

CYL CORPORATION BERHAD

(Incorporated in Malaysia)

Company No. 516143 - V

**QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2017
(THESE FIGURES ARE UNAUDITED)****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.01.2017 RM'000	Preceding Year Corresponding Quarter 31.01.2016 RM'000	Current Year To Date 31.01.2017 RM'000	Preceding Year Corresponding Period 31.01.2016 RM'000
Revenue	16,415	17,347	64,978	70,040
Other income	117	327	521	499
Interest income from short-term deposits	48	62	201	202
Changes in inventories of finished goods	354	281	(683)	618
Raw materials and consumables used	(10,025)	(10,225)	(37,028)	(39,882)
Remuneration of key management personnel	(225)	(262)	(1,179)	(1,268)
Employee benefits expense	(2,020)	(1,963)	(8,337)	(7,994)
Depreciation of property, plant and equipment	(1,250)	(1,255)	(4,990)	(4,956)
Other operating expenses	(3,133)	(2,372)	(10,140)	(10,074)
Profit/(Loss) from operations	281	1,940	3,343	7,185
Finance costs	-	-	-	-
Profit/(Loss) before tax	281	1,940	3,343	7,185
Income tax credit / (expense)	56	(266)	(425)	(1,241)
Net Profit/(Loss) for the period	337	1,674	2,918	5,944
Other comprehensive income				
Deferred tax on revaluation surplus	-	-	-	-
Other comprehensive income for the year	-	-	2	37
Total comprehensive income for the year	337	1,674	2,920	5,981
Net earnings per share				
- Basic	0.34	1.67	2.92	5.94

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 January 2016 and the accompanying explanatory notes to the quarterly financial statements.

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(Incorporated in Malaysia)

Company No. 516143 - V

**QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2017
(THESE FIGURES ARE UNAUDITED)****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	31.01.2017	31.01.2016
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	58,108	59,317
Total Non-Current Assets	58,108	59,317
Current Assets		
Inventories	6,124	6,559
Trade receivables	13,519	14,176
Other receivables, deposits and prepaid expenses	744	673
Short-term deposit with a licensed investment bank	5,368	7,667
Cash and bank balances	1,992	641
Total Current Assets	27,747	29,716
TOTAL ASSETS	85,855	89,033
EQUITY AND LIABILITES		
Capital and Reserve		
Issued capital	51,504	50,000
Share premium	-	1,504
Reserves	19,443	21,523
Shareholders' Equity	70,947	73,027
Non-Current Liabilities		
Long term loans – non-current portion	-	-
Deferred tax liabilities	4,995	5,287
Total Non-Current Liabilities	4,995	5,287
Current Liabilities		
Trade payables	8,059	8,295
Other payables and accrued expenses	1,757	1,883
Dividend payable	-	-
Tax liabilities	97	541
Total Current Liabilities	9,913	10,719
Total Liabilities	14,908	16,006
TOTAL EQUITY AND LIABILITIES	85,855	89,033

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 January 2016 and the accompanying explanatory notes to the quarterly financial statements.

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(Incorporated in Malaysia)

Company No. 516143 - V

QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2017**(THESE FIGURES ARE UNAUDITED)****CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	31.01.2017 (Full Year) RM'000	31.01.2016 (Full Year) RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit for the year	2,918	5,944
Adjustments for:		
Depreciation of property, plant and equipment	4,990	4,956
Finance costs	-	-
Income tax (credit) recognized in income statement	424	1,241
Unrealised loss / (gain) on forex	157	(210)
Gain on disposal of property, plant and equipment	(93)	(166)
Inventories written down	275	146
Interest income	(201)	(202)
Operating Profit Before Working Capital Changes	8,470	11,709
(Increase)/Decrease in:		
Inventories	160	(1,928)
Trade receivables	629	(1,433)
Other receivables, deposits and prepayments	(71)	(23)
Increase/ (Decrease) in:		
Trade payables	(364)	3,500
Other payables and accrued expenses	(126)	258
Cash Generated From Operations	8,698	12,083
Income tax paid	(1,160)	(1,541)
Net Cash From Operating Activities	7,538	10,542
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,780)	(3,483)
Proceeds from disposal of property, plant and equipment	93	166
Interest received	201	202
Net Cash Used In Investing Activities	(3,486)	(3,115)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Repayment of term loans	-	-
Repayment of hire-purchase obligations	-	-
Dividend paid	(5,000)	(8,000)
Net Cash from/(Used in) Financing Activities	(5,000)	(8,000)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(948)	(573)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	8,308	8,881
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7,360	8,308

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 January 2016 and the accompanying explanatory notes to the quarterly financial statements.

CYL CORPORATION BERHAD

(Incorporated in Malaysia)

Company No. 516143 - V

QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2017**(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 2015	50,000	1,504	21,042	72,546
Dividends	-	-	(5,500)	(5,500)
Net profit for the year	-	-	5,944	5,944
Other comprehensive income for the year	-	-	37	37
Balance as of 31 January 2016	50,000	1,504	21,523	73,027
Balance as of 1 February 2016	50,000	1,504	21,523	73,027
Dividends	-	-	(5,000)	(5,000)
Net profit for the year	-	-	2,918	2,918
Other comprehensive income for the year	-	-	2	2
Effect from adoption of Companies Act 2016	1,504	(1,504)		
Balance as of 31 January 2017	51,504	-	19,443	70,947

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2016 and the accompanying explanatory notes to the quarterly financial statements.

CYL CORPORATION BERHAD

(Incorporated in Malaysia)

Company No. 516143 - V

**QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2017
(THESE FIGURES ARE UNAUDITED)**

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 JANUARY 2017.**EXPLANATORY NOTES IN COMPLIANCE TO MFRS 134 ON INTERIM FINANCIAL REPORTING****A1. Accounting policies and basis of preparation**

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

The interim financial report is unaudited and should be read in conjunction with the audited financial statements for the year ended 31 January 2016. 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 2016.

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 2016:

MFRS 14	Regulatory Deferred Accounts
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2012 - 2014 Cycle	

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:-

CYL CORPORATION BERHAD

(Incorporated in Malaysia)

Company No. 516143 - V

**QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2017
(THESE FIGURES ARE UNAUDITED)**

MFRS 9	Financial Instruments ²
MFRS 15	Revenue from Contracts with Customers ² and Clarification to MFRS 15 ²
MFRS 16	Leases ²
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to MFRS 107	Disclosure Initiative ¹
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses ¹
IC Interpretation 22	Foreign Currency Transaction and Advance Consideration ²
Amendments to MFRS 140	Transfers of Investment Property ²

¹ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

³ Effective date deferred to a date to be determined and announced, with earlier application still permitted.

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.

CYL CORPORATION BERHAD

(Incorporated in Malaysia)

Company No. 516143 - V

**QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2017
(THESE FIGURES ARE UNAUDITED)**

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 2017.

A8. Dividend

A first interim tax exempt dividend of 2 sen per share amounting to RM 2,000,000 in respect of the financial year ended 2017 has been paid on the 18th January 2017 to shareholders whose names appear in the Record of Depositors on 6th January 2017.

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 2016.

The total additions to property, plant and equipment for the financial quarter ended 31 January 2017 amounted to RM 339 thousand. During the said period, there was no significant disposal of property, plant and equipment.

A11. Material events subsequent to the current quarter.

There were no items, transaction or event of a material and unusual nature which has arisen which would substantially affect the results of the Group and the Company for the period between 31 January 2017 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 2017. 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 2017, the Group has the following capital expenditure relating to purchase of machinery as follows:

	RM'000
Approved and contracted for	<u>270</u>

A15. Significant Related Party Transactions

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

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(Incorporated in Malaysia)

Company No. 516143 - V

**QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2017
(THESE FIGURES ARE UNAUDITED)****B ADDITIONAL NOTES PURSUANT TO MFRS 134****B1. Review of performance**

The Group revenue for the current financial quarter ended 31 January 2017 was lower by RM 932 thousand as compared to corresponding quarter ended 31 January 2016.

The Group reported a profit before tax of RM 281 thousand and revenue of RM 16.41 million for the current quarter ended 31 January 2017. In the corresponding interim period ended 31 January 2016, the profit before tax and revenue were RM 1.94 million and RM 17.35 million respectively. The Group's lower performance is mainly caused by a decline in overall demand/orders, the higher cost of raw material due to the weakening ringgit coupled with the increase in minimum wage price floor effective July 2016.

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

The revenue recorded for the Group was higher as compared to the preceding financial quarter ended 31 October 2016 with a corresponding increase in consolidated profit before tax of 24.88%.

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 and the weakening of the ringgit coupled with increasing costs of production will inevitably affect the Group's profit. Against this backdrop, the Board will continue to focus on improving production efficiency, productivity and processes to ensure that the overall result for FYE 2018 will be satisfactory.

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 31.01.2017 RM'000	Preceding Year Corresponding Quarter 31.01.2016 RM'000	Current Year To Date 31.01.2017 RM'000	Preceding Year Corresponding Period 31.01.2016 RM'000
Estimated tax payable	56	(266)	(716)	(1,577)
Deferred tax	-	-	210	21
Overprovision of Deferred tax in prior year	-	-	81	315
	56	(266)	(425)	(1,241)

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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Company No. 516143 - V

**QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2017
(THESE FIGURES ARE UNAUDITED)****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 January 2017.

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 per share amounting to RM 2,000,000 has been declared for the financial year ended 31 January 2017. The interim tax exempt dividend will be paid on 16th June 2017 to shareholders whose name appear in the Record of Depositors on 29th May 2017.

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 31.01.2017 RM'000	Preceding Year Corresponding Quarter 31.01.2016 RM'000	Current Year To Date 31.01.2017 RM'000	Preceding Year Corresponding Period 31.01.2016 RM'000
Net profit/ (loss) for the period	337	1,674	2,918	5,944
Weighted average number of ordinary share in issue	100,000	100,000	100,000	100,000
Basic earnings per share (sen)	<u>0.34</u>	<u>1.67</u>	<u>2.92</u>	<u>5.94</u>

CYL CORPORATION BERHAD

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Company No. 516143 – V

EXPLANATORY NOTES TO INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2017

B11. Disclosure on realised and unrealised profits

The breakdown of the retained earnings of the Group as at 31 January 2017 and 31 January 2016, into realised and unrealised earnings is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010, and prepared in accordance with Guidance of Special Matter No. 1 “Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements” as issued by the Malaysian Institute of Accountants.

	Current quarter financial period (RM'000) 31.01.2017	As at last financial year end (RM'000) 31.01.2016
Total retained profits / (accumulated losses) of CYL Corporation and its subsidiaries :		
- Realised	15,220	17,275
- Unrealised	4,223	4,248
Total group retained profits as per consolidated accounts	<u>19,443</u>	<u>21,523</u>