

**CYL CORPORATION BERHAD**

(Incorporated in Malaysia)

Company No. 516143 - V

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.10.2018 RM'000	Preceding Year Corresponding Quarter 31.10.2017 RM'000	Current Year To Date 31.10.2018 RM'000	Preceding Year Corresponding Period 31.10.2017 RM'000
<b>Revenue</b>	13,222	13,547	39,172	45,243
Other income	28	96	193	449
Interest income from short-term deposits	25	45	100	129
Fair value gain on financial assets	-	-	10	-
Changes in inventories of finished goods	(202)	239	(486)	(261)
Raw materials and consumables used	(8,551)	(8,359)	(24,830)	(27,305)
Remuneration of key management personnel	(420)	(372)	(1,251)	(1,106)
Employee benefits expense	(1,767)	(1,684)	(5,192)	(5,549)
Depreciation of property, plant and equipment	(1,086)	(1,148)	(3,231)	(3,504)
Other operating expenses	(2,283)	(2,212)	(7,002)	(7,035)
<b>Profit/(Loss) from operations</b>	(1,034)	152	(2,517)	1,061
Finance costs	-	-	-	-
<b>Profit/(Loss) before tax</b>	(1,034)	152	(2,517)	1,061
Income tax credit / (expense)	-	(50)	-	(150)
<b>Net Profit/(Loss) for the period</b>	(1,034)	102	(2,517)	911
<b>Other comprehensive income</b>				
Deferred tax on revaluation surplus	-	-	-	-
Other comprehensive income for the year	-	-	-	-
<b>Total comprehensive income for the year</b>	(1,034)	102	(2,517)	911
Net earnings per share				
- Basic	(1.03)	0.10	(2.52)	0.91

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.

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

	<b>31.10.2018</b>	<b>31.01.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	56,100	54,690
<b>Total Non-Current Assets</b>	<b>56,100</b>	<b>54,690</b>
<b>Current Assets</b>		
Inventories	5,770	5,441
Trade receivables	11,738	12,299
Other receivables, deposits and prepaid expenses	1,355	1,700
Short-term deposit with a licensed investment bank	1,506	4,544
Other investments	-	1,506
Cash and bank balances	777	708
<b>Total Current Assets</b>	<b>21,146</b>	<b>26,198</b>
<b>TOTAL ASSETS</b>	<b>77,246</b>	<b>80,888</b>
<b>EQUITY AND LIABILITES</b>		
<b>Capital and Reserve</b>		
Issued capital	51,504	51,504
Share premium	-	-
Reserves	13,736	14,586
(Loss) / Profit for the year	(2,517)	1,150
<b>Shareholders' Equity</b>	<b>62,723</b>	<b>67,240</b>
<b>Non-Current Liabilities</b>		
Provision for gratuity payment	1,133	1,133
Deferred tax liabilities	4,373	4,373
<b>Total Non-Current Liabilities</b>	<b>5,506</b>	<b>5,506</b>
<b>Current Liabilities</b>		
Trade payables	5,828	5,792
Other payables and accrued expenses	2,946	1,915
Dividend payable	-	-
Provision for gratuity payment	243	243
Tax liabilities	-	192
<b>Total Current Liabilities</b>	<b>9,017</b>	<b>8,142</b>
<b>Total Liabilities</b>	<b>14,523</b>	<b>13,648</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>77,246</b>	<b>80,888</b>

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

	<b>31.10.2018</b> <b>(Quarter)</b> <b>RM'000</b>	<b>31.01.2018</b> <b>(Full Year)</b> <b>RM'000</b>
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>		
Profit for the year	(2,517)	1,150
Adjustments for:		
Depreciation of property, plant and equipment	3,231	4,581
Fair value gain on other investments	(10)	(6)
Income tax (credit) recognized in income statement	-	418
Unrealised loss / (gain) on forex	19	(55)
Gain on disposal of property, plant and equipment	-	(18)
Inventories written down	47	345
Interest income	(100)	(176)
Provision for gratuity payment	-	153
<b>Operating Profit Before Working Capital Changes</b>	<b>670</b>	<b>6,392</b>
(Increase)/Decrease in:		
Inventories	(376)	337
Trade receivables	561	1,220
Other receivables, deposits and prepayments	345	(64)
Increase/ (Decrease) in:		
Trade payables	17	(2,213)
Other payables and accrued expenses	1,031	157
<b>Cash Generated From Operations</b>	<b>2,248</b>	<b>5,828</b>
Income tax paid	(192)	(577)
<b>Net Cash From Operating Activities</b>	<b>2,056</b>	<b>5,251</b>
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(4,641)	(2,054)
Proceeds from disposal of property, plant and equipment	-	18
Interest received	100	176
(Purchase)/sale of other investments	1,516	(1,500)
<b>Net Cash Used In Investing Activities</b>	<b>(3,025)</b>	<b>(3,360)</b>
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>		
Repayment of term loans	-	-
Repayment of hire-purchase obligations	-	-
Dividend paid	(2,000)	(4,000)
<b>Net Cash from/(Used in)Financing Activities</b>	<b>(2,000)</b>	<b>(4,000)</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,969)</b>	<b>(2,108)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>5,252</b>	<b>7,360</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>2,283</b>	<b>5,252</b>

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.

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**QUARTERLY REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 OCTOBER 2018****(THESE FIGURES ARE UNAUDITED)****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 2017</b>	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
<b>Balance as of 31 January 2018</b>	<b>51,504</b>	<b>-</b>	<b>15,736</b>	<b>67,240</b>
<b>Balance as of 1 February 2018</b>	51,504	-	15,736	67,240
Dividends	-	-	(2,000)	(2,000)
Net profit/ (loss) for the year	-	-	(2,517)	(2,517)
Other comprehensive income for the year	-	-	-	-
<b>Balance as of 31 October 2018</b>	<b>51,504</b>	<b>-</b>	<b>11,219</b>	<b>62,723</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 2018 and the accompanying explanatory notes to the quarterly financial statements.

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**QUARTERLY REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 OCTOBER 2018  
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**A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 OCTOBER 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 2018:

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers and Clarification to MFRS 15
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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:

IC Interpretation 23	Uncertainty over Income Tax Payments <sup>1</sup>
Amendments to MFRSs contained in the document entitled Annual Improvements to MFRSs 2015 - 2017 Cycle <sup>1</sup>	
MFRS 16	Leases
Amendments to References to the Conceptual Framework in MFRS Standards <sup>2</sup>	

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2020, with earlier application 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.

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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 2018.

**A8. Dividend**

A second interim tax-exempt dividend of 2.00 sen per ordinary share, amounting to RM 2,000,000 [2017 : RM 2,000,000] was paid on the 12 June 2018 to the shareholders whose names appear in the Record of Depositors on 28 May 2018. No interim dividend has been declared in the current financial quarter ended 31 October 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 2018.

The total additions to property, plant and equipment for the financial quarter ended 31 October 2018 amounted to RM 2,185 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 2018 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 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 October 2018, the Group has the following capital expenditure relating to purchase of machinery as follows:

	<b>RM'000</b>
Approved and contracted for	<u>280</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 2018  
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	<b>3 months ended 31.10.2018 RM'000</b>	<b>3 months ended 31.10.2017 RM'000</b>	<b>Variance</b>	
			<b>%</b>	<b>RM'000</b>
Revenue	<u>13,222</u>	<u>13,547</u>	(02.40)	(325)
Consolidated profit before tax	(1,034)	152	(780.26)	(1,186)
Income tax credit/ (expense)	<u>-</u>	<u>(50)</u>	(100.00)	(50)
Consolidated Profit after tax	<u>(1,034)</u>	<u>102</u>	(1,113.72)	(1,136)

**CUMULATIVE QUARTER**

	<b>9 months ended 31.10.2018 RM'000</b>	<b>9 months ended 31.10.2017 RM'000</b>	<b>Variance</b>	
			<b>%</b>	<b>RM'000</b>
Revenue	<u>39,172</u>	<u>45,243</u>	(13.42)	(6,071)
Consolidated profit/(loss) before tax	(2,517)	1,061	(337.23)	(3,578)
Income tax credit/ (expense)	<u>-</u>	<u>(150)</u>	(100.00)	(150)
Consolidated Profit after tax	<u>(2,517)</u>	<u>911</u>	(376.29)	(3,428)

**(i) Current Quarter Review**

The Group revenue for the current financial quarter ended 31 October 2018 was lower by RM 325 thousand when compared to corresponding quarter ended 31 October 2017.

The Group reported a loss of RM 1.03 million and revenue of RM 13.22 million for the current quarter ended 31 October 2018. In the corresponding interim period ended 31 October 2017, the profit before tax and revenue were RM 152 thousand and RM 13.55 million respectively. The Group's lower performance is mainly due to the decline in overall demand/orders and the higher cost of raw material in tandem with the increase in price of crude oil. The levy for foreign workers to be paid by employers effective January 2018 has also affected the financial position of the Group.

**(ii) 9-months review**

For the 9-month review, the Group revenue and profit before tax for corresponding period ending 31 October 2017 were higher by 13.42% and 337.23% respectively as compared to the current period. The lower performance in the current period is due to the lower overall sales/demand for the Group's products. Higher costs of raw material due to price uptrend of crude oil and the volatility of the local currency contributed to the lower Group financial position reported. The levy for foreign workers to be paid by employers effective January 2018 has also affected the financial position of the Group.



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	3 months ended 31.10.2018 RM'000	3 months ended 31.07.2018 RM'000	Variance	
			%	RM'000
Revenue	<u>13,222</u>	<u>12,955</u>	2.06	267
Consolidated profit/(loss) before tax	(1,034)	(832)	24.28	202
Income tax credit / (expense)	<u>-</u>	<u>-</u>	-	-
Consolidated Profit after tax	(1,034)	(832)	24.28	202

As compared to the preceding quarter ended 31 July 2018, the Group recorded a higher revenue figure of RM 267 thousand, reporting a loss of RM 1.03 million.

**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 and cost efficiency 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 31.10.2018 RM'000	Preceding Year Corresponding Quarter 31.10.2017 RM'000	Current Year To Date 31.10.2018 RM'000	Preceding Year Corresponding Period 31.10.2017 RM'000
Estimated tax payable	-	(50)	-	(150)
Deferred tax	-	-	-	-
Overprovision of Deferred tax in prior year	-	-	-	-
	<u>-</u>	<u>(50)</u>	<u>-</u>	<u>(150)</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 debt securities as at 31 October 2018.

**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 [2017 : RM Nil].

**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 31.10.2018 RM'000	Preceding Year Corresponding Quarter 31.10.2017 RM'000	Current Year To Date 31.10.2018 RM'000	Preceding Year Corresponding Period 31.10.2017 RM'000
Net profit/ (loss) for the period	(1,034)	102	(2,517)	911
Weighted average number of ordinary share in issue	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Basic earnings per share (sen)	<u>(1.03)</u>	<u>0.10</u>	<u>(2.52)</u>	<u>0.91</u>