

**CYL CORPORATION BERHAD**

(Incorporated in Malaysia)

Company No. 516143 - V

**QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2014  
(THESE FIGURES ARE UNAUDITED)****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.01.2014 RM'000	Preceding Year Corresponding Quarter 31.01.2013 RM'000	Current Year To Date 31.01.2014 RM'000	Preceding Year Corresponding Period 31.01.2013 RM'000
<b>Revenue</b>	15,073	14,660	63,179	63,306
Other income	44	27	134	266
Interest income from short-term deposits	21	46	120	139
Changes in inventories of finished goods	(827)	250	181	(134)
Raw materials and consumables used	(8,894)	(8,901)	(38,860)	(36,919)
Directors' remuneration	(401)	(356)	(1,393)	(1,333)
Staff costs	(1,396)	(1,352)	(7,189)	(6,421)
Depreciation of property, plant and equipment	(1,346)	(1,505)	(5,517)	(6,195)
Other operating expenses	(2,350)	(2,072)	(8,929)	(8,901)
<b>Profit/(Loss) from operations</b>	(76)	797	1,726	3,808
Finance costs	(1)	(7)	(11)	(41)
<b>Profit/(Loss) before tax</b>	(77)	790	1,715	3,767
Income tax expense	-	(128)	(450)	(314)
<b>Net Profit/(Loss) for the period</b>	(77)	662	1,265	3,453
<b>Other comprehensive income</b>				
Deferred tax on revaluation surplus	-	-	88	36
Other comprehensive income for the year	-	-	88	36
<b>Total comprehensive income for the year</b>	(77)	662	1,353	3,489
Attributable to:				
Owners of the Parent	(77)	662	1,353	3,489
Non-Controlling Interest	-	-	-	-
<b>Profit/(Loss) for the period</b>	(77)	662	1,353	3,489
Total comprehensive income attributable to:				
Owners of the Parent	(77)	662	1,353	3,489
Non-Controlling Interest	-	-	-	-
	(77)	662	1,353	3,489
Net earnings per share (sen)				
- Basic	(0.08)	0.66	1.35	3.49

**The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 January 2013 and the accompanying explanatory notes to the quarterly financial statements.**

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**QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2014  
(THESE FIGURES ARE UNAUDITED)****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>31.01.2014</b>	<b>31.01.2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	61,457	65,194
<b>Total Non-Current Assets</b>	<b>61,457</b>	<b>65,194</b>
<b>Current Assets</b>		
Inventories	6,504	6,218
Trade receivables	11,571	12,479
Other receivables, deposits and prepaid expenses	1,236	922
Short-term deposit with a licensed investment bank	6,808	6,164
Cash and bank balances	1,293	2,046
<b>Total Current Assets</b>	<b>27,412</b>	<b>27,829</b>
<b>TOTAL ASSETS</b>	<b>88,869</b>	<b>93,023</b>
<b>EQUITY AND LIABILITES</b>		
<b>Capital and Reserve</b>		
Issued capital	50,000	50,000
Reserves	23,155	26,302
<b>Shareholders' Equity</b>	<b>73,155</b>	<b>76,302</b>
<b>Non-Current Liabilities</b>		
Long term loans – non-current portion	-	23
Deferred tax liabilities	5,165	5,773
<b>Total Non-Current Liabilities</b>	<b>5,165</b>	<b>5,796</b>
<b>Current Liabilities</b>		
Trade payables	7,681	7,286
Other payables and accrued expenses	740	1,128
Dividend payable	2,000	2,000
Bank borrowings	23	279
Tax liabilities	105	232
<b>Total Current Liabilities</b>	<b>10,549</b>	<b>10,925</b>
<b>Total Liabilities</b>	<b>15,714</b>	<b>16,721</b>
<b>TOTAL EQUITY AND LIABILITES</b>	<b>88,869</b>	<b>93,023</b>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 January 2013 and the accompanying explanatory notes to the quarterly financial statements.

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**QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2014  
(THESE FIGURES ARE UNAUDITED)****CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>31.01.2014</b>	<b>31.01.2013</b>
	<b>RM'000</b>	<b>RM'000</b>

**CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES**

Profit for the year	1,265	3,453
Adjustments for:		
Depreciation of property, plant and equipment	5,517	6,195
Finance costs	11	41
Income tax (credit) recognized in income statement	450	314
Unrealised loss / (gain) on forex	38	49
Gain on disposal of property, plant and equipment	(15)	(25)
Inventories written down	826	400
Insurance claim	(8)	(3)
Interest income	(120)	(139)
<b>Operating Profit Before Working Capital Changes</b>	<b>7,964</b>	<b>10,285</b>
(Increase)/Decrease in:		
Inventories	(1,112)	647
Trade receivables	908	(497)
Other receivables and prepaid expenses	(314)	(271)
Increase/ (Decrease) in:		
Trade payables	357	(129)
Other payables and accrued expenses	(388)	(163)
Amount owing to directors	-	(13)
<b>Cash Generated From Operations</b>	<b>7,415</b>	<b>9,859</b>
Income tax paid	(1,097)	(541)
Insurance claim received	8	3
<b>Net Cash From Operating Activities</b>	<b>6,326</b>	<b>9,321</b>

**CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES**

Purchase of property, plant and equipment	(1,780)	(3,363)
Proceeds from disposal of property, plant and equipment	15	25
Interest received	120	139
<b>Net Cash Used In Investing Activities</b>	<b>(1,645)</b>	<b>(3,199)</b>

**CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES**

Repayment of term loans	(279)	(433)
Repayment of hire-purchase obligations	-	-
Dividend paid	(4,500)	(4,000)
Finance costs paid	(11)	(41)
<b>Net Cash from/(Used in) Financing Activities</b>	<b>(4,790)</b>	<b>(4,474)</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(109)</b>	<b>1,648</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>8,210</b>	<b>6,562</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>8,101</b>	<b>8,210</b>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 January 2013 and the accompanying explanatory notes to the quarterly financial statements.

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**QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2014****(THESE FIGURES ARE UNAUDITED)****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<b>Issued capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Unappropriated profits RM'000</b>	<b>Total RM'000</b>
<b>Balance as of 1 February 2012</b>	50,000	1,504	27,309	78,813
Dividends	-	-	(6,000)	(6,000)
Net profit for the year	-	-	3,453	3,453
Other comprehensive income for the year	-	-	36	36
<b>Balance as of 31 January 2013</b>	<u>50,000</u>	<u>1,504</u>	<u>24,798</u>	<u>76,302</u>
<b>Balance as of 1 February 2013</b>	50,000	1,504	24,798	76,302
Dividends	-	-	(4,500)	(4,500)
Net profit for the year	-	-	1,265	1,265
Other comprehensive income for the year	-	-	88	88
<b>Balance as of 31 January 2014</b>	<u>50,000</u>	<u>1,504</u>	<u>21,651</u>	<u>73,155</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2013 and the accompanying explanatory notes to the quarterly financial statements.

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**EXPLANATORY NOTES TO INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2014**

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**A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JANUARY 2014.**

**EXPLANATORY NOTES IN COMPLIANCE TO MFRS 134 ON INTERIM FINANCIAL REPORTING**

**A1. Accounting policies and basis of preparation**

This interim financial report is unaudited and has been prepared in compliance with the requirements of MFRS 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 2013. 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 2013.

**A2. Changes in Accounting Policies**

The Group has adopted the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

The accounting policies effective from this financial year are :

MFRS 1	Government Loans (Amendments to MFRS 1)
MFRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures - Offsetting Financial Assets and Liabilities)
MFRS 10	Consolidated Financial Statements
MFRS 10	Consolidated Financial Statements (Amendments relating to Transition Guidance)
MFRS 11	Joint Arrangements
MFRS 11	Joint Arrangements (Amendments relating to Transition Guidance)
MFRS 12	Disclosure of Interests in Other Entities
MFRS 12	Disclosure of Interests in Other Entities (Amendments relating to Transition Guidance)
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures

Amendments to MFRSs contained in the document entitled Annual Improvements 2009 - 2011 Cycle issued in July 2012.

As the former FRSs are virtually identical to the MFRSs, adoption of most of the MFRSs applicable to the Group does not have any material financial impact to these interim financial statements.

**A3. Audit Qualification of Annual Financial Statements**

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

**A4. Seasonal or cyclical factors**

The Group's interim business operation was not materially affected by seasonal or cyclical factors for the quarter under review.

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**EXPLANATORY NOTES TO INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2014**

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**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 January 2014.

**A8. Dividend**

An interim tax exempt dividend of 4% amounting to RM 2,000,000 has been declared in the current financial quarter ended 31 January 2014. The interim tax exempt dividend was paid on the 12 February 2014 to shareholders whose names appear in the Record of Depositors on 29 January 2014. This interim tax exempt dividend has been included as a liability in the current quarter.

**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 applicable.

**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 2013.

The total additions of property, plant and equipment for the financial quarter ended 31 January 2014 amounted to RM 515 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 January 2014 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.

**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 2013. Corporate guarantees given to banks for credit facilities granted to the subsidiary company is currently at RM 12.76 million.

**EXPLANATORY NOTES TO INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR  
THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2014**

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**A14. Capital commitments**

As at 31 January 2014, the Group has the following capital expenditure relating to upgrading of building and purchase of machinery as follows:

	<b>RM'000</b>
Approved and contracted for	<u>3,071</u>

**A15. Significant Related Party Transactions**

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

**EXPLANATORY NOTES TO INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2014**

**B ADDITIONAL NOTES PURSUANT TO MFRS 134**

**B1. Review of performance**

The Group revenue for the current financial quarter ended 31 January 2014 decreased by RM 491 thousand as compared to corresponding quarter ended 31 October 2013.

The Group reported a loss before tax of RM 77 thousand and revenue of RM 15.07 million for the current quarter ended 31 January 2014. In the corresponding interim period ended 31 January 2013, the profit before tax and revenue were RM 790 thousand and RM 14.66 million respectively. The decrease in performance is mainly due to the increase in costs of raw material, currency losses due to weakening of the ringgit, a further write down of packaging material to its net value, the implementation of minimum wage and the effects of new electricity tariff increase effective 1<sup>st</sup> January 2014.

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

The revenue recorded for the Group was lower by 3.15% as compared to the preceding financial quarter ended 31 October 2013 resulting in a decrease in consolidated profit before tax of 114.77%.

**B3. Prospects for the next financial year**

The Group foresees a continued competitive operating environment for the next financial year. High raw material costs, currency losses due to the weakening ringgit, high costs of labor with the implementation of minimum wage and the increase in electricity tariff will inevitably affect the Group's profit margin. The Board of Directors will continue to focus on improving production efficiency, productivity and processes to ensure a satisfactory financial result for the next financial year.

**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 31.01.2014 RM'000	Preceding Year Corresponding Quarter 31.01.2013 RM'000	Current Year To Date 31.01.2014 RM'000	Preceding Year Corresponding Period 31.01.2013 RM'000
Estimated tax payable	-	(411)	(970)	(597)
Deferred tax	-	283	520	283
Overprovision of Deferred tax in prior year	-	-	-	-
	-	(128)	(450)	(314)

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



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**EXPLANATORY NOTES TO INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2014**

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**B6. 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.

**B7. Group borrowings and debt securities**

Group borrowings (all denominated in Malaysian currency) as at 31 January 2014 are as follows:

	<b>Secured RM'000</b>
<b>Current</b>	
Bank Overdraft	-
Bankers Acceptance	-
Long term loans – current	23
Hire purchase obligation – current	-
<b>Subtotal</b>	<b>23</b>
<b>Non-current</b>	
Long term loans – non –current	-
Hire purchase obligation – non-current	-
<b>Subtotal</b>	<b>-</b>
<b>Grand total</b>	<b>23</b>

**B8. Material litigation**

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

**B9. Dividend**

An interim tax exempt dividend of 4% amounting to RM 2,000,000 has been declared in the current financial quarter ended 31 January 2014. The interim tax exempt dividend was paid on 12 February 2014 to shareholders whose names appeared in the Record of Depositors on 29 January 2014. This interim tax exempt dividend has been included as a liability in the current quarter.

A second interim tax exempt dividend of 4% amounting to RM 2,000,000 has been declared for the financial year ended 31 January 2014. The second interim tax exempt dividend will be paid on 23 June 2014 to shareholders whose names appear in the Record of Depositors on 6 June 2014.

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**EXPLANATORY NOTES TO INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2014****B10. 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 31.01.2014 RM'000	Preceding Year Corresponding Quarter 31.01.2013 RM'000	Current Year To Date 31.01.2014 RM'000	Preceding Year Corresponding Period 31.01.2013 RM'000
Net profit/ (loss) for the period	(77)	662	1,265	3,453
Weighted average number of ordinary share in issue	100,000	100,000	100,000	100,000
Basic earnings per share (sen)	<u>(0.08)</u>	<u>0.66</u>	<u>1.26</u>	<u>3.45</u>

**B11. Disclosure on realized and unrealized profits**

On 25 March 2010, Bursa Malaysia issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Main Market Listing Requirements requiring all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of the retained profits of the Group as at 31 October 2013 and 31 July 2013, into realised and unrealised profits, pursuant to the directive, is as follows:

	Current financial period (RM'000) 31.01.2014	Current financial period (RM'000) 31.10.2013
Total retained profits / (accumulated losses) of CYL Corporation and its subsidiaries :		
- Realised	15,130	15,011
- Unrealised	8,510	8,629
Total group retained profits as per consolidated accounts	<u>21,651</u>	<u>23,640</u>

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on December 20, 2010. A charge or a credit to the profit or loss of a legal entity is deemed realised when it is resulted from the consumption of resource of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.