

Century Bond Bhd.

(Company No. 228669-V)

(Incorporated in Malaysia)

**Interim Financial Report
30 September 2014**

Century Bond Bhd.

(Company No. 228669-V)

(Incorporated in Malaysia)

Condensed consolidated statement of financial position at 30 September 2014 - unaudited

	Note	30.09.2014 RM'000	31.03.2014 RM'000
Assets			
Property, plant and equipment		43,804	38,214
Prepaid lease payments		3,322	3,927
Deferred tax assets		27	27
Total non-current assets		<u>47,153</u>	<u>42,168</u>
Inventories		30,648	29,836
Trade and other receivables		44,032	54,798
Tax recoverable		843	913
Cash and bank balances		87,615	82,806
Total current assets		<u>163,138</u>	<u>168,353</u>
Total assets		<u><u>210,291</u></u>	<u><u>210,521</u></u>
Equity			
Share capital		60,000	60,000
Reserves		110,117	103,910
Total equity attributable to owners of the Company		170,117	163,910
Minority interest		7,175	6,755
Total equity		<u>177,292</u>	<u>170,665</u>
Liabilities			
Loans and borrowings	21	60	86
Deferred tax liabilities		3,795	4,275
Total non-current liabilities		<u>3,855</u>	<u>4,361</u>
Trade and other payables		22,819	27,634
Loans and borrowings	21	3,586	4,948
Dividend payable		--	518
Taxation		2,739	2,395
Total current liabilities		<u>29,144</u>	<u>35,495</u>
Total liabilities		<u>32,999</u>	<u>39,856</u>
Total equity and liabilities		<u><u>210,291</u></u>	<u><u>210,521</u></u>

The notes on pages 6 to 12 are an integral part of these condensed consolidated interim financial statements.

Century Bond Bhd.

(Company No. 228669-V)

(Incorporated in Malaysia)

Condensed consolidated statement of profit or loss for the period ended 30 September 2014 - unaudited

	Note	Individual 3 months ended 30 September		Cumulative 6 months ended 30 September	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue		38,151	41,410	80,390	86,351
Cost of sales		(30,499)	(31,873)	(65,094)	(66,615)
Gross profit		7,652	9,537	15,296	19,736
Other income		774	1,569	1,713	2,154
Distribution expenses		(1,818)	(1,670)	(3,847)	(3,368)
Administrative expenses		(1,843)	(2,045)	(3,691)	(4,033)
Other expenses		--	--	(428)	--
Profit from operating activities		4,765	7,391	9,043	14,489
Finance costs		(20)	(57)	(43)	(89)
Profit before tax		4,745	7,334	9,000	14,400
Tax expense	19	(1,218)	(1,981)	(2,368)	(3,726)
Profit for the period		<u>3,527</u>	<u>5,353</u>	<u>6,632</u>	<u>10,674</u>
Attributable to:					
Owners of the Company		3,353	5,057	6,295	10,027
Minority interest		174	296	337	647
Profit for the period		<u>3,527</u>	<u>5,353</u>	<u>6,632</u>	<u>10,674</u>
Basic and diluted earnings per ordinary share (sen)	23	<u>2.79</u>	<u>4.21</u>	<u>5.25</u>	<u>8.36</u>

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Century Bond Bhd.

(Company No. 228669-V)

(Incorporated in Malaysia)

Condensed consolidated statement of profit or loss and other comprehensive income for the period ended 30 September 2014 - unaudited

	Individual 3 months ended 30 September		Cumulative 6 months ended 30 September	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit for the period	3,527	5,353	6,632	10,674
Currency translation differences arising from consolidation	106	742	(109)	968
Total comprehensive income	<u>3,633</u>	<u>6,095</u>	<u>6,523</u>	<u>11,642</u>
Attributable to:				
Owners of the Company	3,480	5,799	6,207	10,995
Minority interest	153	296	316	647
	<u>3,633</u>	<u>6,095</u>	<u>6,523</u>	<u>11,642</u>

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Century Bond Bhd.

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Condensed consolidated statement of changes in equity for the period ended 30 September 2014 – unaudited

	← Attributable to owners of the Company →			Total RM'000	Minority interest RM'000	Total equity RM'000
	<i>Non-distributable</i> Share capital RM'000	<i>Translation</i> reserves RM'000	<i>Distributable</i> Retained earnings RM'000			
<i>At 1 April 2014</i>	60,000	1,278	102,632	163,910	6,755	170,665
Total comprehensive income for the period	--	(88)	6,295	6,207	316	6,523
Disposal of shares by non-controlling interests in a subsidiary	--	--	--	--	104	104
<i>At 30 September 2014</i>	<u>60,000</u>	<u>1,190</u>	<u>108,927</u>	<u>170,117</u>	<u>7,175</u>	<u>177,292</u>
<i>At 1 April 2013</i>	60,000	(153)	91,108	150,955	5,687	156,642
Total comprehensive income for the period	--	968	10,027	10,995	647	11,642
<i>At 30 September 2013</i>	<u>60,000</u>	<u>815</u>	<u>101,135</u>	<u>161,950</u>	<u>6,334</u>	<u>168,284</u>

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Condensed consolidated statement of cash flows for the period ended 30 September 2014 - unaudited

	6 months ended 30 September	
	2014 RM'000	2013 RM'000
Cash flows from operating activities		
Profit before tax	9,000	14,400
Adjustments for non-cash flow:		
Non-cash items	2,716	3,094
Non-operating items	(325)	(1,629)
Operating profit before changes in working capital	11,391	15,865
Net change in current assets	9,692	(6,505)
Net change in current liabilities	(4,869)	(2,800)
Net tax paid	(2,434)	(2,404)
Net cash generated from operating activities	13,780	4,156
Cash flows from investing activities		
Other investments activities/		
Net cash used in investing activities	(7,064)	(577)
Cash flows used in financing activities		
Dividends paid to shareholders	--	(1,800)
Dividends paid to minority shareholder	(518)	(225)
Proceed from/(payment for) bank borrowings	(1,389)	1,780
Net cash used in financing activities	(1,907)	(245)
Net increase in cash and cash equivalents	4,809	3,334
Cash and cash equivalents at beginning of period	82,806	76,668
Cash and cash equivalents at end of period	87,615	80,002
Cash and cash equivalents included in the cash flow statement comprise the following consolidated statement of financial position amounts:		
Cash and bank balances	32,551	39,052
Deposits with licensed banks	55,064	40,950
	87,615	80,002

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Notes to the condensed consolidated interim financial statements

Century Bond Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements of the Group as at and for the six months period ended 30 September 2014 comprise the Company and its subsidiaries (together referred to as the Group).

The consolidated financial statements of the Group as at and for the year ended 31 March 2014 are available upon request from the Company's registered office at:

Suite 5.11 & 5.12, 5th floor,
Menara TJB,
No. 9, Jalan Syed Mohd Mufti,
80000 Johor Bahru,
Johor, Malaysia.

These condensed consolidated interim financial statements were approved by the Board of Directors on 28 November 2014.

1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 March 2014.

2. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 March 2014.

3. Comments about seasonal or cyclical factors

The Group businesses are affected by seasonal or cyclical factors in that it normally experiences better sales in the second and third quarters of the financial year.

4. Unusual items affecting the assets, liabilities, equity, net income or cash flows

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

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5. Material changes in estimates

There were no material changes in estimates for the current quarter.

6. Capital and reserves

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter.

7. Dividends

There were no dividends paid during the current quarter under review.

The following dividends were declared by the Company:

	Sen per share	Total amount RM'000	Date of payment
Six months ended 30 September 2014 2015 - Interim, single tier	0.03	<u>3,600</u>	23 December 2014
Six months ended 30 September 2013 2014 - Interim, single tier	0.02	<u>2,400</u>	6 January 2014

8. Segment information

(a) By Business Segments:

	Revenue 6 months ended 30 September		Profit before tax 6 months ended 30 September	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Paper packaging	72,588	82,426	7,579	12,458
Plastic packaging	12,606	12,848	630	874
Contract manufacturing and packing	10,005	9,659	471	905
Investment and property holding	697	445	405	374
Others	1,300	1,065	(42)	(122)
	<u>97,196</u>	<u>106,443</u>	<u>9,043</u>	<u>14,489</u>
Inter-segment elimination	<u>(16,806)</u>	<u>(20,092)</u>	<u>--</u>	<u>--</u>
	80,390	86,351	9,043	14,489
Finance costs	--	--	(43)	(89)
	<u>80,390</u>	<u>86,351</u>	<u>9,000</u>	<u>14,400</u>

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8. Segment information (continue)

(b) By geographical locations:

	Revenue 6 months ended 30 September	
	2014 RM'000	2013 RM'000
Malaysia	59,584	60,124
Indonesia and others	20,806	26,227
	<u>80,390</u>	<u>86,351</u>

9. Profit before tax

	3 months ended 30 September		Cumulative 6 months ended 30 September	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit for the period is arrived at after charging/ (crediting):				
Depreciation & amortisation	1,367	1,382	2,716	2,706
Net foreign exchange loss/ (gain)	(316)	(879)	44	(1,059)
Interest income	(327)	(294)	(636)	(571)

10. Material events subsequent to period end

There were no material events subsequent to the end of the period reported that have not been reflected in this quarterly report.

11. Changes in composition of the Group

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

12. Contingent assets and contingent liabilities

The Group did not have any contingent liabilities and contingent assets since the last annual balance sheet date.

13. Capital Commitments

	30 September 2014 RM'000	30 September 2013 RM'000
<i>Property, plant and equipment Contracted but not provided for</i>	<u>4,058</u>	<u>377</u>

14. Significant related party transactions

	6 months ended 30 September	
	2014	2013
	RM'000	RM'000
Directors' remuneration	1,189	1,206
<i>Rental paid/payable to certain Directors</i>	55	55
<i>Companies in which the spouse of an Executive Director/major shareholder of CBB has substantial financial interest</i>		
Purchases of printing block	192	79
<i>Company in which a corporate shareholder of a subsidiary has substantial financial interest</i>		
Sale of paper bags	10,467	13,455
Rental paid/payable	36	36
<i>Companies in which close family members of certain Directors of the Company have substantial financial interest</i>		
Purchase of finished good	120	106
Sales of finished good	116	82
Services rendered	275	266

Notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A.

15. Review of performance

The Group's revenue for the current quarter is reported at RM38.151 million, which is RM3.259 million lower compared to RM41.410 million registered in the corresponding quarter of last financial year. Gross profit is reported at RM7.652 million in current quarter representing a decrease of RM1.885 million compared to the corresponding quarter in last financial year of RM9.537 million mainly due to fresh competition in paper packaging segment during the current quarter.

The performance of each business segment is as follows:

(a) Paper packaging

The revenue for the current quarter decreased to RM30.831 million in the current quarter as compared to RM33.803 million reported in the corresponding quarter of last financial year mainly due to fresh competition during the current quarter.

(b) Plastic Packaging

The revenue recorded in the current quarter decreased to RM3.847 million as compared to RM3.974 million reported in the corresponding quarter of last financial year mainly due to lower sales volume during the current quarter.

(c) Contract manufacturing and packing

The revenue for the current quarter decreased to RM2.993 million as compared to RM3.124 million recorded in corresponding quarter of last financial year mainly due to lower sales volume achieved during the current quarter.

(d) Investment and property holding

The Group's investment and property holding activities comprises of properties which are rented to subsidiaries and management services which are provided to subsidiaries and dividends received from subsidiaries. All revenue received for both current and corresponding quarter of last financial year is eliminated from the report.

(e) Others

The revenue for the current quarter decreased to RM0.480 million as compared to RM0.509 million recorded in corresponding quarter of last financial year mainly due to lower sales volume achieved during the current quarter.

16. Variation of results against preceding quarter

The Group's revenue for the current quarter is RM38.151 million, a decrease of RM4.088 million from preceding quarter of RM42.239 million. This is mainly due to fresh competition in paper packaging segment during the current quarter.

The Group's current quarter profit before tax of RM4.745 million is RM0.490 higher compared to the profit before tax of RM4.255 million registered in the preceding quarter mainly due to higher unrealised gain on foreign exchange in current quarter and amongst other operating expenses.

17. Prospects

The Group's core attention and focus will be maintained in the paper packaging division. While other avenues and opportunities will continue to be explored and identified, the Group is mindful that in the prevailing market conditions, caution will be exercised.

The Group's business for the current financial year will remain difficult and challenging. Local business confidence and sentiment continue to remain weak and uncertain, affected by local events. Going forward, the Group will closely monitor and take appropriate measures to insulate and adapt to the ever changing operating conditions.

The Group will strive to remain profitable but caution and prudence will be exercised.

18. Profit forecast

Not applicable.

19. Tax expense

	3 months ended 30 September		Cumulative 6 months ended 30 September	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current tax	1,403	1,820	3,000	3,866
Under/(over) provision in Prior quarter	(152)	80	(152)	80
	<u>1,251</u>	<u>1,900</u>	<u>2,848</u>	<u>3,946</u>
Deferred tax liabilities/(assets)	(33)	81	(480)	(220)
	<u>1,218</u>	<u>1,981</u>	<u>2,368</u>	<u>3,726</u>

20. Status of corporate proposal announced

There was no outstanding corporate proposal announced for the current quarter under review.

21. Loans and borrowings

The loans and borrowings of the Group denominated in Ringgit Malaysia are as follows:

	30 September 2014 RM'000	31 March 2014 RM'000
Non-current		
- Secured	<u>60</u>	<u>86</u>
Current		
- Secured	121	188
- Unsecured	<u>3,465</u>	<u>4,760</u>
	<u>3,586</u>	<u>4,948</u>
Total borrowings	<u>3,646</u>	<u>5,034</u>

22. Changes in material litigation

There was no pending material litigation as at 25 November 2014, being a date not earlier than 7 days from the date of the quarterly report.

23. Earnings per ordinary share

Basic and diluted earnings per ordinary share

Basic earnings per ordinary share are calculated by dividing the profit after tax for the period by the weighted average number of ordinary shares in issue during the period.

	3 months ended 30 September 2014	6 months ended 30 September 2014
Profit for the period (RM'000)	3,527	6,632
Less: Amount attributable to minority interest (RM'000)	(174)	(337)
Profit for the period attributable to owners of the Company (RM'000)	<u>3,353</u>	<u>6,295</u>
Weighted average number of ordinary shares in issue	<u>120,000</u>	<u>120,000</u>
Basic earnings per share (sen)	<u>2.79</u>	<u>5.25</u>

There are no dilutive earnings per share during the period.

24. Realised and unrealised profit/losses disclosure

The retained profits as at 30 September 2014 and 31 March 2014 is analysed as follows:-

	30 September 2014 RM'000	31 March 2014 RM'000
Total retained profits/(accumulated losses) of the Company and the subsidiaries:		
- Realised	130,437	121,602
- Unrealised	(2,533)	(1,481)
	<u>127,904</u>	<u>120,121</u>
Less: Consolidated adjustments	(18,977)	(17,489)
	<u>108,927</u>	<u>102,632</u>

25. Auditors' report on preceding annual financial statements

The auditors expressed an unqualified opinion on the Company's statutory financial Statements for the year ended 31 March 2014 in their report dated 18 July 2014.

26. Memorandum of Understanding (“MOU”)

The Company had entered into a Memorandum of Understanding (“MOU”) and Joint Venture Agreement (“JVA”) with PT BOSOWA CORPORINDO (“PTBC”), a company incorporated in Indonesia for the purposes of setting up a paper bag manufacturing plant through a joint venture (“JVC”), namely PT BOSOWA CENTURY BOND or any approved name by Minister of Law and Human Rights of Republic of Indonesia on 5 November 2014.

Pursuant to the JVA, the Company will subscribe for 51% and PTBC will subscribe for the balance 49% of the equity of the proposed JVC.

The JVC will cater for the bag requirement of all PTBC cement plants in Indonesia. The excess of bag capacity will be distributed and sold to other cement manufacturers as well as paper bags consumers.

The JVC will enable both parties to form a strategic business alliance to penetrate the paper bags market in Indonesia and venture into new activities in Indonesia as part of business collaboration and expansion.

The incorporation of the JVC is in progress but yet to be completed to date.