

CYL CORPORATION BERHAD

(Incorporated in Malaysia)

Company No. 516143 - V

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.10.2014 RM'000	Preceding Year Corresponding Quarter 31.10.2013 RM'000	Current Year To Date 31.10.2014 RM'000	Preceding Year Corresponding Period 31.10.2013 RM'000
Revenue	19,927	15,564	57,060	48,097
Other income	83	41	475	90
Interest income from short-term deposits	37	32	105	99
Changes in inventories of finished goods	(167)	820	(199)	1,016
Raw materials and consumables used	(12,003)	(10,157)	(34,129)	(29,965)
Directors' remuneration	(351)	(332)	(1,062)	(992)
Staff costs	(1,980)	(1,921)	(5,828)	(5,793)
Depreciation of property, plant and equipment	(1,284)	(1,362)	(3,907)	(4,171)
Other operating expenses	(2,569)	(2,162)	(7,436)	(6,579)
Profit/(Loss) from operations	1,693	523	5,079	1,802
Finance costs	-	(2)	(2)	(10)
Profit/(Loss) before tax	1,693	521	5,077	1,792
Income tax expense	(500)	(250)	(1,285)	(450)
Net Profit/(Loss) for the period	1,193	271	3,792	1,342
Other comprehensive income				
Deferred tax on revaluation surplus	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	1,193	271	3,792	1,342
Attributable to:				
Owners of the Parent	1,193	271	3,792	1,342
Non-Controlling Interest	-	-	-	-
Profit/(Loss) for the period	1,193	271	3,792	1,342
Total comprehensive income attributable to:				
Owners of the Parent	1,193	271	3,792	1,342
Non-Controlling Interest	-	-	-	-
	1,193	271	3,792	1,342
Net earnings per share (sen)				
- Basic	1.19	0.27	3.79	1.34

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 January 2014 and the accompanying explanatory notes to the quarterly financial statements.

QUARTERLY REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 OCTOBER 2014
(THESE FIGURES ARE UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.10.2014	31.01.2014
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	60,828	61,457
Total Non-Current Assets	60,828	61,457
Current Assets		
Inventories	5,842	6,504
Trade receivables	16,557	11,570
Other receivables, deposits and prepaid expenses	1,348	1,236
Short-term deposit with a licensed investment bank	5,913	6,808
Cash and bank balances	1,333	1,293
Total Current Assets	30,993	27,411
TOTAL ASSETS	91,821	88,868
EQUITY AND LIABILITES		
Capital and Reserve		
Issued capital	50,000	50,000
Reserves	24,889	23,097
Shareholders' Equity	74,889	73,097
Non-Current Liabilities		
Long term loans – non-current portion	-	-
Deferred tax liabilities	5,165	5,165
Total Non-Current Liabilities	5,165	5,165
Current Liabilities		
Trade payables	8,511	7,220
Other payables and accrued expenses	1,966	1,201
Dividend payable	-	2,000
Bank borrowings	-	23
Amount owing to directors	5	-
Tax liabilities	1,285	162
Total Current Liabilities	11,767	10,606
Total Liabilities	16,932	15,771
TOTAL EQUITY AND LIABILITIES	91,821	88,868

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 January 2014 and the accompanying explanatory notes to the quarterly financial statements.

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

	31.10.2014 (Quarter) RM'000	31.01.2014 (Full Year) RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit for the year	3,792	1,207
Adjustments for:		
Depreciation of property, plant and equipment	3,907	5,517
Finance costs	2	13
Income tax (credit) recognized in income statement	1,285	508
Unrealised loss / (gain) on forex	75	18
Gain on disposal of property, plant and equipment	(52)	(15)
Inventories written down	-	826
Insurance claim	(30)	(8)
Interest income	(105)	(144)
Operating Profit Before Working Capital Changes	8,874	7,921
(Increase)/Decrease in:		
Inventories	662	(1,112)
Trade receivables	(4,987)	927
Other receivables and prepaid expenses	(112)	(385)
Increase/ (Decrease) in:		
Trade payables	1,216	280
Other payables and accrued expenses	765	(310)
Amount owing to directors	5	-
Cash Generated From Operations	6,423	7,321
Income tax paid	(162)	(1,097)
Insurance claim received	30	8
Net Cash From Operating Activities	6,291	6,233
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,278)	(1,709)
Proceeds from disposal of property, plant and equipment	105	15
Interest received	52	144
Net Cash Used In Investing Activities	(3,121)	(1,550)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Repayment of term loans	(23)	(279)
Repayment of hire-purchase obligations	-	-
Dividend paid	(4,000)	(4,500)
Finance costs paid	(2)	(13)
Net Cash from/(Used in) Financing Activities	(4,025)	(4,792)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(855)	(108)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	8,101	8,210
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7,246	8,101

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 January 2014 and the accompanying explanatory notes to the quarterly financial statements.

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

	Issued capital RM'000	Share Premium RM'000	Unappropriated profits RM'000	Total RM'000
Balance as of 1 February 2013	50,000	1,504	24,798	76,302
Dividends	-	-	(4,500)	(4,500)
Net profit for the year	-	-	1,207	1,207
Other comprehensive income for the year	-	-	88	88
Balance as of 31 January 2014	50,000	1,504	21,593	73,097
Balance as of 1 February 2014	50,000	1,504	21,593	73,097
Dividends	-	-	(2,000)	(2,000)
Net profit for the year	-	-	3,792	3,792
Other comprehensive income for the year	-	-	-	-
Balance as of 31 October 2014	50,000	1,504	23,385	74,889

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2014 and the accompanying explanatory notes to the quarterly financial statements.

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

A2. Changes in Accounting Policies

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the provisions of the Companies Act, 1965 in Malaysia.

Application of new and revised MFRS

New and revised MFRSs affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group and the Company has applied a number of new and revised MFRSs issued by the Malaysian Accounting Standards Board (MASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2014.

MFRS 10, MFRS 12 and MFRS 127	Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)
Amendments to MFRS 136	Impairment of Assets (Amendments relating to Recoverable Amounts Disclosures for Non-Financial Assets)
Amendments to MFRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting)

The adoption of the above new and revised MFRSs has had no material impact on the disclosures or on the amounts recognised in the financial statements for the current and prior years.

Accounting Standards Issued But Not Yet Effective

At the date of authorisation for issue of these financial statements, the new and revised Standards relevant to the Group and the Company which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below.

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009) ¹
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)

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MFRS 9	Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)
MFRS 14	Regulatory Deferral Accounts ³
MFRS 119	Employee Benefits (Amendments relating to Defined Benefit Plans : Employee Contributions) ²
Amendments to MFRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities ¹
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations ³
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation ³

Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2010 - 2012 Cycle²

Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2011 - 2013 Cycle²

Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2012 – 2014 Cycle²

¹ The mandatory effective date of MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) which was for annual periods beginning on or after January 1, 2015 has been removed with the issuance of MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139. The effective date of MFRS 9 will be decided when IASB's IFRS 9 project is closer to completion. However, each version of the MFRS 9 is available for early adoption

² Effective for annual periods beginning on or after July 1, 2014

³ Effective for annual periods beginning on or after January 1, 2016

The abovementioned Standards and Amendments when adopted will have no material impact on the financial statements of the Group and the Company in the period of initial application.

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.

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.

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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 October 2014.

A8. Dividend

A second interim dividend had been paid on the 23rd June 2014 to shareholders whose names appear in the Record of Depositors on 6th June 2014. No interim dividend has been declared in the current financial quarter ended 31 October 2014.

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 2014.

The total additions of property, plant and equipment for the financial quarter ended 31 October 2014 amounted to RM 240 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 October 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 2014. Corporate guarantees given to banks for credit facilities granted to the subsidiary company is currently at RM 12.76 million.

A14. Capital commitments

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

	RM'000
Approved and contracted for	<u>2,583</u>

A15. Significant Related Party Transactions

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

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B ADDITIONAL NOTES PURSUANT TO MFRS 134**B1. Review of performance**

The Group revenue for the current financial quarter ended 31 October 2014 increased by RM 4.36 million as compared to corresponding quarter ended 31 October 2013.

The Group reported a profit before tax of RM 1.70 million and revenue of RM 19.93 million for the current quarter ended 31 October 2014. In the corresponding interim period ended 31 October 2013, the profit before tax and revenue were RM 521 thousand and RM 15.56 million respectively. Higher demand for the Group's products, the provision for writedown of packaging inventories to its net value which is no longer needed in the current financial year and a nominal acceptance of price increase for our products contributed to the Group's performance.

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

The revenue recorded for the Group was higher by 3.19% as compared to the preceding financial quarter ended 31 July 2014. Consolidated profit before tax decreased by 19.26%.

B3. Prospects for the current financial year

The Group foresees a continued competitive operating environment for the current financial year. The increase in cost of labour and 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 current financial year. A slowdown in sales for the remaining quarter of the financial year is expected due to seasonal fluctuations of our business.

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 31.10.2014 RM'000	Preceding Year Corresponding Quarter 31.10.2013 RM'000	Current Year To Date 31.10.2014 RM'000	Preceding Year Corresponding Period 31.10.2013 RM'000
Estimated tax payable	(500)	(250)	(1,285)	(450)
Deferred tax	-	-	-	-
Overprovision of Deferred tax in prior year	-	-	-	-
	<u>(500)</u>	<u>(250)</u>	<u>(1,285)</u>	<u>(450)</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.

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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

The Group does not have any borrowings and debts securities as at 31 October 2014.

B8. Material litigation

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

B9. Dividend

The Board of Directors does not recommend any payment of dividend in respect of the quarter under review.

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 31.10.2014 RM'000	Preceding Year Corresponding Quarter 31.10.2013 RM'000	Current Year To Date 31.10.2014 RM'000	Preceding Year Corresponding Period 31.10.2013 RM'000
Net profit/ (loss) for the period	1,193	271	3,792	1,342
Weighted average number of ordinary share in issue	100,000	100,000	100,000	100,000
Basic earnings per share (sen)	<u>1.19</u>	<u>0.27</u>	<u>3.79</u>	<u>1.34</u>

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EXPLANATORY NOTES TO INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 31 OCTOBER 2014**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 2014 and 31 July 2014, into realised and unrealised profits, pursuant to the directive, is as follows:

	Current financial period (RM'000) 31.10.2014	Current financial period (RM'000) 31.07.2014
Total retained profits / (accumulated losses) of CYL Corporation and its subsidiaries :		
- Realised	14,894	13,619
- Unrealised	8,491	8,573
Total group retained profits as per consolidated accounts	23,385	22,192

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.