

**QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 JULY 2010
(THESE FIGURES ARE UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.07.2010 RM'000	Preceding Year Corresponding Quarter 31.07.2009 RM'000	Current Year To Date 31.07.2010 RM'000	Preceding Year Corresponding Period 31.07.2009 RM'000
Revenue	15,839	18,030	35,943	32,497
Other operating income	132	69	498	130
Changes in inventories of finished goods	80	531	183	80
Raw materials and consumables used	(9,167)	(10,424)	(21,178)	(17,341)
Directors' remuneration	(318)	(334)	(629)	(661)
Staff costs	(1,952)	(1,914)	(4,010)	(3,557)
Depreciation of property, plant and equipment	(1,784)	(1,810)	(3,581)	(3,652)
Other operating expenses	(2,286)	(2,752)	(5,017)	(5,011)
Profit from operations	544	1,396	2,209	2,485
Finance costs	(25)	(47)	(53)	(114)
Profit before tax	519	1,349	2,156	2,371
Income tax credit / (expense)	(50)	-	(150)	-
Net Profit for the period	469	1,349	2,006	2,371
	Sen	Sen	Sen	Sen
Net earnings per share				
- Basic	0.47	1.35	2.01	2.37
- Diluted	-	-	-	-

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 January 2010 and the accompanying explanatory notes to the quarterly financial statements.

QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 JULY 2010
(THESE FIGURES ARE UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.07.2010	31.01.2010
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	63,268	65,599
Total Non-Current Assets	63,268	65,599
Current Assets		
Inventories	6,552	6,032
Trade receivables	12,785	14,478
Other receivables and prepaid expenses	1,583	587
Cash and bank balances	6,668	4,390
Total Current Assets	27,588	25,487
TOTAL ASSETS	90,856	91,086
EQUITY AND LIABILITIES		
Capital and Reserve		
Issued capital	50,000	50,000
Reserves	21,058	23,052
Shareholders' Equity	71,058	73,052
Non-Current Liabilities		
Long term loans – non-current portion	881	967
Deferred tax liabilities	6,192	6,192
Total Non-Current Liabilities	7,073	7,159
Current Liabilities		
Trade payables	6,985	8,971
Other payables and accrued expenses	1,001	1,081
Bank borrowings	589	762
Dividend payable	4,000	-
Tax liabilities	150	61
Total Current Liabilities	12,725	10,875
Total Liabilities	19,798	18,034
TOTAL EQUITY AND LIABILITIES	90,856	91,086

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 January 2010 and the accompanying explanatory notes to the quarterly financial statements.

QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 JULY 2010
(THESE FIGURES ARE UNAUDITED)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	3 months ended 31.07.2010 RM'000	3 months ended 31.07.2009 RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	3,832	6,658
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES	(1,242)	(2,476)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	(312)	(2,461)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	2,278	1,721
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,390	4,149
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>6,668</u>	<u>5,870</u>
Cash and cash equivalents comprises:		
Cash and Bank balances	6,668	5,870
Bank Overdraft	-	-
	<u>6,668</u>	<u>5,870</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 January 2010 and the accompanying explanatory notes to the quarterly financial statements.

**QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 JULY 2010
(THESE FIGURES ARE UNAUDITED)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital RM'000	Share premium RM'000	Revaluation Surplus RM'000	Unappropriated profits RM'000	Total RM'000
Balance as of 1 February 2009	50,000	1,504	2,039	19,728	73,271
Dividends	-	-	-	(4,000)	(4,000)
Net profit for the year	-	-	-	3,753	3,753
Deferred tax on revaluation surplus no longer required	-	-	28	-	28
Effect of change in tax rate applicable to deferred tax	-	-	-	-	-
Transfer to retained earnings	-	-	(111)	111	-
Balance as of 31 January 2010	50,000	1,504	1,956	19,592	73,052
Balance as of 1 February 2010	50,000	1,504	1,956	19,592	73,052
Dividends	-	-	-	(4,000)	(4,000)
Net profit for the year	-	-	-	2,006	2,006
Effect of change in tax rate applicable to deferred tax	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-
Balance as of 31 July 2010	50,000	1,504	1,956	17,598	71,058

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2010 and the accompanying explanatory notes to the quarterly financial statements.

**EXPLANATORY NOTES TO INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR
THE SECOND FINANCIAL QUARTER ENDED 31 JULY 2010**

**A EXPLANATORY NOTES – FINANCIAL REPORTING STANDARDS (FRS) 134 : INTERIM
FINANCIAL REPORTING**

A1. Accounting policies and basis of preparation

This interim financial report is unaudited and has been prepared in compliance with FRS 134, Interim Financial Reporting and paragraph 9.22 of the Listing requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia).

The interim financial report is unaudited and should be read in conjunction with the audited financial statements for the year ended 31 January 2010. The explanatory notes attached to the quarterly financial statements provide an explanation of events and transactions that are significant to gain an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 January 2010.

The accounting policies and methods of computation adopted by the Group and Company in this report are consistent with those adopted in the audited financial statements for the year ended 31 January 2010.

A2. Changes in Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 January 2010, except for the following new FRSs and IC Interpretations which are effective for the annual financial period beginning on or after 1 January 2010:

FRS and IC Interpretations

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised in 2009)
FRS 123	Borrowing Costs (Revised)
FRS 127	Consolidated and Separate Financial Statements (Revised in 2010)
FRS 139	Financial Instruments: Recognition and Measurement
Improvements to FRSs (2009)	
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

The adoption of the above standards did not result in any significant changes in accounting policies and presentations of the financial results of the Group except for the following:

FRS 101: Presentation of Financial Statements (Revised in 2009)

Prior to the adoption of the revised FRS 101, the components of the financial statements consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements.

Upon the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a cash flow statement and notes to the financial statements.

EXPLANATORY NOTES TO INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 31 JULY 2010

A3. Audit Qualification of Annual Financial Statements

The financial statements of the preceeding year for the Group and the Company were not subject to any qualifications.

A4. Seasonal or cyclical factors

The Group is cautiously optimistic on the improved state of the economy. The Group's interim business operation was not materially affected by seasonal or cyclical factors for the quarter under review.

A5. Unusual nature and amount of items affecting assets, liabilities, equity, net income and cash flows

There are no unusual nature and amount of items affecting assets, liabilities, equity, net income and cash flows of the Group during the quarter under review

A6. Material changes in estimates of amounts reported in prior periods in current financial year or prior financial years which have material effect in the current interim period

There are no material changes in estimates of amounts reported in prior financial years that have a material effect in the current interim period.

A7. Changes in debts and equity securities

There were no issuance, cancellation, repurchases, resale and repayments of debts and equity securities for the current financial quarter ended 31 July 2010.

A8. Dividend

No interim dividend has been proposed in the current financial quarter ended 31 July 2010.

The final tax exempt dividend of 4.0 sen (8%) amounting to RM 4,000,000 in respect of the financial year ended 31 January 2010 has been approved by shareholders at the tenth Annual General Meeting on 27th July 2010 and has been paid on 30th August 2010 to shareholders whose name appear in the Record of Depositors on 16th August 2010.

A9. Segmental reporting

The Group operates in a single industry in the business of manufacturing and supplying of plastic packaging products in Malaysia. Accordingly, the financial information by industry and geographical segments of the Group's operations are not presented.

A10. Property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements ended 31 January 2010.

The total additions of property, plant and equipment for the financial quarter ended 31 July 2010 amounted to RM 738 thousand. During the said period, there were no significant disposal of property, plant and equipment.

A11. Material events subsequent to the current quarter.

In the opinion of the Directors, there were no items, transaction or event of a material and unusual nature which has arisen which would substantially affect the results of the Group and the Company for the period between 31 July 2010 and the date of this report.

A12. Changes in the composition of the Company

There were no changes in the composition of the Group for the current financial period to date.

CYL CORPORATION BERHAD

(Incorporated in Malaysia)

Company No. 516143 - V

EXPLANATORY NOTES TO INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 31 JULY 2010

A13. Changes in Contingent Assets and Contingent Liabilities

There were no significant changes in contingent assets and liabilities since the last annual balance sheet as at 31 January 2010. Corporate guarantees given to banks for credit facilities granted to the subsidiary company remain at RM 30.89 million.

A14. Capital commitments

As at 31 July 2010, the Group has the following capital expenditure relating to upgrading on building and purchase of machinery as follows:

	RM'000
Approved and contracted for	<u>4,236</u>

A15. Significant Related Party Transactions

There were no significant related party transactions during the quarter under review.

CYL CORPORATION BERHAD

(Incorporated in Malaysia)

Company No. 516143 - V

EXPLANATORY NOTES TO INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 31 JULY 2010**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS****B1. Review of performance**

The Group achieved profit before tax of RM 519 thousand based on the back of RM15.84 million revenue for the current quarter ended 31 July 2010. In the corresponding interim period ended 31 July 2009, the profit before tax and revenue were RM 1.35 million and RM18.03 million respectively.

B2. Material change in the quarterly results compared to preceding quarter's results

The revenue recorded for the Group decreased by 21.21% as compared to the preceding financial quarter ended 30 April 2010 with a corresponding decrease in profit before tax of 68.29% due to increased competition in the industry.

B3. Prospects for the current financial year

The Board is of the view that the prospects for the current financial year is very challenging.

B4. Variance of actual profit from profit forecast or profit guarantee

The disclosure requirement is not applicable for the Group.

B5. Income tax credit / (expense)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.07.2010 RM'000	Preceding Year Corresponding Quarter 31.07.2009 RM'000	Current Year To Date 31.07.2010 RM'000	Preceding Year Corresponding Period 31.07.2010 RM'000
Estimated tax (payable) / credit				
Malaysian income tax	(50)	-	(150)	-
Deferred tax	-	-	-	-
Overprovision in prior years	-	-	-	-
Underprovision in prior years	-	-	-	-
	<u>(50)</u>	<u>-</u>	<u>(150)</u>	<u>-</u>

The Group's effective tax rate is not proportionate to the statutory tax rate mainly due to reinvestment allowance claimed by the subsidiary company.

B6. Unquoted investments and properties

There were no material disposals of unquoted investments and properties during the current quarter.

B7. Quoted investments

Not applicable to the Group.

EXPLANATORY NOTES TO INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 31 JULY 2010

B8. Status of corporate proposals announced

As of the date of issue of this interim financial report, there were no corporate proposals announced but not completed.

B9. Group borrowings and debt securities

Group borrowings (all denominated in Malaysian currency) as at 31 July 2010 are as follows:

	Secured RM'000
Current	
Bank Overdraft	-
Bankers Acceptance	-
Long term loans – current	589
Hire purchase obligation – current	-
Subtotal	589
Non-current	
Long term loans – non –current	881
Hire purchase obligation – non-current	-
Subtotal	881
Grand total	1,470

B10. Off Balance Sheet Financial Instruments

As at the date of issue of this interim financial report, there were no off balance sheet financial instruments.

B11. Material litigation

There was no pending material litigation as at the date of this quarterly report.

B12. Dividend

No interim dividend has been proposed in the current financial quarter ended 31 July 2010.

The final tax exempt dividend of 4.0 sen (8%) amounting to RM 4,000,000 in respect of the financial year ended 31 January 2010 has been approved by shareholders at the tenth Annual General Meeting on 27th July 2010 and has been paid on 30th August 2010 to shareholders whose name appear in the Record of Depositors on 16th August 2010.

EXPLANATORY NOTES TO INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 31 JULY 2010

B13. Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period held by the Company.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.07.2010 RM'000	Preceding Year Corresponding Quarter 31.07.2009 RM'000	Current Year To Date 31.07.2010 RM'000	Preceding Year Corresponding Period 31.07.2009 RM'000
Net profit for the period	469	1,349	2,006	2,371
Weighted average number of ordinary share in issue	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Basic earnings per share (sen)	<u>0.47</u>	<u>1.35</u>	<u>2.01</u>	<u>2.37</u>

BY ORDER OF THE BOARD

KUAN HUI FANG
THAM WAI YING
Company Secretaries
28 September 2010