

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

Interim Financial Report
30 June 2004

Century Bond Bhd.

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

Condensed consolidated balance sheet at 30 June 2004

	Note	30.6.2004 RM'000	31.3.2004 RM'000
Property, plant and equipment	2	44,576	44,591
Investments in associates		231	247
Quoted investments	3	7	7
Goodwill		409	409
		<u>45,223</u>	<u>45,254</u>
Current assets			
Inventories		28,594	23,013
Trade and other receivables		39,785	35,012
Tax recoverable		82	109
Cash and cash equivalents		8,794	10,647
		<u>77,255</u>	<u>68,781</u>
Current liabilities			
Trade and other payables		17,619	16,993
Borrowings		23,399	20,685
Taxation		1,632	1,169
		<u>42,650</u>	<u>38,847</u>
Net current assets		<u>34,605</u>	<u>29,934</u>
		<u>79,828</u>	<u>75,188</u>
Financed by:-			
Capital and reserves			
Share capital		40,000	40,000
Reserves		27,020	24,840
		<u>67,020</u>	<u>64,840</u>
Minority shareholders' interests		1,648	1,571
Long term and deferred liabilities			
Borrowings		6,668	4,216
Deferred tax liabilities		4,492	4,561
		<u>11,160</u>	<u>8,777</u>
		<u>79,828</u>	<u>75,188</u>
Net tangible assets per share of RM1.00 each (RM)		<u>1.71</u>	<u>1.65</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 June 2004

	Note	Individual 3 months ended 30 June		Cumulative 3 months ended 30 June	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue		35,060	28,725	35,060	28,725
Cost of sales		<u>(28,664)</u>	<u>(22,510)</u>	<u>(28,664)</u>	<u>(22,510)</u>
Gross profit		6,396	6,215	6,396	6,215
Operating expenses		<u>(2,590)</u>	<u>(2,234)</u>	<u>(2,590)</u>	<u>(2,234)</u>
Operating profit		3,806	3,981	3,806	3,981
Interest expense		(406)	(330)	(406)	(330)
Share of loss in associates		<u>(16)</u>	<u>--</u>	<u>(16)</u>	<u>--</u>
Profit before tax		3,384	3,651	3,384	3,651
Tax expense	4	<u>(1,057)</u>	<u>(1,027)</u>	<u>(1,057)</u>	<u>(1,027)</u>
Profit after tax		2,327	2,624	2,327	2,624
Less: Minority interests		<u>(125)</u>	<u>(19)</u>	<u>(125)</u>	<u>(19)</u>
Net profit for the period		<u>2,202</u>	<u>2,605</u>	<u>2,202</u>	<u>2,605</u>
Basic earnings per ordinary share (sen)	5	<u>6.0</u>	<u>25.0</u>	<u>6.0</u>	<u>25.0</u>

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Condensed consolidated statement of changes in equity for the period ended 30 June 2004

	Share capital RM'000	Non- distributable RM'000	Distributable Retained profits RM'000	Total RM'000
<i>At 1 April 2004</i>	40,000	7,582	17,258	64,840
Exchange difference on translation of the financial statements of a foreign subsidiary	--	(22)	--	(22)
Net profit for the three months period	--	--	2,202	2,202
<i>At 30 June 2004</i>	<u>40,000</u>	<u>7,560</u>	<u>19,460</u>	<u>67,020</u>
<i>At 1 April 2003</i>	10,616	8,356	26,259	45,231
Net profit for the three months period	--	--	2,605	2,605
<i>At 30 June 2003</i>	<u>10,616</u>	<u>8,356</u>	<u>28,864</u>	<u>47,836</u>

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Condensed consolidated cash flow statement for the period ended 30 June 2004

	3 months ended 30 June	
	2004 RM'000	2003 RM'000
Cash flows from operating activities		
Profit before tax	3,384	3,651
Adjustments for non-cash flow:		
Non-cash items	1,037	896
Non-operating items	323	330
Operating profit before working capital changes	4,744	4,877
Changes in working capital:		
Net change in current assets	(11,170)	(3,427)
Net change in current liabilities	827	2,029
Net cash (used in)/generated from operating activities	(5,599)	3,479
Cash flows from investing activity		
Other investments/Net cash used in investing activity	(447)	(427)
Cash flows from financing activity		
Bank borrowings/ Net cash generated from/(used in) financing activity	4,903	(10,083)
Net decrease in cash and cash equivalents	(1,143)	(7,031)
Cash and cash equivalents at beginning of period	4,500	9,045
Cash and cash equivalents at end of period	3,357	2,014
Cash and cash equivalents comprise:		
Cash and bank balances	2,574	1,738
Deposits with licensed banks	4,020	1,544
Bank overdrafts	(3,237)	(1,268)
	3,357	2,014

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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 2004.

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 2004.

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 2004.

2. Property, plant and equipment

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

3. Quoted investments

	30.6.2004 RM'000	31.3.2004 RM'000
<i>Quoted shares in Malaysia</i>		
At cost	41	41
Less: Allowance for diminution in value	<u>(34)</u>	<u>(34)</u>
	<u>7</u>	<u>7</u>
Market value	<u>4</u>	<u>4</u>

4. Tax expense

	3 months ended 30 June	
	2004 RM'000	2003 RM'000
Income tax	1,063	907
Deferred tax	<u>(6)</u>	<u>120</u>
	<u>1,057</u>	<u>1,027</u>

The effective tax rate for the current period is higher than the statutory tax rate due to certain subsidiaries incurring losses.

5. Basic earnings per share

Basic earnings per share

The calculation of basic earnings per share for the current period is based on the net profit attributable to ordinary shareholders of RM2,202,000 and the weighted average number of ordinary shares of 40,000,000.

Diluted earnings per share

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

6. Dividends

There are no dividends paid for the current period under review.

7. Changes in composition of the Group

On 21 May 2004, a subsidiary entered into an agreement to dispose of its subsidiary, Polyplus Packages (Penang) Sdn. Bhd. for a consideration of RM260,000 at a pretax gain on disposal of RM83,000 at Group level.

The disposal of the subsidiary does not have a material effect on the results and the financial position of the Group.

8. 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.

9. 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 3 months ended 30 June		Profit before tax 3 months ended 30 June	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Paper packaging	24,863	22,539	2,922	2,838
Plastic packaging	6,959	4,229	282	712
Contract manufacturing and packing	7,741	6,496	573	425
Investment and property holding	106	106	(54)	6
	39,669	33,370	3,723	3,981
Inter-segment elimination	(4,609)	(4,645)	--	--
	35,060	28,725		
Segment result			3,723	3,981
Gain on disposal of a subsidiary	--	--	83	--
Interest expense	--	--	(406)	(330)
Share of profits of associates	--	--	(16)	--
	35,060	28,725	3,384	3,651

Company No. 228669-V

10. Capital commitments

	30.6.2004 RM'000
<i>Property, plant and equipment</i>	
Authorised but not contracted for	7,224
Contracted but not provided for	2,964
	<u>10,188</u>

11. Debt and equity securities

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

12. Related parties

Significant related party transactions of the Group are as follows:

	3 months ended 30 June 2004 RM'000
Directors' remunerations	<u>469</u>
<i>Remuneration paid to staff who is a close family member of a Director, Mr. Loi Tuan Ee</i>	<u>18</u>
<i>Rental payable to Mr. Kuan Hai Ngon, Mdm. Tan Sui Moi, Mr. Loi Tuan Ee and Mr. Tan Boon Leng</i>	<u>27</u>
<i>Associates</i>	
- <i>Gemilang Packaging Sdn. Bhd.</i>	
Sales of carton boxes	<u>561</u>
- <i>PB Packaging (M) Sdn. Bhd.</i>	
Sale of plant and equipment	49
Sale of carton boxes	<u>296</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>171</u>
- <i>Flexo Process (K.L.) Sdn. Bhd.</i>	
Rental receivable	<u>8</u>
<i>Company in which a corporate shareholder of a subsidiary has substantial financial interest</i>	
- <i>Negeri Sembilan Cement Industries Sdn. Bhd.</i>	
Sale of paper bags	<u>4,156</u>

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

13. Comparative figures

The comparative figures for the consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement and segmental information were neither audited nor reviewed.

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30 June 2004**

Additional information required by the
Bursa Malaysia Securities Berhad
Listing Requirements

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Additional information required by the Bursa Malaysia Securities Berhad Listing Requirements

1. Review of performance

The Group has achieved a profit after tax and minority interests of RM2.20 million for the current quarter.

The Group's consolidated revenue for the current quarter increased by 22% to RM35.1 million compared to the previous corresponding quarter. This is mainly due to additional revenue contributed by the plastic packaging and paper packaging business. Despite the increase in revenue in the current quarter, profitability dip slightly due to margins pressures in the wake of stiff competition in the packaging industry and the increase cost of raw materials.

2. Variation of results against preceding quarter

For the quarter under review, the Group recorded a profit before tax of RM3.38 million, compared to RM2.62 million in the previous quarter. The higher profits for the current quarter as compared to the previous quarter are attributable to higher sales.

3. Future prospects

Barring any unforeseen circumstances, the Board is reasonably certain that, based on the steps initiated and business approach undertaken to improve and strengthen the Group's businesses, the results for the financial year will remain satisfactory.

4. Profit forecast

Not applicable.

5. 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.

6. Status of corporate proposal announced

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

6. Status of corporate proposal announced (continued)

(b) Utilisation of proceeds.

The total gross proceeds of RM11,078,900 arising from the Public Issue of 6,517,000 new ordinary shares at an issue price of RM1.70 per ordinary share have been utilised as follows:-

No.	Planned utilisation of proceeds	Amount Allocated RM'000	Amount Utilised RM'000	Amount Unutilised RM'000
1.	Construction of an office block at PLO 97 to be used as the head office of the Group	1,500	39	1,461
2.	a) Repayment of bank borrowings for the purchase of raw materials *	2,200	2,200	--
	b) Purchase of machinery for manufacturing of paper bags	3,800	2,015	1,785
3.	Working capital requirements for the Group	1,779	1,779	--
4.	Estimated listing expenses	1,800	1,727	73
	Total	<u>11,079</u>	<u>7,760</u>	<u>3,319</u>

* The aforesaid amount was originally intended for the repayment of bank borrowings for the purchase of machinery for manufacturing of paper bags as approved by the Securities Commission. The Group has subsequently varied it for the repayment of bank borrowings for the purchase of raw materials.

The circumstances giving rise to the unutilised portion of the proceeds include the followings:

- The proposed building plan to construct office block at PLO 97 was submitted to Majlis Daerah Kulai, Johor on 1 January 2004 and the Company is now awaiting for approval from the relevant authority.
- As at to date, the Company is in the midst of finalising orders for machinery to be purchased.

The Group had on 22 April 2004 announced an extension of the time frame for utilisation of the proceeds to 23 April 2005.

7. Borrowing and debt securities

	30.6.2004 RM'000	31.3.2004 RM'000
<i>Current</i>		
<i>Secured</i>		
- Term loans	975	848
- Bankers' acceptances	1,872	1,512
- Trust receipts	1,254	527
- Bank overdrafts	275	888
- Hire purchase creditors	107	66
	<u>4,483</u>	<u>3,841</u>
<i>Unsecured</i>		
- Term loans	1,012	725
- Bankers' acceptances	4,309	4,580
- Bank overdrafts	2,962	2,578
- Trust receipts	10,633	8,961
	<u>18,916</u>	<u>16,844</u>
	<u>23,399</u>	<u>20,685</u>
<i>Non-current</i>		
<i>Secured</i>		
- Term loans	1,469	1,807
- Hire purchase creditors	138	124
	<u>1,607</u>	<u>1,931</u>
<i>Unsecured</i>		
- Term loans	5,061	2,285
	<u>6,668</u>	<u>4,216</u>
Total borrowings	<u><u>30,067</u></u>	<u><u>24,901</u></u>

8. 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.

9. Dividends payable

- (a) No interim dividends have been declared for the current financial period-to-date.
- (b) In the corresponding financial quarter ended 30 June 2003, no interim dividends were declared by the Board of Directors.

10. Changes in material litigation

Other than as disclosed below, there is no changes in material litigation for the Group since the last annual balance sheet date to 19 August 2004.

A debtor of a subsidiary has made a claim in the Seremban High Court against the subsidiary for damages of approximately RM3.778 million 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.

10. Changes in material litigation (continued)

On 24 May 2004, the High Court has allowed the subsidiary's application to strike out the claim. As a result of this order, the debtor's claim against the subsidiary has been reduced by RM3.733 million.