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NOTICE OF FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifth (5th) Annual General Meeting of the Company will be held at Conference Room, Level 3, Eastin Hotel, 13, Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, July 29, 2005 at 10.00 a.m., to transact the following business:-

AGENDA

As Ordinary Business

- | | | |
|----|---|-----------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended January 31, 2005 together with the Directors' and Auditors' Reports thereon. | Ordinary Resolution 1 |
| 2. | To declare a final tax-exempt dividend of 3% for the financial year ended January 31, 2005. | Ordinary Resolution 2 |
| 3. | To re-elect the following Directors, who are retiring pursuant to Article 83 of the Company's Articles of Association who being eligible offer themselves for re-election:- | |
| | i) Tan Sri Abu Talib Bin Othman | Ordinary Resolution 3 |
| | ii) Encik Abd Malik Bin A.Rahman | Ordinary Resolution 4 |
| 4. | To re-appoint Messrs Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 |

As Special Business

To consider and if thought fit, to pass the following resolution, with or without modifications, as an Ordinary Resolution of the Company:-

- | | | |
|----|--|-----------------------|
| 5. | Authority to Issue Shares | |
| | <p>"THAT subject always to the Companies Act, 1965 and approvals of the relevant governmental/regulatory bodies, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company from time to time at such price, upon such terms and to such person/ persons or party/parties whomsoever the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being, and that such authority shall continue in force until the conclusion of the next Annual General Meeting."</p> | Ordinary Resolution 6 |

NOTICE OF FIFTH ANNUAL GENERAL MEETING (Cont'd)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a final tax exempt dividend of 3% for the financial year ended January 31, 2005, if approved, will be paid on September 8, 2005. The entitlement date for the dividend payment is August 10, 2005.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

- a. shares transferred into the depositor's securities account before 4.00 p.m. on August 10, 2005 in respect of transfer; and
- b. shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

KUAN HUI FANG (MIA 16876)
LEW KEN LEE (MAICSA 7022557)
Secretaries

Date: July 6, 2005
Petaling Jaya

NOTES:-

- i) *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or attorney or other duly authorised representative to attend and vote in his stead. A proxy may but need not be a member of the Company. A member may appoint any person to be his proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member who appoints two (2) or more proxies shall specify the proportion of his shareholdings to be represented by each proxy.*
- ii) *The instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney, and in the case of a corporation shall be either under its common seal or signed by its attorney or an officer on behalf of the corporation.*
- iii) *The instrument appointing a proxy shall be deposited at the registered office of the Company at Level 14, Uptown 1, No. 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*
- iv) *Explanatory notes on special business:-*

Ordinary Resolution 6

The resolution 6, if passed, will renew the powers given to the Directors at the last Annual General Meeting authority to issue up to ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interests of the Company. The authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

(1) THE NAME OF DIRECTORS WHO ARE STANDING FOR RE-ELECTION:-

Pursuant to Article 83 of the Company's Articles of Association:-

- i. Tan Sri Abu Talib Bin Othman
- ii. Encik Abd Malik Bin A.Rahman

(The details of the abovementioned Directors seeking for re-election are set out in their respective profiles which appear on pages 6 and 7 of the Annual Report)

(2) THE DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS:-

During the financial year ended January 31, 2005, a total of (5) Board of Directors' Meetings were held. The attendance of each of the Directors is set out on page 9 of this Annual Report.

(3) PLACE, DATE AND TIME OF AGM:-

The Fifth (5th) Annual General Meeting (AGM) of the Company will be held at Conference Room, Level 3, Eastin Hotel, 13, Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, July 29, 2005 at 10.00a.m.

BOARD OF DIRECTORS

Tan Sri Abu Talib bin Othman
(Non-Executive Chairman)

Chen Yat Lee
(Managing Director)

Lau Kim Lian
(Executive Director)

Chen Wai Ling
(Executive Director)

Seow Nyoke Yoong
(Independent Non-Executive Director)

Abd. Malik bin A. Rahman
(Independent Non-Executive Director)

AUDIT COMMITTEE

Abd. Malik bin A. Rahman
(Independent Non-Executive Director/Chairman)

Seow Nyoke Yoong
(Independent Non-Executive Director/Member)

Chen Yat Lee
(Managing Director/Member)

NOMINATION COMMITTEE

Tan Sri Abu Talib bin Othman (Chairman)
Abd. Malik bin A. Rahman
Seow Nyoke Yoong

REMUNERATION COMMITTEE

Tan Sri Abu Talib bin Othman (Chairman)
Lau Kim Lian
Abd. Malik bin A. Rahman

AUDITORS

Deloitte KassimChan
Chartered Accountants
Level 19, Uptown 1
1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel. No.: 603-7723 6500
Fax. No.: 603-7726 3986

COMPANY SECRETARIES

Kuan Hui Fang (MIA: 16876)
Lew Ken Lee (MAICSA 7022557)

REGISTERED OFFICE

Level 14, Uptown 1
1, Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel. No.: 603-7725 2888
Fax. No.: 603-7725 7791/92/93
Email: corpserv@pfa.com.my

CORPORATE BUSINESS OFFICE

12, Jalan Teluk Gadung 27/93
Section 27
40000 Shah Alam
Selangor Darul Ehsan
Tel. No.: 603-5191 3888
Fax. No.: 603-5191 2888
Email: enquiry@jayaplastik.com

REGISTRAR

PFA Registration Services Sdn Bhd (19234-W)
Level 13, Uptown 1
1, Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel. No.: 603-7725 4888
Fax. No.: 603-7722 2311

PRINCIPAL BANKERS

Bumiputra-Commerce Bank Berhad
Citibank Berhad
AmBank Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Second Board
Sector : Industrial
Stock Name : CYL
Stock Code : 7157

PROFILE OF THE BOARD OF DIRECTORS

TAN SRI ABU TALIB BIN OTHMAN, aged 67, Malaysian, was appointed as Non-Executive Chairman of CYL Corporation Berhad, ("CYL") on 16 September 2002. He is also the Chairman of the Nomination Committee and Remuneration Committee.

He is a Barrister at Law from Lincoln's Inn, United Kingdom. He has served in various capacities in the Judicial and Legal Service of the Government of Malaysia. He was the Attorney-General of Malaysia from 1980 to his retirement in 1993. Upon his retirement, he joined the public sector and was appointed Non-Executive Director in various public and private companies. He is presently the Chairman of Alliance Unit Trust Management Berhad, Alliance Capital Asset Management Sdn Bhd, IGB Corporation Berhad, British American Tobacco (Malaysia) Berhad and Sime Darby Berhad. In 2002, he was also appointed as Chairman of Suruhanjaya Hak Asasi Manusia.

CHENYAT LEE, aged 64, Malaysian, was appointed as Managing Director of CYL on 6 June 2000. He has more than 40 years of experience in the field of technological support and innovative product development in the plastic related industries. He was one of the first Malaysians to be awarded the German Scholarship to study plastic technology in Suddeutschen Kunststoff-Zentrum, Wurzburg in Germany in 1965.

As the founder and Managing Director of Perusahaan Jaya Plastik (M) Sdn. Bhd., ("PJP"), his responsibilities include developing and planning the overall strategic business direction for the CYL Group. His entrepreneurial skills and vast technical experience have paved the way for the significant growth of PJP from a small rented factory with a workforce of 30 persons to its present size of over 200,000 sq. ft. of built-up factory and warehousing facilities fully owned by PJP in Shah Alam with a total workforce of 500 employees (including contract workers).

LAU KIM LIAN, aged 54, Malaysian, was appointed as Executive Director of CYL on 6 June 2000. She has about 15 years of working experience in the manufacturing of plastic products, in particular injection moulding. Currently, she is principally responsible for the financial aspects of the CYL Group.

Her roles in CYL and the subsidiary company, PJP include overseeing the day-to-day operations of PJP's injection moulding factory. She is also responsible for the inventory control, procurement and sourcing of raw material.

CHEN WAI LING, aged 31, Malaysian, was appointed as Executive Director of CYL on 16 September 2002. She graduated in 1997 with a Bachelor of Commerce degree from the University of Newcastle in Australia. She joined PJP as Production Executive in 1998 and was appointed as the Millennium Bug Team Leader in December 1998. She was promoted to Purchase Manager in January 2000. She is currently heading the Purchasing and Office Administration Department of the CYL Group.

SEOW NYOKE YOONG, aged 44, Malaysian, was appointed as Independent Non-Executive Director of CYL on 16 September 2002. She graduated with a Bachelor of Commerce degree from University of New South Wales, Australia in 1984 and went on to complete a Bachelor of Law degree from University of Melbourne, Australia in 1985. She is currently a senior partner of Messrs. Soo Thien Ming & Nashrah.

PROFILE OF THE BOARD OF DIRECTORS (Cont'd)

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ABD. MALIK BIN A. RAHMAN, aged 57, Malaysian, was appointed as Independent Non-Executive Director of CYL on 16 September 2002. Encik Malik, a Chartered Accountant member of the Malaysian Institute of Accountants (MIA) is also a Fellow of the Association of Chartered Certified Accountants (UK) and a member of the Malaysian Institute of Certified Public Accountants. In addition, Encik Malik, is a member of both the Malaysian Institute of Management and Chartered Management Institute (U.K.). In 2002, Encik Malik qualified as a Certified Financial Planner (USA).

Encik Malik has extensive working experience in areas of Finance and Corporate Services from his previous employment with Peak Marwick Mitchell, Esso Group of Companies, Colgate Palmolive (M) Sdn Bhd, Amway (Malaysia) Sdn Bhd and Fima Metal box Berhad. Before retirement, Encik Malik was the General Manager, Corporate Services of Kelang Multi Terminal Sdn Bhd (Westport).

Encik Malik is also a Director of other private limited companies.

FAMILY RELATIONSHIP AND CONVICTIONS FOR OFFENCES

Madam Lau Kim Lian is the spouse of Mr Chen Yat Lee whilst Ms Chen Wai Ling is their daughter.

Saved as disclosed above, none of the Directors have any relationship with any other Director and/or other major shareholder of the Company or have any conflict of interest with the Company and convictions for offences within the past 10 years other than traffic offences.

CHAIRMAN'S STATEMENT

INTRODUCTION

It gives me great pleasure to present on behalf of the Board of Directors, the Annual Report and financial statements of the Group and the Company for the year ended 31 January 2005.

BUSINESS AND FINANCIAL REVIEW

The year under review has been a very challenging year for the Group as the plastic industry continues to grapple with the soaring prices of crude oil. The plastic resins used as raw materials, is a direct derivative from crude oil and thus reflects its drastic increase in prices over the year. Cost of plastic resins has since increased almost 100% for the financial year ended 2005.

The Group has achieved a record turnover year of RM64 million for financial year ended 2005 compared to RM57 million in financial year ended 2004, registering an increase of 12% growth in revenue. However, the continuous increase in plastic resin prices throughout the year has adversely affected the profitability of the Group. As such, the Group posted a lower pre-tax profit of RM4.264 million for financial year ended 2005 as compared to RM8.496 million for financial year ended 2004.

DIVIDENDS

The Directors are pleased to recommend a final tax exempt dividend of 3% for the financial year ended January 31, 2005.

PROSPECTS

The high cost of resin has spur the Group to continue its challenge to improve its core areas of operation and competencies. The Directors expect the operation of the Group for the forthcoming year to remain challenging although news of stabilizing crude oil prices may help to stabilize the resin costs. The Group will continue to focus on its cost improvement programs as well as improving operation efficiency to help offset the high cost of resins.

The Group's fifth factory in Shah Alam will be utilized to increase its production capacity and warehousing facility. The new facility will also incorporate high technology facilities suitable for use in manufacturing of stringent products for the pharmaceutical and food industry, and as such will bring added value to the services and capability of the Group's operations.

We expect the forthcoming year to be challenging. However, with prudent and efficient management, we believe barring any unforeseen circumstances, the prospects of the Group will be satisfactory.

APPRECIATION

On behalf of the Board, I wish to express my appreciation to the management and staff for their commitment and dedication in their work and to all our customers, suppliers, shareholders and financiers for their co-operation and continue support.

I would also like to take this opportunity to thank my fellow Directors for their advice and continued support.

TAN SRI ABU TALIB BIN OTHMAN
Chairman

The Board of Directors of **CYL Corporation Berhad** (“the Board”) acknowledges and endorses the importance of enhancement of corporate governance requirements outlined in the Malaysian Code on Corporate Governance (“the Code”). It is the Board’s responsibility and commitment to ensure that high standards of corporate governance are being practised in the Group (Company and its subsidiary company), thereby safeguarding the assets of the Group and its shareholders’ investments. The Board will endeavour to fully comply with all the principles in Part 1 of the Code and to adopt the Best Practices as recommended in Part 2 of the Code.

A. THE BOARD OF DIRECTORS

CYL Corporation Berhad is led and controlled by an effective board.

Principal Responsibilities of the Board

The board takes full responsibility for the overall direction and performance of the Group. To fulfil this, the Board has assumed the following responsibilities:-

- Reviewing and adopting a strategic plan for the Group;
- Overseeing the conduct of the Group’s business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensure the implementation of appropriate systems to manage those risks, if any;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing a shareholder communications policy for the Company; and
- Reviewing the adequacy and the integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Composition and Balance

The Board consists of Three (3) Executive Directors and Three (3) Non-Executive Directors, Two (2) of whom are independent. The Directors, with their different background and specialisation, collectively bring with them a wide range of experience and expertise to enable the Board to lead and control the Group effectively. A brief description on the background of the Directors is presented on pages 6 and 7 of this Annual Report.

The Non-Executive Directors are persons of high calibre, credibility and have the skill and experience to bring an independent judgement on issues of strategy, performance and resources including key appointments and standards of conduct. The Independent Non-Executive Directors constitute one third of the membership of the Board.

There is a clear division of responsibilities between the Chairman and Managing Director of the Company to ensure a balance of power and authority. The Chairman’s responsibility is to ensure the effectiveness of the Board and conduct includes organising all necessary information on a timely basis for Board’s deliberation while the Managing Director is responsible for overall operations and effective implementation of the Board’s decisions and policies.

Board Meetings and Supply of Information

The Board held five (5) meetings during the financial year to discuss the performance of the Group. The agenda of each Board meeting is circulated to all the Directors in advance for their perusal and understanding. The attendances of the Board members are as follows:-

Name of Directors	No. of Meetings Attended
Tan Sri Abu Talib bin Othman	5/5
Chen Yat Lee	5/5
Lau Kim Lian	5/5
Chen Wai Ling	5/5
Seow Nyoke Yoong	5/5
Abd. Malik bin A.Rahman	4/5

Every Director has also unhindered access to the advice and services of the Company Secretaries. The Board believes that the Company Secretaries are capable of carrying out their duties to ensure the effective functioning of the Board. The Directors may seek independent professional advice where deemed necessary at the Company’s expense.

STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

Appointments to the Board

The Board believes that the current composition of the Board brings the required mix of skills and core competencies required for the Board to discharge its duties effectively. The Board appoints its members through a formal and transparent selection process which is consistent with the Articles of Association of the Company. This process has been reviewed, approved and adopted by the Board.

The appointment of any additional Director is made when necessary. In the process of nominating and appointment of new Directors, due consideration is given to industry's experience and mixed expertise for an effective Board.

The Company Secretaries will ensure that all appointments are properly made, and that legal and regulatory requirements are met.

Re-Election of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the coming Annual General Meeting after their appointment. The Articles of Association also provide that one-third of the Directors for the time being shall, retire from office and provided always that all Directors shall retire from office once at least in every three (3) years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election. This provides an opportunity for shareholders to renew their mandates. The election of each Director is voted on separately.

Directors' Training

All Directors have completed the Mandatory Accreditation Programme and are committed to comply with the Continuing Education Programme in accordance with PN5/2001 and PN15/2003. The Directors will continue to undergo the relevant training program to enhance their skills and knowledge on an annual basis.

BOARD COMMITTEES

Audit Committee

The Audit Committee reviews issues of accounting policy and presentation of external financial reporting and ensures an objective and appropriate relationship is maintained with the external auditors. The Audit Committee works closely with both the management and external auditors.

The composition and terms of reference of the Audit Committee are set out in the Audit Committee Report set out on pages 14 to 16 in the Annual Report.

Nomination Committee

The Board established the Nomination Committee on December 24, 2003. The Committee will assist the Board of Directors in nominating new nominees to the Board. The Committee shall also assess the Directors of the Company on an on-going basis. The Committee comprises exclusively Non-executive directors, a majority of whom is independent. The composition of the Nomination Committee is set out in page 5 of this report.

The Committee shall meet at least once a year. The attendance of the Committee members is as follows:-

Name of Directors	No. of Meetings Attended
Tan Sri Abu Talib bin Othman	1/1
Seow Nyoke Yoong	1/1
Abd. Malik bin A.Rahman	1/1

STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

Remuneration Committee

The Remuneration Committee was formed on December 24, 2003. The Committee is to assist the Board of Directors in assessing the remuneration packages of the Directors of the Company. The composition of the Remuneration Committee is set out in page 5 of this report.

The Committee shall meet at least once a year. The attendance of the Committee members is as follows:-

Name of Directors	No. of Meetings Attended
Tan Sri Abu Talib bin Othman	1/1
Lau Kim Lian	1/1
Abd. Malik bin A.Rahman	1/1

B. DIRECTORS' REMUNERATION

The Malaysian Code on Corporate Governance states that remuneration for Directors should be determined so as to ensure that the Company attracts and retains the Directors to run the Company successfully. The remuneration for Chairman, Managing Director and Executive Directors are structured so as to link reward to corporate and individual performance.

In the case of Non-Executive Independent Directors, we believe that the level of remuneration should reflect the level of experience and responsibilities undertaken by the respective directors.

The details of aggregate remuneration of the Directors for the year ended January 31, 2005 are disclosed in Note 6 to the financial statements set out in page 34 of this Annual Report.

The number of Directors of the Group whose total remuneration fall within the respective bands are analysed as follows:-

Number of Directors	Executive	Non-executive
Below RM50,000		2
RM50,001 – RM100,000	1	
RM100,001 – RM150,000		1
RM250,001 – RM300,000	1	
RM500,001 – RM550,000	1	

C. SHAREHOLDERS

The Board acknowledges the need for the shareholders to be informed on all material business matters affecting the Group. In addition to the various announcements made, the timely release of financial results on a quarterly basis provides shareholders and the investing public with an overview of the Group's performance and operations. Shareholders are invited to access the Bursa Malaysia's website at www.bursamalaysia.com to obtain the latest information of the Group.

In addition, the Board encourages full participation by shareholders at every Annual General Meeting and Extraordinary General Meeting of the Company and opportunity is given to the shareholders to make relevant enquiries and seek clarification on the Group's business activities and financial performance.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospect at the end of the financial year, primarily through the annual financial statements and quarterly announcement of results to the shareholders as well as the Chairman's statement in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates. The Directors also have a general responsibility for taking such steps to safeguard the assets of the Group and to prevent and detect fraud and irregularities.

Internal Control

The Board acknowledges its overall responsibility for maintaining a system of internal controls, which provides reasonable assurance of effective and efficient operations and compliance with laws and regulations as well as with internal financial administration procedures and guidelines.

The Group's Statement of Internal Control is set out in pages 17 and 18 of this Annual Report.

Relationship with Auditors

The Company has established and maintained an appropriate and transparent relationship with the Company's external auditors, Messrs. Deloitte KassimChan in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

Compliance Statement

The Company has complied throughout the financial year with all the Best Practices of Corporate Governance set out in Part 2 of the Code. Given the current composition of the Board which reflects a strong independent element and the separation of the roles amongst the Executive Directors, the Board does not consider it necessary at this juncture to nominate a Senior Independent Non-Executive Director.

OTHER COMPLIANCE INFORMATION

(Pursuant to Paragraph 9.25(1) of the Listing Requirements of Bursa Malaysia Securities Berhad)

MATERIAL CONTRACTS

There were no material contracts of the Company and its subsidiary company involving Directors and/or major shareholders entered into since the end of the financial year.

CONTRACT RELATING TO LOANS

There were no contracts relating to loans entered into by the Company and its subsidiary company involving Directors and/or major shareholders in respect of the above said item since the end of the financial year.

SHARE BUYBACKS

There were no share buybacks by the Company.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options, warrants or convertible securities were issued by the Company during the year.

IMPOSITION OF SANCTIONS/PENALTIES

There were no public sanctions and/or penalties imposed on the Company and its subsidiary company, Directors or management during the year.

VARIATION IN RESULTS

There is no variance between the results for the financial year and the unaudited results previously announced by the Company.

PROFIT GUARANTEES

There were no profit guarantees given by the Company.

AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

The Company does not sponsor any ADR or GDR programme.

REVALUATION OF LANDED PROPERTIES

The Group's revaluation policy relating to landed properties is stated in Note 3 to the financial statements on page 31.

AUDIT COMMITTEE REPORT

MEMBERSHIP

The present Audit Committee (the "Committee") comprises:-

Name	Designation	Directorship
Abd. Malik bin A. Rahman*	Chairman	Independent Non-Executive Director
Seow Nyoke Yoong	Member	Independent Non-Executive Director
Chen Yat Lee	Member	Managing Director

* *Member of the Malaysian Institute of Accountants (MIA)*

TERMS OF REFERENCE

Objectives

The primary function of the Committee is to assist the Board of Directors in fulfilling the following objectives on the Group's activities:-

- Assess the Group's processes relating to its risk and control environment;
- Oversee financial reporting; and
- Evaluate the internal control and external audit processes.

Composition

The Board shall elect and appoint Committee members from amongst their number, comprising no fewer than three (3) Directors, the majority of whom shall be independent directors (excluding alternate directors) of the Company.

The Board shall at all times ensure that:-

- i) at least one (1) member of the Committee shall be a member of the Malaysian Institute of Accountants (MIA);
- ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
 - a) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967;
- iii) fulfils such other requirements as prescribed by the Bursa Malaysia Securities Berhad.

In the event of any vacancy in the Committee resulting in the non-compliance of the above, the Company must fill the vacancy within 3 months.

The Board of Directors must review the term of office and performance of the Committee and each of its members at least once every 3 years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

The Chairman shall be elected by the Committee from among their members who shall be an independent director.

Function

The functions of the Committee are as follows:-

- a) review the following and report the same to the Board of Directors:-
 - i) with the external auditor, the audit plan, his evaluation of the system of internal controls, his audit report;
 - ii) the assistance given by the employees of the Company to the external auditor;
 - iii) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - iv) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - v) the quarterly results and year end financial statements, in particular changes to accounting policy and standards and or significant or unusual events, prior to the approval by the Board of directors;
 - vi) any related party transaction and conflict of interest situation that may arise within the Company or group;
 - vii) any letter of resignation from the external auditors;
 - viii) whether there is reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment; and
- b) recommend the nomination of a person or persons as external auditors; and
- c) report promptly to the Bursa Malaysia Securities Berhad where the Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

Rights of the Committee

The Audit Committee shall, wherever necessary and reasonable for the Company to perform its duties, in accordance with procedures to be determined by the Board of Directors and at the cost of the Company:-

- a) have authority to investigate any matter within its terms of reference;
- b) have the resources which are required to perform its duties;
- c) have full and unrestricted access to any information pertaining to the Company;
- d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- e) be able to obtain independent professional or other advice; and
- f) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

Meetings

The frequency of the meetings can vary depending on the scope of the audit activities. The Committee members may meet as they deem fit so long as meetings shall at the least, be held to review the quarterly results and year end financial statements. The directors and employees or representative of external auditors may attend any particular audit committee meeting at the Committee's invitation, specific to the relevant matters.

During the financial year, a total of Five (5) committee meetings were held and the attendance of the members is as follows:-

Name of Directors	No. of Meetings Attended
Abd. Malik bin A.Rahman	5/5
Seow Nyoke Yoong	5/5
Chen Yat Lee	5/5

In addition, the Chairman may call a meeting of the Audit Committee if a request is made by any committee member, the Company's Managing Director or the external auditors. The Company Secretaries or other appropriate senior official shall act as secretary of the Audit Committee and shall be responsible for drawing up the agenda and circulating it, supported by explanatory documentation to committee members prior to each meeting.

The Company Secretaries shall also be responsible for keeping the minutes of meetings of the Audit Committee, and circulating them to committee members.

A quorum shall consist of a majority of independent directors and any decisions shall be by simple majority.

Internal Audit Functions

The Committee acknowledges the need to maintain a sound system of internal controls within the Group. The Committee has recommended the appointment of an independent professional services firm to assist the Committee in assuming the task of internal control review and risk assessment functions of the Group of which the appointment was endorsed by the Board of Directors on December 24, 2003.

Information on the Group's internal audit functions is presented in the Statement on Internal Control set out in pages 17 and 18 on this report.

Summary of Activities During the Financial Year

The Committee carried out its duties in accordance with its established terms of reference. The main activities undertaken by the Committee were as follows:-

- Reviewed with external auditors their scope of work and audit plan for the year;
- Reviewed with external auditors the results of the audit and the audit report and recommend the same for Board of Directors' approval;
- Reviewed the annual report and the audited financial statements of the Company prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 1965 and the applicable approved accounting standards in Malaysia;
- Reviewed the quarterly unaudited financial results and other pertinent announcement before recommending them for the Board's approval;
- Discussed the recommendation of declaration and payment of dividend by the management;
- Discussed and recommend the appointment of internal auditors for the Board of Directors' approval;
- Reviewed with Internal Auditors the overall scope of Internal Audit plan, the findings and recommendations from the audit work carried by the Internal Audit functions;
- Reviewed the Group's compliance with the Listing Requirements of the Bursa Malaysia Securities Berhad, MASB Standards and other relevant legal and regulatory requirements;
- Reviewed the related party transactions entered into by the Group; and
- Reviewed the extent of the Group's compliance with the provisions set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Statement of Corporate Governance to be included in the Annual Report.

INTRODUCTION

Pursuant to paragraph 15.27(b) of the Bursa Malaysia Listing Requirements, the Board of Directors of CYL Corporation Berhad (“the Company”) is pleased to provide the following statement on the state of internal control of the Company and its subsidiary (“the Group”) for the financial year ended January 31, 2005, which has been prepared in accordance with the Statement on Internal Control – Guidance for Directors of Public Listed Companies issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Malaysia.

INTERNAL CONTROL

The Board acknowledges its responsibility for maintaining a sound system of internal control, and for reviewing its adequacy and integrity. However, the Board recognises that reviewing of the Group’s systems of internal control is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Group’s system of internal controls comprises the following key elements:-

- **Control Procedures**

The Group is progressively developing and enhancing its group operating policies and procedures to address the changing environment of its business operations and practices.

The Group has developed procedures and flow charts through collaboration with the independent professional services firm.

The Standard Operating Procedures Manual developed by the management set out the policies, procedures and practices to identify and mitigate risks, and to ensure that their reporting and compliance objectives are met. The Manuals, once finalized, are to be adopted by all companies in the Group to ensure that all personnel receive a clear message regarding their role in the internal control system.

- **Organisational Structure and Responsibility Levels**

The Group has a defined organisational structure which stipulates the reporting functions of business units and employees. Delegation of authority is established which sets out the decisions that need to be taken and the appropriate authority levels of Management including matters that require Board’s approval.

- **Reporting and Review**

The Group’s management teams carry out monthly monitoring and review of operational and financial results for all businesses within the Group, including monitoring and reporting thereon, of performance against management’s target and plans.

- **Information and Communication**

Adequate financial and operational information systems are in place to capture and present information timely to management and the Board. The Group’s management teams perform monthly monitoring, and review of financial results and forecasts for all businesses within the Group, including monitoring and reporting thereon, of performance against the operating plans and annual budgets. The Group’s management teams communicate regularly to monitor operational and financial performance as well as formulate action plans to address any areas of concern. Scheduled and ad-hoc meetings are held at operational and management levels to identify, discuss and resolve business and operational issues.

STATEMENT ON INTERNAL CONTROL (Cont'd)

- **Internal Audit**

The internal audit function was carried out through the year by an independent professional services firm. The internal audit team undertakes internal audit review based on the approved audit plan that is developed after risk assessment and taken into consideration the concerns of management. The Internal Audit Plan is reviewed and approved by the Audit Committee.

The internal audit team reviews adequacy and integrity of the internal control systems of the business units, and advises executive and operational management on areas for improvement and subsequently reviews the extent to which its recommendations have been implemented.

The internal audit reports are submitted to the Audit Committee, which reviews the findings with management at the Audit Committee meetings. The Audit Committee has responsibility for the development and maintenance of the internal control framework and determining that all major issues reported have been satisfactorily resolved. Finally, the committee reports to the Board of Directors its activities, significant results, findings together with ideas, counsel and recommendations to improve the systems.

CONCLUSION

The Group's system of internal controls is designed to provide reasonable but not absolute assurance against the material risks and losses. The system of internal controls is to enable the Group to achieve its corporate objectives within an acceptable risk profile and cannot be expected to eliminate all risks.

The Board is of the view that there is no significant or weaknesses in the system of internal control of the Group for the financial year ended January 31, 2005. The Group continues to take the necessary measures to strengthen its internal controls.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

This statement is prepared as required by the Listing Requirements of the Bursa Malaysia Securities Berhad.

The Directors are required by Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors consider that, in preparing the financial statements for the financial year ended 31 January 2005, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been followed. The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

DIRECTORS' REPORT

The directors of **CYL CORPORATION BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended January 31, 2005.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The subsidiary company is principally involved in the business of manufacturing and supplying of plastic packaging products.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary company during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:-

	The Group RM	The Company RM
Profit before tax	4,264,678	1,503,263
Income tax expense	(495,214)	(214)
Net profit for the year	3,769,464	1,503,049

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

A final tax-exempt dividend of 1.5%, amounting to RM750,000 in respect of the previous financial year was paid during the current financial year.

The directors have proposed a final tax-exempt dividend of 3%, amounting to RM1,500,000 in respect of the current financial year. The dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the Financial Statements.

The proposed final dividend for 2005 is payable in respect of all ordinary shares in issue as at the date of the Financial Statements.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the Financial Statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER FINANCIAL INFORMATION

Before the income statement and the balance sheet of the Company were made out, the directors took reasonable steps:-

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that there were no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:-

- (a) which would require the writing off of bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the Group and of the Company for the succeeding financial year.

DIRECTORS' REPORT (Cont'd)

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:-

Tan Sri Abu Talib bin Othman
Chen Yat Lee
Lau Kim Lian
Abd. Malik bin A. Rahman
Seow Nyoke Yoong
Chen Wai Ling

In accordance with Article 83 of the Company's Articles of Association, Tan Sri Abu Talib bin Othman and Encik Abd. Malik bin A. Rahman retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:-

	Number of ordinary shares of RM0.50 each			Balance at 31.1.2005
	Balance at 1.2.2004	Bought	Sold	
Registered in name of directors				
Tan Sri Abu Talib bin Othman	16,506,258	–	(100,000)	16,406,258
Chen Yat Lee	34,314,000	–	–	34,314,000
Lau Kim Lian	20,686,000	2,107,000	–	22,793,000

By virtue of their shareholdings in the Company, the directors are deemed to have an interest in the shares of the subsidiary company to the extent that the Company has an interest.

Other than those disclosed, none of the other directors holding office at the end of the financial year had any interest or beneficial interest in the shares of the Company or its subsidiary company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in the Financial Statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the subsidiary company and a director of the Company as disclosed in Note 16 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors,

CHEN YAT LEE

LAU KIM LIAN

Shah Alam,
May 27, 2005

REPORT OF AUDITORS

To the Members of CYL Corporation Berhad (Incorporated in Malaysia)

We have audited the accompanying balance sheet as of January 31, 2005 and the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
 - (i) the state of affairs of the Group and of the Company as of January 31, 2005 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary company have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary company that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for these purposes.

Our auditors' report on the financial statements of the subsidiary company was not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

HIEW KIM TIAM
1717/8/05 (J)
Partner

May 27, 2005

INCOME STATEMENTS

for the year ended January 31, 2005

	Note	The Group		The Company	
		2005 RM	2004 RM	2005 RM	2004 RM
Revenue	4	63,813,572	56,919,579	1,670,000	2,238,395
Other operating income	5	144,099	565,266	–	451
Recognition of reserve on consolidation		–	1,663,109	–	–
Changes in inventories of finished goods		(421,769)	1,112,979	–	–
Raw materials and consumables used		(34,473,231)	(26,872,932)	–	–
Directors' remuneration	6	(1,107,618)	(1,140,194)	(47,700)	(76,800)
Staff costs	5	(8,271,671)	(9,586,929)	–	–
Depreciation of property, plant and equipment	11	(5,912,302)	(5,355,938)	–	–
Other operating expenses	5	(8,887,808)	(8,083,875)	(119,037)	(69,856)
Profit from operations		4,883,272	9,221,065	1,503,263	2,092,190
Finance costs	7	(618,594)	(724,573)	–	–
Profit before tax		4,264,678	8,496,492	1,503,263	2,092,190
Income tax expense	8	(495,214)	(1,275,982)	(214)	(2,796)
Net profit for the year		3,769,464	7,220,510	1,503,049	2,089,394
Earnings per ordinary share					
Basic (sen)	9	3.77	7.33		

The accompanying Notes form an integral part of the Financial Statements.

BALANCE SHEETS

as of January 31, 2005

	Note	The Group		The Company	
		2005 RM	2004 RM	2005 RM	2004 RM
ASSETS (Note 20)					
Property, plant and equipment	11	70,763,288	66,976,240	–	–
Investment in subsidiary company	12	–	–	47,749,184	47,749,184
Current Assets					
Inventories	13	6,074,072	7,631,943	–	–
Trade receivables	14	15,361,634	10,732,635	–	–
Other receivables and prepaid expenses	15	1,079,812	1,474,463	3,263	2,333
Amount owing by subsidiary company	16	–	–	5,272,771	4,558,143
Cash and bank balances		37,498	7,437	5,110	1,770
		22,553,016	19,846,478	5,281,144	4,562,246
Current Liabilities					
Trade payables	17	8,267,383	6,373,647	–	–
Other payables and accrued expenses	18	1,292,734	1,516,843	15,600	15,925
Amount owing to directors	19	–	32,300	–	32,300
Bank borrowings	20	7,875,270	9,007,651	–	–
Hire-purchase obligations - current portion	21	1,633,707	431,653	–	–
Tax liabilities		–	1,526	–	1,526
		19,069,094	17,363,620	15,600	49,751
Net Current Assets		3,483,922	2,482,858	5,265,544	4,512,495
Long-term and Deferred Liabilities					
Long-term loans - non-current portion	22	(4,356,118)	(4,209,806)	–	–
Hire-purchase obligations - non-current portion	21	(1,640,503)	(229,167)	–	–
Deferred tax liabilities	23	(7,838,330)	(7,627,330)	–	–
		(13,834,951)	(12,066,303)	–	–
Net Assets		60,412,259	57,392,795	53,014,728	52,261,679
Represented by:					
Issued capital	24	50,000,000	50,000,000	50,000,000	50,000,000
Reserves	25	10,412,259	7,392,795	3,014,728	2,261,679
Shareholders' Equity		60,412,259	57,392,795	53,014,728	52,261,679

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended January 31, 2005

The Group	Note	Issued Capital RM	Share Premium RM	Non-distributable Reserves Reserve Arising on Consolidation RM	Unappropriated profit/ (Accumulated Loss) RM	Total RM
Balance as of February 1, 2003						
As previously reported		46,071,000	1,041,081	5,732,992	(4,620)	52,840,453
Prior years' adjustments	26	–	–	(4,069,883)	–	(4,069,883)
As restated		46,071,000	1,041,081	1,663,109	(4,620)	48,770,570
Issue of shares		3,929,000	1,178,700	–	–	5,107,700
Listing expenses		–	(715,376)	–	–	(715,376)
Recognition during the year	26	–	–	(1,663,109)	–	(1,663,109)
Dividends	10	–	–	–	(1,327,500)	(1,327,500)
Net profit for the year		–	–	–	7,220,510	7,220,510
Balance as of January 31, 2004						
		50,000,000	1,504,405	–	5,888,390	57,392,795
Dividend	10	–	–	–	(750,000)	(750,000)
Net profit for the year		–	–	–	3,769,464	3,769,464
Balance as of January 31, 2005						
		50,000,000	1,504,405	–	8,907,854	60,412,259

The Company	Note	Issued Capital RM	Non-distributable Reserve Share Premium RM	Unappropriated profit/ (Accumulated Loss) RM	Total RM
Balance as of February 1, 2003					
		46,071,000	1,041,081	(4,620)	47,107,461
Issue of shares		3,929,000	1,178,700	–	5,107,700
Listing expenses		–	(715,376)	–	(715,376)
Dividends	10	–	–	(1,327,500)	(1,327,500)
Net profit for the year		–	–	2,089,394	2,089,394
Balance as of January 31, 2004					
		50,000,000	1,504,405	757,274	52,261,679
Dividends	10	–	–	(750,000)	(750,000)
Net profit for the year		–	–	1,503,049	1,503,049
Balance as of January 31, 2005					
		50,000,000	1,504,405	1,510,323	53,014,728

The accompanying Notes form an integral part of the Financial Statements.

CASH FLOW STATEMENTS

for the year ended January 31, 2005

Note	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES				
Profit before tax	4,264,678	8,496,492	1,503,263	2,092,190
Adjustments for:				
Depreciation of property, plant and equipment	5,912,302	5,355,938	–	–
Finance costs	618,594	724,573	–	–
Property, plant and equipment written off	9	–	–	–
Dividend income	–	–	(1,670,000)	(2,227,500)
Gain on disposal of property, plant and equipment	(55,094)	(336,022)	–	–
Allowance for doubtful debts no longer required	(26,447)	(115,981)	–	–
Inventories written off	–	3,287	–	–
Recognition of reserve on consolidation	–	(1,663,109)	–	–
Interest income	–	(10,895)	–	(10,895)
Operating Profit/(Loss) Before Working Capital Changes	10,714,042	12,454,283	(166,737)	(146,205)
(Increase)/Decrease in:				
Inventories	1,557,871	(2,105,346)	–	–
Trade receivables	(4,602,553)	845,574	–	–
Other receivables and prepaid expenses	275,551	669,522	(930)	(2,333)
Amount owing by subsidiary company	–	–	(714,628)	(4,558,143)
Increase/(Decrease) in:				
Trade payables	1,893,736	(562,393)	–	–
Other payables and accrued expenses	(224,109)	139,909	(325)	47,725
Amount owing to subsidiary company	–	–	–	(641,225)
Amount owing to directors	(32,300)	14,211	(32,300)	–
Cash Generated From/(Used In) Operations	9,582,238	11,455,760	(914,920)	(5,300,181)
Interest received	–	10,895	–	10,895
Income tax paid	(166,640)	(355,788)	(1,740)	(1,270)
Dividend received	–	–	1,670,000	2,227,500
Net Cash From/(Used In) Operating Activities	9,415,598	11,110,867	753,340	(3,063,056)

CASH FLOW STATEMENTS (Cont'd)

for the year ended January 31, 2005

	Note	The Group		The Company	
		2005 RM	2004 RM	2005 RM	2004 RM
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		63,500	355,500	—	—
Purchase of property, plant and equipment		(5,941,438)	(10,477,679)	—	—
Net Cash Used In Investing Activities		(5,877,938)	(10,122,179)	—	—
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES					
Issue of shares		—	5,107,700	—	5,107,700
Proceeds from drawdown of term loans		1,851,909	2,907,073	—	—
Repayment of term loans		(2,624,211)	(4,977,440)	—	—
Dividends paid		(750,000)	(1,327,500)	(750,000)	(1,327,500)
Listing expenses		—	(715,376)	—	(715,376)
Interest paid		(618,594)	(824,432)	—	—
Repayment of hire-purchase obligations		(1,152,937)	(520,681)	—	—
Increase/(Decrease) in bankers acceptances		300,000	(280,000)	—	—
Net Cash From/(Used In) Financing Activities		(2,993,833)	(630,656)	(750,000)	3,064,824
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		543,827	358,032	3,340	1,768
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		(562,799)	(920,831)	1,770	2
CASH AND CASH EQUIVALENTS AT END OF YEAR	27	(18,972)	(562,799)	5,110	1,770

Note : The Group acquired property, plant and equipment with an aggregate cost of RM9,707,765 (2004 : RM11,087,236) of which RM3,766,327 (2004 : RM500,000) was acquired under hire-purchase arrangements. Cash payment for the acquisition of property, plant and equipment amounted to RM5,941,438 (2004 : RM10,477,679).

The accompanying Notes form an integral part of the Financial Statements.

1. GENERAL INFORMATION

The Company is principally an investment holding company.

The subsidiary company is principally involved in the business of manufacturing and supplying of plastic packaging products as disclosed in Note 12.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary company during the financial year.

The total number of employees of the Group and of the Company at year end were 500 (2004 : 503) and Nil (2004 : Nil) respectively.

The registered office of the Company is located at Level 14, Uptown 1, No. 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at No. 12, Jalan Teluk Gadung 27/93, Section 27, 40000 Shah Alam, Selangor Darul Ehsan.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on May 27, 2005.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of Malaysian Accounting Standards Board.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified by the revaluation of the subsidiary company's freehold land and buildings and certain plant and machinery.

Revenue

Revenue of the Group represents gross invoiced value of goods sold less discounts, returns and sales tax and interest income. Revenue of the Company represents gross dividend and interest income.

Revenue is recognised on the following basis:-

Gross invoiced value of goods sold - upon delivery of products, net of discount and returns and when the risks and rewards of ownership have passed to the buyer.

Dividend income - when the shareholder's right to receive payment is established.

Interest income - on accrual basis

Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at the approximate exchange rates prevailing at the transaction dates or, where settlement has not taken place at the end of the financial year, at the approximate exchange rates prevailing at that date. All gains and losses on foreign exchange are taken up in the income statements.

The principal closing rates used in converting foreign currency amounts are as follows:-

	2005 RM	2004 RM
1 US Dollar	3.80	3.80
1 Singapore Dollar	2.32	2.23

Income Tax

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unused tax credits can be utilised.

Property, Plant and Equipment

Property, plant and equipment, except for freehold land and freehold building under construction which are not depreciated, are stated at cost or valuation less accumulated depreciation and impairment losses.

Land and buildings stated at valuation are revalued at regular intervals of at least once in every five years by the directors based on the valuation reports of independent professional valuers with additional valuation in the intervening years where market conditions indicate that the carrying values of the revalued assets differ materially from the market value.

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in carrying amount is charged to income statements. An increase in revaluation directly related to a previous decrease in carrying amount for that same asset that was recognised as an expense, is credited to income statements to the extent that it offsets the previously recorded decrease.

A gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements.

Depreciation and amortisation of other property, plant and equipment are computed on the straight-line method at rates based on their estimated useful lives. The principal annual rates used are as follows:-

Freehold buildings	Over 38-50 years
Freehold apartments	Over 45 years
Plant and machinery	10%
Office equipment	10%
Furniture and fittings	10%
Motor vehicles	20%
Electrical installation	10%
Containers	20%

Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. The impairment loss is charged to the income statements unless it reverses a previous revaluation in which case it is treated as a revaluation decrease.

An impairment loss is only reversed to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Property, Plant and Equipment Acquired under Hire-Purchase

Property, plant and equipment acquired under hire-purchase arrangements are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities in the financial statements. Finance charges are allocated to the income statements to give a constant periodic rate of interest on the remaining hire-purchase obligations.

Basis of Consolidation

Subsidiary company is an enterprise controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary company as mentioned in Note 12 made up to January 31, 2005.

The subsidiary company is consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the subsidiary company are measured at their fair values at the date of acquisition.

The results of the subsidiary company acquired or disposed of during the year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

All significant intercompany transactions and balances are eliminated on consolidation.

Reserve on Consolidation

The excess of the fair value of the net tangible assets of subsidiary company at the effective date of acquisition over the purchase consideration is shown as reserve arising on consolidation.

Investment in Subsidiary Company

Investment in unquoted shares of subsidiary company, which is eliminated on consolidation, is stated at cost.

Inventories

Inventories are stated at the lower of cost (determined on the 'first-in, first-out' method) and net realisable value.

The cost of raw materials comprises the original cost of purchase plus the cost incurred in bringing the inventories to their present location. The cost of finished goods includes the cost of raw materials, direct labour and an appropriate proportion of the manufacturing overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Borrowing Costs

Borrowing costs directly attributable to construction of assets which require a substantial period of time to get them ready for their intended use are capitalised and included as part of the related assets. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be recognised to settle the obligation, and when a reliable estimate of the amount can be made.

Retirement Benefits

The Group is required by law to make monthly contributions to Employees' Provident Fund (EPF), a statutory defined contribution plan for all its eligible employees based on certain prescribed rates of the employees' salaries. The Group's contributions to EPF are disclosed separately while the employees' contributions to EPF are included in salaries and wages.

Cash Flow Statement

The Group and the Company adopt the indirect method in the preparation of the cash flow statement.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

4. REVENUE

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Sales of goods	63,813,572	56,908,684	—	—
Interest income	—	10,895	—	10,895
Dividend income (tax-exempt) from subsidiary company	—	—	1,670,000	2,227,500
	63,813,572	56,919,579	1,670,000	2,238,395

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. OTHER OPERATING INCOME/(EXPENSES)

Included in other operating income/(expenses) are the following:-

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Realised gain on foreign exchange	58,321	2,642	—	—
Gain on disposal of property, plant and equipment	55,094	336,022	—	—
Allowance for doubtful debt no longer required	26,447	115,981	—	—
Audit fee	(41,000)	(38,000)	(13,000)	(13,000)
Rental of staff apartments and houses payable to:				
A director	(22,800)	(36,000)	—	—
Third party	(3,600)	(3,600)	—	—
Property, plant and equipment written off	(9)	—	—	—
Inventories written off	—	(3,287)	—	—

Included in staff costs of the Group are the Group's contributions to Employees' Provident Fund of RM428,008 (2004 : RM514,537) made by the Company for the financial year.

6. DIRECTORS' REMUNERATION

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Executive directors:				
Employees' Provident Fund contributions	42,568	46,044	—	—
Other emoluments	897,350	897,350	—	—
Non-executive directors:				
Fees	162,000	192,000	42,000	72,000
Other emoluments	5,700	4,800	5,700	4,800
	1,107,618	1,140,194	47,700	76,800

7. FINANCE COSTS

	The Group	
	2005 RM	2004 RM
Interest on:		
Term loans	415,484	527,235
Bankers acceptances	234,551	222,063
Hire-purchase	87,198	50,329
Bank overdrafts	27,991	34,503
	765,224	834,130
Less: Interest on term loan capitalised: Property, plant and equipment (Note 11)	(146,630)	(109,557)
	618,594	724,573

8. INCOME TAX EXPENSE

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Estimated tax payable:				
Current year	284,000	181,476	–	2,796
Under/(Over)provision in prior years	214	(74,532)	214	–
	284,214	106,944	214	2,796
Deferred tax: (Note 23)				
Current year	272,000	1,246,829	–	–
Overprovision in prior year	(61,000)	(77,791)	–	–
	211,000	1,169,038	–	–
	495,214	1,275,982	214	2,796

The tax charge for the year can be reconciled to the profit before tax per the income statements as follows:-

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Profit before tax	4,264,678	8,496,492	1,503,263	2,092,190
Tax at the applicable tax rate of 28%	1,194,110	2,379,018	420,914	585,810
Tax effects of:				
Income that are not taxable in determining taxable profit	(9,306)	(540,648)	(467,600)	(623,700)
Expenses that are not deductible in determining taxable profit	179,846	151,925	46,686	40,686
Utilisation of reinvestment allowances not previously recognised	(756,900)	(510,250)	–	–
Difference in applicable tax rate	(40,000)	(40,000)	–	–
Under/(Over)provision of current tax liability in prior years	214	(74,532)	214	–
Overprovision of deferred tax liability in prior year	(61,000)	(77,791)	–	–
Others	(11,750)	(11,740)	–	–
	495,214	1,275,982	214	2,796

The subsidiary company is entitled to claim reinvestment allowances under Schedule 7A of the Income Tax Act, 1967. As of January 31, 2004, the cumulative reinvestment allowances claimed by the subsidiary company totalled RM39,135,302 (2004 : RM35,810,344), subject to agreement by the Inland Revenue Board, of which an amount of RM24,816,059 (2004 : RM22,112,819) has been utilised to offset against the business income in the current and prior years. The balance of unutilised reinvestment allowances amounting to RM14,319,243 (2004 : RM13,697,525) is available for offset against future business income. The amount of reinvestment allowances utilised will enable the subsidiary company to pay tax-exempt dividends to its shareholder.

As of January 31, 2005, the Company has tax-exempt income amounting to RM1,820,000 (2004 : RM2,227,500) arising from tax-exempt dividend income received from its subsidiary company, which is available for the distribution of tax exempt dividends to its shareholders.

As of January 31, 2005, the subsidiary company has tax-exempt income arising from the chargeable income on which income tax has been waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999 amounting to RM1,955,876 (2004 : RM1,955,876). As of January 31, 2005, the balance of the subsidiary company's tax-exempt income account arising from the reinvestment allowances utilised and the tax waiver year amounted to RM21,141,935 (2004 : RM20,108,695) which, subject to the approval of the Inland Revenue Board, will enable the subsidiary company to pay tax-exempt dividends to the Company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. EARNINGS PER ORDINARY SHARE

Earnings per ordinary share has been computed based on the Group's net profit for the year of RM3,769,464 divided by the weighted average number of ordinary shares in issue of 100,000,000 during the financial year.

Earnings per ordinary share for the previous financial year has been computed based on the Group's net profit for the year of RM7,220,510 divided by the weighted average number of ordinary shares in issue of 98,557,573 during the financial year.

10. DIVIDENDS

	The Company	
	2005 RM	2004 RM
First interim tax-exempt dividend paid - Nil in 2005, 1.25% in 2004	-	577,500
Second interim tax-exempt dividend paid - Nil in 2005, 1.5% in 2004	-	750,000
Final tax-exempt dividend paid - 1.5% in 2005, Nil in 2004	750,000	-
	750,000	1,327,500

The directors have proposed a final tax-exempt dividend of 3%, amounting to RM1,500,000 in respect of the current financial year. The dividend is payable in respect of all ordinary shares in issue and is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the Financial Statements.

11. PROPERTY, PLANT AND EQUIPMENT

The Group	At beginning of year	Additions	Disposal	Written Off	Reclassification	At end of year
Cost (except otherwise stated)	RM	RM	RM	RM	RM	RM
Freehold land						
- at 2000 valuation	12,730,000	-	-	-	-	12,730,000
- at cost	5,670,365	500	-	-	-	5,670,865
Freehold buildings						
- at 2000 valuation	15,192,960	-	-	-	-	15,192,960
- at cost	816,375	121,185	-	-	3,432,781	4,370,341
Freehold building under construction	1,146,415	2,286,366	-	-	(3,432,781)	-
Freehold apartments - at 2000 valuation	932,080	-	-	-	-	932,080
Plant and machinery						
- at 1989 valuation	625,000	-	-	-	-	625,000
- at cost	57,673,858	2,681,105	(180,000)	-	692,360	60,867,323
Plant and machinery under hire purchase	1,224,860	3,921,178	-	-	(692,360)	4,453,678
Office equipment	1,257,081	107,048	-	-	-	1,364,129
Furniture and fittings	439,726	2,890	-	-	-	442,616
Motor vehicles	2,243,887	3,740	(70,796)	-	441,243	2,618,074
Motor vehicles under hire-purchase	441,243	546,115	-	-	(441,243)	546,115
Electrical installation	852,621	34,938	-	-	-	887,559
Containers	78,920	2,700	-	(78,920)	-	2,700
Total	101,325,391	9,707,765	(250,796)	(78,920)	-	110,703,440

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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The Group	At beginning	Charge		Written		At end	Net book value		Depreciation
Accumulated	of year	for the	Disposals	Off	Reclassification	of year	2005	2004	charge for
Depreciation	RM	Year	RM	RM	RM	RM	RM	RM	2004
		RM							RM
Freehold land									
- at 2000 valuation	-	-	-	-	-	-	12,730,000	12,730,000	-
- at cost	-	-	-	-	-	-	5,670,865	5,670,365	-
Freehold buildings									
- at 2000 valuation	2,543,978	361,016	-	-	-	2,904,994	12,287,966	12,648,982	361,016
- at cost	13,260	19,585	-	-	-	32,845	904,715	803,115	10,599
Freehold building under construction	-	-	-	-	-	-	3,432,781	1,146,415	-
Freehold apartments									
- at 2000 valuation	112,793	20,713	-	-	-	133,506	798,574	819,287	20,713
Land held under long lease	-	-	-	-	-	-	-	-	-
Plant and machinery									
- at 1989 valuation	625,000	-	-	-	-	625,000	-	-	-
- at cost	27,475,464	4,752,783	(171,598)	-	213,478	32,270,127	28,597,196	30,198,394	4,352,758
Plant and machinery under hire-purchase	144,242	232,137	-	-	(213,478)	162,901	4,290,777	1,080,618	147,933
Office equipment	577,806	112,384	-	-	-	690,190	673,939	679,275	104,912
Furniture and fittings	288,046	22,164	-	-	-	310,210	132,406	151,680	20,896
Motor vehicles	1,829,571	174,305	(70,792)	-	285,385	2,218,469	399,605	414,316	194,234
Motor vehicles under hire-purchase	197,137	161,064	-	-	(285,385)	72,816	473,299	244,106	88,249
Electrical installation	462,943	56,084	-	-	-	519,027	368,532	389,678	54,628
Containers	78,911	67	-	(78,911)	-	67	2,633	9	-
Total	34,349,151	5,912,302	(242,390)	(78,911)	-	39,940,152	70,763,288	66,976,240	5,355,938

In 1989, a parcel of the subsidiary company's freehold land and certain plant and machinery were revalued by the directors based upon valuation carried out by an independent firm of professional valuers using open market value basis. The surplus of RM991,180 arising from the revaluation had been credited to capital reserve of the said subsidiary company, of which an amount of RM500,000 was utilised for a bonus issue of ordinary shares in prior years. A deferred tax liability of RM211,709 has been provided on the revaluation surplus.

The entire land and buildings of the subsidiary company were revalued again by the directors in 2003 based on a valuation carried out on June 20, 2000 by an independent firm of professional valuers, using the "Comparison Method" and "Investment Method" of valuation. The revaluation was carried out as part of the listing exercise which was approved by the Securities Commission. The additional surplus arising from the revaluation amounting to RM8,553,740 (net of deferred tax of RM868,811) has been credited to the revaluation reserve account of the said subsidiary company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Had these assets been carried at historical cost, the historical costs and carrying values of the revalued land and buildings of the said subsidiary company as of January 31, 2004 are as follows:-

	Historical Cost RM	Carrying Values RM
Freehold land	5,036,506	5,036,506
Freehold buildings	12,950,117	10,886,869
Freehold apartments	734,880	655,515
	18,721,503	16,578,890

Certain property, plant and equipment of the Group with a net book value of RM41,805,198 (2004 : RM34,145,887) as of January 31, 2005 are charged to certain local banks to secure credit facilities and long-term loans as mentioned in Note 20.

Included in freehold building under construction of the Group is interest expense on borrowings capitalised amounting to RM146,630 (2004 : RM109,557) during the financial year as mentioned in Note 7.

As of January 31, 2005, the strata titles to the apartments on freehold land of the subsidiary company have not been issued yet.

Included in property, plant and equipment of the Group are fully depreciated plant and machinery which are still in use, with costs totalling RM15,998,206 (2004 : RM12,781,853) as of January 31, 2005.

The carrying amount of plant and machinery of the Group which are temporarily not in active use amounted to approximately RM809,341 (2004 : RM809,341) as of January 31, 2005.

12. INVESTMENT IN SUBSIDIARY COMPANY

	The Company	
	2005 RM	2004 RM
Unquoted shares - at cost	47,749,184	47,749,184

The details of the subsidiary company, which is incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest		Principal Activities
	2005	2004	
Direct Subsidiary Company			
Perusahaan Jaya Plastik (M) Sdn. Bhd.	100%	100%	Manufacturing and supplying of plastic packaging products

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. INVENTORIES

Inventories consist of the following:-

	The Group	
	2005 RM	2004 RM
At cost:		
Raw materials	1,978,628	3,011,568
Finished goods	3,360,500	3,782,269
Packing materials	734,944	838,106
Total	6,074,072	7,631,943

14. TRADE RECEIVABLES

	The Group	
	2005 RM	2004 RM
Trade receivables	15,587,044	10,984,492
Allowance for doubtful debts	(225,410)	(251,857)
Total	15,361,634	10,732,635

Trade receivables of the Group comprise amounts receivable for the trading and sales of goods. The credit period granted to the trade receivables of the Group ranges from 45 to 90 days (2004 : 60 to 90 days).

The Group's historical experience in collection of trade receivables falls within the recorded credit period and management believes that no additional credit risk for collection losses is inherent in the Group's trade receivables. An allowance of RM225,410 (2004 : RM251,857) has been made for estimated irrecoverable amounts based on management's past default experience.

The currency exposure profile of trade receivables of the Group is as follows:-

	The Group	
	2005 RM	2004 RM
US Dollar	108,362	179,010
Singapore Dollar	4,138	1,642

15. OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Other receivables	128,484	142,525	2,763	1,833
Tax recoverable	153,183	272,283	—	—
Refundable deposits	589,599	876,367	500	500
Prepaid expenses	162,446	137,188	—	—
Investments - at cost	85,100	85,100	—	—
Allowance for diminution in value	(39,000)	(39,000)	—	—
Total	46,100	46,100	—	—
Total	1,079,812	1,474,463	3,263	2,333

Other receivables of the Group represent mainly levy paid on behalf of the foreign workers.

Investments of the Group represent transferable golf club membership paid for certain directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16. RELATED PARTY TRANSACTIONS AND BALANCES

Amount owing by subsidiary company which arose mainly from advances and payments made on behalf by/ of the Company, is unsecured, interest-free and has no fixed terms of repayment.

Save as disclosed elsewhere in the financial statements, the related party and the relationship with the Company as of January 31, 2005 is as follows:-

Name of related party	Relationship
Mr. Chen Yat Lee	Director of the Company

The financial statements of the Group reflect the following significant related party transaction during the financial year:-

	The Group	
	2005 RM	2004 RM
Mr. Chen Yat Lee		
Rental of staff apartments and houses	22,800	36,000

The directors are of the opinion that the above transaction has been entered into in the normal course of business and has been established under terms that are no less favourable than that arranged with independent parties.

17. TRADE PAYABLES

Trade payables of the Group comprise amounts outstanding for trade purchases. The average credit period granted to the Group for trade purchases ranges from 90 to 120 days (2004 : 90 to 120 days).

The currency exposure profile of trade payables of the Group is as follows:-

	The Group	
	2005 RM	2004 RM
US Dollar	1,698,990	1,289,150

18. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Other payables	1,147,515	1,354,709	—	—
Accrued expenses	145,219	162,134	15,600	15,925
	1,292,734	1,516,843	15,600	15,925

Other payables of the Group comprise mainly outstanding amount payable for the purchase of machinery, manufacturing moulds, utilities and staff costs.

19. AMOUNT OWING TO DIRECTORS

The amount owing to directors in 2004 represents mainly outstanding bonus and fees payable to the directors of the Company. These amounts are unsecured, interest-free and have no fixed terms of repayment.

20. BANK BORROWINGS

Bank borrowings consist of the following:-

	The Group	
	2005 RM	2004 RM
Bank overdrafts	56,470	570,236
Bankers acceptances	6,200,000	5,900,000
Long-term loans - current portion (Note 22)	1,618,800	2,537,415
Total	7,875,270	9,007,651

As of January 31, 2005, the Group has bank overdrafts and other credit facilities obtained from local banks totalling RM31,270,000 (2004 : RM29,600,000) which bear interest at rates ranging from 2.93% to 7.90% (2004 : 3.00% to 8.40%) per annum.

These credit facilities and the long-term loans are secured by the following:-

- (a) A debenture with fixed and floating charges over the entire assets of the subsidiary company;
- (b) Legal charges on certain freehold land and buildings of the subsidiary company;
- (c) Corporate guarantee and indemnity of the Company.

21. HIRE-PURCHASE OBLIGATIONS

Hire-purchase obligations are as follows:-

	The Group	
	2005 RM	2004 RM
Total outstanding	3,538,555	703,374
Less: Interest-in-suspense outstanding	(264,345)	(42,554)
Principal amount outstanding	3,274,210	660,820
Less: Portion due within one year, included under current liabilities	(1,633,707)	(431,653)
Non-current portion	1,640,503	229,167

The non-current portion is repayable as follows:-

	The Group	
	2005 RM	2004 RM
Financial year ending January 31:		
2006	1,053,112	229,167
2007	587,391	-
Total	1,640,503	229,167

It is the Group's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements. The term for these hire-purchase is 1 to 3 years. For the financial year ended January 31, 2005, these obligations bear effective interest rates ranging from 1.64% to 7.51% (2004 : 1.64% to 8.23%) per annum. Interest rate is fixed at the inception of the hire-purchase arrangements.

The hire-purchase obligations of the Group with the financial institutions are guaranteed by the Company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22. LONG-TERM LOANS

The long-term loans of the Group are as follows:-

	The Group	
	2005 RM	2004 RM
Outstanding loan principal	5,974,918	6,747,221
Less:		
Portion due within one year, included under bank borrowings (Note 20)	(1,618,800)	(2,537,415)
Non-current portion	4,356,118	4,209,806

The long-term loans of the Group are secured by collateral as disclosed in Note 20.

The long-term loans bear interest at rates ranging from 4.30% to 7.65% (2004 : 4.30% to 7.90%) per annum.

The non-current portion of the long-term loans is repayable as follows:-

	The Group	
	2005 RM	2004 RM
Financial years ending January 31:		
2006	—	1,444,593
2007	481,332	295,013
2008	509,635	311,035
2009 and above	3,365,151	2,159,165
	4,356,118	4,209,806

23. DEFERRED TAX LIABILITIES

	The Group	
	2005 RM	2004 RM
Balance at beginning of year	7,627,330	6,458,292
Transfer from income statement (Note 8)	211,000	1,169,038
Balance at end of year	7,838,330	7,627,330

The net deferred tax liabilities are in respect of the following:-

	The Group Deferred Tax Assets/(Liabilities)	
	2005 RM	2004 RM
Property, plant and equipment	(7,817,480)	(6,927,410)
Revaluation surplus on land and buildings	(859,630)	(871,380)
Others	838,780	171,460
	(7,838,330)	(7,627,330)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

24. SHARE CAPITAL

Share capital is represented by:-

	The Company	
	2005 RM	2004 RM
Authorised: 200,000,000 ordinary shares of RM0.50 each	100,000,000	100,000,000
Issued and fully paid: Ordinary shares of RM0.50 each:		
At beginning of year	50,000,000	46,071,000
Issued during the year	—	3,929,000
At end of year	50,000,000	50,000,000

25. RESERVES

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Non-distributable: Share premium	1,504,405	1,504,405	1,504,405	1,504,405
Distributable: Unappropriated profit	8,907,854	5,888,390	1,510,323	757,274
	10,412,259	7,392,795	3,014,728	2,261,679

Share premium

Share premium of RM2,856,886 arose mainly from the issuance of 92,141,996 and 7,858,000 new ordinary shares of RM0.50 each in the Company at an issue price of approximately RM0.52 and RM0.65 per ordinary share pursuant to the acquisition of the subsidiary company and public issue. Listing expenses of RM1,352,481 (2004 : RM1,352,481) which have been incurred by the Company were written off against the share premium account.

Unappropriated profit

Distributable reserves are those available for distribution by way of dividends.

Taking into consideration of the tax-exempt income as mentioned in Note 8, the estimated tax credit available and the prevailing tax rate applicable to dividends, the unappropriated profit of the Company as of January 31, 2005 is available for distribution by way of cash dividends without additional tax liability being incurred.

26. PRIOR YEARS' ADJUSTMENTS

Prior years' adjustments represent the effects of the adoption in prior year of the new accounting standard, FRS 112 (formerly known as MASB 25) on Income Taxes. The effects of the new accounting standard on prior years were to increase the deferred tax liabilities by RM4,069,883 and correspondingly reduce the reserve on consolidation by the same amount.

27. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:-

	The Group		The Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Cash and bank balances	37,498	7,437	5,110	1,770
Bank overdrafts (Note 20)	(56,470)	(570,236)	—	—
	(18,972)	(562,799)	5,110	1,770

28. FINANCIAL INSTRUMENTS**Financial Risk Management Objectives and Policies**

The operations of the Group are subject to a variety of financial risks, including foreign currency risk, interest rate risk, market risk, credit risk, liquidity risk and cash flow risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

Foreign Currency Risk

The Group's exposure to foreign currency risk of United States Dollar (USD) and other foreign currencies is minimal as its transactions are mainly denominated in Ringgit Malaysia (RM).

The imposition of currency controls via the pegging of the RM to USD at the fixed exchange rate of USD1.00 to RM3.80 by Bank Negara Malaysia since September 1998 has stabilised the risks arising from foreign exchange fluctuation.

Interest Rate Risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's bank borrowings, hire-purchase obligations and term loans, which bear interest as disclosed in Notes 20, 21 and 22 respectively. As of January 31, 2005, the bank borrowings are classified as short-term and therefore the exposure to the effects of future changes in prevailing level of interest rates is limited. The exposure to the effects of future changes in prevailing level of interest rates of hire-purchase obligations and term loans is not significant to the Group.

Market Risk

The Group has in place policies to manage the exposure to fluctuation in the prices of the key raw materials used in the business of manufacturing and supplying of plastic packaging products and to manage its competitive risks from its competitors in providing better alternatives in terms of competitive pricing and quality products.

Credit Risk

The Group is exposed to credit risk mainly from trade receivables. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history. The Group also ensures a large number of customers so as to limit high credit concentration in a customer or customers from a particular market.

The Group's exposure to credit risk in relation to its trade receivables, should all its customers fail to perform their obligations as of January 31, 2005, is the carrying amount of these receivables as disclosed in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Liquidity Risk

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

Cash Flow Risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Financial Assets

The Group's principal financial assets are trade receivables and cash and bank balances. The accounting policies applicable to the major financial assets are as disclosed in Note 3.

Financial Liabilities and Equity Instruments

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

Significant financial liabilities include trade payables, other payables, bank overdrafts, bankers acceptances, hire-purchase obligations and term loans.

Fair Values

As of January 31, 2005, the fair values of the financial assets and financial liabilities, reported in the balance sheet approximate the carrying amount of those assets and liabilities because of the immediate or short-term maturity of these financial instruments, except as follows:-

		The Group	
	Note	Carrying Amount RM	Fair Value RM
Financial Liabilities			
Hire-purchase obligations	21	3,274,210	3,098,200
<hr/>			
Term loans	22	5,974,918	5,653,563

The fair value of the hire-purchase obligations and term loans of the Group is estimated using the discounted cash flow analysis based on interest rates of the subject hire-purchase obligations and term loans.

It is not practical to estimate the fair value of the investment in subsidiary company. As at year end, based on the audited financial statements, the Company's share of net tangible assets of investment in subsidiary company amounted to RM55,146,715.

29. SEGMENT REPORTING

The Group operates in a single industry in the business of manufacturing and supplying of plastic packaging products as disclosed in Note 12 and principally in Malaysia. Accordingly, the financial information by industry and geographical segments of the Group's operations are not presented.

30. CONTINGENT LIABILITIES - Unsecured

As of January 31, 2005, the Group and the Company are contingently liable in respect of guarantees given for credit facilities of RM20,842,000 (2004 : RM500,000) granted by a local financial institution to the subsidiary company. Accordingly, the Group and the Company are contingently liable to the extent of the facility utilised.

31. CAPITAL COMMITMENTS

As of January 31, 2005, the Group has the following commitments:-

	The Group	
	2005	2004
	RM	RM
Approved and contracted for:		
Construction of factory building	430,091	2,142,750
Purchase of plant and machinery	846,973	3,162,992
	1,277,064	5,305,742

STATEMENT BY DIRECTORS

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The directors of **CYL CORPORATION BERHAD** state that, in their opinion, the accompanying balance sheets and statements of income, cash flows and changes in equity, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of January 31, 2005 and of the results and the cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the directors,

CHEN YAT LEE

LAU KIM LIAN

Shah Alam,
May 27, 2005

STATUTORY DECLARATION

BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **LAU KIM LIAN**, the director primarily responsible for the financial management of **CYL CORPORATION BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and statements of income, cash flows and changes in equity, are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

LAU KIM LIAN

Subscribed and solemnly declared by the
abovenamed **LAU KIM LIAN** at
SHAH ALAM this 27th day of May, 2005.

Before me,

LAM THENG SUM AMN,PPN
No. W244
COMMISSIONER FOR OATHS

LIST OF PROPERTIES

as at 31 January 2005

A summary of the information on the landed properties of CYL Group as at 31 January 2005 are as follows:-

Title/Location	Existing use/ Description of property	Area (sq. ft.)	Tenure	Approximate age of building (years)	Net book value as at 31 January 2005 RM	Date of Valuation*/ Date of Acquisition#
Held under Title No. H.S. (D) 184080 Lot No. PT 76 Mukim of Pekan Hicom District of Petaling State of Selangor <i>(after amalgamation of land title)</i> 8-10-12 Jalan Teluk Gadung 27/93 Section 27 40000 Shah Alam Selangor Darul Ehsan	Industrial/A three storey office building annexed with three single storey factory/warehouse	226,466	Freehold	8-11	21,899,593	June 15, 2000 *
Held under Title No. H.S. (D) 71252 Lot No. PT 23 Mukim of Damansara District of Petaling State of Selangor Lot 23 Jalan Jaya Setia 26/3 Section 26 Hicom Industrial Estate 40000 Shah Alam Selangor Darul Ehsan	Industrial/A double storey office building annexed with single storey factory/warehouse	43,560	Freehold	14	3,591,710	June 15, 2000*
Held under Title No. H.S. (D) 63661 Lot No. PT 664 Mukim of Damansara District of Petaling State of Selangor 36, Jalan Batu Belah 27/96, Section 27 40000 Shah Alam Selangor Darul Ehsan	Industrial/An intermediate unit 1½ storey terraced factory	3,900	Freehold	11	395,610	June 15, 2000*

LIST OF PROPERTIES (Cont'd)

as at 31 January 2005

Title/Location	Existing use/ Description of property	Area (sq. ft.)	Tenure	Approximate age of building (years)	Net book value as at 31 January 2005 RM	Date of Valuation*/ Date of Acquisition#
Held under Master Title Nos. H.S. (D) 63617 & H.S.(D) 63619 Master Lot Nos. PT 617 & PT 620 respectively, both in Mukim of Damansara District of Petaling State of Selangor	Residential/ Ten units of medium cost apartment	Not applicable	Freehold	9	798,574	June 15, 2000*
Ten Units of Medium Cost Apartment located at Taman Bunga Negara (Hicom Sector B) Section 26/27 40400 Shah Alam Selangor Darul Ehsan						
Held under Title No. H.S.(D) 63660 Lot No. PT 663 Mukim of Damansara District of Petaling State of Selangor	A 1 ½ storey factory	3,900	Freehold	11	400,324	November 5, 2001#
34, Jalan Batu Belah 27/96, Section 27 40000 Shah Alam Selangor Darul Ehsan						
Held under Title No. H.S.(D) 63630 Lot No. PT 632 Mukim of Damansara District of Petaling State of Selangor	Industrial/A double storey office building annexed with single storey factory/warehouse	55,565	Freehold	Not applicable	6,547,839	August 20, 2002#
4, Jalan Teluk Gadung 27/93, Section 27 40000 Shah Alam Selangor Darul Ehsan						
Held under Title No. H.S.(D) 63631 Lot No. PT 633 Mukim of Damansara District of Petaling State of Selangor	Industrial land	55,565	Freehold	Not applicable	2,191,251	June 2, 2003#
2, Jalan Teluk Gadung 27/93, Section 27 40000 Shah Alam Selangor Darul Ehsan						

ANALYSIS OF SHAREHOLDINGS

as at June 7, 2005

Authorised Share Capital	:	RM100 million
Issued and Paid Up Capital	:	RM 50 million
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights	:	One (1) vote per Ordinary Share

SHAREHOLDINGS DISTRIBUTION

Size of Holdings	No. of Shareholders	No. of Shares Held	% of Issued Capital
Less than 100	3	142	0.00
100 – 1,000	324	310,900	0.31
1,001 – 10,000	1,180	5,877,900	5.88
10,001 – 100,000	359	11,004,600	11.00
100,001 – less than 5% of issued shares	32	21,500,200	21.50
5% and above of issued shares	3	61,306,258	61.31
Total	1,901	100,000,000	100.00

LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS

No	Name	No. of Shares Held	% of Issued Capital
1.	CHEN YAT LEE	26,814,000	26.81
2.	LAU KIM LIAN	18,086,000	18.09
3.	KAF NOMINEES (TEMPATAN) SDN BHD <i>ABU TALIB BIN OTHMAN</i>	16,406,258	16.41
4.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CHEN YAT LEE (MM1133)</i>	4,820,700	4.82
5.	EB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LAU KIM LIAN</i>	4,707,000	4.71
6.	EB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEN YAT LEE</i>	3,000,000	3.00
7.	AMFINANCE BHD <i>PLEDGED SECURITIES ACCOUNT FOR FADZLULLAH SHUHAIMI BIN SALLEH (APPI)</i>	2,303,600	2.30
8.	POON CHOY KIEW	595,300	0.60
9.	HDM NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOW IT CHEW (M06)</i>	506,700	0.51
10.	LEE SANG YAT	500,000	0.50
11.	CHAN YIK CHEUNG @ CHAN YIT CHEONG	470,000	0.47
12.	AMFINANCE BHD <i>PLEDGED SECURITIES ACCOUNT FOR HAW HOCK KOK @ LOW HOCK KOK (CYL)</i>	400,000	0.40
13.	CHEN YIN KHEE	395,000	0.40
14.	LEE SENG CHIT	370,000	0.37
15.	CHOW YOON YEE @ CHOE YOON YEE	313,000	0.31
16.	NG SAN LIONG @ NG SHAU LIONG	300,000	0.30
17.	HAW HOCK KOK @ LOW HOCK KOK	289,400	0.29
18.	AFFIN NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR NG GEOK WAH (NGG0012C)</i>	200,000	0.20
19.	NOR AZUWA BINTI MOHAMED ALI	200,000	0.20

ANALYSIS OF SHAREHOLDINGS (Cont'd)

as at June 7, 2005

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No	Name	No. of Shares Held	% of Issued Capital
20.	CHONG YUEN KHIN	180,000	0.18
21.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES FOR LEE KONG BENG (473934)</i>	160,000	0.16
22.	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES FOR CHUNG CHIT MIN (313AQ2097)</i>	152,000	0.15
23.	HLG NOMINEE (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES FOR NG SIEW LAN</i>	150,000	0.15
24.	LIM HWI PHENG	145,000	0.15
25.	LONG NYOK HWA	141,000	0.14
26.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES FOR LOW SIEW MOI (470138)</i>	131,000	0.13
27.	UNITED OVERSEAS NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES FOR JACOB LIM HOONG TEONG (MSB)</i>	125,000	0.13
28.	BATKOM BENA SDN BHD	120,000	0.12
29.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>LAI MENG (MM1088)</i>	120,000	0.12
30.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES FOR TAN CHIN HONG (DLR 088)</i>	114,000	0.11
		82,214,958	82.21

DIRECTORS' SHAREHOLDINGS

No	Name	Direct Interest	No of Shares Held		% of Issued Capital
			% of Issued Capital	Deemed Interest	
1.	Chen Yat Lee	34,634,700	34.63	–	–
2.	Lau Kim Lian	22,793,000	22.80	–	–
3.	Tan Sri Abu Talib Bin Othman	16,406,258	16.41	–	–
4.	Chen Wai Ling	–	–	–	–
5.	Abd. Malik bin A. Rahman	–	–	–	–
6.	Seow Nyoke Yoong	–	–	–	–

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

No	Name	Direct Interest	No of Shares Held		% of Issued Capital
			% of Issued Capital	Deemed Interest	
1.	Chen Yat Lee	34,634,700	34.63	–	–
2.	Lau Kim Lian	22,793,000	22.80	–	–
3.	Tan Sri Abu Talib Bin Othman	16,406,258	16.41	–	–

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PROXY FORM

No of shares held

I/We _____

Of _____

being a member/members of the above-named Company hereby appoint _____

Of _____

or failing him/her _____

Of _____

as my/our proxy to vote for me/us and on my/our behalf at the 5th Annual General Meeting of the Company to be held at the Conference Room, Level 3, Eastin Hotel, 13, Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, July 29, 2005 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:-

No.	RESOLUTION	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended January 31, 2005 together with the Directors' and Auditors' Reports thereon.		
2.	To declare a final tax-exempt dividend of 3% for the financial year ended January 31, 2005		
	To re-elect the following Directors, who are retiring pursuant to Article 83 of the Company's Articles of Association who being eligible offer themselves for re-election:-		
3.	i. Tan Sri Abu Talib Bin Othman		
4.	ii. Encik Abd Malik Bin A.Rahman		
5.	To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorize the Directors to fix their remuneration.		
6.	To authorize Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.		

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

Dated this _____ day of _____, 2005

Signature or Common Seal of Member(s)

Notes:-

- i. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or attorney or other duly authorized representative to attend and vote in his stead. A proxy may but need not be a member of the Company and Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company. A member who appoints two (2) or more proxies shall specify the proportion of his shareholdings to be represented by each proxy.
- ii. The instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney and in the case of corporation shall be either under the common seal or signed by its attorney or by an officer on behalf of the corporation.
- iii. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 14, Uptown 1, No. 1 Jalan SS21/58, Damansara uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjourned thereof.



Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretaries
CYL Corporation Berhad
(Co. 516143-V)
Level 14, Uptown 1
1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan

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