

CYL CORPORATION BERHAD

(Incorporated in Malaysia)

Company No. 516143 - V

**QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2018
(THESE FIGURES ARE UNAUDITED)****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.01.2018 RM'000	Preceding Year Corresponding Quarter 31.01.2017 RM'000	Current Year To Date 31.01.2018 RM'000	Preceding Year Corresponding Period 31.01.2017 RM'000
Revenue	13,384	16,415	58,627	64,978
Other income	228	117	677	521
Interest income from short-term deposits	47	48	176	201
Fair value gain on financial assets	6	-	6	-
Changes in inventories of finished goods	114	354	(147)	(683)
Raw materials and consumables used	(8,262)	(10,025)	(35,567)	(37,028)
Remuneration of key management personnel	(513)	(225)	(1,619)	(1,487)
Employee benefits expense	(1,248)	(2,020)	(6,797)	(8,046)
Depreciation of property, plant and equipment	(1,076)	(1,250)	(4,580)	(4,990)
Other operating expenses	(2,041)	(3,133)	(9,076)	(10,123)
Profit/(Loss) from operations	639	281	1,700	3,343
Finance costs	-	-	-	-
Profit/(Loss) before tax	639	281	1,700	3,343
Income tax credit / (expense)	(350)	56	(500)	(425)
Net Profit/(Loss) for the period	289	337	1,200	2,918
Other comprehensive income				
Deferred tax on revaluation surplus	-	-	-	-
Other comprehensive income for the year	-	-	37	38
Total comprehensive income for the year	289	337	1,237	2,956
Net earnings per share				
- Basic	0.29	0.34	1.20	2.92

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 January 2017 and the accompanying explanatory notes to the quarterly financial statements.

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**QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2018
(THESE FIGURES ARE UNAUDITED)****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	31.01.2018	31.01.2017
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	54,690	58,108
Total Non-Current Assets	54,690	58,108
Current Assets		
Inventories	5,416	6,124
Trade receivables	12,300	13,519
Other receivables, deposits and prepaid expenses	1,700	744
Short-term deposit with a licensed investment bank	4,544	5,368
Financial assets at fair value	1,506	-
Cash and bank balances	708	1,992
Total Current Assets	26,174	27,747
TOTAL ASSETS	80,864	85,855
EQUITY AND LIABILITES		
Capital and Reserve		
Issued capital	51,504	51,504
Share premium	-	-
Reserves	15,516	16,561
(Loss) / Profits for the year	1,200	2,918
Shareholders' Equity	68,220	70,983
Non-Current Liabilities		
Long term loans – non-current portion	-	-
Deferred tax liabilities	4,703	4,959
Total Non-Current Liabilities	4,703	4,959
Current Liabilities		
Trade payables	5,792	8,059
Other payables and accrued expenses	1,911	1,757
Dividend payable	-	-
Tax liabilities	238	97
Total Current Liabilities	7,941	9,913
Total Liabilities	12,644	14,872
TOTAL EQUITY AND LIABILITES	80,864	85,855

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 January 2017 and the accompanying explanatory notes to the quarterly financial statements.

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QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2018**(THESE FIGURES ARE UNAUDITED)****CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	31.01.2018 (Full year) RM'000	31.01.2017 (Full Year) RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit for the year	1,200	2,918
Adjustments for:		
Depreciation of property, plant and equipment	4,580	4,990
Finance costs	-	-
Income tax (credit) recognized in income statement	500	424
Unrealised loss / (gain) on forex	(55)	157
Gain on disposal of property, plant and equipment	(17)	(88)
Inventories written down	345	275
Interest income	(182)	(201)
Operating Profit Before Working Capital Changes	6,371	8,475
(Increase)/Decrease in:		
Inventories	363	160
Trade receivables	1,219	629
Other receivables, deposits and prepayments	(956)	(172)
Increase/ (Decrease) in:		
Trade payables	(2,212)	(364)
Other payables and accrued expenses	154	(125)
Cash Generated From Operations	4,939	8,603
Income tax paid	(577)	(1,160)
Net Cash From Operating Activities	4,362	7,443
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,163)	(3,681)
Proceeds from disposal of property, plant and equipment	17	88
Interest received	182	201
Net Cash Used In Investing Activities	(964)	(3,392)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Repayment of term loans	-	-
Repayment of hire-purchase obligations	-	-
Dividend paid	(4,000)	(5,000)
Net Cash from/(Used in) Financing Activities	(4,000)	(5,000)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(602)	(949)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,360	8,309
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,758	7,360

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 January 2017 and the accompanying explanatory notes to the quarterly financial statements.

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QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2018**(THESE FIGURES ARE UNAUDITED)****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Issued capital RM'000	Share Premium RM'000	Unappropriated profits RM'000	Total RM'000
Balance as of 1 February 2016	51,504	-	21,523	73,027
Dividends	-	-	(5,000)	(5,000)
Net profit for the year	-	-	2,918	2,918
Other comprehensive income for the year	-	-	38	38
Balance as of 31 January 2017	51,504	-	19,479	70,983
Balance as of 1 February 2017	51,504	-	19,479	70,983
Dividends	-	-	(4,000)	(4,000)
Net profit for the year	-	-	1,200	1,200
Other comprehensive income for the year	-	-	37	37
Balance as of 31 January 2018	51,504	-	16,716	68,220

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2017 and the accompanying explanatory notes to the quarterly financial statements.

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**QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2018
(THESE FIGURES ARE UNAUDITED)****A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018.****EXPLANATORY NOTES IN COMPLIANCE TO MFRS 134 ON INTERIM FINANCIAL REPORTING****A1. Accounting policies and basis of preparation**

This interim financial report is unaudited and has been prepared in compliance with the requirements of MFRS 134, Interim Financial Reporting, paragraph 9.22 and Appendix 9B of the Listing requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia).

The interim financial report is unaudited and should be read in conjunction with the audited financial statements for the year ended 31 January 2017. The explanatory notes attached to the quarterly financial statements provide an explanation of events and transactions that are significant to gain an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 January 2017.

A2. Changes in Accounting Policies

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the provisions of the Companies Act, 2016 in Malaysia.

Adoption of new and revised MFRS

In the current year, the Group and the Company have applied a number of amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for accounting period that begins on or after 1 January 2017:

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of these amendments to MFRS have not affected the amounts reported in the financial statements of the Group and of the Company for the current year and prior years.

Accounting Standards in Issue But Not Yet Effective

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

MFRS 9	Financial Instruments ¹
MFRS 15	Revenue from Contracts with Customers ¹ and Clarification to MFRS 15
MFRS 16	Leases ¹
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
IC Interpretation 22	Foreign Currency Transaction and Advance Consideration ¹
Amendments to MFRS 140	Transfers of Investment Property ¹
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2014-16 Cycle	
Annual improvements to MFRS Standards 2015-2017 Cycle ²	

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

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

A3. Audit Qualification of Annual Financial Statements

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

A4. Seasonal or cyclical factors

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

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

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

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

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

A7. Changes in debts and equity securities

There were no issuance, cancellation, repurchases, resale and repayments of debts and equity securities for the current financial quarter ended 31 January 2018.

A8. Dividend

A first interim tax exempt dividend of 2 sen (FYE 2017: 2 sen) per share amounting to RM 2,000,000 (FYE 2017: RM 2,000,000) in respect of the financial year ended 2018 has been paid on the 16th January 2018 to shareholders whose names appear in the Record of Depositors on 5th January 2018.

A9. Segmental reporting

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

A10. Property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements ended 31 January 2017.

The total additions to property, plant and equipment for the financial quarter ended 31 January 2018 amounted to RM 561 thousand. During the said period, there was no significant disposal of property, plant and equipment.

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A11. Material events subsequent to the current quarter.

There were no items, transaction or event of a material and unusual nature which has arisen which would substantially affect the results of the Group and the Company for the period between 31 January 2018 and the date of this report.

A12. Changes in the composition of the Company

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

A13. Changes in Contingent Assets and Contingent Liabilities

There were no significant changes in contingent assets and liabilities since the last balance sheet as at 31 January 2018. Corporate guarantees given to banks for credit facilities granted to the subsidiary company is currently at RM 6.35 million.

A14. Capital commitments

As at 31 January 2018, the Group has the following capital expenditure relating to purchase of machinery as follows:

	RM'000
Approved and contracted for	<u>2,558</u>

A15. Significant Related Party Transactions

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

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**QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2018
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	3 months ended 31.01.2018 RM'000	3 months ended 31.01.2017 RM'000	Variance	
			%	RM'000
Revenue	<u>13,384</u>	<u>16,415</u>	(18.46)	(3,031)
Consolidated profit before tax	639	281	127.40	358
Income tax credit/ (expense)	<u>(350)</u>	<u>(56)</u>	525.00	294
Consolidated Profit after tax	<u>289</u>	<u>337</u>	(14.24)	(48)

CUMULATIVE QUARTER

	12 months ended 31.01.2018 RM'000	12 months ended 31.01.2017 RM'000	Variance	
			%	RM'000
Revenue	<u>58,627</u>	<u>64,978</u>	(9.77)	(6,351)
Consolidated profit before tax	1,700	3,343	(49.15)	(1,643)
Income tax credit/ (expense)	<u>(500)</u>	<u>(425)</u>	17.65	75
Consolidated Profit after tax	<u>1,200</u>	<u>2,918</u>	(58.87)	(1,718)

(i) Current Quarter Review

The Group revenue for the current financial quarter ended 31 January 2018 was lower by RM 3,031 thousand as compared to corresponding quarter ended 31 January 2017.

The Group reported a profit before tax of RM 639 thousand and revenue of RM 13.38 million for the current quarter ended 31 January 2018. In the corresponding interim period ended 31 January 2017, the profit before tax and revenue were RM 281 thousand and RM 16.42 million respectively. The Group's higher profit was mainly due to the reversal of provision no longer required and the strengthening of the Ringgit against the US dollar during the current quarter.

(ii) 12-months review

For the 12-months review, the Group revenue and profit before tax for corresponding period ending 31 January 2017 were higher by 9.77% and 49.15% respectively as compared to the current period. The

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Group's lower profit was mainly caused by the higher cost of raw material due to the twin factors of price uptrend and weakening ringgit. The lower demand for the Group's products also contributed to the lower profit for the current period in review.

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

	3 months ended 31.01.2018 RM'000	3 months ended 31.10.2017 RM'000	Variance	
			%	RM'000
Revenue	<u>13,384</u>	<u>13,547</u>	(1.20)	(163)
Consolidated profit before tax	639	152	320.39	487
Income tax credit / (expense)	<u>(350)</u>	<u>(50)</u>	600.00	300
Consolidated Profit after tax	289	102	183.33	187

The revenue recorded for the Group was lower as compared to the preceding financial quarter ended 31 October 2017. However, consolidated profit before tax increased by RM 487 thousand.

B3. Prospects for the next financial year

The next financial year will remain competitive and challenging for the industry. The rising cost of raw material coupled with overall lower demand will inevitably affect the Group's performance. Against this backdrop, the Board will continue to focus on improving production efficiency, productivity and processes to enable the Company to continue to perform satisfactorily.

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

The disclosure requirement is not applicable for the Group.

B5. Income tax credit / (expense)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.01.2018 RM'000	Preceding Year Corresponding Quarter 31.01.2017 RM'000	Current Year To Date 31.01.2018 RM'000	Preceding Year Corresponding Period 31.01.2017 RM'000
Estimated tax payable	(350)	56	(718)	(716)
Deferred tax	-	-	218	291
Overprovision of Deferred tax in prior year	-	-	-	-
	<u>(350)</u>	<u>56</u>	<u>(500)</u>	<u>(425)</u>

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

B6. Status of corporate proposals announced

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

B7. Group borrowings and debt securities

The Group does not have any borrowings and debts securities as at 31 January 2018.

B8. Material litigation

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

B9. Dividend

A second interim tax exempt dividend of 2 sen (FYE 2017: 2 sen) per share amounting to RM 2,000,000 (FYE 2017: RM 2,000,000) has been declared for the financial year ended 31 January 2018. The second interim tax exempt dividend will be paid on 12th June 2018 to shareholders whose names appear in the Record of Depositors on 28th May 2018.

B10. Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.01.2018 RM'000	Preceding Year Corresponding Quarter 31.01.2017 RM'000	Current Year To Date 31.01.2018 RM'000	Preceding Year Corresponding Period 31.01.2017 RM'000
Net profit/ (loss) for the period	289	337	1,200	2,918
Weighted average number of ordinary share in issue	100,000	100,000	100,000	100,000
Basic earnings per share (sen)	<u>0.29</u>	<u>0.34</u>	<u>1.20</u>	<u>2.92</u>