

CYL CORPORATION BERHAD

(Incorporated in Malaysia)

Company No. 516143 - V

**QUARTERLY REPORT FOR THE FIRST FINANCIAL QUARTER ENDED 30 APRIL 2018
(THESE FIGURES ARE UNAUDITED)****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.04.2018 RM'000	Preceding Year Corresponding Quarter 30.04.2017 RM'000	Current Year To Date 30.04.2018 RM'000	Preceding Year Corresponding Period 30.04.2017 RM'000
Revenue	12,995	16,292	12,995	16,292
Other income	153	136	153	136
Interest income from short-term deposits	40	41	40	41
Fair value gain on financial assets	8	-	8	-
Changes in inventories of finished goods	(256)	(343)	(256)	(343)
Raw materials and consumables used	(7,976)	(9,896)	(7,976)	(9,896)
Remuneration of key management personnel	(411)	(362)	(411)	(362)
Employee benefits expense	(1,768)	(1,947)	(1,768)	(1,947)
Depreciation of property, plant and equipment	(1,086)	(1,200)	(1,086)	(1,200)
Other operating expenses	(2,421)	(2,332)	(2,421)	(2,332)
Profit/(Loss) from operations	(722)	389	(722)	389
Finance costs	-	-	-	-
Profit/(Loss) before tax	(722)	389	(722)	389
Income tax credit / (expense)	-	(50)	-	(50)
Net Profit/(Loss) for the period	(722)	339	(722)	339
Other comprehensive income				
Deferred tax on revaluation surplus	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	(722)	339	(722)	339
Net earnings per share				
- Basic	(0.72)	0.34	(0.72)	0.34

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 January 2018 and the accompanying explanatory notes to the quarterly financial statements.

CYL CORPORATION BERHAD

(Incorporated in Malaysia)

Company No. 516143 - V

QUARTERLY REPORT FOR THE FIRST FINANCIAL QUARTER ENDED 30 APRIL 2018**(THESE FIGURES ARE UNAUDITED)****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	30.04.2018	31.01.2018
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	54,987	54,690
Total Non-Current Assets	54,987	54,690
Current Assets		
Inventories	6,116	5,442
Trade receivables	12,127	12,300
Other receivables, deposits and prepaid expenses	2,065	1,700
Short-term deposit with a licensed investment bank	4,584	4,544
Other investments	514	1,506
Cash and bank balances	418	708
Total Current Assets	25,824	26,200
TOTAL ASSETS	80,811	80,890
EQUITY AND LIABILITES		
Capital and Reserve		
Issued capital	51,504	51,504
Share premium	-	-
Reserves	13,736	14,586
(Loss) / Profit for the year	(722)	1,150
Shareholders' Equity	64,518	67,240
Non-Current Liabilities		
Provision for gratuity payment	1,133	1,133
Deferred tax liabilities	4,373	4,373
Total Non-Current Liabilities	5,506	5,506
Current Liabilities		
Trade payables	6,195	5,793
Other payables and accrued expenses	2,260	1,915
Dividend payable	2,000	-
Provision for gratuity payment	243	243
Tax liabilities	89	193
Total Current Liabilities	10,787	8,144
Total Liabilities	16,293	13,650
TOTAL EQUITY AND LIABILITIES	80,811	80,890

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 January 2018 and the accompanying explanatory notes to the quarterly financial statements.

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Company No. 516143 - V

QUARTERLY REPORT FOR THE FIRST FINANCIAL QUARTER ENDED 30 APRIL 2018**(THESE FIGURES ARE UNAUDITED)****CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	30.04.2018 (Quarter) RM'000	31.01.2018 (Full Year) RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit for the year	(722)	1,150
Adjustments for:		
Depreciation of property, plant and equipment	1,086	4,581
Fair value gain on other investments	(9)	(6)
Income tax (credit) recognized in income statement	-	418
Unrealised loss / (gain) on forex	124	(55)
Gain on disposal of property, plant and equipment	-	(18)
Inventories written down	65	345
Interest income	(40)	(176)
Provision for gratuity payment	-	153
Operating Profit Before Working Capital Changes	504	6,392
(Increase)/Decrease in:		
Inventories	(740)	337
Trade receivables	172	1,220
Other receivables, deposits and prepayments	(365)	(64)
Increase/ (Decrease) in:		
Trade payables	279	(2,213)
Other payables and accrued expenses	346	157
Cash Generated From Operations	196	5,828
Income tax paid	(103)	(577)
Net Cash From Operating Activities	93	5,251
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,383)	(2,054)
Proceeds from disposal of property, plant and equipment	-	18
Interest received	40	176
(Purchase)/sale of other investments	1,000	(1,500)
Net Cash Used In Investing Activities	(343)	(3,360)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Repayment of term loans	-	-
Repayment of hire-purchase obligations	-	-
Dividend paid	-	(4,000)
Net Cash from/(Used in)Financing Activities	-	(4,000)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(250)	(2,108)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,252	7,360
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5,002	5,252

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 January 2018 and the accompanying explanatory notes to the quarterly financial statements.

CYL CORPORATION BERHAD

(Incorporated in Malaysia)

Company No. 516143 - V

QUARTERLY REPORT FOR THE FIRST FINANCIAL QUARTER ENDED 30 APRIL 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 2017	51,504	-	18,549	70,053
Dividends	-	-	(4,000)	(4,000)
Net profit for the year	-	-	1,150	1,150
Other comprehensive income for the year	-	-	37	37
Balance as of 31 January 2018	51,504	-	15,736	67,240
Balance as of 1 February 2018	51,504	-	15,736	67,240
Dividends	-	-	(2,000)	(2,000)
Net profit/ (loss) for the year	-	-	(722)	(722)
Other comprehensive income for the year	-	-	-	-
Balance as of 30 April 2018	51,504	-	13,014	64,518

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2018 and the accompanying explanatory notes to the quarterly financial statements.

CYL CORPORATION BERHAD

(Incorporated in Malaysia)

Company No. 516143 - V

**QUARTERLY REPORT FOR THE FIRST FINANCIAL QUARTER ENDED 30 APRIL 2018
(THESE FIGURES ARE UNAUDITED)**

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 APRIL 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 2018. 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 2018.

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

CYL CORPORATION BERHAD

(Incorporated in Malaysia)

Company No. 516143 - V

QUARTERLY REPORT FOR THE FIRST FINANCIAL QUARTER ENDED 30 APRIL 2018

(THESE FIGURES ARE UNAUDITED)

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration²
IC Interpretation 23 Uncertainty over Income Tax Payments³
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2014 - 2016 Cycle²
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2015 - 2017 Cycle³
Amendments to References to the Conceptual Framework in MFRS Standards⁴

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted. In addition, an entity may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated at fair value through profit or loss for annual periods beginning before 1 January 2018, as stated in paragraph 7.1.2 of MFRS 9.

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

³ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.

⁵ Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.

⁶ Effective date deferred to a date to be determined and announced by MASB.

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 30 April 2018.

A8. Dividend

A second interim tax-exempt dividend of 2.00 sen per ordinary share amounting to RM 2,000,000 has been declared in respect of the financial year ended 31 January 2018. The second interim tax-exempt dividend has been paid on 12 June 2018 to the shareholders whose names appear in the Record of Depositors on 28 May 2018. This second interim tax-exempt dividend has been included as a liability in the current quarter.

CYL CORPORATION BERHAD

(Incorporated in Malaysia)

Company No. 516143 - V

**QUARTERLY REPORT FOR THE FIRST FINANCIAL QUARTER ENDED 30 APRIL 2018
(THESE FIGURES ARE UNAUDITED)**

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 2018.

The total additions to property, plant and equipment for the financial quarter ended 30 April 2018 amounted to RM 1,383 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 30 April 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 30 April 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 30 April 2018, the Group has the following capital expenditure relating to purchase of machinery as follows:

	RM'000
Approved and contracted for	<u>1,773</u>

A15. Significant Related Party Transactions

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

CYL CORPORATION BERHAD

(Incorporated in Malaysia)

Company No. 516143 - V

**QUARTERLY REPORT FOR THE FIRST FINANCIAL QUARTER ENDED 30 APRIL 2018
(THESE FIGURES ARE UNAUDITED)****B ADDITIONAL NOTES PURSUANT TO MFRS 134****B1. Review of performance****INDIVIDUAL QUARTER**

	3 months ended 30.04.2018 RM'000	3 months ended 30.04.2017 RM'000	Variance	
			%	RM'000
Revenue	<u>12,995</u>	<u>16,292</u>	(20.24)	(3,297)
Consolidated profit before tax	(722)	389	(285.60)	(1,111)
Income tax credit/ (expense)	<u>-</u>	<u>(50)</u>	(100.00)	(50)
Consolidated Profit after tax	<u>(722)</u>	<u>339</u>	(312.97)	(1,061)

CUMULATIVE QUARTER

	3 months ended 30.04.2018 RM'000	3 months ended 30.04.2017 RM'000	Variance	
			%	RM'000
Revenue	<u>12,995</u>	<u>16,292</u>	(20.24)	(3,297)
Consolidated profit/(loss) before tax	(722)	389	(285.60)	389
Income tax credit/ (expense)	<u>-</u>	<u>(50)</u>	(100.00)	(50)
Consolidated Profit after tax	<u>(722)</u>	<u>339</u>	(312.97)	(1,061)

(i) Current Quarter Review

The Group revenue for the current financial quarter ended 30 April 2018 was lower by RM 3.30 million as compared to corresponding quarter ended 30 April 2017.

The Group reported a loss of RM 722 thousand and revenue of RM 12.99 million for the current quarter ended 30 April 2018. In the corresponding interim period ended 30 April 2017, the profit before tax and revenue were RM 389 thousand and RM 16.29 million respectively. The Group's lower performance is mainly due to the decline in overall demand/orders and the higher costs of raw material due to the increase in price of crude oil. The levy for foreign workers to be paid by employers effective January 2018 has also effected the performance of the Group.

(ii) 3-months review

For the 3-months review, the figures are the same as reported under current quarter review.

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(Incorporated in Malaysia)

Company No. 516143 - V

QUARTERLY REPORT FOR THE FIRST FINANCIAL QUARTER ENDED 30 APRIL 2018**(THESE FIGURES ARE UNAUDITED)****B2. Material change in the quarterly results compared to preceding quarter's results**

	3 months ended 30.04.2018 RM'000	3 months ended 31.01.2018 RM'000	Variance	
			%	RM'000
Revenue	<u>12,995</u>	<u>13,384</u>	(2.90)	(389)
Consolidated profit/(loss) before tax	(722)	639	(212.99)	(1,361)
Income tax credit / (expense)	<u>-</u>	<u>(350)</u>	(100.00)	(350)
Consolidated Profit after tax	(722)	289	(349.82)	(1,011)

As compared to the preceding quarter ended 31 January 2018, the Group recorded a lower revenue figure of RM 389 thousand resulting in a loss of RM 722 thousand.

B3. Prospects for the current financial year

The current financial year will remain competitive and challenging for the industry. The rising cost of raw material coupled with 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 30.04.2018 RM'000	Preceding Year Corresponding Quarter 30.04.2017 RM'000	Current Year To Date 30.04.2018 RM'000	Preceding Year Corresponding Period 30.04.2017 RM'000
Estimated tax payable	-	(50)	-	(50)
Deferred tax	-	-	-	-
Overprovision of Deferred tax in prior year	-	-	-	-
	<u>-</u>	<u>(50)</u>	<u>-</u>	<u>(50)</u>

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(Incorporated in Malaysia)

Company No. 516143 - V

**QUARTERLY REPORT FOR THE FIRST FINANCIAL QUARTER ENDED 30 APRIL 2018
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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 debt securities as at 30 April 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 2.00 sen per ordinary share, amounting to RM 2,000,000 has been declared in respect of the financial year ended 31 January 2018. The second interim tax-exempt dividend has been paid on the 12 June 2018 to the shareholders whose names appear in the Record of Depositors on 28 May 2018. 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.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.04.2018 RM'000	Preceding Year Corresponding Quarter 30.04.2017 RM'000	Current Year To Date 30.04.2018 RM'000	Preceding Year Corresponding Period 30.04.2017 RM'000
Net profit/ (loss) for the period	(722)	339	(722)	339
Weighted average number of ordinary share in issue	100,000	100,000	100,000	100,000
Basic earnings per share (sen)	<u>(0.72)</u>	<u>0.34</u>	<u>(0.72)</u>	<u>0.34</u>