

CYL CORPORATION BERHAD

(Incorporated in Malaysia)

Registration No.: 2000010113537 (516143-V)

**QUARTERLY REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 OCTOBER 2020
(THESE FIGURES ARE UNAUDITED)****CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.10.2020 RM'000	Preceding Year Corresponding Quarter 31.10.2019 RM'000	Current Year To Date 31.10.2020 RM'000	Preceding Year Corresponding Period 31.10.2019 RM'000
Revenue	11,873	10,875	31,060	33,825
Other income	537	68	1,045	240
Interest income from short-term deposits	30	47	120	80
Fair value gain on financial assets	-	2	-	17
Changes in inventories of finished goods	(85)	280	334	258
Raw materials and consumables used	(6,117)	(5,681)	(15,473)	(17,891)
Remuneration of key management personnel	(408)	(420)	(1,208)	(1,257)
Employee benefits expense	(1,496)	(1,542)	(4,128)	(4,685)
Depreciation of property, plant and equipment	(844)	(1,028)	(2,574)	(3,147)
Other operating expenses	(2,866)	(2,465)	(7,364)	(6,805)
Loss)/Profit from operations	624	136	1,812	635
Finance costs	-	-	-	-
(Loss)/Profit before tax	624	136	1,812	635
Income tax expense	(150)	-	(300)	-
Net (loss)/profit for the period	474	136	1,512	635
Other comprehensive income/(loss)				
Deferred tax on revaluation surplus	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive (loss)/income for the year	474	136	1,512	635
Net earnings per share				
- Basic	0.47	0.14	1.51	0.63

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 January 2020 and the accompanying explanatory notes to the quarterly financial statements.

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**QUARTERLY REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 OCTOBER 2020
(THESE FIGURES ARE UNAUDITED)****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	31.10.2020	31.01.2020
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	53,107	54,542
Transferable golf club membership	85	85
Total Non-Current Assets	53,192	54,627
Current Assets		
Inventories	7,025	5,870
Trade receivables	10,148	6,575
Right to returned goods assets	16	16
Other receivables, deposits and prepaid expenses	1,295	243
Current tax asset	39	276
Short-term deposit with a licensed investment bank	6,055	6,324
Cash and bank balances	1,068	1,110
Total Current Assets	25,646	20,414
TOTAL ASSETS	78,838	75,041
EQUITY AND LIABILITIES		
Capital and Reserve		
Issued capital	51,504	51,504
Reserves	12,275	12,117
Profit/(Loss) for the year	1,512	158
Shareholders' Equity	65,291	63,779
Non-Current Liabilities		
Provision for gratuity payment	415	415
Deferred tax liabilities	5,226	5,226
Total Non-Current Liabilities	5,641	5,641
Current Liabilities		
Trade payables	4,643	2,779
Other payables and accrued expenses	2,907	1,983
Refund liability	26	26
Amount owing to director	14	14
Provision for gratuity payment	16	819
Tax liabilities	300	-
Total Current Liabilities	7,906	5,621
Total Liabilities	13,547	11,262
TOTAL EQUITY AND LIABILITIES	78,838	75,041

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 January 2020 and the accompanying explanatory notes to the quarterly financial statements.

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**QUARTERLY REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 OCTOBER 2020
(THESE FIGURES ARE UNAUDITED)****CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	31.10.2020 RM'000	31.01.2020 RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit before tax	1,512	477
Adjustments for:		
Depreciation of property, plant and equipment	2,574	3,811
Unwinding of discount	-	39
Changes in allowance for doubtful debts	-	(64)
Unrealised (gain)/loss on forex	4	20
Finance costs	-	-
Inventories written down	235	402
Interest income	(120)	(130)
Provision for gratuity payment	-	45
Operating Profit Before Working Capital Changes	4,205	4,600
(Increase)/Decrease in:		
Inventories	(1,390)	(605)
Trade receivables	(3,573)	5,360
Right to returned goods assets	-	22
Other receivables, deposits and prepayments	(768)	132
Increase/ (Decrease) in:		
Trade payables	1,868	(2,847)
Other payables and accrued expenses	1,224	49
Refund liability	-	(35)
Directors	-	-
Cash Generated From Operations	1,566	6,676
Income tax paid	(47)	(193)
Gratuity paid	(804)	-
Net Cash Generated From Operating Activities	715	6,483
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,146)	(957)
Interest received	120	130
Refundable deposits paid for property, plant and equipment	-	(45)
Net Cash Used In Investing Activities	(1,026)	(872)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Dividend paid	-	(500)
Net Cash Used in Financing Activities	-	(500)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(311)	5,111
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,434	2,323
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7,123	7,434

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 January 2020 and the accompanying explanatory notes to the quarterly financial statements.

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QUARTERLY REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 OCTOBER 2020
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital RM'000	Unappropriated profits RM'000	Total RM'000
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
Balance as of 1 February 2020	51,504	12,275	63,779
Dividends	-	-	-
Profit for the year	-	1,512	1,512
Other comprehensive income for the year	-	-	-
Balance as of 31 October 2020	51,504	13,787	65,291

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2020 and the accompanying explanatory notes to the quarterly financial statements.

CYL CORPORATION BERHAD

(Incorporated in Malaysia)

Company No. 516143 - V

QUARTERLY REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 OCTOBER 2020

(THESE FIGURES ARE UNAUDITED)

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 OCTOBER 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 2020. 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 2020.

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 2020:

- 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
- Amendments to MFRS 9, MFRS 139 and MFRS 7, Interest Rate Benchmark Reform

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 June 2020, 1 January 2022¹ and 1 January 2023², with earlier application permitted:

- Amendments to MFRS 101 and MFRS 108: ²Classification of Liabilities as Current or Non-Current
- Amendments to MFRS 16: ¹Covid-19-Related Rent Concessions
- Amendments to MFRS 3: Reference to the Conceptual Framework
- Amendments to MFRS 116: Proceeds before Intended Use
- Amendments to MFRS 137: Costs of Fulfilling a Contract
- Amendments to MFRSs contained in the document “*Annual Improvements to MFRS Standards 2018-2020*”
- Amendments to MFRS 17, ²Insurance Contracts

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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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 2020.

A8. Dividend

No interim dividend has been declared in the current financial quarter ended 31 October 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 2020.

The total additions to property, plant and equipment for the financial quarter ended 31 October 2020 amounted to RM181 thousand. During the said period, there was no significant disposal of property, plant and equipment.

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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 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 October 2020. Corporate guarantees given to banks for credit facilities granted to the subsidiary company is currently at RM 7.55 million.

A14. Capital commitments

As at 31 October 2020, the Group has the following capital expenditure relating to purchase of machinery as follows:

	RM'000
Approved and contracted for	<u><u>1,649</u></u>

A15. Significant Related Party Transactions

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

**QUARTERLY REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 OCTOBER 2020
(THESE FIGURES ARE UNAUDITED)**

B ADDITIONAL NOTES PURSUANT TO MFRS 134

B1. Review of performance

INDIVIDUAL QUARTER

	3 months ended 31.10.2020	3 months ended 31.10.2019	Variance	
	RM'000	RM'000	%	RM'000
Revenue	11,873	10,875	9.18	998
Consolidated (loss)/profit before tax	624	136	358.82	488
Income tax expense	(150)	-	100.00	150
Consolidated (loss)/profit after tax	474	136	248.53	338

CUMULATIVE QUARTER

	9 months ended 31.10.2020	9 months ended 31.10.2019	Variance	
	RM'000	RM'000	%	RM'000
Revenue	31,060	33,825	(8.17)	(2,765)
Consolidated profit/(loss) before tax	1,812	635	185.35	1,177
Income tax expense	(300)	-	100.00	300
Consolidated loss after tax	1,512	635	138.11	877

(i) Current Quarter Review

The Group revenue for the current financial quarter ended 31 October 2020 increased by RM998 thousand when compared to corresponding quarter ended 31 October 2019.

The Group reported a profit before tax of RM624 thousand and revenue of RM11.87 million for the current quarter ended 31 October 2020. In the corresponding interim period ended 31 October 2019, the Group reported a profit before tax of RM136 thousand and revenue of RM10.87 million respectively. The better performance is due to cost control initiated by management coupled with the lower costs of resin which is the Group's main cost driver.

(ii) 9-month review

For the 9-month review, the Group revenue was lower by 8.17% as compared to corresponding period ended 31 October 2019. However, profit before tax increased by 185.35%. The better performance is due to cost control initiated by management coupled with the lower costs of resin which is the Group's main cost driver.

**QUARTERLY REPORT FOR THE THIRD FINANCIAL QUARTER ENDED 31 OCTOBER 2020
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B2. Material change in the quarterly results compared to preceding quarter's results

	3 months ended 31.10.2020 RM'000	3 months ended 31.07.2020 RM'000	Variance	
			%	RM'000
Revenue	11,873	10,274	15.56	1,599
Consolidated (loss)/profit before tax	624	769	(18.85)	(145)
Income tax expense	(150)	(150)	-	-
Consolidated (loss)/profit after tax	474	619	(23.42)	(145)

As compared to the preceding quarter ended 31 July 2020, the Group recorded a higher revenue figure of RM1.60 million. However, profit before tax decreased by RM145 thousand. This is due to the charge for mould expenses incurred in the current quarter.

B3. Prospects for the current financial year

The current 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 ("Covid-19"). The Group will be able to maintain sufficient liquidity to enable it to meet its liabilities as and when they fall due. However, the full effect of the pandemic could not be ascertained at this juncture. 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. 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 31.10.2020 RM'000	Preceding Year Corresponding Quarter 31.10.2019 RM'000	Current Year To Date 31.10.2020 RM'000	Preceding Year Corresponding Period 31.10.2019 RM'000
Estimated tax payable	150	-	300	-
Deferred tax	-	-	-	-
Over/(Underprovision) of deferred tax in prior year	-	-	-	-
	<u>150</u>	<u>-</u>	<u>300</u>	<u>-</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.

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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 2020.

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	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31.10.2020	31.10.2019	31.10.2020	31.10.2019
	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit for the period	474	136	1,512	63
Weighted average number of ordinary share in issue	100,000	100,000	100,000	100,000
Basic earnings per share (sen)	<u>0.4</u>	<u>0.14</u>	<u>1.51</u>	<u>0.63</u>