

Century Bond Bhd.

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

**Interim Financial Report
30 June 2006**

Century Bond Bhd.

(Company No. 228669-V)

(Incorporated in Malaysia)

Condensed consolidated balance sheet at 30 June 2006 - unaudited

	Note	30.6.2006 RM'000	31.3.2006 RM'000 (Restated)
Assets			
Property, plant and equipment	3	44,915	45,706
Investment in associates		--	275
Investment in quoted shares	4	78	78
Goodwill		359	359
Total non-current assets		45,352	46,418
Inventories		30,287	31,308
Trade and other receivables		38,962	35,964
Tax recoverable		815	670
Cash and cash equivalents		22,556	15,882
Total current assets		92,620	83,824
Total assets		137,972	130,242
Equity			
Share capital		60,000	60,000
Reserves		22,168	20,043
Total equity attributable to shareholders of the Company		82,168	80,043
Minority interests		1,643	1,793
Total equity		83,811	81,836
Liabilities			
Deferred tax liabilities		5,304	5,316
Borrowings		4,093	4,827
Total non-current liabilities		9,397	10,143
Trade and other payables		19,244	15,646
Borrowings		25,250	22,405
Taxation		270	212
Total current liabilities		44,764	38,263
Total liabilities		54,161	48,406
Total equity and liabilities		137,972	130,242

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2006 and the accompanying explanatory notes attached to the interim financial statements.

Century Bond Bhd.

(Company No. 228669-V)
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Condensed consolidated income statement for the period ended 30 June 2006 - unaudited

	Note	Individual 3 months ended 30 June		Cumulative 3 months ended 30 June	
		2006 RM'000	2005 RM'000 (Restated)	2006 RM'000	2005 RM'000 (Restated)
Revenue		39,237	36,665	39,237	36,665
Cost of sales		<u>(33,462)</u>	<u>(30,938)</u>	<u>(33,462)</u>	<u>(30,938)</u>
Gross profit		5,775	5,727	5,775	5,727
Other income		619	549	619	549
Distribution costs		(1,924)	(1,894)	(1,924)	(1,894)
Administrative expenses		(1,260)	(1,172)	(1,260)	(1,172)
Other expenses		<u>(28)</u>	<u>(89)</u>	<u>(28)</u>	<u>(89)</u>
Operating profit		3,182	3,121	3,182	3,121
Finance costs		(415)	(502)	(415)	(502)
Share of loss in associates		<u>--</u>	<u>(28)</u>	<u>--</u>	<u>(28)</u>
Profit before tax		2,767	2,591	2,767	2,591
Tax expense	5	<u>(583)</u>	<u>(716)</u>	<u>(583)</u>	<u>(716)</u>
Net profit for the period		<u>2,184</u>	<u>1,875</u>	<u>2,184</u>	<u>1,875</u>
Attributable to:					
Shareholders of the Company		2,112	1,794	2,112	1,794
Minority interests		<u>72</u>	<u>81</u>	<u>72</u>	<u>81</u>
Net profit for the period		<u>2,184</u>	<u>1,875</u>	<u>2,184</u>	<u>1,875</u>
Earnings per share					
Basic earnings per ordinary share (sen)	6	<u>1.8</u>	<u>1.5</u>	<u>1.8</u>	<u>1.5</u>

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 March 2006 and the accompanying explanatory notes attached to the interim financial statements.

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Condensed consolidated statement of changes in equity for the period ended 30 June 2006 - unaudited

	Attributable to shareholders of the Company			Total RM'000	Minority interests RM'000	Total equity RM'000
	Share capital RM'000	Non- distributable Reserves RM'000	Distributable Retained profits RM'000			
<i>At 1 April 2006</i>	60,000	158	19,885	80,043	1,793	81,836
Exchange fluctuation on translation of a foreign subsidiary	--	13	--	13	--	13
Acquisition of interest from minority shareholders	--	--	--	--	(222)	(222)
Share issue expenses	--	--	--	--	--	--
Net profit for period	--	--	2,112	2,112	72	2,184
<i>At 30 June 2006</i>	<u>60,000</u>	<u>171</u>	<u>21,997</u>	<u>82,168</u>	<u>1,643</u>	<u>83,811</u>
<i>At 1 April 2005</i>	40,000	7,521	25,762	73,283	1,711	74,994
Bonus issue	20,000	(7,356)	(12,644)	--	--	--
Exchange fluctuation on translation of a foreign subsidiary	--	(19)	--	(19)	--	(19)
Net profit for the period	--	--	1,794	1,794	81	1,875
<i>At 30 June 2005</i>	<u>60,000</u>	<u>146</u>	<u>14,912</u>	<u>75,058</u>	<u>1,792</u>	<u>76,850</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2006 and the accompanying explanatory notes attached to the interim financial statements.

Century Bond Bhd.

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Condensed consolidated cash flow statement for the period ended 30 June 2006 - unaudited

	3 months ended 30 June	
	2006 RM'000	2005 RM'000
Cash flows from operating activities		
Profit before tax	2,767	2,591
Adjustments for non-cash flow:		
Non-cash items	1,001	1,208
Non-operating items	(414)	505
Operating profit before working capital changes	3,354	4,304
Changes in working capital:		
Net change in current assets	(1,976)	(2,967)
Net change in current liabilities	2,928	(2,674)
Net cash generated from/(used in) operating activities	<u>4,306</u>	<u>(1,337)</u>
Cash flows from investing activity		
Other investments/ Net cash used in investing activity	<u>(156)</u>	<u>(931)</u>
Cash flows from financing activity		
Bank borrowings/ Net cash generated from financing activity	<u>1,837</u>	<u>4,087</u>
Net increase in cash and cash equivalents	5,987	1,819
Cash and cash equivalents at beginning of period	<u>14,758</u>	<u>11,078</u>
Cash and cash equivalents at end of period	<u><u>20,745</u></u>	<u><u>12,897</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	5,996	9,494
Deposits with licensed banks	16,540	5,700
Bank overdrafts	(1,791)	(2,297)
	<u><u>20,745</u></u>	<u><u>12,897</u></u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2006 and the accompanying explanatory notes attached to the interim financial statements.

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Notes to the interim financial report

1. Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad, including compliance with Financial Reporting Standard (FRS) 134₂₀₀₄, *Interim Financial Reporting*, issued by the Malaysian Accounting Standards Board (MASB).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2006 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2007 annual financial statements. Details of these changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with FRS 134₂₀₀₄, *Interim Financial Reporting* requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2006 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with FRSs.

The financial information relating to the financial year ended 31 March 2006 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2006 are available from the Company's registered office.

2. Changes in accounting policies

The MASB has issued a number of new and revised Financial Reporting Standards (FRSs, which term collectively includes the MASB's Issues Committee's Interpretations) that are effective for accounting periods beginning on or after 1 January 2006.

The FRSs that will be effective in the annual financial statements for the year ending 31 March 2007 may be affected by the issue of additional interpretation(s) or other changes announced by the MASB subsequent to the date of issuance of this interim report. Therefore the policies that will be applied in the Group's financial statements for that period cannot be determined with certainty at the date of issuance of this interim financial report.

The following sets out further information on the changes in accounting policies for the annual accounting period beginning on 1 January 2006 which have been reflected in this interim financial report.

2. Changes in accounting policies (continued)

Summary of the effect of changes in accounting policies

(a) *Amortisation of positive and negative goodwill (FRS 3, Business Combinations and FRS136, Impairment of Assets)*

In prior periods, positive goodwill was amortised on a straight line basis over its useful life and was subject to impairment testing when there were indications of impairment.

With effect from 1 January 2006, in accordance with FRS 3 and FRS136, the Group no longer amortises positive goodwill. Such goodwill is tested annually for impairment, including in the year of its initial recognition, as well as when there are indications of impairment. Impairment losses are recognised when the carrying amount of cash generating unit to which the goodwill has been allocated exceeds its recoverable amount.

Also with effect from 1 January 2006 and in accordance with FRS3, if the fair value of the net assets acquired in a business combination exceeds the consideration paid (i.e. an amount arises which would have been known as negative goodwill under the previous accounting policy), the excess is recognised immediately in the income statement as it arises.

The new policy in respect of positive goodwill has been applied prospectively in accordance with the transitional arrangements under FRS 3. As a result, comparative amounts have not been restated. The change of this policy had no significant effect on the results of the Group during the period.

The change in policy relating to negative goodwill had no effect on the interim financial report as there was no negative goodwill deferred as at 31 March 2006.

(b) *Changes in presentations (FRS101, Presentation of Financial Statements and FRS127, Consolidated and Separate Financial Statements) – Minority interests*

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the income statement as a deduction before arriving at the profit attributable to shareholders.

With effect from 1 January 2006, in order to comply with FRS101 and FRS127, minority interests at the balance sheet date are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the parent, and minority interests in the results of the Group for the period are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the period between the minority interests and the equity holders of the parent.

The presentation of minority interests in the consolidated balance sheet, income statement and statement of changes in equity for the comparative period has been restated accordingly.

3. Property, plant and equipment

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

4. Investment in quoted shares

There were no purchase or disposal of quoted securities for the current quarter under review.

5. Tax expense

	3 months ended 30 June	
	2006 RM'000	2005 RM'000
Income tax expense	578	643
Deferred tax expense	5	73
	<u>583</u>	<u>716</u>

The effective tax rate in current and corresponding quarter are lower than the statutory tax rate due to availability of reinvestment allowances incentive in certain subsidiaries.

6. Basic earnings per share

The calculation of basic earnings per share for the current quarter are based on the net profit attributable to ordinary shareholders of RM2,112,000 (First quarter ended 30 June 2005: RM1,794,000) and the number of ordinary shares in issue of 120,000,000 (First quarter ended 30 June 2005: 120,000,000).

7. Auditors' report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the Company's statutory financial statements for the year ended 31 March 2006 in their report dated 21 July 2006.

8. Seasonality of operations

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. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter.

10. Changes in estimates

There were no changes in estimates that have had material effect in the current quarter results.

11. Capital and reserves

There were no changes in capital and reserves that have had material effect in the current quarter results.

12. Dividends

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

13. Segment reporting

	Revenue 3 months ended 30 June		Profit before tax 3 months ended 30 June	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Paper packaging	22,052	20,762	1,999	2,123
Plastic packaging	16,452	15,487	866	855
Contract manufacturing and packing	7,802	8,105	351	255
Investment and property holding	232	148	(5)	(27)
	46,538	44,502	3,211	3,206
Inter-segment elimination	(7,301)	(7,837)	(29)	(85)
	39,237	36,665		
Segment result	--	--	3,182	3,121
Interest expense	--	--	(415)	(502)
Share of loss in associates	--	--	--	(28)
	39,237	36,665	2,767	2,591

14. Post balance sheet events

There are no material events after the period end that have not been reflected in the financial statements for the financial period ended 30 June 2006.

15. Changes in composition of the Group

On 17 May 2006, Prestige Packages Sdn Bhd, a wholly owned subsidiary entered into an agreement to dispose of its 49% equity interest comprising 98,000 ordinary shares of RM1.00 each in an associated company, PB Packaging (M) Sdn. Bhd. for a consideration of RM276,360. The divestment in this associated company does not have a material effect on the results and the financial position of the Group.

On 25 May 2006, the Group increased its investment in Prior Packaging Industries Sdn. Bhd. from 97% comprising 2,046,700 ordinary shares of RM1.00 each to 100% comprising 2,110,000 ordinary shares of RM1.00 each by acquiring 63,300 ordinary shares of RM1.00 each for a cash consideration of RM100,000. This acquisition results in negative goodwill of RM131,000 being recognised as income during the period.

On 14 June 2006, Prestige Packages Sdn. Bhd., a wholly owned subsidiary increased its investment in Gemilang Packaging Sdn. Bhd. from 55% comprising 55,000 ordinary shares of RM1.00 each to 60% comprising 60,000 ordinary shares of RM1.00 each by acquiring 5,000 ordinary shares of RM1.00 each for a cash consideration of RM1.00.

16. Contingent assets and liabilities

There were no contingent assets and liabilities since the last annual balance sheet date.

17. Capital commitments outstanding not provided for in the interim financial report

	30.6.2006 RM'000	30.6.2005 RM'000
<i>Property, plant and equipment</i>		
Contracted but not provided for	--	187

18. Material related party transactions

Significant related party transactions of the Group are as follows:

	3 months ended 30 June	
	2006 RM'000	2005 RM'000
Directors' remunerations	303	397
Rental payable to Mr. Tan Siew Kim, Mr. Kuan Hai Ngon, Mdm. Tan Sui Moi and Mr. Loi Tuan Ee	27	27
<i>Associates</i>		
- <i>Gemilang Packaging Sdn. Bhd.*</i>		
Sales of carton boxes	--	317
- <i>PB Packaging (M) Sdn. Bhd.</i>		
Sale of carton boxes	--	253
<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	155	126
- <i>Flexo Process (K.L.) Sdn. Bhd.</i>		
<i>Rental receivable</i>	8	8
<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	4,221	2,974
- <i>Perlis Paper Products Sdn. Bhd.</i>		
Rental payable	18	18

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

* This company became a subsidiary on 30 March 2006.

19. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 August 2006.

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

Interim Financial Report
30 June 2006

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's revenue for the 1st quarter for the financial year ending 31 March 2007 is reported at RM39.2 million, which is approximately RM2.6 million higher compared against the same corresponding quarter last year. Despite the higher revenue, gross profit is reported at RM5.8 million in current quarter which is comparable to the same quarter last year of RM5.7 million due to lower gross profit margin as a result of rising material cost and intense competition in current quarter.

Net profit for the current quarter, on the other hand, increased by approximately RM0.3 million compared against the same quarter last year mainly due to lower tax expense provided as a result of utilisation of Reinvestment Allowances in certain subsidiaries and negative goodwill arising from acquisition of additional interest in a subsidiary of RM131,000 recognised as income during the current quarter.

2. Variation of results against preceding quarter

The Group's current quarter net profit of RM2.1 million is comparable to the net profit of RM2.0 million registered in the preceding quarter.

3. Current year prospects

The Group has identified paper and plastic packaging divisions as the key drivers of growth for the Group. The management has also determined several strategies to improve and increase the Group's capabilities and product range, with the aim to be more competitive and ultimately position itself as a "One-Stop Solution Provider" in the packaging industry, while the performance of the Group's contract manufacturing and consumers products division is expected to be maintained.

The financial performance of the Group in the current year will again largely depend on the performance of the domestic and regional economies.

The Group is optimistic that based on the measures and concerted efforts undertaken by the management and employees at all level, the Group will continue to maintain and produce positive earning in the current financial year.

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

There were no outstanding corporate proposals during the current quarter under review.

7. Borrowing and debt securities

	30.6.2006	31.3.2006
	RM'000	RM'000
Current		
- Secured	5,671	8,637
- Unsecured	19,579	13,768
	<u>25,250</u>	<u>22,405</u>
Non-current		
- Secured	1,458	1,778
- Unsecured	2,635	3,049
	<u>4,093</u>	<u>4,827</u>
Total borrowings	<u><u>29,343</u></u>	<u><u>27,232</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 quarter.
- b) In the corresponding financial quarter ended 30 June 2005, no interim dividends were declared by the Board of Directors.

10. Changes in material litigation

There were no pending material litigation as at 25 August 2006, being a date not earlier than 7 days from the date of this quarterly report.