

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

Interim financial report
30 September 2004

Century Bond Bhd.

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

Condensed consolidated balance sheet at 30 September 2004

	Note	30.9.2004 RM'000	31.3.2004 RM'000
Property, plant and equipment	2	46,711	44,591
Investments in associates		200	247
Quoted investments	3	7	7
Deferred tax assets		34	--
Goodwill		396	409
		<u>47,348</u>	<u>45,254</u>
Current assets			
Inventories		30,449	23,013
Trade and other receivables		40,994	35,012
Tax recoverable		179	109
Cash and cash equivalents		7,207	10,647
		<u>78,829</u>	<u>68,781</u>
Current liabilities			
Trade and other payables		16,587	16,993
Borrowings		25,754	20,685
Taxation		1,203	1,169
Dividend payable		2,304	--
		<u>45,848</u>	<u>38,847</u>
Net current assets		<u>32,981</u>	<u>29,934</u>
		<u>80,329</u>	<u>75,188</u>
Financed by:-			
Capital and reserves			
Share capital		40,000	40,000
Reserves		27,701	24,840
		<u>67,701</u>	<u>64,840</u>
Minority shareholders' interests		1,792	1,571
Long term and deferred liabilities			
Borrowings		6,074	4,216
Deferred tax liabilities		4,762	4,561
		<u>10,836</u>	<u>8,777</u>
		<u>80,329</u>	<u>75,188</u>
Net tangible assets per share of RM1.00 each (RM)		<u>1.68</u>	<u>1.61</u>

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

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Condensed consolidated income statement for the period ended 30 September 2004

	Note	Individual 3 months ended 30 September		Cumulative 6 months ended 30 September	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue		33,022	31,982	68,082	60,707
Cost of sales		<u>(26,377)</u>	<u>(25,687)</u>	<u>(55,041)</u>	<u>(48,197)</u>
Gross profit		6,645	6,295	13,041	12,510
Operating expenses		<u>(2,597)</u>	<u>(2,283)</u>	<u>(5,187)</u>	<u>(4,517)</u>
Operating profit		4,048	4,012	7,854	7,993
Interest expense		(493)	(220)	(899)	(550)
Share of (loss)/profit in associates		<u>(31)</u>	<u>26</u>	<u>(47)</u>	<u>26</u>
Profit before tax		3,524	3,818	6,908	7,469
Tax expense	4	<u>(331)</u>	<u>(1,093)</u>	<u>(1,388)</u>	<u>(2,120)</u>
Profit after tax		3,193	2,725	5,520	5,349
Less: Minority interests		<u>(144)</u>	<u>(15)</u>	<u>(269)</u>	<u>(34)</u>
Net profit for the period		<u>3,049</u>	<u>2,710</u>	<u>5,251</u>	<u>5,315</u>
Basic earnings per ordinary share (sen)	5	<u>7.62</u>	<u>8.09</u>	<u>13.13</u>	<u>15.87</u>

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

	Share capital RM'000	Non- distributable RM'000	<i>Distributable</i> Retained profits RM'000	Total RM'000
<i>At 1 April 2004</i>	40,000	7,582	17,258	64,840
Share issue expenses	--	(80)	--	(80)
Exchange difference on translation of the financial statements of a foreign subsidiary	--	(6)	--	(6)
Dividends - 2004 Final	--	--	(2,304)	(2,304)
Net profit for the six months period	--	--	5,251	5,251
<i>At 30 September 2004</i>	<u>40,000</u>	<u>7,496</u>	<u>20,205</u>	<u>67,701</u>
 <i>At 1 April 2003</i>	 10,616	 8,356	 26,259	 45,231
Bonus issue	22,867	(3,650)	(19,217)	--
Exchange difference on translation of the financial statements of a foreign 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>

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

	6 months ended 30 September	
	2004	2003
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	6,908	7,469
Adjustments for non-cash flow:		
Non-cash items	1,993	1,666
Non-operating items	789	359
Operating profit before working capital changes	9,690	9,494
Changes in working capital:		
Net change in current assets	(14,234)	(6,885)
Net change in current liabilities	(810)	1,880
Net cash (used in)/generated from operating activities	(5,354)	4,489
Cash flows from investing activity		
Other investments/Net cash used in investing activity	(1,287)	(434)
Cash flows from financing activities		
Transactions with owners	(80)	(8,080)
Bank borrowings	6,019	(1,243)
Net cash generated from/(used in) financing activities	5,939	(9,323)
Net decrease in cash and cash equivalents	(702)	(5,268)
Cash and cash equivalents at beginning of period	4,500	9,065
Cash and cash equivalents at end of period	3,798	3,797
Cash and cash equivalents comprise:		
Cash and bank balances	3,177	2,025
Deposits with licensed banks	4,010	3,392
Bank overdrafts	(3,389)	(1,620)
	3,798	3,797

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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

	30.9.2004 RM'000	31.3.2004 RM'000
<i>Quoted shares in Malaysia</i>		
At cost	41	41
Less: Allowance for diminution in value	(34)	(34)
	<u>7</u>	<u>7</u>
Market value	<u>3</u>	<u>4</u>

4. Tax expense

	3 months ended 30 September		6 months ended 30 September	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Income tax	95	1,132	1,158	2,039
Deferred tax	236	(39)	230	81
	<u>331</u>	<u>1,093</u>	<u>1,388</u>	<u>2,120</u>

The effective tax rate for the current quarter and cumulative period to-date are lower than the statutory tax rate due to utilisation of reinvestment allowances by two of the subsidiaries.

5. Basic earnings per share

Basic earnings per share

The calculation of basic earnings per share for the current and financial period to-date is based on the net profit attributable to ordinary shareholders of RM3,049,000 and RM5,251,000 respectively 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

Since the end of the previous financial year, the Company paid a final dividend of 8% less tax per ordinary share totalling RM2,304,000 in respect of the year ended 31 March 2004 on 23 November 2004.

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.

On 12 October 2004, the Company increased its investment in Polyplus Packages Sdn. Bhd. from 33.83% comprising 1,522,000 ordinary shares of RM1.00 each to 35% comprising 1,570,000 ordinary shares of RM1.00 each by acquiring 52,700 ordinary shares of RM1.00 each for a cash consideration of RM174,437.

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 6 months ended 30 September		Profit before tax 6 months ended 30 September	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Paper packaging	49,752	47,176	6,287	5,902
Plastic packaging	16,471	10,717	822	1,273
Contract manufacturing and packing	15,466	11,799	854	923
Investment and property holding	265	211	(183)	(143)
	81,954	69,903	7,780	7,955
Inter-segment elimination	(13,872)	(9,196)	(9)	38
	68,082	60,707		
Segment result			7,771	7,993
Gain on disposal of a subsidiary	--	--	83	--
Interest expense	--	--	(899)	(550)
Share of (loss)/profit in associates	--	--	(47)	26
	68,082	60,707	6,908	7,469

10. Capital commitments

	30.9.2004 RM'000
<i>Property, plant and equipment</i>	
Authorised but not contracted for	7,224
Contracted but not provided for	2,964
	10,188

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:

	6 months ended 30 September	
	2004 RM'000	2003 RM'000
Directors' remunerations	942	745
<i>Remuneration paid to staff who is a close family member of a Director, Mr. Loi Tuan Ee</i>	36	30
<i>Rental payable to Mr. Kuan Hai Ngon, Mdm. Tan Sui Moi, Mr. Loi Tuan Ee and Mr. Tan Boon Leng</i>	55	--
<i>Associates</i>		
<i>- Gemilang Packaging Sdn. Bhd.</i>		
Sales of carton boxes	859	1,610
<i>- PB Packaging (M) Sdn. Bhd.</i>		
Sale of plant and equipment	49	--
Sale of carton boxes	529	578
<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	331	382
<i>- Flexo Process (K.L.) Sdn. Bhd.</i>		
Rental receivable	15	15
<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	8,427	--
<i>- Perlis Paper Products Sdn. Bhd.</i>		
Rental payable	36	--

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

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30 September 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 recorded a higher profit after tax and minority interest of RM3.05 million for the 2nd quarter as compared to the corresponding period last year of RM2.71 million. The Group achieved a cumulative profit after tax and minority interest of RM5.25 for the 6 months ended 30 September 2004.

The Group's consolidated revenue for the first six months increased by 12% to RM68.08 million compared to the previous corresponding period although gross margins decreased slightly. The additional revenues were contributed significantly by the plastic packaging and the contract manufacturing and packing business.

2. Variation of results against preceding quarter

The Group registered a profit after tax of RM3.2 million for the current quarter, as compared to the previous quarter of RM2.3 million, an increase of 39%. The increase is mainly due to a lower tax expense and slightly higher profit contribution from the paper bag business.

3. Future prospects

The paper packaging businesses continue to be the main driver for the Group, in terms of revenue and profits. Barring any unforeseen circumstances, the Board is reasonably certain that the performance of the Group will remain satisfactory for the next quarter.

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) On behalf of the Board of Directors of the Company, Malaysian International Merchant Bankers Berhad ("MIMB") has announced to Bursa Malaysia Securities Berhad ("Bursa Securities") the following corporate proposals on 14 October 2004:-

- Proposed bonus issue of 20,000,000 new ordinary shares of RM1.00 each in the Company ("Company shares"), to be credited as fully paid-up on the basis of one (1) new Company share for every two (2) existing Company shares held on an entitlement date to be determined and announced later ("Proposed Bonus Issue");

6. Status of corporate proposal announced (continued)

- Proposed share split into two (2) new ordinary shares of RM0.50 each in the Company (“Subdivided Company shares”) for every one (1) Company share held (“Proposed share split”);
- Proposed transfer of the listing of and quotation for the entire enlarged issue and paid-up share capital of the Company from the Second Board to the Main Board of Bursa Securities (“Proposed Listing Transfer”);
- Proposed increase in the authorised share capital of the Company from RM50,000,000 comprising 50,000,000 Company shares to RM100,000,000 comprising 200,000,000 Subdivided Company shares (“Proposed Capital Increase”); and
- Proposed amendments to the Memorandum and Articles of Association of the Company.

The application on Proposed Share Split was submitted to Bursa Securities on 9 November 2004. As at 25 November 2004, the Company is still waiting for Bursa Securities’ reply on the Proposed Share Split.

(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 which was utilised for the core business of the Group i.e. for the purchase of raw materials. The said variation was disclosed in the annual report and the amount represents less than 25% of the total proceeds raised from the listing.

6. Status of corporate proposal announced (continued)

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

	30.9.2004 RM'000	31.3.2004 RM'000
<i>Current</i>		
<i>Secured</i>		
- Term loans	881	848
- Bankers' acceptances	3,399	1,512
- Trust receipts	7,881	527
- Bank overdrafts	235	888
- Hire purchase creditors	107	66
	<u>12,503</u>	<u>3,841</u>
<i>Unsecured</i>		
- Term loans	1,215	725
- Bankers' acceptances	4,891	4,580
- Bank overdrafts	3,154	2,578
- Trust receipts	3,991	8,961
	<u>13,251</u>	<u>16,844</u>
	<u>25,754</u>	<u>20,685</u>
<i>Non-current</i>		
<i>Secured</i>		
- Term loans	1,359	1,807
- Hire purchase creditors	112	124
	<u>1,471</u>	<u>1,931</u>
<i>Unsecured</i>		
- Term loans	4,603	2,285
	<u>6,074</u>	<u>4,216</u>
Total borrowings	<u><u>31,828</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) At the Annual General Meeting of the Company held on 16 September 2004, the shareholders approved the payment of a final dividend of 8 sen less tax in respect of the financial year ended 31 March 2004. The final dividend was paid on 23 November 2004 to the depositors registered in the Record of Depositors at the close of the business on 26 October 2004.
- (c) In the corresponding financial quarter ended 30 September 2003, no dividends were declared by the Board of Directors.

10. Changes in material litigation

There were no pending material litigation as at 25 November 2004, being a date not earlier than 7 days from the date of this quarterly report.