

SUPERLON HOLDINGS BERHAD (COMPANY NO. 740412 X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 31 JULY 2012

| | <u>Individual Quarter</u> | | <u>Cumulative Quarter</u> | |
|---|--|--|--|---|
| | Current Year Quarter 31-Jul-12 RM'000 | Preceding Year Corresponding Quarter 31-Jul-11 RM'000 | Current Year To Date 31-Jul-12 RM'000 | Preceding Year Corresponding Period 31-Jul-11 RM'000 |
| Revenue | 16,200 | 16,597 | 16,200 | 16,597 |
| Cost of sales | (12,345) | (14,197) | (12,324) | (14,197) |
| Gross profit | 3,855 | 2,400 | 3,855 | 2,400 |
| Other income | 457 | 179 | 457 | 179 |
| Selling & distribution expenses | (1,185) | (936) | (1,185) | (936) |
| Administrative & operating expenses | (1,086) | (1,106) | (1,086) | (1,106) |
| Finance costs | (157) | (206) | (157) | (206) |
| Profit before tax | 1,884 | 331 | 1,884 | 331 |
| Income tax expense | (363) | (107) | (363) | (107) |
| Profit for the period | 1,521 | 224 | 1,521 | 224 |
| Other comprehensive income : | | | | |
| Other comprehensive income, net of tax | - | - | - | - |
| Total comprehensive income for the period | 1,521 | 224 | 1,521 | 224 |
| Profit / (Loss) attributable to : | | | | |
| Owners of the Parent | 1,618 | 334 | 1,618 | 334 |
| Non-Controlling Interest | (97) | (110) | (97) | (110) |
| | 1,521 | 224 | 1,521 | 224 |
| Total comprehensive income / (loss) attributable to : | | | | |
| Owners of the Parent | 1,618 | 334 | 1,618 | 334 |
| Non-Controlling Interest | (97) | (110) | (97) | (110) |
| | 1,521 | 224 | 1,521 | 224 |
| Basic earnings per share (sen) | 2.07 | 0.42 | 2.07 | 0.42 |

Note:

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2012 and the accompanying notes to the Interim Financial Statements

SUPERLON HOLDINGS BERHAD (COMPANY NO. 740412 X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2012

| | Current Quarter 31-Jul-12 RM'000 | Audited 30-April-12 RM'000 |
|--|---|---|
| <u>ASSETS</u> | | |
| Non-current assets | | |
| Property, plant and equipment | 36,708 | 37,613 |
| Intangible asset | 2,386 | 2,110 |
| Other Investment | 47 | 47 |
| Other receivable | 213 | 262 |
| | 39,354 | 40,031 |
| Current Assets | | |
| Inventories | 14,132 | 14,575 |
| Trade and other receivables | 12,242 | 11,623 |
| Derivative asset | - | - |
| Deposit, cash and bank balances | 6,417 | 3,754 |
| | 32,791 | 29,952 |
| TOTAL ASSETS | 72,145 | 69,983 |
| <u>EQUITY AND LIABILITIES</u> | | |
| Equity attributable to owners of the Parent | | |
| Share capital | 40,000 | 40,000 |
| Share premium | 2,049 | 2,049 |
| Treasury shares | (698) | (628) |
| Retained profits | 11,945 | 11,305 |
| | 53,296 | 52,726 |
| Non-controlling interests | - | (881) |
| Total Equity | 53,296 | 51,845 |
| Non-current liabilities | | |
| Bank borrowings | 2,295 | 2,372 |
| Scheduled payable | 261 | 327 |
| Finance leases | 179 | 218 |
| Deferred tax liability | 2,720 | 2,722 |
| | 5,455 | 5,639 |
| Current liabilities | | |
| Bank borrowings | 5,454 | 5,151 |
| Trade and other payables | 7,342 | 7,182 |
| Derivatives liabilities | 71 | 4 |
| Finance leases | 162 | 162 |
| Current tax payables | 365 | - |
| | 13,394 | 12,499 |
| TOTAL EQUITY AND LIABILITIES | 72,145 | 69,983 |
| Net assets per ordinary share attributable to Owners of Parent (sen) | 68.11 | 67.25 |

Note:

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Group's audited financial statements for the financial year ended 30 April 2012 and the accompanying notes to the Interim Financial Statements.

SUPERLON HOLDINGS BERHAD (COMPANY NO. 740412 X)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 JULY 2012

| | ← Attributable to Owners of the Parent → | | | | Sub Total | Non-Controlling Interest | Total Equity |
|----------------------------|--|---------------|----------------|-----------------|-----------|--------------------------|--------------|
| | Share Capital | Share Premium | Treasury Share | Retained Profit | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1 May 2011 | 40,000 | 2,049 | (194) | 12,808 | 54,663 | 619 | 55,282 |
| Profit for the period | - | - | - | 334 | 334 | (110) | 234 |
| Share buy-back | - | - | (37) | - | (37) | - | (37) |
| Balance as at 31 July 2011 | 40,000 | 2,049 | (231) | 13,142 | 54,960 | 519 | 55,479 |

| | ← Attributable to Owners of the Parent → | | | | Sub Total | Non-Controlling Interest | Total Equity |
|---------------------------------|--|---------------|----------------|-----------------|-----------|--------------------------|--------------|
| | Share Capital | Share Premium | Treasury Share | Retained Profit | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1 May 2012 | 40,000 | 2,049 | (628) | 11,305 | 52,726 | (881) | 51,845 |
| Profit for the period | - | - | - | 1,618 | 1,618 | (97) | 1,521 |
| Share buy-back | - | - | (70) | - | (70) | - | (70) |
| Increase in stake in subsidiary | - | - | - | (978) | (978) | 978 | - |
| Balance as at 31 July 2012 | 40,000 | 2,049 | (698) | 11,945 | 53,296 | - | 53,296 |

Note:

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 April 2012 and the accompanying notes to the Interim Financial Statements

SUPERLON HOLDINGS BERHAD (COMPANY NO. 740412 X)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 JULY 2012

| | Current Year Ended 31-Jul-12 RM'000 | Preceding Year Ended 31-Jul-11 RM'000 |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before tax | 1,884 | 331 |
| Adjustments for: | | |
| Non-cash items | 904 | 1,039 |
| Non-operating items | 97 | 144 |
| Operating profit before working capital changes | 2,885 | 1,514 |
| Changes in working capital: | | |
| Inventories | 444 | (2,473) |
| Trade and other receivables | (424) | 482 |
| Trade and other payables | 50 | 1,855 |
| Cash generated from operations | 2,955 | 1,378 |
| Interest paid | (102) | (155) |
| Tax paid | (7) | (64) |
| Net cash from operating activities | 2,846 | 1,159 |
| Cash flows from investing activities | | |
| Proceed from disposal of property, plant & equipment | - | - |
| Purchase of property, plant & equipment and development expenditure | (304) | (175) |
| Interest received | 4 | 12 |
| Net cash used in investing activities | (300) | (163) |
| Cash flows from financing activities | | |
| Purchase of treasury shares | (70) | (37) |
| Net movement in trade bills | (268) | (341) |
| Repayment of term loan | (65) | (61) |
| Repayment of finance leases | (40) | (38) |
| Net cash used in financing activities | (443) | (477) |
| Net increase in cash and cash equivalents | 2,103 | 519 |
| Cash and cash equivalents as at beginning of financial year | 3,754 | 6,613 |
| Cash and cash equivalents at end of financial period | 5,857 | 7,132 |
| Cash and cash equivalents at end of period comprise: | | |
| Deposits, Cash & Bank Balances | 6,417 | 7,145 |
| Overdraft | (560) | (13) |
| | 5,857 | 7,132 |

Note:

The unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the financial year ended 30 April 2012 and the accompanying notes to the Interim Financial Statements.

SUPERLON HOLDINGS BERHAD (COMPANY NO. 740412 X)
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A. Explanatory Notes Pursuant to Financial Reporting Standard (“FRS”) No. 134

A1. BASIS OF PREPARATION

The interim financial statements of Superlon Holdings Berhad (“Superlon” or “the Company”) are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards (“FRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board and paragraph 9.22 and Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 April 2012. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 April 2012.

This interim financial report is the Group’s first MFRS compliant condensed report and hence MFRS 1 : First-Time Adoption of Malaysian Financial Reporting Standards (MFRS 1) has been applied. The date of transition to the MFRS framework is 1 May 2011. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. There are no differences between the opening MFRS statement of financial and the statement of financial position presented under FRS’s at 30 April 2011.

A2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies applied are consistent with those adopted for the audited financial statements for the year ended 30 April 2012 except for the adoption of the following FRSs, IC interpretations, amendments to FRSs and IC interpretations issued by Malaysian Accounting Standards Board (“MASB”) that are mandatory for the Group for the financial year beginning or after 1 May 2012 :

| | | |
|------------------------------------|---|---|
| Amendments to FRS 1 (Revised) | : | Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters |
| Amendments to FRS 7 | : | Disclosures – Transfers of Financial Assets |
| Amendments to FRS 101 (Revised) | : | Presentation of Items of Other Comprehensive Income |
| Amendments to FRS 112 | : | Recovery of Underlying Assets |

In current financial year, the Group is adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards (“MFRS”). In adopting the new framework, the Group is applying MFRS 1. MFRS 1 provides for certain optional exemption and certain mandatory exception for first-time MFRS adopters.

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 May 2013 or later are provided in note 3 to the audited financial statements of the Group for the financial year ended 30 April 2012.

A3. QUALIFICATION OF ANNUAL FINANCIAL STATEMENTS

The latest audited consolidated financial statements of Superlon for the financial year ended 30 April 2012 were not qualified.

A4. SEASONAL AND CYCLICAL FACTORS

The Group’s business operations were not materially affected by any major seasonal or cyclical factors.

A5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There was no unusual item affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

A6. SIGNIFICANT CHANGES IN ESTIMATES

There were no changes in accounting estimates that have had a material effect in the current quarter’s results.

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A7. ISSUANCES AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter under review except for the following :-

During the financial quarter ended 31 July 2012, Superlon Holdings Berhad (“SHB”) bought back from the open market 153,700 SHB shares listed on the Main Market of Bursa Malaysia Securities Berhad at an average buy-back price of RM0.45 per share. The total consideration paid for the share buy-back of SHB shares during the financial quarter ended 31 July 2012, including transaction cost, was RM69,670.74 and was financed by internally generated funds. .

The SHB shares bought back are held as treasury shares in accordance with section 67A subsection 3(A)(b) of the Companies Act 1965. As at 30 April 2012, the number of treasury shares held in hand was 1,599,100 ordinary shares of RM0.50 each, at average buy-back price of RM0.39 per share.

A8. DIVIDEND PAID

There was no dividend paid during the current quarter under review.

A9. SEGMENTAL INFORMATION

Business Segment

The Group is principally engaged in the business segment of manufacturing of thermal insulation materials mainly for the HVAC&R industry, trading of HVAC&R parts and equipments and the manufacturing of precise fine tubes.

| | <u>Individual Quarter</u> | | <u>Cumulative Quarter</u> | |
|--------------------------------------|---------------------------------|---|-------------------------------------|--|
| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year To Date | Preceding Year Corresponding Period |
| | 31-Jul-12 | 31-Jul-11 | 31-Jul-12 | 31-Jul-11 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | |
| - Manufacturing | 15,053 | 15,026 | 15,053 | 15,026 |
| - Trading | 809 | 537 | 809 | 537 |
| - Steel Pipes | 338 | 1,034 | 338 | 1,034 |
| | <u>16,200</u> | <u>16,697</u> | <u>16,200</u> | <u>16,597</u> |
| Profit before tax | | | | |
| - Manufacturing | 2,200 | 600 | 2,200 | 600 |
| - Trading | (13) | 69 | (13) | 69 |
| - Steel Pipes | (209) | (239) | (209) | (239) |
| | <u>1,978</u> | <u>430</u> | <u>1,978</u> | <u>430</u> |
| Less : Unallocated corporate cost | (94) | (99) | (94) | (99) |
| | <u>1,884</u> | <u>331</u> | <u>1,884</u> | <u>331</u> |

SUPERLON HOLDINGS BERHAD (COMPANY NO. 740412 X)
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A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no valuation of property, plant and equipment in the financial quarter under review.

A11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There was no material event subsequent to the end of the reporting period.

A12. CHANGES IN COMPOSITION OF THE GROUP

During the current quarter under review, the Company acquired 2,250,000 ordinary shares of RM1.00 each in Superlon Steel Pipes Sdn Bhd (“SSPSB”) representing the remaining 45% in SSPSB for a cash consideration of RM1.00 from Super Will Holdings Berhad (“Acquisition”). Arising therefrom, SSPSB has become a wholly-owned subsidiary of the Company.

A13. CHANGES IN CONTINGENT LIABILITIES

The Directors are of the opinion that the Company has no material contingent liabilities which, upon becoming enforceable, may have a material impact on the financial position of the Group.

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B. Additional Information Required By Bursa Malaysia Securities Berhad Listing Requirements

B1. PERFORMANCE REVIEW

The Group revenue for the current quarter of RM16.2 million was lower by RM0.4 million as compared to the same corresponding quarter last year due to reduce order from customers for steel pipes products.

The Group registered a profit before tax of RM1.9 million in the current quarter as compared to RM0.3million during the same quarter of previous year due to improve margin in insulation division..

The insulation division recorded revenue and profit before tax of RM15.1 million (2012:RM15 million) and RM2.2 million (2012:RM0.6 million) respectively. The profit before tax from insulation division has increased by RM1.6 million due to lower cost of material and favourable exchange rate resulted in higher profit margin.

Revenue for the trading division of RM0.8 million (2011:RM0.5 million) was higher by RM0.3 million due to the increase sales of copper pipes to local customer. However, the trading division incurred a loss before tax in current quarter of RM0.013 million compared to profit before tax of RM0.069 million during the same quarter of previous year mainly due to unfavourable movement in copper tube prices.

Revenue for the steel pipes division recorded at RM0.3 million (2011:RM1 million) and incurred a loss before tax of RM0.2 million (2011:RM0.2 million). The lower revenue was due to the weaker demand of cold rolled steel pipes from our clientele in USA.

B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

Revenue for the current quarter has decreased by 5% to RM16.2 million as compared to RM17 million in the preceding quarter.

The group registered a profit before tax of RM1.9 million in the current quarter as compared to RM0.3 million in the preceding quarter. Profit after tax of the Group is RM1.5 million compared to RM0.2 million in the preceding quarter due to improve margin in insulation division.

B3. COMMENTARY ON PROSPECTS

Barring any unforeseen circumstances and based on the present trend of demand with the completion of disposal of plant and machinery for the steel pipes division, the Board expects the Group to achieve better results for the financial year ending 30th April 2013.

B4. VARIANCES FROM ACTUAL AND FORECAST PROFIT

The Company did not issue any profit forecast for the year.

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B5. TAXATION

| | <u>Individual Quarter</u> | | <u>Cumulative Quarter</u> | |
|-------------------------|--|--|--|---|
| | <u>Current Year Quarter</u> <u>31-Jul-12</u> <u>RM'000</u> | <u>Preceding Year Corresponding Quarter</u> <u>31-Jul-11</u> <u>RM'000</u> | <u>Current Year To Date</u> <u>31-Jul-12</u> <u>RM'000</u> | <u>Preceding Year Corresponding Period</u> <u>31-Jul-11</u> <u>RM'000</u> |
| Malaysian Taxation | | | | |
| -Current tax expense | 368 | 67 | 368 | 67 |
| -Under/(over) provision | (3) | - | (3) | - |
| Deferred tax expenses | (2) | 40 | (2) | 40 |
| | <u>363</u> | <u>107</u> | <u>363</u> | <u>107</u> |

The tax expense for the current quarter ended 31 July 2012 is derived based on statutory current tax rate of 25% (YA2013) for the financial period. The deferred tax liabilities arose from accelerated capital allowances over depreciation of qualifying property, plant and equipment. The effective tax rate of the Group for the current quarter and financial year is lower than the statutory tax rate principally due to the utilisation of reinvestment allowances and unabsorbed capital allowances.

B6. UNQUOTED SECURITIES AND/OR PROPERTIES

There were neither purchases nor disposals of any unquoted securities and / or properties for the current quarter under review.

B7. INVESTMENT IN QUOTED SECURITIES

There was no purchase or disposal by the Group in quoted securities for the current quarter under review.

The Group does not hold any investments in quoted securities as at 31 July 2012.

B8. CORPORATE PROPOSAL

On 19 July 2012, the Company, Super Will Holdings Berhad and Huang Hsin-Yueh have mutually agreed to terminate the Joint Venture cum Shareholder's Agreement ("JV") vide a Termination and Discharge Agreement. Simultaneous with the JV termination, the Company acquired 2,250,000 ordinary shares of RM 1.00 each in Superlon Steel Pipes Sdn. Bhd. ("SSPSB") representing the remaining 45% in SSPSB for a cash consideration of RM 1.00 from Super Will Holdings Berhad ("Acquisition").

The Acquisition was completed on 21 July 2012 and SSPSB became a wholly-owned subsidiary of the Company.

On 21 July 2012, SSPSB entered into a Sales and Purchase Agreement with Kin Kee Hardware Sdn. Bhd. to dispose of its entire plant and machinery for a total cash consideration of RM 1.85 million.

The disposal was completed on 15 August 2012.

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B9. BORROWINGS

The Group's borrowings as at the end of the reporting quarter are as follows:

| | Current Year Quarter | |
|------------------|-----------------------------|------------------|
| | 31-Jul-12 | |
| <u>Secured</u> | Short Term | Long Term |
| | RM'000 | RM'000 |
| Bank overdraft | 560 | - |
| Bank borrowings | | |
| - Trade Facility | 4,616 | - |
| - Term Loan | 278 | 2,295 |
| Finance leases | 162 | 179 |
| | <u>5,616</u> | <u>2,474</u> |

B10. OUSTANDING DERIVATIVES

With the adoption of FRS 139, there are currently no off balance sheet derivatives.

As at 31 July 2012, the Group has the following outstanding foreign exchange contract :-

| Type of Derivative | Current Year Quarter | |
|---------------------------|-----------------------------|-----------------------------|
| | 31-Jul-12 | |
| | Fair Value | Gain/ (Loss) from |
| | | Change in Fair Value |
| | 31-Jul-12 | Assets/(Liabilities) |
| | RM'000 | 31-Jul-12 |
| | | RM'000 |
| Foreign exchange contract | | |
| -Less than 1 year | 2,364 | (71) |

The Group uses forward foreign exchange contract to hedge its exposure to fluctuations in foreign exchange arising from the sales and purchases.

B11. MATERIAL LITIGATION

There is no pending material litigation as at the date of this quarterly report that has a material effect on the financial position of the Group. The Board does not know of any proceeding pending or threatened, or of any effect likely to give rise to any proceeding, which might materially and adversely affect the position or business of the Company or its subsidiary.

B12. PROPOSED DIVIDEND

The Board of Directors proposed a distribution of share dividend on the basis of 2 treasury shares listed and quoted on the Main Market of Bursa Securities for every 100 ordinary shares of RM 0.50 each held in the Company, fractions of treasury share to be disregarded. This dividend is subject to the shareholders' approval at the forthcoming Annual General Meeting and has not been included as a liability in the financial statements. Such dividend, if approved by shareholders, will be accounted for in equity as an appropriation of retained profits for the financial year ending 30 April 2013.

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B13. EARNINGS PER SHARE (“EPS”)

The basic EPS are computed as following:

| | <u>Individual Quarter</u> | | <u>Cumulative Quarter</u> | |
|---|--|--|--|---|
| | Current Year Quarter 31-Jul-12 RM'000 | Preceding Year Corresponding Quarter 31-Jul-11 RM'000 | Current Year To Date 31-Jul-12 RM'000 | Preceding Year Corresponding Period 31-Jul-11 RM'000 |
| Profit attributable to owners of the Parent (RM '000) | 1,618 | 334 | 1,618 | 334 |
| Weighted average number of ordinary shares of RM 0.50 in issue ('000) | 78,257 | 79,472 | 78,257 | 79,472 |
| Basic earnings per share (sen) | 2.07 | 0.42 | 2.07 | 0.42 |

The diluted earnings per share for the Company is not presented as there are no potential dilutive ordinary Share during the financial period.

B.14 REALISED AND UNREALISED RETAINED PROFITS

The breakdown of the retained earnings of the Group as at 31 July 2012, into realised and unrealised profits, is as follows :

| | Current Year Quarter 31-Jul-12 RM'000 |
|--|--|
| The retained profits of the Company and its subsidiaries : | |
| -Realised profits | 26,955 |
| -Unrealised loss | (2,696) |
| | <u>24,259</u> |
| Less : Consolidation adjustments | (12,314) |
| | <u>11,945</u> |

By Order of the Board

Liu Lee, Hsiu-Lin (also known as Jessica H. Liu)
Managing Director

Kuala Lumpur
21 September 2012