

CYL CORPORATION BERHAD

(Incorporated in Malaysia)

Company No. 516143 - V

**QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2016
(THESE FIGURES ARE UNAUDITED)****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.01.2016 RM'000	Preceding Year Corresponding Quarter 31.01.2015 RM'000	Current Year To Date 31.01.2016 RM'000	Preceding Year Corresponding Period 31.01.2015 RM'000
Revenue	17,347	16,297	70,040	73,358
Other income	327	83	499	350
Interest income from short-term deposits	62	53	202	158
Changes in inventories of finished goods	281	(18)	617	(218)
Raw materials and consumables used	(10,225)	(9,472)	(39,882)	(43,602)
Remuneration of key management personnel	(262)	(456)	(1,268)	(1,266)
Employee benefits expense	(1,963)	(1,629)	(8,102)	(7,709)
Depreciation of property, plant and equipment	(1,255)	(1,218)	(4,954)	(5,127)
Other operating expenses	(2,372)	(2,478)	(9,968)	(9,652)
Profit/(Loss) from operations	1,940	1,162	7,184	6,292
Finance costs	-	-	-	-
Profit/(Loss) before tax	1,940	1,162	7,184	6,292
Income tax expense	(266)	(445)	(1,241)	(1,688)
Net Profit/(Loss) for the period	1,674	717	5,943	4,604
Other comprehensive income				
Deferred tax on revaluation surplus	-	-	37	(655)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	1,674	717	5,980	3,949
Net earnings per share				
- Basic	1.67	0.72	5.98	3.95

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 January 2015 and the accompanying explanatory notes to the quarterly financial statements.

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**QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2016
(THESE FIGURES ARE UNAUDITED)****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	31.01.2016 RM'000	31.01.2015 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	59,316	60,472
Total Non-Current Assets	59,316	60,472
Current Assets		
Inventories	6,706	4,778
Trade receivables	14,176	12,694
Other receivables, deposits and prepaid expenses	673	968
Short-term deposit with a licensed investment bank	7,668	6,966
Cash and bank balances	641	1,915
Total Current Assets	29,864	27,321
TOTAL ASSETS	89,180	87,793
EQUITY AND LIABILITES		
Capital and Reserve		
Issued capital	50,000	50,000
Reserves	23,026	22,546
Shareholders' Equity	73,026	72,546
Non-Current Liabilities		
Long term loans – non-current portion	-	-
Deferred tax liabilities	5,288	5,661
Total Non-Current Liabilities	5,288	5,661
Current Liabilities		
Trade payables	8,295	4,956
Other payables and accrued expenses	2,030	1,625
Dividend payable	-	2,500
Bank borrowings	-	-
Tax liabilities	541	505
Total Current Liabilities	10,866	9,586
Total Liabilities	16,154	15,247
TOTAL EQUITY AND LIABILITIES	89,180	87,793

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 January 2015 and the accompanying explanatory notes to the quarterly financial statements.

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QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2016**(THESE FIGURES ARE UNAUDITED)****CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	31.01.2016 (Quarter) RM'000	31.01.2015 (Full Year) RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit for the year	5,943	4,604
Adjustments for:		
Depreciation of property, plant and equipment	4,954	5,127
Finance costs	-	-
Income tax (credit) recognized in income statement	1,241	1,688
Unrealised loss / (gain) on forex	(210)	2
Gain on disposal of property, plant and equipment	(166)	(57)
Inventories written down	146	168
Impairment on golf club membership no longer required	-	(39)
Interest income	(202)	(158)
Operating Profit Before Working Capital Changes	11,706	11,335
(Increase)/Decrease in:		
Inventories	(2,074)	1,558
Trade receivables	(1,433)	(1,059)
Other receivables, deposits and prepayments	295	307
Increase/ (Decrease) in:		
Trade payables	3,500	(2,331)
Other payables and accrued expenses	405	424
Cash Generated From Operations	12,399	10,234
Income tax paid	(1,541)	(1,504)
Net Cash From Operating Activities	10,858	8,730
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,798)	(4,142)
Proceeds from disposal of property, plant and equipment	166	57
Interest received	202	158
Net Cash Used In Investing Activities	(3,430)	(3,927)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Repayment of term loans	-	(23)
Repayment of hire-purchase obligations	-	-
Dividend paid	(8,000)	(4,000)
Net Cash from/(Used in) Financing Activities	(8,000)	(4,023)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(572)	780
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	8,881	8,101
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8,309	8,881

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 January 2015 and the accompanying explanatory notes to the quarterly financial statements.

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QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2016**(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 2014	50,000	1,504	21,593	73,097
Dividends	-	-	(4,500)	(4,500)
Net profit for the year	-	-	4,604	4,604
Other comprehensive income for the year	-	-	(655)	(655)
Balance as of 31 January 2015	50,000	1,504	21,042	72,546
Balance as of 1 February 2015	50,000	1,504	21,042	72,546
Dividends	-	-	(5,500)	(5,500)
Net profit for the year	-	-	5,943	5,943
Other comprehensive income for the year	-	-	37	37
Balance as of 31 January 2016	50,000	1,504	21,522	73,026

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2015 and the accompanying explanatory notes to the quarterly financial statements.

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**QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2016
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A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 JANUARY 2016.

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 2015. 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 2015.

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.

Adoption of new and revised MFRS

In the current financial year, the Group and the Company have adopted all the amendments to MFRSs and a new interpretation issued by the Malaysian Accounting Standards Board ("MASB") which became effective for accounting periods beginning on or after July 1, 2014 as follows:

Amendments to Defined Benefit Plans - Employee Contributions
MFRS 119

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

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

The adoption of the above amendments to MFRS and new interpretation did not result in significant changes in the accounting policies of the Group and of the Company and had no significant effect on the financial performance or position of the Group and of the Company.

Accounting Standards in Issue But Not Yet Effective

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

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MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014) ³
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception ¹
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
Amendments to MFRS 101	Disclosure Initiative ¹
Amendments to MFRS 116 and 138	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
MFRS 14	Regulatory Deferral Accounts ¹
MFRS 15	Revenue from Contracts with Customers ³
Amendments to MFRS 116 and 141	Agriculture: Bearer Plants ¹
Amendments to MFRS 127	Equity Method in Separate Financial Statements ¹
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2012 - 2014 Cycle ¹	

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

² Effective for annual periods beginning on or after January 1, 2017

³ Effective for annual periods beginning on or after January 1, 2018

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group and of 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 January 2016.

A8. Dividend

A first interim tax exempt dividend of 6% amounting to RM 3,000,000 in respect of the financial year ended 2016 has been paid on the 27th January 2016 to shareholders whose names appear in the Record of Depositors on 11th January 2016.

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 2015.

The total additions to property, plant and equipment for the financial quarter ended 31 January 2016 amounted to RM 357 thousand. During the said period, there was no significant disposal of property, plant and equipment.

A11. Material events subsequent to the current quarter.

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 2016 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 balance sheet as at 31 January 2016. Corporate guarantees given to banks for credit facilities granted to the subsidiary company is currently at RM 7.85 million.

A14. Capital commitments

As at 31 January 2016, the Group has the following capital expenditure relating to purchase of machinery as follows:

	RM'000
Approved and contracted for	<u>1,500</u>

A15. Significant Related Party Transactions

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

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The Group revenue for the current financial quarter ended 31 January 2016 was higher by RM 1.05 million as compared to corresponding quarter ended 31 January 2015.

The Group reported a profit before tax of RM 1.94 million and revenue of RM 17.35 million for the current quarter ended 31 January 2016. In the corresponding interim period ended 31 January 2015, the profit before tax and revenue were RM 1.16 million and RM 16.30 million respectively. The Group's improved performance is mainly due to higher sales achieved in the current quarter.

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

The revenue recorded for the Group was higher by 3.30% as compared to the preceding financial quarter ended 31st October 2015. Consolidated profit before tax increased by 18.73% mainly due to the softening of raw material prices coupled with the reversal of provisions no longer required in the current quarter.

B3. Prospects for the next financial year

The Group foresees a continued competitive operating environment for the next financial year. The weakening of the ringgit coupled with higher costs of production 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 31.01.2016 RM'000	Preceding Year Corresponding Quarter 31.01.2015 RM'000	Current Year To Date 31.01.2016 RM'000	Preceding Year Corresponding Period 31.01.2015 RM'000
Estimated tax payable	(266)	(445)	(1,577)	(1,847)
Deferred tax	-	-	-	-
Overprovision of Deferred tax in prior year	-	-	336	159
	<u>(266)</u>	<u>(445)</u>	<u>(1,241)</u>	<u>(1,688)</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 January 2016.

B8. Material litigation

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

B9. Dividend

A second interim tax exempt dividend of 6% amounting to RM 3,000,000 has been declared for the financial year ended 31 January 2016. The second interim tax exempt dividend will be paid on 16th June 2016 to shareholders whose names appear in the Record of Depositors on 3rd June 2016.

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 31.01.2016 RM'000	Preceding Year Corresponding Quarter 31.01.2015 RM'000	Current Year To Date 31.01.2016 RM'000	Preceding Year Corresponding Period 31.01.2015 RM'000
Net profit/ (loss) for the period	1,674	717	5,943	4,604
Weighted average number of ordinary share in issue	100,000	100,000	100,000	100,000
Basic earnings per share (sen)	<u>1.67</u>	<u>0.72</u>	<u>5.94</u>	<u>4.60</u>

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EXPLANATORY NOTES TO INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2016**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 January 2016 and 31 January 2015, into realised and unrealised profits, pursuant to the directive, is as follows:

	Current financial period (RM'000) 31.01.2016	As at last financial year end (RM'000) 31.01.2015
Total retained profits / (accumulated losses) of CYL Corporation and its subsidiaries :		
- Realised	17,202	17,225
- Unrealised	4,320	3,817
Total group retained profits as per consolidated accounts	21,522	21,042

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.