

**CYL CORPORATION BERHAD**

(Incorporated in Malaysia)

Company No. 516143 - V

**QUARTERLY REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 OCTOBER 2019  
(THESE FIGURES ARE UNAUDITED)****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.10.2019 RM'000	Preceding Year Corresponding Quarter 31.10.2018 RM'000	Current Year To Date 31.10.2019 RM'000	Preceding Year Corresponding Period 31.10.2018 RM'000
<b>Revenue</b>	10,875	13,222	33,825	39,172
Other income	68	28	240	193
Interest income from short-term deposits	47	25	80	100
Fair value gain on financial assets	2	-	17	10
Changes in inventories of finished goods	280	(202)	258	(486)
Raw materials and consumables used	(5,681)	(8,551)	(17,891)	(24,830)
Remuneration of key management personnel	(420)	(420)	(1,257)	(1,251)
Employee benefits expense	(1,542)	(1,767)	(4,685)	(5,192)
Depreciation of property, plant and equipment	(1,028)	(1,086)	(3,147)	(3,231)
Other operating expenses	(2,465)	(2,283)	(6,805)	(7,002)
<b>Profit/(Loss) from operations</b>	136	(1,034)	635	(2,517)
Finance costs	-	-	-	-
<b>Profit/(Loss) before tax</b>	136	(1,034)	635	(2,517)
Income tax credit / (expense)	-	-	-	-
<b>Net Profit/(Loss) for the period</b>	136	(1,034)	635	(2,517)
<b>Other comprehensive income/(loss)</b>				
Deferred tax on revaluation surplus	-	-	-	-
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income/(loss) for the year</b>	136	(1,034)	635	(2,517)
Net earnings per share				
- Basic	0.14	(1.03)	0.63	(2.52)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 January 2019 and the accompanying explanatory notes to the quarterly financial statements.

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**QUARTERLY REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 OCTOBER 2019  
(THESE FIGURES ARE UNAUDITED)****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>31.10.2019</b>	<b>31.01.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	52,865	55,289
<b>Total Non-Current Assets</b>	<b>52,865</b>	<b>55,289</b>
<b>Current Assets</b>		
Inventories	6,273	5,667
Trade receivables	9,184	11,936
Right to returned goods assets	38	38
Other receivables, deposits and prepaid expenses	1,117	1,101
Tax recoverable	388	248
Short-term deposit with a licensed investment bank	5,575	3
Cash and bank balances	415	2,278
<b>Total Current Assets</b>	<b>22,990</b>	<b>21,271</b>
<b>TOTAL ASSETS</b>	<b>75,855</b>	<b>76,560</b>
<b>EQUITY AND LIABILITES</b>		
<b>Capital and Reserve</b>		
Issued capital	51,504	51,504
Share premium	-	-
Reserves	11,152	13,715
(Loss) / Profit for the year	635	(2,563)
<b>Shareholders' Equity</b>	<b>63,291</b>	<b>62,656</b>
<b>Non-Current Liabilities</b>		
Provision for gratuity payment	448	1,231
Deferred tax liabilities	5,109	5,109
<b>Total Non-Current Liabilities</b>	<b>5,557</b>	<b>6,340</b>
<b>Current Liabilities</b>		
Trade payables	4,003	5,584
Other payables and accrued expenses	2,123	1,919
Refund liability	61	61
Tax liabilities	16	-
Dividend payable	-	-
Provision for gratuity payment	804	-
<b>Total Current Liabilities</b>	<b>7,007</b>	<b>7,564</b>
<b>Total Liabilities</b>	<b>12,564</b>	<b>13,904</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>75,855</b>	<b>76,560</b>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 January 2019 and the accompanying explanatory notes to the quarterly financial statements.

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**QUARTERLY REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 OCTOBER 2019****(THESE FIGURES ARE UNAUDITED)****CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>31.10.2019</b> <b>(Quarter)</b> <b>RM'000</b>	<b>31.01.2019</b> <b>(Full Year)</b> <b>RM'000</b>
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>		
Profit for the year	635	(1,908)
Adjustments for:		
Depreciation of property, plant and equipment	3,147	4,308
Fair value gain on other investments	(17)	(10)
Loss allowance on receivables	-	134
Income tax (credit) recognized in income statement	-	93
Unrealised loss / (gain) on forex	(14)	71
Gain on disposal of property, plant and equipment	-	-
Inventories written down	297	239
Interest income	(80)	(107)
Provision for gratuity payment	21	192
<b>Operating Profit Before Working Capital Changes</b>	<b>3,989</b>	<b>3,012</b>
(Increase)/Decrease in:		
Inventories	(903)	(465)
Trade receivables	2,752	216
Right to returned goods assets	-	(4)
Other receivables, deposits and prepayments	(16)	(72)
Increase/ (Decrease) in:		
Trade payables	(1,567)	(265)
Other payables and accrued expenses	204	4
Refund liability	-	7
<b>Cash Generated From Operations</b>	<b>4,459</b>	<b>2,433</b>
Income tax paid	(124)	(453)
Gratuity paid	-	(338)
<b>Net Cash From Operating Activities</b>	<b>4,335</b>	<b>1,642</b>
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(723)	(4,177)
Refundable deposits paid for property, plant and equipment	-	(59)
Interest received	80	107
(Purchase)/sale of other investments	17	1,516
<b>Net Cash Used In Investing Activities</b>	<b>(626)</b>	<b>(2,613)</b>
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>		
Repayment of term loans	-	-
Repayment of hire-purchase obligations	-	-
Dividend paid	-	(2,000)
<b>Net Cash from/(Used in)Financing Activities</b>	<b>-</b>	<b>(2,000)</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,709</b>	<b>(2,971)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>2,281</b>	<b>5,252</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>5,990</b>	<b>2,281</b>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 January 2019 and the accompanying explanatory notes to the quarterly financial statements.

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**QUARTERLY REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 OCTOBER 2019**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<b>Issued capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Unappropriated profits RM'000</b>	<b>Total RM'000</b>
<b>Balance as of 1 February 2018</b>	51,504	-	15,715	67,219
Dividends	-	-	(2,000)	(2,000)
Loss for the year	-	-	(1,908)	(1,908)
Other comprehensive loss for the year	-	-	(655)	(655)
<b>Balance as of 31 January 2019</b>	<b>51,504</b>	<b>-</b>	<b>11,152</b>	<b>62,656</b>
<b>Balance as of 1 February 2019</b>	51,504	-	11,152	62,656
Dividends	-	-	-	-
Net profit/ (loss) for the year	-	-	635	635
Other comprehensive income for the year	-	-	-	-
<b>Balance as of 31 October 2019</b>	<b>51,504</b>	<b>-</b>	<b>11,787</b>	<b>63,291</b>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2019 and the accompanying explanatory notes to the quarterly financial statements.

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**QUARTERLY REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 OCTOBER 2019  
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**A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 OCTOBER 2019.**

**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 2019. 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 2019.

**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 2019:

- MFRS 16, Leases
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 9: Prepayment Features with Negative Compensation
- Annual Improvements to MFRS Standards 2015 – 2017 Cycles
- Amendments to MFRS 119, Plan Amendment, Curtailment of Settlement

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:

***Amendments effective for annual periods beginning on or after 1 January 2020, with earlier application permitted:***

- Amendments to MFRS 3: Definition of a Business
- Amendments to MFRS 101 and MFRS 108: Definition of Material
- Amendments to References to the Conceptual Framework in MFRS Standards

The abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group and of the Company when they become effective. 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.

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**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 October 2019.

**A8. Dividend**

No interim dividend has been paid in the current financial quarter ended 31 October 2019.

**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 2019.

The total additions to property, plant and equipment for the financial quarter ended 31 October 2019 amounted to RM186 thousand. During the said period, there was no significant disposal of property, plant and equipment.

**A11. Material events subsequent to the current quarter**

There were no items, transaction or event of a material and unusual nature which has arisen which would substantially affect the results of the Group and the Company for the period between 31 October 2019 and the date of this report.

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**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 October 2019. 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 October 2019, the Group has the following capital expenditure relating to purchase of machinery as follows:

	<b>RM'000</b>
Approved and contracted for	<u><u>327</u></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 THIRD FINANCIAL QUARTER ENDED 31 OCTOBER 2019****(THESE FIGURES ARE UNAUDITED)****B ADDITIONAL NOTES PURSUANT TO MFRS 134****B1. Review of performance****INDIVIDUAL QUARTER**

	<b>3 months ended 31.10.2019 RM'000</b>	<b>3 months ended 31.10.2018 RM'000</b>	<b>Variance</b>	
			<b>%</b>	<b>RM'000</b>
Revenue	<u>10,875</u>	<u>13,222</u>	(17.75)	(2,347)
Consolidated profit/(loss) before tax	136	(1,034)	113.15	1,170
Income tax credit/ (expense)	<u>-</u>	<u>-</u>	-	-
Consolidated Profit/ (Loss) after tax	<u>136</u>	<u>(1,034)</u>	113.15	1,170

**CUMULATIVE QUARTER**

	<b>9 months ended 31.10.2019 RM'000</b>	<b>9 months ended 31.10.2018 RM'000</b>	<b>Variance</b>	
			<b>%</b>	<b>RM'000</b>
Revenue	<u>33,825</u>	<u>39,172</u>	(13.65)	(5,347)
Consolidated profit/(loss) before tax	635	(2,517)	125.23	3,152
Income tax credit/ (expense)	<u>-</u>	<u>-</u>	-	-
Consolidated Profit/(Loss) after tax	<u>635</u>	<u>(2,517)</u>	125.23	3,152

**(i) Current Quarter Review**

The Group revenue for the current financial quarter ended 31 October 2019 decreased by RM2.35 million when compared to corresponding quarter ended 31 October 2018.

The Group reported a profit before tax of RM136 thousand and revenue of RM10.87 million for the current quarter ended 31 October 2019. In the corresponding interim period ended 31 October 2018, the Group reported a loss of RM1.03 million and revenue of RM 13.22 million respectively. The better performance is mainly due to the softening of raw material prices coupled with a more favorable product mix in the current quarter.

**(ii) 9-month review**

For the 9-month review, the Group revenue were lower by 13.65% as compared to corresponding period ending 31 October 2018. However, profit before tax for the current period ending 31 October 2019 was higher by 125.23%. The better performance is due to the softening of raw material prices coupled with a more favorable product mix in the 9 months under review.



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**QUARTERLY REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 OCTOBER 2019  
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	3 months ended 31.10.2019 RM'000	3 months ended 31.07.2019 RM'000	Variance	
			%	RM'000
Revenue	10,875	11,092	(1.95)	(217)
Consolidated profit/(loss) before tax	136	3	443.33	133
Income tax credit / (expense)	-	-	-	-
Consolidated Profit after tax	136	3	443.33	133

As compared to the preceding quarter ended 31 July 2019, the Group recorded a lower revenue figure of RM217 thousand. However, consolidated profit before tax increased by RM133 thousand. The better performance is due to savings from raw material i.e. resin which is the Group's main cost driver.

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

The current financial year will remain competitive and challenging for the Company. The global economy is experiencing some headwinds with the still unresolved trade dispute between the 2 major economies i.e. China and the U.S.A. The uncertainty in crude oil price will have a direct effect on the cost of raw material. This coupled with lower demand from customers will inevitably affect the Group's performance. Against this backdrop, the Board will continue to focus on improving productivity and efficiency to enable the Company to continue to improve its performance.

**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 31.10.2019 RM'000	Preceding Year Corresponding Quarter 31.10.2018 RM'000	Current Year To Date 31.10.2019 RM'000	Preceding Year Corresponding Period 31.10.2018 RM'000
Estimated tax payable	-	-	-	-
Deferred tax	-	-	-	-
Overprovision of Deferred tax in prior year	-	-	-	-
	-	-	-	-

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

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**B6. Status of corporate proposals announced**

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

**B7. Group borrowings and debt securities**

The Group does not have any borrowings and debt securities as at 31 October 2019.

**B8. Material litigation**

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

**B9. Dividend**

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

**B10. Basic earnings per share**

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter 31.10.2019 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.10.2018 RM'000</b>	<b>Current Year To Date 31.10.2019 RM'000</b>	<b>Preceding Year Corresponding Period 31.10.2018 RM'000</b>
Net profit/ (loss) for the period	136	(1,034)	635	(2,517)
Weighted average number of ordinary share in issue	100,000	100,000	100,000	100,000
Basic earnings per share (sen)	<u>0.14</u>	<u>(1.03)</u>	<u>0.63</u>	<u>(2.52)</u>