

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

**Interim Financial Report (Announcement)**  
**31 March 2005**

# Century Bond Bhd.

(Company No. 228669-V)

(Incorporated in Malaysia)

## Condensed consolidated balance sheet at 31 March 2005

	Note	31.3.2005 RM'000	31.3.2004 RM'000
<b>Property, plant and equipment</b>	2	47,220	44,591
<b>Investments in associates</b>		218	247
<b>Investments in quoted shares</b>	3	7	7
<b>Goodwill</b>		384	409
		<u>47,829</u>	<u>45,254</u>
<b>Current assets</b>			
Inventories		32,298	23,013
Trade and other receivables		38,805	35,012
Tax recoverable		545	109
Cash and cash equivalents		12,332	10,647
		<u>83,980</u>	<u>68,781</u>
<b>Current liabilities</b>			
Trade and other payables		18,448	16,993
Borrowings		25,457	20,685
Taxation		759	1,169
		<u>44,664</u>	<u>38,847</u>
<b>Net current assets</b>		<u>39,316</u>	<u>29,934</u>
		<u>87,145</u>	<u>75,188</u>
Financed by:-			
<b>Capital and reserves</b>			
Share capital		40,000	40,000
Reserves		33,283	24,840
		<u>73,283</u>	<u>64,840</u>
<b>Minority shareholders' interests</b>		1,711	1,571
<b>Long term and deferred liabilities</b>			
Borrowings		7,018	4,216
Deferred tax liabilities		5,133	4,561
		<u>12,151</u>	<u>8,777</u>
		<u>87,145</u>	<u>75,188</u>
Net tangible assets per share of RM1.00 each (RM)		<u>1.82</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 year ended 31 March 2005

	Note	Individual 3 months ended		Cumulative 12 months ended	
		31 March 2005 RM'000	31 March 2004 RM'000	31 March 2005 RM'000	31 March 2004 RM'000
<b>Revenue</b>		36,734	26,133	140,521	113,313
Cost of sales		(29,497)	(20,236)	(113,524)	(88,710)
<b>Gross profit</b>		7,237	5,897	26,997	24,603
Other operating expenses		(3,219)	(2,877)	(10,914)	(9,377)
<b>Operating profit</b>		4,018	3,020	16,083	15,226
Interest expense		(519)	(451)	(1,865)	(1,308)
Share of profit/(loss) in associates		38	51	(15)	57
<b>Profit before tax</b>		3,537	2,620	14,203	13,975
Tax expense	4	(915)	(403)	(3,020)	(3,586)
<b>Profit after tax</b>		2,622	2,217	11,183	10,389
Less: Minority interests		15	(158)	(375)	(173)
<b>Net profit for the period/year</b>		<u>2,637</u>	<u>2,059</u>	<u>10,808</u>	<u>10,216</u>
Basic earnings per ordinary share (sen)	5	<u>6.59</u>	<u>5.15</u>	<u>27.02</u>	<u>28.23</u>

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### Condensed consolidated statement of changes in equity for the year ended 31 March 2005

	Note	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
Listing expenses		--	(80)	--	(80)
Exchange fluctuation on translation of a foreign subsidiary		--	19	--	19
Net profit for the year		--	--	10,808	10,808
Dividend – 2004 Final	6	--	--	(2,304)	(2,304)
<i>At 31 March 2005</i>		<u>40,000</u>	<u>7,521</u>	<u>25,762</u>	<u>73,283</u>
<i>At 1 April 2003</i>		10,616	8,356	26,259	45,231
Bonus issue		22,867	(3,650)	(19,217)	--
Public issue		6,517	4,562	--	11,079
Listing expenses		--	(1,727)	--	(1,727)
Exchange fluctuation on translation of a foreign subsidiary		--	41	--	41
Net profit for the year		--	--	10,216	10,216
<i>At 31 March 2004</i>		<u>40,000</u>	<u>7,582</u>	<u>17,258</u>	<u>64,840</u>

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### Condensed consolidated cash flow statement for the year ended 31 March 2005

	12 months ended	
	31.3.2005	31.3.2004
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	14,203	13,975
Adjustments for non-cash flow:		
Non-cash items	4,155	3,511
Non-operating items	1,642	699
Operating profit before working capital changes	20,000	18,185
Changes in working capital:		
Net change in current assets	(13,765)	(13,805)
Net change in current liabilities	(999)	(275)
<b>Net cash generated from operating activities</b>	<u>5,236</u>	<u>4,105</u>
<b>Cash flows from investing activity</b>		
Other investments/Net cash used in investing activity	<u>(3,896)</u>	<u>(9,832)</u>
<b>Cash flows from financing activities</b>		
Transactions with owners	(2,384)	(2,728)
Bank borrowings	7,621	3,911
<b>Net cash generated from financing activities</b>	<u>5,237</u>	<u>1,183</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	6,577	(4,544)
<b>Cash and cash equivalents at beginning of year</b>	<u>4,501</u>	<u>9,045</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>11,078</u></u>	<u><u>4,501</u></u>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	4,412	1,967
Deposits with licensed banks	7,900	6,000
Bank overdrafts	(1,234)	(3,466)
	<u>11,078</u>	<u>4,501</u>

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 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 annual report.

### 3. Investments in quoted shares

	31.3.2005 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 31 March		12 months ended 31 March	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Income tax expense	533	272	2,385	3,383
Deferred tax expense	<u>382</u>	<u>131</u>	<u>635</u>	<u>203</u>
	<u>915</u>	<u>403</u>	<u>3,020</u>	<u>3,586</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 are based on the net profit attributable to ordinary shareholders of RM2,637,000 and RM10,808,000 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 1,522,300 ordinary shares of RM1.00 each to 35% comprising 1,575,000 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 12 months ended 31 March		Profit before tax 12 months ended 31 March	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Paper packaging	90,901	88,579	11,694	11,075
Plastic packaging	47,199	17,528	3,706	2,401
Contract manufacturing and packing	31,094	27,670	1,216	1,949
Investment and property holding	15,724	3,623	14,613	2,976
	184,918	137,400	31,229	18,401
Inter-segment elimination	(44,397)	(24,087)	(15,229)	(3,175)
	140,521	113,313		
Segment result			16,000	15,226
Gain on disposal of a subsidiary	--	--	83	--
Interest expense	--	--	(1,865)	(1,308)
Share of (loss)/profit in associates	--	--	(15)	57
	140,521	113,313	14,203	13,975

## 10. Capital commitments

	31.3.2005 RM'000
<i>Property, plant and equipment</i>	
Authorised but not contracted for	380
Contracted but not provided for	1,026
	1,406

## 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:

	12 months ended 31 March	
	2005 RM'000	2004 RM'000
Directors' remunerations	2,261	2,077
<i>Remuneration paid to staff who is a close family member of a Director, Mr. Loi Tuan Ee</i>	90	84
<i>Rental payable to Mr. Kuan Hai Ngon, Mdm. Tan Sui Moi, Mr. Loi Tuan Ee and Mr. Tan Siew Kim</i>	109	70
<i>Associates</i>		
<i>- Gemilang Packaging Sdn. Bhd.</i>		
Sale of carton boxes	1,216	3,362
<i>- PB Packaging (M) Sdn. Bhd.</i>		
Sale of plant and equipment	49	--
Sale of carton boxes	1,186	1,344
<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	511	584
<i>- Flexo Process (K.L.) Sdn. Bhd.</i>		
Rental receivable	30	30
<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	15,967	9,205
<i>- Perlis Paper Products Sdn. Bhd.</i>		
Rental payable	72	--

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

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Additional information required by the  
Bursa Malaysia Securities Berhad  
Listing Requirements

## **Century Bond Bhd.**

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### **Additional information required by the Bursa Malaysia Securities Berhad Listing Requirements**

#### **1. Review of performance**

The Group recorded a profit after tax and minority interest of RM2.64 million for the fourth quarter compared to the corresponding period last year of RM2.06 million whilst the Group achieved a profit after tax and minority interest of RM10.80 million for the financial year ended 31 March 2005 compared to the previous year of RM10.22 million.

The higher profit after tax and minority interest for the year ended 31 March 2005 was achieved on the Group's consolidated revenue of RM140.52, representing a 24% increase in revenue compared to previous year. The additional revenues were contributed by the plastic packaging division. However, the overall gross margin decreased slightly due to increased raw material cost while the increase in selling prices were only partially passed on to the customers.

#### **2. Variation of results against preceding quarter**

The revenue recorded in the current quarter of RM36.7 million is comparable to the preceding quarter of RM35.7 million representing an increase of 2.8%. However, the Group registered a profit after tax of RM2.64 million for the current quarter, as compared to the previous quarter of RM3.04 million, a decrease of 13%. This was mainly due to the accrual of corporate cost of RM311,000 in the current quarter.

#### **3. Future prospects**

The Malaysian economy is envisaged to continue its growth in 2005 albeit at a slower pace with a projected increase in the real GDP of between 5% to 6%. Notwithstanding, the positive outlook on the Malaysian economy, the Group continues to face a challenging environment in view of the uncertainties in global crude oil prices which have a significant impact on the Group's raw material cost. The Group will continue to pursue measures to improve its production efficiency and reduce other operating cost to mitigate any adverse effect on the profit margin and the Board is reasonably certain that the performance of the Group will remain satisfactory for the financial year ending 31 March 2006.

#### **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”);
  - 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 for listing of additional new ordinary shares to be issued pursuant to the Proposed Bonus Issue and Proposed Share Split were approved in principle by Bursa Securities on 10 May 2005 and 30 November 2004 respectively.

The Proposed Share Split and the Proposed Listing Transfer were approved by the Securities Commission on 3 February 2005. On 3 May 2005, the Securities Commission has approved an extension of time until 31 July 2005 for the Company to fully implement the Proposed Share Splits.

At the Extraordinary General Meeting of the Company held on 29 March 2005, the shareholders approved the Proposed Bonus Issue, Proposed Share Split and Proposed Capital Increase and Proposed Amendment to the Memorandum of Association.

The entitlement date and time for the Proposed Bonus Issue and Proposed Share Splits is on 2 June 2005, 5.00 p.m.. Trading of the Company’s shares will be suspended with effect from 9.00 a.m., Friday, 27 May 2005 in order to facilitate the recall and subdivision of shares.

- (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

## 6. Status of corporate proposal announced (continued)

No.	Planned utilisation of proceeds	Amount Allocated RM'000	Amount Utilised RM'000	Amount Unutilised RM'000
3.	Working capital requirements for the Group	1,779	1,779	--
4.	Estimated listing expenses	1,800	1,727	73
	Total	11,079	7,760	3,319

\* 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.

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.
- The Company has purchased the machinery for manufacturing of paper bags at a lower cost. The Directors are considering the utilisation of the balance of the proceeds.

The Group had on 20 April 2005 announced an extension of the time frame for utilisation of the proceeds to 1 year from 24 April 2005 to 23 April 2006.

## 7. Borrowing and debt securities

	31.3.2005 RM'000	31.3.2004 RM'000
<i>Current Secured</i>		
- Term loans	1,614	848
- Bankers' acceptances	4,326	2,319
- Trust receipts	8,262	6,213
- Bank overdrafts	204	949
- Hire purchase creditors	128	66
	<u>14,534</u>	<u>10,395</u>
<i>Unsecured</i>		
- Term loans	1,155	725
- Bankers' acceptances	5,001	3,773
- Bank overdrafts	1,030	2,517
- Trust receipts	3,737	3,275
	<u>10,923</u>	<u>10,290</u>
	<u>25,457</u>	<u>20,685</u>

## 7. Borrowing and debt securities (continued)

	31.3.2005 RM'000	31.3.2004 RM'000
<i>Non-current</i>		
<i>Secured</i>		
- Term loans	2,830	1,807
- Hire purchase creditors	95	124
	<u>2,925</u>	<u>1,931</u>
<i>Unsecured</i>		
- Term loans	4,093	2,285
	<u>7,018</u>	<u>4,216</u>
Total borrowings	<u><u>32,475</u></u>	<u><u>24,901</u></u>

The secured portion of the borrowings includes amounts of RM11.7 million from a licensed bank for one of the subsidiaries of which the security provided on certain landed properties is to the extent of RM2.3 million only.

## 8. Off balance sheet financial instruments

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

## 9. Dividends payable

- (a) 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 business on 26 October 2004.
- (b) The Board of Directors has recommended a final dividend of 2.5 sen per share less income tax of 28% in respect of the financial year ended 31 March 2005 on an enlarged share capital of 120,000,000 ordinary shares of RM0.50 each (after taking into consideration the new Bonus Shares and Sub-divided Shares to be issued under the Proposed Bonus Issue and Proposed Share Splits as disclosed under item 6 a) above) for shareholders' approval at the forthcoming 2005 Annual General Meeting of the Company. Subject to the shareholders' approval, the entitlement date and payment date for the proposed final dividend will be determined later.

## 10. Changes in material litigation

There were no pending material litigation as at 25 May 2005, being a date not earlier than 7 days from the date of this quarterly report.