

Century Bond Bhd.

(Company No. 228669-V)

(Incorporated in Malaysia)

**Interim Financial Report
30 June 2005**

Century Bond Bhd.

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

Condensed consolidated balance sheet at 30 June 2005

	Note	30.6.2005 RM'000	31.3.2005 RM'000
Property, plant and equipment	2	46,902	47,220
Investments in associates		190	218
Investments in quoted shares	3	78	7
Goodwill		378	384
		<u>47,548</u>	<u>47,829</u>
Current assets			
Inventories		34,727	32,298
Trade and other receivables		39,343	38,805
Tax recoverable		199	545
Cash and cash equivalents		15,214	12,332
		<u>89,483</u>	<u>83,980</u>
Current liabilities			
Trade and other payables		16,128	18,448
Borrowings		31,182	25,457
Taxation		809	759
		<u>48,119</u>	<u>44,664</u>
Net current assets		<u>41,364</u>	<u>39,316</u>
		<u>88,912</u>	<u>87,145</u>
Financed by:-			
Capital and reserves			
Share capital		60,000	40,000
Reserves		15,058	33,283
		<u>75,058</u>	<u>73,283</u>
Minority shareholders' interests		1,792	1,711
Long term and deferred liabilities			
Borrowings		6,944	7,018
Deferred tax liabilities		5,118	5,133
		<u>12,062</u>	<u>12,151</u>
		<u>88,912</u>	<u>87,145</u>
Net tangible assets per share of RM0.50 (31.3.2005: RM1.00) each (RM)		<u>0.62</u>	<u>1.82</u>

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Condensed consolidated income statement for the period ended 30 June 2005

	Note	Individual 3 months ended 30 June		Cumulative 3 months ended 30 June	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue		36,665	35,060	36,665	35,060
Cost of sales		<u>(30,938)</u>	<u>(28,664)</u>	<u>(30,938)</u>	<u>(28,664)</u>
Gross profit		5,727	6,396	5,727	6,396
Operating expenses		<u>(2,606)</u>	<u>(2,590)</u>	<u>(2,606)</u>	<u>(2,590)</u>
Operating profit		3,121	3,806	3,121	3,806
Interest expense		(502)	(406)	(502)	(406)
Share of loss in associates		<u>(28)</u>	<u>(16)</u>	<u>(28)</u>	<u>(16)</u>
Profit before tax		2,591	3,384	2,591	3,384
Tax expense	4	<u>(716)</u>	<u>(1,057)</u>	<u>(716)</u>	<u>(1,057)</u>
Profit after tax		1,875	2,327	1,875	2,327
Less: Minority interests		<u>(81)</u>	<u>(125)</u>	<u>(81)</u>	<u>(125)</u>
Net profit for the period		<u>1,794</u>	<u>2,202</u>	<u>1,794</u>	<u>2,202</u>
Basic earnings per ordinary share (sen)	5	<u>1.5</u>	<u>1.8</u>	<u>1.5</u>	<u>1.8</u>

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

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Condensed consolidated statement of changes in equity for the period ended 30 June 2005

	Share capital RM'000	Non- distributable RM'000	<i>Distributable</i> Retained profits RM'000	Total RM'000
<i>At 1 April 2005</i>	40,000	7,521	25,762	73,283
Bonus issue	20,000	(7,356)	(12,644)	--
Exchange fluctuation on translation of a foreign subsidiary	--	(19)	--	(19)
Net profit for the three months period	--	--	1,794	1,794
<i>At 30 June 2005</i>	<u>60,000</u>	<u>146</u>	<u>14,912</u>	<u>75,058</u>
 <i>At 1 April 2004</i>	 40,000	 7,582	 17,258	 64,840
Exchange fluctuation on translation 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>

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Condensed consolidated cash flow statement for the period ended 30 June 2005

	3 months ended 30 June	
	2005 RM'000	2004 RM'000
Cash flows from operating activities		
Profit before tax	2,591	3,384
Adjustments for non-cash flow:		
Non-cash items	1,208	1,037
Non-operating items	505	323
Operating profit before working capital changes	4,304	4,744
Changes in working capital:		
Net change in current assets	(2,967)	(11,170)
Net change in current liabilities	(2,674)	827
Net cash used in operating activities	(1,337)	(5,599)
Cash flows from investing activity		
Other investments/Net cash used in investing activity	(931)	(447)
Cash flows from financing activity		
Bank borrowings/ Net cash generated from financing activity	4,087	4,903
Net increase/(decrease) in cash and cash equivalents	1,819	(1,143)
Cash and cash equivalents at beginning of period	11,078	4,500
Cash and cash equivalents at end of period	12,897	3,357
Cash and cash equivalents comprise:		
Cash and bank balances	9,494	2,574
Deposits with licensed banks	5,700	4,020
Bank overdrafts	(2,297)	(3,237)
	12,897	3,357

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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 FRS 134, 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 2005.

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 2005.

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 2005.

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

	30.6.2005 RM'000	31.3.2005 RM'000
<i>Quoted shares in Malaysia</i>		
At cost	112	41
Less: Allowance for diminution in value	(34)	(34)
	<u>78</u>	<u>7</u>
Market value	<u>75</u>	<u>4</u>

4. Tax expense

	3 months ended 30 June	
	2005 RM'000	2004 RM'000
Income tax expense	643	1,063
Deferred tax expense/(income)	73	(6)
	<u>716</u>	<u>1,057</u>

The effective tax rate for the previous corresponding quarter 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 RM1,794,000 and the weighted average number of ordinary shares of 120,000,000.

The comparative earnings per share has been restated as a result of bonus issue and share splits during the year.

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

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

Subsequent to the financial quarter ended 30 June 2005, Century Bond Bhd. incorporated Prestige Packages Vietnam Co., Ltd., a wholly owned subsidiary in Hochiminh City, Vietnam.

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	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Paper packaging	20,762	24,863	2,123	2,922
Plastic packaging	15,487	6,959	855	282
Contract manufacturing and packing	8,105	7,741	255	573
Investment and property holding	148	106	(27)	(54)
	44,502	39,669	3,206	3,723
Inter-segment elimination	(7,837)	(4,609)	(85)	--
	36,665	35,060		
Segment result			3,121	3,723
Gain on disposal of a subsidiary	--	--	--	83
Interest expense	--	--	(502)	(406)
Share of loss in associates	--	--	(28)	(16)
	36,665	35,060	2,591	3,384

10. Capital commitments

Property, plant and equipment
Contracted but not provided for

30.6.2005
RM'000

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11. Debt and equity securities

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

- i) The issued and paid-up capital was increased from RM40,000,000 comprising 40,000,000 ordinary shares of RM1.00 each to RM60,000,000 comprising 60,000,000 ordinary shares of RM1.00 each via a bonus issue of 20,000,000 new ordinary shares of RM1.00 each to be credited as fully paid-up on the basis of one (1) new ordinary share of RM1.00 each for every two (2) existing ordinary shares of RM1.00 each held. The bonus issue was effected by way of capitalisation of RM4,600,570 from revaluation reserve, RM2,755,018 from share premium account and RM12,644,412 from retained profits.
- ii) Subsequent to the bonus issue, the issued and paid-up capital of RM60,000,000 comprising 60,000,000 ordinary shares of RM1.00 each were subdivided via a share split on the basis of two (2) new ordinary shares of RM0.50 each for every one (1) ordinary share of RM1.00 each held.
- iii) The authorised share capital was increased from RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each to RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each and subsequently subdivided into 200,000,000 ordinary shares of RM0.50 each.

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

11. Related parties

Significant related party transactions of the Group are as follows:

	3 months ended	
	30 June	
	2005	2004
	RM'000	RM'000
Directors' remunerations	<u>397</u>	<u>469</u>
<i>Remuneration paid to staff who is a close family member of a Director, Mr. Loi Tuan Ee</i>	<u>15</u>	<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>	<u>27</u>
<i>Associates</i>		
<i>- Gemilang Packaging Sdn. Bhd.</i>		
Sales of carton boxes	<u>317</u>	<u>561</u>

11. Related parties (continued)

	3 months ended	
	30 June	
	2005	2004
	RM'000	RM'000
- PB Packaging (M) Sdn. Bhd.		
Sale of plant and equipment	1	49
Sale of carton boxes	253	296
	<u>253</u>	<u>296</u>
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	126	171
	<u>126</u>	<u>171</u>
- Flexo Process (K.L.) Sdn. Bhd.		
Rental receivable	8	8
	<u>8</u>	<u>8</u>
Company in which a corporate shareholder of a subsidiary has substantial financial interest		
- Negeri Sembilan Cement Industries Sdn. Bhd.		
Sale of paper bags	2,974	4,156
	<u>2,974</u>	<u>4,156</u>
- Perlis Paper Products Sdn. Bhd.		
Rental payable	18	18
	<u>18</u>	<u>18</u>

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

For the current quarter under review, the Group's revenue was RM36.7 million, representing an increase of RM1.6 million or 4.5% as compared to RM35.1 million reported in the same corresponding quarter last year. Higher revenue reported was mainly due to the continuous increase on sales of plastic packaging products.

Net profit for the quarter, however, has dropped by RM0.4 million or 18% from RM2.2 million in the same corresponding quarter in 2004 to RM1.8 million in the current quarter under review. The decrease was largely attributable to the continuing increase of raw material prices while the increase in costs were only partially passed on to the customers.

2. Variation of results against preceding quarter

The Group registered a revenue of RM36.7 million in the current quarter, is comparable to the preceding quarter of RM36.7 million. However, the Group's profit before tax for the current quarter dropped by RM0.9 million, from RM3.5 million in previous quarter to RM2.6 million was mainly caused by the increase of the raw material prices and the very competitive pricing in the packaging industry.

3. Future prospects

The Board is reasonably certain that, based on the present measures undertaken by management to mitigate the fluctuation on the Group's raw material costs, the Group will remain profitable.

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) Status of utilisation of listing 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	Amount Utilised RM	Amount Unutilised RM
1.	Construction of an office block at PLO 97 to be used as the head office of the CBB Group	1,500,000	39,045	1,460,955
2.	a) Repayment of bank borrowings for the purchase of raw materials*	2,200,000	2,200,000	--
	b) Purchase of machinery for manufacturing of paper bags	3,800,000	2,015,169	1,784,831
3.	Working capital requirements for CBB Group	1,778,900	1,778,900	--
4.	Estimated listing expenses	<u>1,800,000</u>	<u>1,726,882</u>	<u>73,118</u>
	Total	<u>11,078,900</u>	<u>7,759,996</u>	<u>3,318,904</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.

The Group had on 20 April 2005 announced a further extension of time for a further 1 year period from 24 April 2005 to 23 April 2006 to fully utilise the balance of RM3,318,904.

6. Status of corporate proposal announced (continued)

In view of the imposition of conditions and request for changes to the building plans by the local authorities in respect of the office block at PLO 97 and changes in operating conditions and plans, the Group had on 17 August 2005 announced that, the Board has resolved to change the utilisation of the remaining unutilised proceeds amounting to RM3,318,904 for use as working capital requirements to supplement the Group's existing core business requirements as follows:

No.	Planned utilisation of proceeds	Amount Allocated RM	Amount Utilised RM	Amount Unutilised RM	The Proposed Change in Unutilised Proceeds RM
1.	Construction of an office block at PLO 97 to be used as the head Office of the CBB Group	1,500,000	39,045	1,460,955	--
2.	a) Repayment of bank borrowings for the purchase of raw materials	2,200,000	2,200,000	--	--
	b) Purchase of machinery for manufacturing of paper bags	3,800,000	2,015,169	1,784,831	--
3.	Working capital requirements for CBB Group	1,778,900	1,778,900	--	3,318,904
4.	Estimated listing expenses	1,800,000	1,726,882	73,118	--
	Total	<u>11,078,900</u>	<u>7,759,996</u>	<u>3,318,904</u>	<u>3,318,904</u>

The proposed change in the utilisation of the remaining unutilised proceeds of RM3,318,904 represents more than 25% of the total proceeds raised from the public issue and is therefore subject to the approval of shareholders of the Company to be obtained at the forthcoming 2005 Annual General Meeting.

b) Bonus issue, share splits and transfer listing

The Company's bonus issue exercise of 20,000,000 new ordinary shares of RM1.00 each credited as fully paid-up on the basis of one new CBB share for every two existing CBB shares held as at 2 June 2005 and the subsequent share splits exercise involving the subdivision of the ordinary shares of RM1.00 each in Century Bond Bhd. into ordinary shares of RM0.50 each on the basis of two (2) subdivided shares for every one (1) ordinary share of RM1.00 each held as at 2 June 2005 after the bonus issue was completed on 13 June 2005. The entire new subdivided issued and paid-up share capital comprising of 120,000,000 ordinary shares of RM0.50 each was re-quoted on the Second Board of Bursa Malaysia Securities Berhad on 13 June 2005.

The transfer of the listing of and quotation for the entire issued and paid-up share capital of Century Bond Bhd. comprised of 120,000,000 ordinary shares of RM0.50 each from the Second Board to the Main Board of Bursa Malaysia Securities Berhad was completed on 26 July 2005.

7. Borrowing and debt securities

	30.6.2005 RM'000	31.3.2005 RM'000
<i>Current</i>		
<i>Secured</i>		
- Term loans	1,527	1,614
- Bankers' acceptances	4,278	4,326
- Trust receipts	7,845	8,262
- Bank overdrafts	171	204
- Hire purchase creditors	122	128
	<u>13,943</u>	<u>14,534</u>
<i>Unsecured</i>		
- Term loans	610	1,155
- Bankers' acceptances	8,893	5,001
- Bank overdrafts	2,056	1,030
- Trust receipts	5,681	3,737
	<u>17,240</u>	<u>10,923</u>
	<u>31,183</u>	<u>25,457</u>
<i>Non-current</i>		
<i>Secured</i>		
- Term loans	2,510	2,830
- Hire purchase creditors	108	95
	<u>2,618</u>	<u>2,925</u>
<i>Unsecured</i>		
- Term loans	4,325	4,093
	<u>6,943</u>	<u>7,018</u>
Total borrowings	<u>38,126</u>	<u>32,475</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 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 2004, no interim dividends were declared by the Board of Directors.

10. Changes in material litigation

There were no pending material litigation as at 19 August 2005, being a date not earlier than 7 days from the date of this quarterly report.