

CYL CORPORATION BERHAD

(Incorporated in Malaysia)

Registration No.: 200001013537 (516143-V)

QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 JULY 2023**(THESE FIGURES ARE UNAUDITED)****CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.07.2023 RM'000	Preceding Year Corresponding Quarter 31.07.2022 RM'000	Current Year To Date 31.07.2023 RM'000	Preceding Year Corresponding Period 31.07.2022 RM'000
Revenue	11,869	10,681	21,831	24,463
Other income	18	150	34	183
Interest income from short-term deposits	63	20	123	40
Changes in loss allowance	-	-	-	-
Changes in inventories of finished goods	(262)	597	(216)	1,134
Raw materials and consumables used	(6,192)	(6,705)	(11,636)	(15,065)
Remuneration of key management personnel	(532)	(520)	(1,064)	(1,036)
Employee benefits expense	(1,536)	(1,377)	(3,072)	(2,741)
Depreciation of property, plant and equipment	(704)	(690)	(1,407)	(1,441)
Other operating expenses	(2,705)	(2,443)	(5,113)	(5,209)
Profit/(Loss) from operations	19	(287)	(520)	328
Finance costs				
Profit/(Loss) before tax	19	(287)	(520)	328
Tax (expense) / income				(85)
Net (loss)/profit for the period	19	(287)	(520)	243
Other comprehensive income/(loss)				
Deferred tax on revaluation surplus	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive (loss)/income for the year	19	(287)	(520)	243
Net earnings per share				
- Basic	0.02	(0.29)	(0.52)	0.24

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 January 2023 and the accompanying explanatory notes to the quarterly financial statements.

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QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 JULY 2023**(THESE FIGURES ARE UNAUDITED)****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	31.07.2023	31.01.2023
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	49,748	50,779
Transferable golf club membership	86	85
Total Non-Current Assets	49,834	50,864
Current Assets		
Inventories	4,828	5,226
Trade receivables	10,333	7,082
Right to returned goods assets	44	44
Other receivables, deposits and prepaid expenses	628	193
Current tax asset	866	825
Short-term deposit with a licensed investment bank	6,913	6,789
Cash and bank balances	1,203	2,483
Total Current Assets	24,815	22,642
TOTAL ASSETS	74,649	73,506
EQUITY AND LIABILITIES		
Capital and Reserve		
Issued capital	51,504	51,504
Reserves	11,870	12,008
Profit/(Loss) for the year	(520)	(138)
Shareholders' Equity	62,854	63,374
Non-Current Liabilities		
Provision for gratuity payment	363	363
Deferred tax liabilities	5,555	5,555
Total Non-Current Liabilities	5,918	5,918
Current Liabilities		
Trade payables	3,727	2,184
Other payables and accrued expenses	1,930	1,810
Refund liability	55	55
Amount owing to director	14	14
Provision for gratuity payment	151	151
Dividend payable	-	-
Total Current Liabilities	5,877	4,214
Total Liabilities	11,795	10,132
TOTAL EQUITY AND LIABILITIES	74,649	73,506

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 January 2023 and the accompanying explanatory notes to the quarterly financial statements.

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QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 JULY 2023**(THESE FIGURES ARE UNAUDITED)**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT	31.07.2023	31.01.2023
	RM'000	RM'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit/(Loss) before tax	(520)	(78)
Adjustments for:		
Depreciation of property, plant and equipment	1,407	2,822
Unwinding of discount	-	(1)
Changes in allowance for doubtful debts	-	10
Unrealised (gain)/loss on forex	(27)	45
Gain on disposal of PPE	(38)	(49)
Interest income	(123)	(108)
Provision for gratuity payment	-	72
Operating Profit Before Working Capital Changes	699	2,713
(Increase)/Decrease in:		
Inventories	398	(973)
Trade receivables	(3,251)	3,164
Right to returned goods assets	-	33
Other receivables, deposits and prepayments	(435)	307
Increase/ (Decrease) in:		
Trade payables	1,569	(2,306)
Other payables and accrued expenses	120	429
Refund liability	-	(42)
Directors	-	(9)
Cash Generated From Operations	(900)	3,316
Income tax (paid)/refund	(41)	(113)
Gratuity paid	-	-
Net Cash Generated From/ (Used In) Operating Activities	(941)	3,203
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Purchase of PPE	(376)	(1,116)
Proceeds for disposal of PPE	38	50
Interest received	123	108
Net Cash Used In Investing Activities	(215)	(958)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Dividend paid	-	-
Net Cash Used in Financing Activities	-	-
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,156)	2,245
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,272	7,027
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8,116	9,272

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 January 2023 and the accompanying explanatory notes to the quarterly financial statements.

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QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 JULY 2023**(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 2022 (as restated)	51,504	12,008	63,512
Dividends			
Profit/(Loss) for the year		(175)	(175)
Other comprehensive income for the year		37	37
Balance as of 31 January 2023	51,504	11,870	63,374
Balance as of 1 February 2023	51,504	11,870	63,374
Dividends			
Profit/(Loss) for the year		(520)	(520)
Other comprehensive income for the year			
Balance as of 31 July 2023	51,504	11,350	62,854

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 January 2023 and the accompanying explanatory notes to the quarterly financial statements.

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QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 JULY 2023

(THESE FIGURES ARE UNAUDITED)

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 JULY 2023.

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 2023. 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 2023.

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 2023:

* Amendments to MFRS 101 and MFRS 108: Classification of Liabilities as Current or Non-Current; Disclosure of Accounting Policies; ²Definition of Accounting Estimates

* Amendments to MFRS 17, Insurance Contracts : Initial Application of MFRS 17 & MFRS 9 – Comparative Information

* Amendments to MFRS 112, Income Taxes

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:

MFRSs and/or IC Interpretations (including the consequential amendments)	Effective Date
MFRS 16 Leasee, Lease Liability in Sales and Leaseback	1 January 2024
MFRS 121 The Effects of Changes in Foreign Exchange Rates	1 January 2025

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 SECOND FINANCIAL QUARTER ENDED 31 JULY 2023

(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 July 2023.

A8. Dividend

No interim dividend has been declared in the current financial quarter ended 31 July 2023.

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 2023.

The total additions to property, plant and equipment for the financial quarter ended 31 July 2023 amounted to RM376 thousand. During the said period, there was no significant disposal of property, plant and equipment.

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QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 JULY 2023

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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 July 2023 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 July 2023. Corporate guarantees given to banks for credit facilities granted to the subsidiary company is currently at RM6.85 million.

A14. Capital commitments

As at 31 July 2023, the Group has the following capital expenditure relating to purchase of machinery as follows:

	RM'000
Approved and contracted for	596
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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 SECOND FINANCIAL QUARTER ENDED 31 JULY 2023**(THESE FIGURES ARE UNAUDITED)****B ADDITIONAL NOTES PURSUANT TO MFRS 134****B1. Review of performance****INDIVIDUAL QUARTER**

	Current Year Quarter	Preceding Year Corresponding Quarter	Variance	
	31.07.2023	31.07.2022	%	RM'000
	RM'000	RM'000		
Revenue	11,869	10,681	11.12	1,188
Consolidated (loss)/profit before tax	19	(287)	106.62	306
Income tax (expense)/credit	-	-	-	-
Consolidated (loss)/profit after tax	19	(287)	106.62	306

CUMULATIVE QUARTER

	Current Year To Date	Preceding Year Corresponding Period	Variance	
	31.07.2023	31.07.2022	%	RM'000
	RM'000	RM'000		
Revenue	21,831	24,463	(10.76)	(2,632)
Consolidated (loss)/profit before tax	(520)	328	(258.54)	(848)
Income tax (expense)/credit	-	(85)	100.00	85
Consolidated (loss)/profit after tax	(520)	243	(313.99)	(763)

(i) Current Quarter Review

The Group reported a consolidated revenue and consolidated profit of RM11.9 million and of RM19 thousand respectively. As compared to corresponding quarter ended 31 July 2022, there is increase of consolidated revenue and consolidated profit of RM1.19 million and RM306 thousand respectively. This better performance mainly due to increase in sales volume.

(ii) Cumulative Quarters Review

The Group reported a consolidated revenue and consolidated loss of RM21.8 million and of RM520 thousand respectively. As compared to corresponding period ended 31 July 2022, there is decrease of consolidated revenue and consolidated profit of RM2.6 million and RM73 thousand respectively. This infavourable performance mainly due to decrease in sales volume.

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QUARTERLY REPORT FOR THE SECOND FINANCIAL QUARTER ENDED 31 JULY 2023**(THESE FIGURES ARE UNAUDITED)****B2. Material change in the quarterly results compared to preceding quarter's results**

	Current Year	Current Year	Variance	
	Current Quarter	Last Quarter	%	RM'000
	31.07.2023	30.04.2023		
	RM'000	RM'000		
Revenue	11,869	9,962	19.14	1,907
Consolidated (loss)/profit before tax	19	(539)	103.53	558
Income tax (expense)/credit	-	-	-	-
Consolidated (loss)/profit after tax	19	(539)	103.53	558

As compared to the preceding quarter ended 30 April 2023, the Group recorded a higher revenue figure of RM1.9 million and better consolidated profit figure of RM558 thousand. The better performance is due to increase in sales volume.

B3. Prospects for the current financial year

The current financial year will remain competitive and extremely challenging for the Group. The Group has seen its main cost driver, resin, drastically increase in price tracking the increase in the price of crude oil. Additionally, there is a recent increase in minimum wage from RM1,200 to RM1,500 effective 1 May 2022. The recent amendments to the Employment Act has also put upward pressure on direct labor costs. These cost push factors, effecting the major cost drivers, will be a precursor to margin erosion for the Group. The increase in energy tariff beginning January 2023 will also add on to the Group's overheads going forward. The Group will be taking steps to maintain sufficient liquidity to enable it to meet its liabilities as and when they fall due. Capital expenditure will be on a needs basis and will be prudently monitored. 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	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding Period
	31.07.2023	31.07.2022	31.07.2023	31.07.2022
	RM'000	RM'000	RM'000	RM'000
Estimated tax (payable)/credit	-	-	-	(85)
Deferred tax	-	-	-	-
Over/(Underprovision) of corporate tax in prior year	-	-	-	-
	-	-	-	(85)

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 July 2023.

B8. Material litigation

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

B9. Dividend

No interim dividend has been declared in the current financial quarter ended 31 July 2023.

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 31.07.2023 RM'000	Preceding Year Corresponding Quarter 31.07.2022 RM'000	Current Year To Date 31.07.2023 RM'000	Preceding Year Corresponding Period 31.07.2022 RM'000
Net (loss)/profit for the period	19	(287)	(520)	243
Weighted average number of ordinary share in issue	100,000	100,000	100,000	100,000
Basic earnings per share (sen)	0.02	(0.29)	(0.52)	0.24