

QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2020
(THESE FIGURES ARE UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.01.2020 RM'000	Preceding Year Corresponding Quarter 31.01.2019 RM'000	Current Year To Date 31.01.2020 RM'000	Preceding Year Corresponding Period 31.01.2019 RM'000 (Restated)
Revenue	7,618	14,289	41,443	53,389
Other income	178	108	483	178
Interest income from short-term deposits	50	8	130	107
Fair value gain on financial assets	-	-	17	10
Changes in inventories of finished goods	(403)	201	(145)	119
Raw materials and consumables used	(3,436)	(8,267)	(21,327)	(32,983)
Remuneration of key management personnel	(420)	(419)	(1,677)	(1,764)
Employee benefits expense	(1,269)	(1,457)	(6,019)	(6,554)
Depreciation of property, plant and equipment	(665)	(1,076)	(3,812)	(4,020)
Other operating expenses	(1,811)	(2,548)	(8,577)	(9,957)
Loss)/Profit from operations	(158)	839	516	(1,475)
Finance costs	-	-	(39)	(27)
(Loss)/Profit before tax	(158)	839	477	(1,501)
Income tax expense	(319)	(93)	(319)	(93)
Net (loss)/profit for the period	(477)	746	158	(1,595)
Other comprehensive income/(loss)				
Deferred tax on revaluation surplus	-	(692)	-	(692)
Other comprehensive income for the year	37	37	37	37
Total comprehensive (loss)/income for the year	(440)	91	195	(2,250)
Net earnings per share				
- Basic	(0.48)	0.75	0.16	(1.60)

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.

QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2020
(THESE FIGURES ARE UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.01.2020	31.01.2019
	RM'000	RM'000
		(Restated)
ASSETS		
Non-Current Assets		
Property, plant and equipment	54,541	57,396
Transferable golf club membership	85	85
Total Non-Current Assets	54,626	57,481
Current Assets		
Inventories	5,870	5,667
Trade receivables	6,575	11,936
Right to returned goods assets	16	38
Other receivables, deposits and prepaid expenses	243	257
Tax recoverable	276	248
Short-term deposit with a licensed investment bank	6,332	3
Cash and bank balances	1,102	2,320
Total Current Assets	20,414	20,469
TOTAL ASSETS	75,040	77,950
EQUITY AND LIABILITIES		
Capital and Reserve		
Issued capital	51,504	51,504
Reserves	12,117	14,175
Profit/(Loss) for the year	158	(1,595)
Shareholders' Equity	63,779	64,084
Non-Current Liabilities		
Provision for gratuity payment	415	377
Deferred tax liabilities	5,226	5,109
Total Non-Current Liabilities	5,640	5,486
Current Liabilities		
Trade payables	2,779	5,626
Other payables and accrued expenses	1,983	1,919
Refund liability	26	61
Amount owing to director	14	-
Provision for gratuity payment	819	774
Total Current Liabilities	5,621	8,380
Total Liabilities	11,261	13,866
TOTAL EQUITY AND LIABILITIES	75,040	77,950

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.

QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2020
(THESE FIGURES ARE UNAUDITED)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	31.01.2020	31.01.2019
	RM'000	RM'000
		(Restated)
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit for the year	158	(1,595)
Adjustments for:		
Depreciation of property, plant and equipment	3,812	4,020
Fair value gain on other investments	(17)	(10)
(Reversal on)/Loss allowance on receivables	(64)	134
Income tax expense recognised in income statement	319	93
Unrealised loss on forex	20	71
Finance costs	39	27
Inventories written down	402	239
Interest income	(130)	(107)
Provision for gratuity payment	45	140
Operating Profit Before Working Capital Changes	4,584	3,012
(Increase)/Decrease in:		
Inventories	(605)	(465)
Trade receivables	5,433	216
Right to returned goods assets	22	(4)
Other receivables, deposits and prepayments	(617)	194
Increase/ (Decrease) in:		
Trade payables	(2,876)	(224)
Other payables and accrued expenses	63	4
Refund liability	(35)	7
Directors	14	
Cash Generated From Operations	5,983	2,740
Income tax paid	(193)	(453)
Gratuity paid	-	(338)
Net Cash Generated From Operating Activities	5,790	1,949
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(281)	(4,443)
Refundable deposits paid for property, plant and equipment	(45)	(59)
Interest received	130	108
Sale of other investments	17	1,516
Net Cash Used In Investing Activities	(179)	(2,878)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Dividend paid	(500)	(2,000)
Net Cash Used in Financing Activities	(500)	(2,000)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	5,111	(2,929)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,323	5,252
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7,434	2,323

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.

CYL CORPORATION BERHAD
(Incorporated in Malaysia)
Registration No.: 200001013537 (516143-V)

QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2020
(THESE FIGURES ARE UNAUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital RM'000	Unappropriated profits RM'000	Total RM'000
Balance as of 1 February 2018	51,504	15,715	67,219
Prior year adjustments	-	1,115	1,115
As restated	51,504	16,830	68,334
Dividends	-	(2,000)	(2,000)
Loss for the year	-	(1,595)	(1,595)
Other comprehensive loss for the year	-	(655)	(655)
Balance as of 31 January 2019	51,504	12,580	64,084
Balance as of 1 February 2019	51,504	12,580	64,084
Dividends	-	(500)	(500)
Profit for the year	-	158	158
Other comprehensive income for the year	-	37	37
Balance as of 31 January 2020	51,504	12,275	63,779

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.

QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2020
(THESE FIGURES ARE UNAUDITED)

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 JANUARY 2020.
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 standard, IC Interpretation and amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatorily effective for accounting period that begins on or after 1 February 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:

Standard and amendments effective for annual periods beginning on or after 1 January 2020 and 1 January 2022*, with earlier application permitted:

- MFRS 17, Insurance Contracts
- Amendments to MFRS 3: Definition of a Business
- Amendments to MFRS 101 and MFRS 108: Definition of Material; *Classification of Liabilities as Current or Non-Current
- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 9, MFRS 139 and MFRS 7, Interest Rate Benchmark Reform

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.

QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2020
(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 31 January 2020.

A8. Dividend

An interim tax exempt dividend of 0.50 sen per ordinary share amounting to RM500,000 was declared and paid on 22 January 2020 to the shareholders whose names appear in the Record of Depositors on 13 January 2020.

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 January 2020 amounted to RM234 thousand. During the said period, there was no significant disposal of property, plant and equipment.

QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2020
(THESE FIGURES ARE UNAUDITED)

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 2020 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 2020. 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 2020, the Group has the following capital expenditure relating to purchase of machinery as follows:

	RM'000
Approved and contracted for	<u>676</u>

A15. Significant Related Party Transactions

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

A16. Prior year adjustments

There were prior year adjustments noted as follows:

- (i) Understatement of property, plant and equipment, depreciation expenses and adjustment of related account balances.
- (i) Understatement of provision for gratuity payment and adjustment of related account balances.
- (ii) Write offs of unidentified deposits and prepaid levy due to non-recoverability of the said balances.
- (v) Reclassification of the transferable golf club membership from current asset to non-current asset.

QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2020
(THESE FIGURES ARE UNAUDITED)

Adjustments are made as follows:

	<u>As previously reported</u>	<u>Effect of prior year adjustments</u>	<u>As restated</u>
<u>As at 1 February 2018</u>			
<u>Consolidated statement of financial position</u>			
Property, plant and equipment	54,690	1,553	56,243
Transferable golf club membership	-	85	85
Other receivables, deposits and prepaid expenses	1,701	(578)	1,123
Provision for gratuity payment	1,377	(55)	1,322
Retained earnings	15,715	1,115	16,830
<u>As at 31 January 2019</u>			
<u>Consolidated statement of financial position</u>			
Property, plant and equipment	55,289	2,107	57,396
Cash and bank	2,278	42	2,320
Trade payables	5,584	42	5,626
Transferable golf club membership	-	85	85
Other receivables, deposits and prepaid expenses	1,100	(843)	257
Provision for gratuity payment	1,230	(79)	1,151
Retained earnings	11,151	1,429	12,580
<u>For the financial year ended 31 January 2019</u>			
<u>Consolidated statement of profit or loss and other comprehensive income</u>			
Revenue	53,454	(65)	53,389
Other income	113	65	178
Depreciation of property, plant and equipment	4,308	(288)	4,020
Other expenses	10,009	(52)	9,957
Finance costs	-	27	27

**QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2020
(THese FIGURES ARE UNAUDITED)**

B ADDITIONAL NOTES PURSUANT TO MFRS 134

B1. Review of performance

INDIVIDUAL QUARTER

	3 months ended 31.01.2020 RM'000	3 months ended 31.01.2019 RM'000	Variance	
			%	RM'000
Revenue	<u>7,618</u>	<u>14,289</u>	(46.69)	(6,671)
Consolidated (loss)/profit before tax	(158)	839	(118.83)	(997)
Income tax expense	<u>(319)</u>	<u>(93)</u>	243.01	226
Consolidated (loss)/profit after tax	<u>(477)</u>	<u>746</u>	(163.94)	(1,223)

CUMULATIVE QUARTER

	12 months ended 31.01.2020 RM'000	12 months ended 31.01.2019 RM'000	Variance	
			%	RM'000
Revenue	<u>41,443</u>	<u>53,389</u>	(22.37)	(11,946)
Consolidated profit/(loss) before tax	477	(1,501)	131.76	1,979
Income tax expense	<u>(319)</u>	<u>(93)</u>	243.01	226
Consolidated loss after tax	<u>158</u>	<u>(1,595)</u>	109.90	1,753

(i) Current Quarter Review

The Group revenue for the current financial quarter ended 31 January 2020 decreased by RM6.67 million when compared to corresponding quarter ended 31 January 2019.

The Group reported a loss of RM158 thousand and revenue of RM7.62 million for the current quarter ended 31 January 2020. In the corresponding interim period ended 31 January 2019, the Group reported a profit before tax of RM839 thousand and revenue of RM14.29 million respectively. The lower performance is mainly due to the contraction in demand, shorter work days due to the festive season and reversal of provisions provided during the corresponding financial quarter. Additionally, the price variance due to the softening of raw material prices also contributed to the lower sales garnered during the quarter.

(ii) 12-month review

For the 12-month review, the Group revenue were lower by 22.37% as compared to corresponding period ending 31 January 2019. However, profit before tax for the current period ending 31 January 2020 was higher by 131.76%. The better performance is due to the softening of raw material prices which is the Group's main cost driver coupled with a more favorable product mix in the 12 months under review.

**QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2020
(THese FIGURES ARE UNAUDITED)**

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

	3 months ended	3 months ended	Variance	
	31.01.2020 RM'000	31.10.2019 RM'000	%	RM'000
Revenue	<u>7,618</u>	<u>10,875</u>	(29.95)	(3,257)
Consolidated (loss)/profit before tax	(158)	136	(216.18)	(294)
Income tax expense	<u>(319)</u>	<u>-</u>	100.00	319
Consolidated (loss)/profit after tax	<u>(477)</u>	<u>136</u>	(450.73)	(613)

As compared to the preceding quarter ended 31 October 2019, the Group recorded a lower revenue figure of RM3.26 million reporting a loss of RM158 thousand. The decrease in performance reported is due to shorter working days because of the festive season coupled with the contraction in demand during the current quarter.

B3. Prospects for the next financial year

The next financial year will remain competitive and extremely challenging for the Group. The global economy is experiencing increased volatility of unprecedented levels in the wake of heightened fears of the spread of coronavirus. Additionally, there is still the unresolved trade dispute between the 2 major economies i.e. China and the U.S.A. The uncertainty in crude oil price and the volatility of the local currency vis the US dollar will have a direct effect on the cost of raw material. These factors 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 expense

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.01.2020 RM'000	Preceding Year Corresponding Quarter 31.01.2019 RM'000	Current Year To Date 31.01.2020 RM'000	Preceding Year Corresponding Period 31.01.2019 RM'000
Estimated tax payable	(165)	(13)	(165)	(13)
Deferred tax	54	232	54	232
Over/(Underprovision) of deferred tax in prior year	<u>(208)</u>	<u>(312)</u>	<u>(208)</u>	<u>(312)</u>
	<u>(319)</u>	<u>(93)</u>	<u>(319)</u>	<u>(93)</u>

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

**QUARTERLY REPORT FOR THE FOURTH FINANCIAL QUARTER ENDED 31 JANUARY 2020
(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 2020.

B8. Material litigation

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

B9. Dividend

An interim tax exempt dividend of 0.50 sen per ordinary share amounting to RM500,000 was declared and paid on 22 January 2020 to the shareholders whose names appear in the Record of Depositors on 13 January 2020.

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 31.01.2020 RM'000	Preceding Year Corresponding Quarter 31.01.2019 RM'000	Current Year To Date 31.01.2020 RM'000	Preceding Year Corresponding Period 31.01.2019 RM'000
Net (loss)/profit for the period	(477)	746	158	(1,595)
Weighted average number of ordinary share in issue	100,000	100,000	100,000	100,000
Basic earnings per share (sen)	<u>(0.48)</u>	<u>0.75</u>	<u>0.16</u>	<u>(1.60)</u>