	36,567	37,839
<b>Investments in associates</b>		209	203
<b>Investments in quoted shares</b>		7	7
<b>Goodwill</b>		421	433
		<u>37,204</u>	<u>38,482</u>
<b>Current assets</b>			
Inventories		19,674	18,630
Trade and other receivables		33,994	24,644
Due from associates		295	1,031
Cash and cash equivalents		16,969	11,455
		<u>70,932</u>	<u>55,760</u>
<b>Current liabilities</b>			
Trade and other payables		18,258	12,400
Borrowings		16,954	16,682
Taxation		1,679	501
Dividend payable		--	12,080
		<u>36,891</u>	<u>41,663</u>
<b>Net current assets</b>		<u>34,041</u>	<u>14,097</u>
		<u>71,245</u>	<u>52,579</u>
Financed by:-			
<b>Capital and reserves</b>			
Share capital		40,000	10,616
Reserves		23,763	34,615
		<u>63,763</u>	<u>45,231</u>
<b>Minority shareholders' interests</b>		848	798
<b>Long term and deferred liabilities</b>			
Deferred tax liabilities		4,306	4,234
Borrowings		2,328	2,316
		<u>6,634</u>	<u>6,550</u>
		<u>71,245</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 31 December 2003**

	<b>Individual 3 months ended 31 December 2003 RM'000</b>	<b>Cumulative 9 months ended 31 December 2003 RM'000</b>
<b>Revenue</b>	26,473	87,180
Cost of sales	<u>(20,277)</u>	<u>(68,474)</u>
<b>Gross profit</b>	6,196	18,706
Operating expenses	<u>(1,984)</u>	<u>(6,500)</u>
<b>Operating profit</b>	4,212	12,206
Interest expense	(307)	(857)
Share of (losses)/profits of associates	<u>(20)</u>	<u>6</u>
<b>Profit before tax</b>	3,885	11,355
Tax expense	<u>(1,063)</u>	<u>(3,183)</u>
<b>Profit after tax</b>	2,822	8,172
Less: Minority interests' share of loss/(profit)	<u>19</u>	<u>(15)</u>
<b>Net profit for the period</b>	<u>2,841</u>	<u>8,157</u>
Basic earnings per ordinary share (sen)	<u>7.51</u>	<u>23.35</u>

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### Condensed consolidated statement of changes in equity for the period ended 31 December 2003

	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	22,867	(3,650)	(19,217)	
Issue of shares	6,517	4,562	--	11,079
Listing expenses	--	(726)	--	(726)
Exchange fluctuation on translation of a subsidiary	--	22	--	22
Net profit for the nine months period	--	--	8,157	8,157
<i>At 31 December 2003</i>	<u>40,000</u>	<u>8,564</u>	<u>15,199</u>	<u>63,763</u>

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## Condensed consolidated cash flow statement for the period ended 31 December 2003

	<b>9 months ended 31.12.2003 RM'000</b>
<b>Cash flows from operating activities</b>	
Profit before tax	11,355
Adjustments for non-cash flow:	
Non-cash items	2,500
Non-operating items	<u>679</u>
Operating profit before working capital changes	14,534
Changes in working capital:	
Net change in current assets	(9,635)
Net change in current liabilities	<u>3,959</u>
<b>Net cash generated from operating activities</b>	<u>8,858</u>
<b>Cash flows from investing activity</b>	
Other investments/Net cash used in investing activity	<u>(988)</u>
<b>Cash flows from financing activities</b>	
Transactions with owners	(1,727)
Bank borrowings	<u>1,239</u>
<b>Net cash used in financing activities</b>	<u>(488)</u>
<b>Net increase in cash and cash equivalents</b>	7,382
<b>Cash and cash equivalents at 1 April 2003</b>	<u>9,065</u>
<b>Cash and cash equivalents at 31 December 2003</b>	<u><u>16,447</u></u>
<b>Cash and cash equivalents comprise:</b>	
Cash and bank balances	5,060
Deposits with licensed banks	11,908
Bank overdrafts	<u>(521)</u>
	<u><u>16,447</u></u>

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

# **Century Bond Bhd.**

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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**

- (a) Acquisition of new subsidiaries

Century Bond Bhd. (“CBB”) acquired the entire issued and paid up share capital of CB Bags Sdn. Bhd. and CB Packages Sdn. Bhd. for total considerations of RM2.00 on 31 October 2002 and RM2,650 on 12 November 2003 respectively.

The effect of the above acquisitions is not material to the Group’s result.

- (b) Increase in investment in a subsidiary

On 31 December 2003, CBB subscribed for an additional 1,500,000 new ordinary shares of RM1 each in Southern Polymer Products Sdn. Bhd. (formerly known as Southern FIBC Sdn. Bhd.) (“SPP”) for a total consideration of RM1,500,000. The Company’s equity interest in SPP has increased from 414,998 ordinary shares of RM1.00 each representing 83% of the total issued and paid up capital of SPP to 1,914,998 ordinary share of RM1.00 each representing 95.75% of the enlarged issued and paid up capital of SPP.

The effect of additional investment in SPP is not material to the Group’s result.

#### 4. Dividends

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

- i) the balance of an interim dividend of 70.65% tax exempt totalling RM7,500,000 in respect of the year ended 31 March 2002 amounting to RM2,500,000 on 2 April 2003;
- 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; and
- iii) an interim dividend of 52.33% less tax at 28% totalling RM4,000,000 in respect of the year ended 31 March 2003 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.

	<b>Revenue 9 months ended 31 December 2003 RM'000</b>	<b>Profit before tax 9 months ended 31 December 2003 RM'000</b>
Paper packaging	67,667	9,021
Plastic packaging	15,625	2,177
Contract manufacturing and packing	17,218	1,212
Investment and property holding	317	(208)
	<u>100,827</u>	<u>12,202</u>
Inter-segment elimination	(13,647)	4
	87,180	12,206
Segment result		
Interest expense	--	(857)
Share of profits of associates	--	6
	<u>87,180</u>	<u>11,355</u>

#### 7. Capital commitments

	<b>31.12.2003 RM'000</b>
<i>Property, plant and equipment</i>	
Authorised but not provided for	<u>1,938</u>
Contracted 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 12 February 2004, 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 which was initially fixed for hearing on 13 January 2004, is now fixed for hearing on 5 March 2004.

## 9. Debt and equity securities

During the period under review and year to date, 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.
- iii) Pursuant to the listing of CBB on the Second Board of The Malaysia Securities Exchange Bhd (formerly known as Kuala Lumpur Stock Exchange) on 23 October 2003, a public issue of 6,517,000 ordinary shares of RM1.00 each was effected at an issued price of RM1.70 per share.

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:

	<b>31.12.2003</b> <b>RM'000</b>
Directors' remunerations	<u>1,194</u>
<i>Remuneration paid to staff who is a close family member of a Director, Mr. Loi Tuan Ee</i>	<u>45</u>
<i>Associates</i>	
- <i>Gemilang Packaging Sdn. Bhd.</i>	
Sales of carton boxes	<u>2,272</u>
- <i>PB Packaging (M) Sdn. Bhd.</i>	
Sales of carton boxes	<u>905</u>



**10. Related parties (continued)**31.12.2003  
RM'000

*Companies in which the spouse of Mdm. Tan Seok Kim, an Executive Director of CBB has substantial financial interest - Flexo Process Sdn. Bhd.*

Purchases of printing block	533
- <i>Flexo Process (K.L.) Sdn. Bhd.</i>	
Rental receivable	23

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**

On 31 October 2003, CBB, through a wholly owned subsidiary, CB Bags Sdn. Bhd. ("CB Bags"), entered into a joint venture arrangement ("JV") with Cement Industries of Malaysia Berhad ("CIMA"). Under the JV agreement, 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.

Pursuant to the JV agreement, the followings were undertaken on 9 February 2004

- (i) CB Bags has acquired 2 subscribers' shares in Prestige for a total consideration of RM2.00.
- (ii) Prestige allotted 1,399,998 new ordinary shares to CB Bags at the issued price of RM1.00 each.
- (iii) Prestige allotted 600,000 new ordinary shares to CIMA at the issued price of RM1.00 each per share as part satisfaction of the purchase consideration.

**12. Audit qualification**

The audit report of the Group and 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.

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**Interim Financial Report**  
**31 December 2003**

Additional information required by the  
MSEB's Listing Requirements

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## Additional information required by the MSEB's Listing Requirements

### 1. Review of performance

The Group has achieved a profit after tax and minority interests of RM2.84 million 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 RM3.89 million, which is comparable with RM3.82 million in the previous quarter.

### 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

	<b>3 months ended 31 December 2003 RM'000</b>	<b>9 months ended 31 December 2003 RM'000</b>
Income tax	1,072	3,111
Deferred tax	(9)	72
	<u>1,063</u>	<u>3,183</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

	<b>9 months ended 31 December 2003 RM'000</b>
<i>Quoted shares in Malaysia</i>	
At cost	41
Less: Allowance for diminution in value	<u>(34)</u>
	<u>7</u>
Market value	<u>3</u>

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## 8. Status of corporate proposal announced

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

## 9. Borrowing and debt securities

	<b>31.12.2003</b> <b>RM'000</b>
<i>Current</i>	
<i>Secured</i>	
- Term loans	572
- Hire purchase creditors	21
	593
<i>Unsecured</i>	
- Term loans	651
- Bankers' acceptance	3,998
- Bank overdrafts	521
- Trust receipts	11,191
	16,361
	16,954
<i>Non-current</i>	
<i>Secured</i>	
- Term loans	1,354
- Hire purchase creditor	26
	1,380
<i>Unsecured</i>	
- Term loans	948
	2,328
Total borrowings	19,282

## 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 12 February 2004, 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 which was initially fixed for hearing on 13 January 2004, is now fixed for hearing on 5 March 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 RM2,841,000 and RM8,157,000 over the weighted average number of ordinary shares of 37,828,000 and 34,931,000 respectively.

### ***Diluted earnings per share***

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