

Century Bond Bhd.

(Company No. 228669-V)

(Incorporated in Malaysia)

**Interim Financial Report
30 September 2016**

Century Bond Bhd.

(Company No. 228669-V)

(Incorporated in Malaysia)

Condensed consolidated statement of financial position at 30 September 2016 - unaudited

| | Note | 30.09.2016 RM'000 | 31.03.2016 RM'000 |
|---|------|-----------------------|-----------------------|
| Assets | | | |
| Property, plant and equipment | | 42,265 | 44,311 |
| Prepaid lease payments | | 3,175 | 3,346 |
| Deferred tax assets | | 57 | 80 |
| Total non-current assets | | <u>45,497</u> | <u>47,737</u> |
| Inventories | | 25,185 | 29,557 |
| Trade and other receivables | | 43,248 | 44,638 |
| Tax recoverable | | 673 | 697 |
| Cash and bank balances | | 84,232 | 73,373 |
| Total current assets | | <u>153,338</u> | <u>148,265</u> |
| Total assets | | <u><u>198,835</u></u> | <u><u>196,002</u></u> |
| Equity | | | |
| Share capital | | 60,000 | 60,000 |
| Reserves | | 108,009 | 103,446 |
| Total equity attributable to owners of the Company | | 168,009 | 163,446 |
| Minority interest | | 3,811 | 3,584 |
| Total equity | | <u>171,820</u> | <u>167,030</u> |
| Liabilities | | | |
| Loans and borrowings | 21 | -- | 30 |
| Deferred tax liabilities | | 3,226 | 3,566 |
| Total non-current liabilities | | <u>3,226</u> | <u>3,596</u> |
| Trade and other payables | | 20,711 | 23,559 |
| Loans and borrowings | 21 | -- | 20 |
| Taxation | | 3,078 | 1,797 |
| Total current liabilities | | <u>23,789</u> | <u>25,376</u> |
| Total liabilities | | <u>27,015</u> | <u>28,972</u> |
| Total equity and liabilities | | <u><u>198,835</u></u> | <u><u>196,002</u></u> |

The notes on pages 6 to 13 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 2016 - unaudited

| | Note | Individual 3 months ended 30 September | | Cumulative 6 months ended 30 September | |
|---|------|--|----------------|--|----------------|
| | | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Revenue | | 36,542 | 39,971 | 74,920 | 80,971 |
| Cost of sales | | (28,681) | (32,627) | (59,050) | (66,780) |
| Gross profit | | 7,861 | 7,344 | 15,870 | 14,191 |
| Other income | | 1,671 | 3,120 | 3,433 | 4,724 |
| Distribution expenses | | (2,091) | (2,481) | (5,329) | (4,821) |
| Administrative expenses | | (1,633) | (1,855) | (3,251) | (3,509) |
| Other expenses | | (1,320) | (400) | (1,573) | (400) |
| Profit from operating activities | | 4,488 | 5,728 | 9,150 | 10,185 |
| Finance costs | | (16) | (15) | (25) | (29) |
| Profit before tax | | 4,472 | 5,713 | 9,125 | 10,156 |
| Tax expense | 19 | (1,408) | (1,476) | (2,324) | (2,750) |
| Profit for the period | | <u>3,064</u> | <u>4,237</u> | <u>6,801</u> | <u>7,406</u> |
| Attributable to: | | | | | |
| Owners of the Company | | 2,974 | 4,233 | 6,574 | 7,306 |
| Minority interest | | 90 | 4 | 227 | 100 |
| Profit for the period | | <u>3,064</u> | <u>4,237</u> | <u>6,801</u> | <u>7,406</u> |
| Basic and diluted earnings per ordinary share (sen) | 23 | <u>2.48</u> | <u>3.53</u> | <u>5.48</u> | <u>6.09</u> |

The notes on pages 6 to 13 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 and other comprehensive income for the period ended 30 September 2016 - unaudited

| | Individual 3 months ended 30 September | | Cumulative 6 months ended 30 September | |
|--|--|----------------|--|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Profit for the period | 3,064 | 4,237 | 6,801 | 7,406 |
| Currency translation differences arising from consolidation | 802 | 3,754 | 1,589 | 4,914 |
| Total comprehensive income | <u>3,866</u> | <u>7,991</u> | <u>8,390</u> | <u>12,320</u> |
| Attributable to: | | | | |
| Owners of the Company | 3,776 | 7,466 | 8,163 | 11,699 |
| Minority interest | 90 | 525 | 227 | 621 |
| | <u>3,866</u> | <u>7,991</u> | <u>8,390</u> | <u>12,320</u> |

The notes on pages 6 to 13 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 changes in equity for the period ended 30 September 2016 – 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 | Translation reserves RM'000 | <i>Distributable</i> Retained earnings RM'000 | | | |
| <i>At 1 April 2016</i> | 60,000 | 4,681 | 98,765 | 163,446 | 3,584 | 167,030 |
| Total comprehensive income for the period | -- | 1,589 | 6,574 | 8,163 | 227 | 8,390 |
| Dividend to shareholders | -- | -- | (3,600) | (3,600) | -- | (3,600) |
| <i>At 30 September 2016</i> | <u>60,000</u> | <u>6,270</u> | <u>101,739</u> | <u>168,009</u> | <u>3,811</u> | <u>171,820</u> |
| <i>At 1 April 2015</i> | 60,000 | 3,110 | 111,592 | 174,702 | 7,708 | 182,410 |
| Total comprehensive income for the year | -- | 4,393 | 7,306 | 11,699 | 621 | 12,320 |
| Dividend to shareholders | -- | -- | (27,600) | (27,600) | -- | (27,600) |
| Dividend to minority shareholder | -- | -- | -- | -- | (1,200) | (1,200) |
| <i>At 30 September 2015</i> | <u>60,000</u> | <u>7,503</u> | <u>91,298</u> | <u>158,801</u> | <u>7,129</u> | <u>165,930</u> |

The notes on pages 6 to 13 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 cash flows for the period ended 30 September 2016 - unaudited

| | 6 months ended 30 September | |
|--|--------------------------------|----------------|
| | 2016 RM'000 | 2015 RM'000 |
| Cash flows from operating activities | | |
| Profit before tax | 9,125 | 10,156 |
| Adjustments for non-cash flow: | | |
| Non-cash items | 4,475 | 2,648 |
| Non-operating items | (1,260) | (3,408) |
| Operating profit before changes in working capital | 12,340 | 9,396 |
| Net change in current assets | 5,321 | (10,327) |
| Net change in current liabilities | (1,259) | 9,356 |
| Net tax paid | (1,338) | (1,275) |
| Net cash generated from operating activities | 15,064 | 7,150 |
| Cash flows from investing activities | | |
| Other investments activities/ | | |
| Net cash used in investing activities | (555) | (6,209) |
| Cash flows used in financing activities | | |
| Dividends paid to shareholders | (3,600) | (27,600) |
| Dividends paid to minority shareholder | -- | (1,200) |
| Proceeds from/ (Payment for) bank borrowings | (50) | 760 |
| Net cash used in financing activities | (3,650) | (28,040) |
| Net increase/(decrease) in cash and cash equivalents | 10,859 | (27,099) |
| Cash and cash equivalents at beginning of period | 73,373 | 95,472 |
| Cash and cash equivalents at end of period | 84,232 | 68,373 |
| Cash and cash equivalents included in the cash flow statement comprise the following consolidated statement of financial position amounts: | | |
| Cash and bank balances | 51,998 | 23,985 |
| Deposits with licensed banks | 32,234 | 44,388 |
| | 84,232 | 68,373 |

The notes on pages 6 to 13 are an integral part of these condensed consolidated interim financial statements.

Century Bond Bhd.

(Company No. 228669-V)

(Incorporated in Malaysia)

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 ended 30 September 2016 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 2016 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 29 November 2016.

1. Basis of preparation

These condensed consolidated interim financial statement 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 statement of the Group as at and for the year ended 31 March 2016.

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 2016.

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.

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

A final single tier dividend of 3 sen per ordinary share totalling RM3,600,000 in respect of financial year ended 31 March 2016 was paid during current quarter.

8. Segment information

(a) By Business Segments:

| | Revenue 6 months ended 30 September | | Profit before tax 6 months ended 30 September | |
|---------------------------------------|---|-----------------|---|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Paper packaging | 64,145 | 80,994 | 6,902 | 7,450 |
| Plastic packaging | 13,146 | 11,262 | 896 | 686 |
| Contract manufacturing and packing | 12,338 | 10,402 | 1,119 | 1,665 |
| Investment and property holding | 293 | 26,143 | 318 | 373 |
| Others | 2,839 | 2,257 | (85) | 11 |
| | <u>92,761</u> | <u>131,058</u> | <u>9,150</u> | <u>10,185</u> |
| Inter-segment elimination | <u>(17,841)</u> | <u>(50,087)</u> | <u>--</u> | <u>--</u> |
| | 74,920 | 80,971 | 9,150 | 10,185 |
| Finance costs | -- | -- | (25) | (29) |
| | <u>74,920</u> | <u>80,971</u> | <u>9,125</u> | <u>10,156</u> |

(b) By geographical locations:

| | Revenue 6 months ended 30 September | |
|----------------------|---|----------------|
| | 2016 RM'000 | 2015 RM'000 |
| Malaysia | 54,070 | 57,904 |
| Indonesia and others | <u>20,850</u> | <u>23,067</u> |
| | <u>74,920</u> | <u>80,971</u> |

9. Profit before tax

| | 3 months ended 30 September | | Cumulative 6 months ended 30 September | |
|---|--------------------------------|----------------|--|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Profit for the period is arrived at after charging/ (crediting): | | | | |
| Depreciation & amortisation | 1,700 | 1,358 | 2,971 | 2,648 |
| Net realised/unrealised foreign exchange loss/(gain) | (1,007) | (2,260) | (2,050) | (2,970) |
| Interest income | (246) | (356) | (521) | (786) |

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

There were no capital commitments for the current quarter.

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14. Significant related party transactions

| | 6 months ended 30 September | |
|---|--|---------------|
| | 2016 | 2015 |
| | RM'000 | RM'000 |
| Directors' remuneration | 902 | 1,067 |
| <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 | 123 | 42 |
| <i>Companies in which close family members of certain Directors of the Company have substantial financial interest</i> | | |
| Purchase of finished goods | 264 | 112 |
| Sales of finished goods | 14 | 71 |
| Services rendered | 214 | 310 |

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 RM36.542 million, which is RM3.429 million lower compared to RM39.971 million registered in the corresponding quarter of last financial year. Gross profit is reported at RM7.861 million in current quarter representing an increase of RM0.517 million compared to the corresponding quarter in last financial year of RM7.344 million mainly due to lower cost of raw materials during the current quarter.

The performance of each business segment is as follows:

(a) Paper packaging

The revenue for the current quarter decreased to RM27.483 million in the current quarter as compared to RM32.819 million reported in the corresponding quarter of last financial year mainly due to lower sales volume during the current quarter.

(b) Plastic Packaging

The revenue recorded in the current quarter increased to RM4.217 million as compared to RM3.163 million reported in the corresponding quarter of last financial year mainly due to higher sales volume during the current quarter.

(c) Contract manufacturing and packing

The revenue for the current quarter increased to RM3.624 million as compared to RM2.762 million recorded in corresponding quarter of last financial year mainly due to higher 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 RM1.218 million as compared to RM1.227 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 RM36.542 million, decrease of RM1.836 million from preceding quarter of RM38.378 million. This is mainly due to lower sales volume in paper packaging segment during the current quarter.

The Group's current quarter profit before tax of RM4.472 million is RM0.181 million lower compared to the profit before tax of RM4.653 million registered in the preceding quarter mainly due to lower sales revenue achieved in paper packaging segment during the current quarter.

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 of the deteriorating present market and difficult fiscal conditions.

The operating environment remains weak with challenges faced in fluctuating currency exchange rates and weak consumer sentiment. The Group's business for the remaining quarters of the financial year will remain difficult and challenging.

The Group is continuously monitoring the conditions and will take appropriate measures within its control to mitigate and insulate the Group's businesses against these challenging conditions.

18. Profit forecast

Not applicable.

19. Tax expense

| | 3 months ended 30 September | | Cumulative 6 months ended 30 September | |
|-------------------------------------|--------------------------------|----------------|--|----------------|
| | 2016 RM'000 | 2015 RM'000 | 2016 RM'000 | 2015 RM'000 |
| Current tax | 1,080 | 863 | 2,640 | 2,394 |
| Under provision in prior quarter | -- | 33 | -- | 33 |
| | 1,080 | 896 | 2,640 | 2,427 |
| Deferred tax liabilities/(assets) | 328 | 580 | (316) | 323 |
| | <u>1,408</u> | <u>1,476</u> | <u>2,324</u> | <u>2,750</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 2016 RM'000 | 31 March 2016 RM'000 |
|--------------------|--------------------------------|----------------------------|
| Non-current | | |
| - Secured | -- | 30 |
| Current | | |
| - Secured | -- | 20 |
| Total borrowings | <u>--</u> | <u>50</u> |

22. Changes in material litigation

There was no pending material litigation as at 25 November 2016, 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 2016 | 6 months ended 30 September 2016 |
|--|---|---|
| Profit for the period (RM'000) | 3,064 | 6,801 |
| Less: Amount attributable to minority interest (RM'000) | (90) | (227) |
| Profit for the period attributable to owners of the Company (RM'000) | <u>2,974</u> | <u>6,574</u> |
| Weighted average number of ordinary shares in issue | <u>120,000</u> | <u>120,000</u> |
| Basic earnings per share (sen) | <u>2.48</u> | <u>5.48</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 2016 and 31 March 2016 is analysed as follows:-

| | 30 September 2016 RM'000 | 31 March 2016 RM'000 |
|--|---|-------------------------------------|
| Total retained profits/(accumulated losses) of the Company and the subsidiaries: | | |
| - Realised | 126,109 | 123,653 |
| - Unrealised | (4,978) | (5,708) |
| | <u>121,131</u> | <u>117,945</u> |
| Less: Consolidated adjustments | (19,392) | (19,154) |
| | <u>101,739</u> | <u>98,791</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 2016 in their report dated 20 June 2016.

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26. Memorandum of Understanding / Joint Venture Agreement

The Company had entered into a memorandum of understanding and joint venture agreement with PT Bosowa Corporindo, a company incorporated in Indonesia for the purposes of setting up a paper bag manufacturing plant through a joint venture company, namely PT Bosowa Century Bond or any approved name by Minister of Law and Human Rights of Republic of Indonesia.

As at this date, the joint venture company PT Bosowa Century Bond is still in the process of securing the relevant approvals, licences and clearance from the relevant Indonesian Authorities.