

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

**Interim Financial Report**  
**30 September 2005**

# Century Bond Bhd.

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

## Condensed consolidated balance sheet at 30 September 2005

	Note	30.9.2005 RM'000	31.3.2005 RM'000
<b>Property, plant and equipment</b>	2	46,930	47,220
<b>Investments in associates</b>		172	218
<b>Quoted investments</b>	3	78	7
<b>Goodwill</b>		417	384
		<u>47,597</u>	<u>47,829</u>
<b>Current assets</b>			
Inventories		34,653	32,298
Trade and other receivables		39,897	38,805
Tax recoverable		249	545
Cash and cash equivalents		10,680	12,332
		<u>85,479</u>	<u>83,980</u>
<b>Current liabilities</b>			
Trade and other payables		17,617	18,448
Borrowings		24,032	25,457
Taxation		976	759
		<u>42,625</u>	<u>44,664</u>
<b>Net current assets</b>		<u>42,854</u>	<u>39,316</u>
		<u>90,451</u>	<u>87,145</u>
Financed by:-			
<b>Capital and reserves</b>			
Share capital		60,000	40,000
Reserves		17,309	33,283
		<u>77,309</u>	<u>73,283</u>
<b>Minority shareholders' interests</b>		1,908	1,711
<b>Long term and deferred liabilities</b>			
Borrowings		6,116	7,018
Deferred tax liabilities		5,118	5,133
		<u>11,234</u>	<u>12,151</u>
		<u>90,451</u>	<u>87,145</u>
Net tangible assets per share of RM0.50 (31.3.2005: RM1.00 each)		<u>0.64</u>	<u>1.82</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 2005

	Note	Individual 3 months ended 30 September		Cumulative 6 months ended 30 September	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Revenue</b>		37,064	33,022	73,729	68,082
Cost of sales		<u>(30,991)</u>	<u>(26,377)</u>	<u>(61,929)</u>	<u>(55,041)</u>
<b>Gross profit</b>		6,073	6,645	11,800	13,041
Operating expenses		<u>(2,404)</u>	<u>(2,597)</u>	<u>(5,010)</u>	<u>(5,187)</u>
<b>Operating profit</b>		3,669	4,048	6,790	7,854
Interest expense		(476)	(493)	(978)	(899)
Share of loss in associates		<u>(18)</u>	<u>(31)</u>	<u>(46)</u>	<u>(47)</u>
<b>Profit before tax</b>		3,175	3,524	5,766	6,908
Tax expense	4	<u>(827)</u>	<u>(331)</u>	<u>(1,543)</u>	<u>(1,388)</u>
<b>Profit after tax</b>		2,348	3,193	4,223	5,520
Less: Minority interests		<u>(88)</u>	<u>(144)</u>	<u>(169)</u>	<u>(269)</u>
<b>Net profit for the period</b>		<u>2,260</u>	<u>3,049</u>	<u>4,054</u>	<u>5,251</u>
Basic earnings per ordinary share (sen)	5	<u>1.88</u>	<u>2.54</u>	<u>3.38</u>	<u>4.38</u>

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

	Share capital RM'000	Non- distributable RM'000	Distributable 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 difference on translation of the financial statements of a foreign subsidiary	--	(28)	--	(28)
Net profit for the six months period	--	--	4,054	4,054
<i>At 30 September 2005</i>	<u>60,000</u>	<u>137</u>	<u>17,172</u>	<u>77,309</u>
<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)
Net profit for the six months period	--	--	5,251	5,251
Dividends - 2004 Final	--	--	(2,304)	(2,304)
<i>At 30 September 2004</i>	<u>40,000</u>	<u>7,496</u>	<u>20,205</u>	<u>67,701</u>

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## Condensed consolidated cash flow statement for the period ended 30 September 2005

	6 months ended 30 September	
	2005 RM'000	2004 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	5,766	6,908
Adjustments for non-cash flow:		
Non-cash items	2,350	1,993
Non-operating items	885	789
Operating profit before working capital changes	9,001	9,690
Changes in working capital:		
Net change in current assets	(3,375)	(14,234)
Net change in current liabilities	(859)	406
Income taxes paid	(1,045)	(1,216)
<b>Net cash generated from/(used in) operating activities</b>	<u>3,722</u>	<u>(5,354)</u>
<b>Cash flows from investing activity</b>		
Other investments/Net cash used in investing activity	<u>(2,070)</u>	<u>(1,287)</u>
<b>Cash flows from financing activities</b>		
Transactions with owners	--	(80)
Bank borrowings	<u>(4,530)</u>	<u>6,019</u>
<b>Net cash (used in)/generated from financing activities</b>	<u>(4,530)</u>	<u>5,939</u>
<b>Net decrease in cash and cash equivalents</b>	(2,878)	(702)
<b>Cash and cash equivalents at beginning of period</b>	<u>11,078</u>	<u>4,500</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>8,200</u></u>	<u><u>3,798</u></u>

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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<sub>2004</sub>, 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. Quoted investments

	30.9.2005 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>64</u>	<u>3</u>

### 4. Tax expense

	3 months ended 30 September		6 months ended 30 September	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Income tax expense	755	95	1,398	1,158
Deferred tax expense	72	236	145	230
	<u>827</u>	<u>331</u>	<u>1,543</u>	<u>1,388</u>

The effective tax rate for the current 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 RM2,260,000 and RM4,054,000 respectively 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 for the period as it is anti-dilutive.

## 6. Dividends

There is no dividend paid for the current period under review.

## 7. Changes in composition of the Group

On 26 September 2005, the Group increased its investment in Creative Chemical Sdn. Bhd. from 60% comprising 60,000 ordinary shares of RM1.00 each to 100% comprising 100,000 ordinary shares of RM1.00 each by acquiring 40,002 ordinary shares of RM1.00 each for a cash consideration of RM40,002.

## 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/(Loss) before tax 6 months ended 30 September	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Paper packaging	42,789	49,752	4,675	6,287
Plastic packaging	30,145	16,471	1,982	822
Contract manufacturing and packing	15,375	15,466	386	854
Investment and property holding	295	265	(184)	(183)
	88,604	81,954	6,859	7,780
Inter-segment elimination	(14,875)	(13,872)	(68)	(9)
	73,729	68,082		
Segment result			6,791	7,771
Gain on disposal of a subsidiary	--	--	--	83
Interest expense	--	--	(978)	(899)
Share of loss in associates	--	--	(46)	(47)
	73,729	68,082	5,767	6,908

## 10. Debt and equity securities

There were no 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:

	6 months ended 30 September	
	2005 RM'000	2004 RM'000
Directors' remunerations	732	942
<i>Remuneration paid to staff who is a close family member of a Director, Mr. Loi Tuan Ee</i>	15	36
<i>Rental payable to Mr. Kuan Hai Ngon, Mdm. Tan Sui Moi, Mr. Loi Tuan Ee and Mr. Tan Siew Kim</i>	55	55
<i>Associates</i>		
<i>- Gemilang Packaging Sdn. Bhd.</i>		
Sales of carton boxes	542	859
<i>- PB Packaging (M) Sdn. Bhd.</i>		
Sale of plant and equipment	--	49
Sale of carton boxes	601	529
<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	223	331
<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	6,787	8,427
<i>- Perlis Paper Products Sdn. Bhd.</i>		
Rental payable	36	36

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 has recorded a higher turnover of RM37.1 million for the 2<sup>nd</sup> quarter as compared to the same corresponding quarter last year of RM33.0 million. 6 months cumulative revenue for period ended 30 September 2005 reported at RM73.7 million, RM5.6 million higher than the same corresponding period last year. Higher revenue reported in current period was mainly due to increase in sales of plastic packaging division.

However, profit after tax for the current quarter has dropped by RM0.9 million from RM3.2 million in 2<sup>nd</sup> quarter last year to RM2.3 million in current quarter. Profit before tax of the Group for the period ended 30 September 2005 reported at RM5.8 million, which is approximately RM1.1 million lower than the same period last year. The decrease was mainly due to higher material and production costs and stiff competition in the industry, especially paper packaging division.

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

Group's current quarter revenue registered at RM37.1 million, marginally higher by RM0.4 million against preceding quarter of RM36.7 million. Profit after tax of the Group registered at RM2.3 million for the quarter under review, which was RM0.5 million higher than preceding quarter. The improvement was mainly attributed to reduction of operating costs arising from tighten cost measures.

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

The Board expects the market condition to remain highly competitive. The Group, however, will continue to pursue various measures to maintain the performance 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

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 utilized as follows:

No.	Planned utilization 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	--
2 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	1,800,000	1,726,882	73,118
	<b>TOTAL</b>	<b>11,078,900</b>	<b>7,759,996</b>	<b>3,318,904</b>

\* 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 utilized 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 more 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 on 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 balance proceeds amounting to RM3,318,904 for use as working capital requirements to supplement the Group's existing core business requirements as follow:

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	--	--
2 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	--
	<b>TOTAL</b>	<b>11,078,900</b>	<b>7,759,996</b>	<b>3,318,904</b>	<b>3,318,904</b>

The change in utilisation of the balance proceeds of RM3,318,904 amounts to more than 25% of the listing proceeds raised under the public issue and the approval of shareholders of the Company has been obtained at the Annual General Meeting held on 28 September 2005. The members had approved the change in utilisation of the balance proceeds amounting to RM3,318,904 for use as working capital requirements to supplement the Group's existing core business requirements.

For the quarter under review the amount of RM3,318,904 remains unutilised.

## 7. Borrowing and debt securities

	<b>30.9.2005</b>	<b>31.3.2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Current</i>		
<i>Secured</i>		
- Term loans	1,442	1,614
- Bankers' acceptances	1,997	4,326
- Trust receipts	5,244	8,262
- Bank overdrafts	455	204
- Hire purchase creditors	101	128
	<u>9,239</u>	<u>14,534</u>
<i>Unsecured</i>		
- Term loans	1,412	1,155
- Bankers' acceptances	4,250	5,001
- Bank overdrafts	2,005	1,030
- Trust receipts	7,126	3,737
	<u>14,793</u>	<u>10,923</u>
	<u>24,032</u>	<u>25,457</u>
<i>Non-current</i>		
<i>Secured</i>		
- Term loans	4,864	2,830
- Hire purchase creditors	84	95
	<u>4,948</u>	<u>2,925</u>
<i>Unsecured</i>		
- Term loans	1,168	4,093
	<u>6,116</u>	<u>7,018</u>
Total borrowings	<u><u>30,148</u></u>	<u><u>32,475</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 dividend had been declared/paid for the current financial period to-date.
- b) At the Annual General Meeting of the Company held on 28 September 2005, the shareholders approved the payment of a final dividend of 2.5 sen less tax in respect of the financial year ended 31 March 2005. The final dividend was paid on 24 November 2005 to the depositors registered in the Record of Depositors at the close of the business on 9 November 2005.
- c) In the corresponding financial quarter ended 30 September 2004, no interim dividend had been declared/paid by the Board of Directors.

## 10. Changes in material litigation

There were no pending material litigation as at 21 November 2005, being a date not earlier than 7 days from the date of this quarterly report.