

CYL CORPORATION BERHAD

(Incorporated in Malaysia)

Company No. 516143 - V

**QUARTERLY REPORT FOR THE FIRST FINANCIAL QUARTER ENDED 30 APRIL 2019
(THESE FIGURES ARE UNAUDITED)****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.04.2019 RM'000	Preceding Year Corresponding Quarter 30.04.2018 RM'000	Current Year To Date 30.04.2019 RM'000	Preceding Year Corresponding Period 30.04.2018 RM'000
Revenue	11,858	12,995	11,858	12,995
Other income	76	153	76	153
Interest income from short-term deposits	14	40	14	40
Fair value gain on financial assets	-	8	-	8
Changes in inventories of finished goods	(84)	(256)	(84)	(256)
Raw materials and consumables used	(6,098)	(7,976)	(6,098)	(7,976)
Remuneration of key management personnel	(408)	(411)	(408)	(411)
Employee benefits expense	(1,972)	(1,768)	(1,972)	(1,768)
Depreciation of property, plant and equipment	(1,073)	(1,086)	(1,073)	(1,086)
Other operating expenses	(1,822)	(2,421)	(1,822)	(2,421)
Profit/(Loss) from operations	491	(722)	491	(722)
Finance costs	-	-	-	-
Profit/(Loss) before tax	491	(722)	491	(722)
Income tax credit / (expense)	-	-	-	-
Net Profit/(Loss) for the period	491	(722)	491	(722)
Other comprehensive income/(loss)				
Deferred tax on revaluation surplus	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive income/(loss) for the year	491	(722)	491	(722)
Net earnings per share				
- Basic	0.49	(0.72)	0.49	(0.72)

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 FIRST FINANCIAL QUARTER ENDED 30 APRIL 2019**(THESE FIGURES ARE UNAUDITED)****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	30.04.2019	31.01.2019
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	54,410	55,289
Total Non-Current Assets	54,410	55,289
Current Assets		
Inventories	5,402	5,667
Trade receivables	10,522	11,936
Right to returned goods assets	38	38
Other receivables, deposits and prepaid expenses	1,012	1,101
Tax recoverable	283	248
Short-term deposit with a licensed investment bank	3,014	3
Cash and bank balances	1,057	2,278
Total Current Assets	21,328	21,271
TOTAL ASSETS	75,738	76,560
EQUITY AND LIABILITES		
Capital and Reserve		
Issued capital	51,504	51,504
Share premium	-	-
Reserves	11,152	13,715
(Loss) / Profit for the year	491	(2,563)
Shareholders' Equity	63,147	62,656
Non-Current Liabilities		
Provision for gratuity payment	1,231	1,231
Deferred tax liabilities	5,109	5,109
Total Non-Current Liabilities	6,340	6,340
Current Liabilities		
Trade payables	4,496	5,584
Other payables and accrued expenses	1,694	1,919
Refund liability	61	61
Total Current Liabilities	6,251	7,564
Total Liabilities	12,591	13,904
TOTAL EQUITY AND LIABILITES	75,738	76,560

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 FIRST FINANCIAL QUARTER ENDED 30 APRIL 2019**(THESE FIGURES ARE UNAUDITED)****CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	30.04.2019 (Quarter) RM'000	31.01.2019 (Full Year) RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit for the year	491	(1,908)
Adjustments for:		
Depreciation of property, plant and equipment	1,073	4,308
Fair value gain on other investments	-	(10)
Loss allowance on receivables	-	134
Income tax (credit) recognized in income statement	-	93
Unrealised loss / (gain) on forex	46	71
Gain on disposal of property, plant and equipment	-	-
Inventories written down	155	239
Interest income	(14)	(107)
Provision for gratuity payment	-	192
Operating Profit Before Working Capital Changes	1,751	3,012
(Increase)/Decrease in:		
Inventories	110	(465)
Trade receivables	1,414	216
Right to returned goods assets	-	(4)
Other receivables, deposits and prepayments	89	(72)
Increase/ (Decrease) in:		
Trade payables	(1,134)	(265)
Other payables and accrued expenses	(225)	4
Refund liability	-	7
Cash Generated From Operations	2,005	2,433
Income tax paid	(35)	(453)
Gratuity paid	-	(338)
Net Cash From Operating Activities	1,970	1,642
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(194)	(4,177)
Refundable deposits paid for property, plant and equipment	-	(59)
Interest received	14	107
(Purchase)/sale of other investments	-	1,516
Net Cash Used In Investing Activities	(180)	(2,613)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Repayment of term loans	-	-
Repayment of hire-purchase obligations	-	-
Dividend paid	-	(2,000)
Net Cash from/(Used in) Financing Activities	-	(2,000)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	1,790	(2,971)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,281	5,252
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,071	2,281

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 FIRST FINANCIAL QUARTER ENDED 30 APRIL 2019**(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 2018	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)
Balance as of 31 January 2019	51,504	-	11,152	62,656
Balance as of 1 February 2019	51,504	-	11,152	62,656
Dividends	-	-	-	-
Net profit/ (loss) for the year	-	-	491	491
Other comprehensive income for the year	-	-	-	-
Balance as of 30 April 2019	51,504	-	11,643	63,147

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 FOURTH FINANCIAL QUARTER ENDED 30 APRIL 2019
(THESE FIGURES ARE UNAUDITED)**

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 APRIL 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
- MFRS 128, Long-term Interests in Associates and Joint Ventures

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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**QUARTERLY REPORT FOR THE FIRST FINANCIAL QUARTER ENDED 30 APRIL 2019
(THESE FIGURES ARE UNAUDITED)**

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 2019.

A8. Dividend

No interim dividend has been declared in the current financial quarter ended 30 April 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 30 April 2019 amounted to RM 194 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 2019 and the date of this report.

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**QUARTERLY REPORT FOR THE FIRST FINANCIAL QUARTER ENDED 30 APRIL 2019
(THESE FIGURES ARE UNAUDITED)**

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 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 30 April 2019, the Group has the following capital expenditure relating to purchase of machinery as follows:

	RM'000
Approved and contracted for	<u>569</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 FIRST FINANCIAL QUARTER ENDED 30 APRIL 2019
(THESE FIGURES ARE UNAUDITED)****B ADDITIONAL NOTES PURSUANT TO MFRS 134****B1. Review of performance****INDIVIDUAL QUARTER**

	3 months ended 30.04.2019 RM'000	3 months ended 30.04.2018 RM'000	Variance	
			%	RM'000
Revenue	<u>11,858</u>	<u>12,995</u>	(8.75)	(1,137)
Consolidated profit/(loss) before tax	491	(722)	168.00	1,213
Income tax credit/ (expense)	<u>-</u>	<u>-</u>	-	-
Consolidated Profit/ (Loss) after tax	<u>491</u>	<u>(722)</u>	168.00	1,213

CUMULATIVE QUARTER

	3 months ended 30.04.2019 RM'000	3 months ended 30.04.2018 RM'000	Variance	
			%	RM'000
Revenue	<u>11,858</u>	<u>12,995</u>	(8.75)	(1,137)
Consolidated profit/(loss) before tax	491	(722)	168.00	1,213
Income tax credit/ (expense)	<u>-</u>	<u>-</u>	-	-
Consolidated Profit/(Loss) after tax	<u>491</u>	<u>(722)</u>	168.00	1,213

(i) Current Quarter Review

The Group revenue for the current financial quarter ended 30 April 2019 decreased by RM 1.14 million when compared to corresponding quarter ended 30 April 2018.

The Group reported a profit before tax of RM 491 thousand and revenue of RM 11.86 million for the current quarter ended 30 April 2019. In the corresponding interim period ended 30 April 2018, the Group reported a loss of RM 722 thousand and RM 13.00 million respectively. The better performance is due to the softening of raw material prices coupled with a more favorable product mix in the current quarter.

(ii) 3-month review

For the 3-month review, the Group revenue were lower by 8.75% as compared to corresponding period ending 30 April 2018. However, profit before tax for current quarter ending 30 April 2019 were higher by 168.00%. The better performance is due to the softening of raw material prices coupled with a more favorable product mix in the current quarter.

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**QUARTERLY REPORT FOR THE FIRST FINANCIAL QUARTER ENDED 30 APRIL 2019
(THESE FIGURES ARE UNAUDITED)****B2. Material change in the quarterly results compared to preceding quarter's results**

	3 months ended 30.04.2019 RM'000	3 months ended 31.01.2019 RM'000	Variance	
			%	RM'000
Revenue	11,858	14,289	(17.01)	(2,431)
Consolidated profit/(loss) before tax	491	839	(41.48)	(348)
Income tax credit / (expense)	-	(93)	(100)	(93)
Consolidated Profit after tax	491	746	(34.18)	(255)

As compared to the preceding quarter ended 31 January 2019, the Group recorded a lower revenue figure of RM2.43 million with a corresponding decrease of consolidated profit before tax figure of RM348 thousand. The lower performance is due to the reversal of provisions no longer required in the preceding quarter. The decrease in orders/sales also contributed to the lower performance in the current quarter.

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 volatile nature of raw material costs 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 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 30.04.2019 RM'000	Preceding Year Corresponding Quarter 30.04.2018 RM'000	Current Year To Date 30.04.2019 RM'000	Preceding Year Corresponding Period 30.04.2018 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 30 April 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.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.04.2019 RM'000	Preceding Year Corresponding Quarter 30.04.2018 RM'000	Current Year To Date 30.04.2019 RM'000	Preceding Year Corresponding Period 30.04.2018 RM'000
Net profit/ (loss) for the period	491	(722)	491	(722)
Weighted average number of ordinary share in issue	100,000	100,000	100,000	100,000
Basic earnings per share (sen)	<u>0.49</u>	<u>(0.72)</u>	<u>0.49</u>	<u>(0.72)</u>