

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 2ND QUARTER ENDED 31ST OCTOBER 2018**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year Quarter 31-Oct-18 RM'000</u>	<u>Preceding Year Corresponding Quarter 31-Oct-17 RM'000</u>	<u>Current Year To Date 31-Oct-18 RM'000</u>	<u>Preceding Year To Date 31-Oct-17 RM'000</u>
Revenue	27,051	30,565	52,771	56,891
Cost of sales	(17,448)	(21,071)	(35,377)	(39,028)
Gross profit	9,603	9,494	17,394	17,863
Other income	677	157	1,192	370
Selling & distribution expenses	(1,511)	(2,004)	(3,297)	(3,631)
Administrative expenses	(2,737)	(2,371)	(5,045)	(4,429)
Other operating expenses	(145)	(322)	(297)	(555)
Finance costs	(153)	(91)	(274)	(200)
Profit before tax	5,734	4,863	9,673	9,418
Income tax expense	(1,506)	(1,228)	(2,597)	(2,242)
Profit for the period	4,228	3,635	7,076	7,176
Other comprehensive income / (loss) :	-	-	-	-
<i>Items that will not be reclassified subsequently to income statement:</i>				
Revaluation of property, plant and equipment	-	-	-	-
<i>Items that may be reclassified subsequently to income statement:</i>				
Foreign currency translation	404	34	807	61
Total comprehensive income for the period	4,632	3,669	7,883	7,237
Profit attributable to :				
Owners of the Company	4,228	3,635	7,076	7,176
Non-Controlling Interest	-	-	-	-
	4,228	3,635	7,076	7,176
Total comprehensive income attributable to :				
Owners of the Company	4,632	3,669	7,883	7,237
Non-Controlling Interest	-	-	-	-
	4,632	3,669	7,883	7,237
Basic earnings per share (sen)	2.66	2.29	4.46	4.52

Note:

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2018 and the accompanying notes to the Interim Financial Statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST OCTOBER 2018

	As At 31-Oct-18 RM'000	Audited As At 30-Apr-18 RM'000
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	86,769	78,480
Prepaid lease payment	2,116	2,036
Intangible assets	1,327	1,413
Other investment	47	47
Deferred tax assets	273	310
	90,532	82,286
Current assets		
Inventories	24,092	21,506
Trade receivables	14,934	15,163
Other receivables, deposits and prepayments	4,991	4,814
Current tax assets	1,689	1,689
Deposit with licensed bank	11,077	14,079
Cash and bank balances	10,084	6,218
	66,867	63,469
TOTAL ASSETS	157,399	145,755
<u>EQUITY AND LIABILITIES</u>		
Equity attributable to owners of the Parent		
Share capital	40,000	40,000
Share premium	1,433	1,433
Treasury shares	(387)	(339)
Currency translation reserves	353	(454)
Revaluation reserves	24,333	24,528
Retained profits	58,924	52,844
Total Equity	124,656	118,012
Non-current liabilities		
Loan and borrowings	7,382	6,531
Deferred tax liabilities	5,642	5,674
	13,024	12,205
Current liabilities		
Loan and borrowings	7,284	4,048
Trade payables	5,600	5,790
Other payables and accruals	6,325	5,699
Current tax liabilities	510	1
	19,719	15,538
TOTAL EQUITY AND LIABILITIES	157,399	145,755
Net assets per ordinary share attributable to Owners of Company (sen)	78.51	74.31

Note:

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 30 April 2018 and the accompanying notes to the Interim Financial Statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR FINANCIAL PERIOD ENDED 31ST OCTOBER 2018

	Attributable to Owners of the Parent				Distributable			
	Non-Distributable				Foreign Currency Reserve RM'000	Revaluation Reserve RM'000	Retained Profit RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000					
Balance as at 1 May 2017	40,000	1,433	(339)	(18)	21,020	45,893	107,989	
Profit for the period	-	-	-	-	-	7,176	7,176	
Other comprehensive income/(loss)	-	-	-	61	-	-	61	
Total comprehensive income/(loss)	-	-	-	61	-	7,176	7,237	
Realisation of revaluation surplus	-	-	-	-	(122)	122	-	
Distribution of dividend	-	-	-	-	-	(2,382)	(2,382)	
Balance as at 31 October 2017	<u>40,000</u>	<u>1,433</u>	<u>(339)</u>	<u>43</u>	<u>20,898</u>	<u>50,809</u>	<u>112,844</u>	
Balance as at 1 May 2018	40,000	1,433	(339)	(454)	24,528	52,844	118,012	
Profit for the period	-	-	-	-	-	7,076	7,076	
Other comprehensive income/(loss)	-	-	-	807	-	-	807	
Total comprehensive income/(loss)	-	-	-	807	-	7,076	7,883	
Share buy back	-	-	(48)	-	-	-	(48)	
Realisation of revaluation surplus	-	-	-	-	(195)	195	-	
Distribution of dividend	-	-	-	-	-	(1,191)	(1,191)	
Balance as at 31 October 2018	<u>40,000</u>	<u>1,433</u>	<u>(387)</u>	<u>353</u>	<u>24,333</u>	<u>58,924</u>	<u>124,656</u>	

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 2018 and the accompanying notes to the Interim Financial Statements.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31ST OCTOBER 2018

	Current Year Ended 31-Oct-18 RM'000	Preceeding Year Ended 31-Oct-17 RM'000
Cash flows from operating activities		
Profit before tax	9,673	9,418
Adjustment for :		
Non-cash items	2,397	2,045
Non-operating items	28	(119)
	<hr/>	<hr/>
Operating profit before working capital changes	12,098	11,344
Changes in working capital		
Inventories	(2,585)	7,385
Trade and other receivables	257	(996)
Trade and other payables	945	(7,114)
	<hr/>	<hr/>
Cash generated from / (used) in operations	10,715	10,619
Interest paid	(274)	(200)
Interest received	247	319
Tax paid	(2,082)	(3,247)
	<hr/>	<hr/>
Net cash from / (used in) operating activities	<u>8,606</u>	<u>7,491</u>
Cash flows from investing activities		
Net withdrawal/(placement) of fixed deposits with maturity more than three months	(500)	-
Proceeds from disposal of property, plant & equipment	513	-
Purchase of property, plant & equipment and development expenditure	(11,087)	(1,325)
	<hr/>	<hr/>
Net cash from / (used in) investing activities	<u>(11,074)</u>	<u>(1,325)</u>
Cash flows from financing activities		
Purchase of treasury shares	(48)	-
Proceed from finance leases	600	-
Proceed from term loan	1,000	477
Net movement in trade bills & multi currency trade loan	2,490	(740)
Repayment of term loan	(317)	(295)
Repayment of finance leases	(71)	(166)
Dividend paid	(1,191)	(7,146)
	<hr/>	<hr/>
Net cash from / (used in) financing activities	<u>2,463</u>	<u>(7,870)</u>
Net increase in cash and cash equivalents	(5)	(1,704)
Currency Translation Differences	370	(47)
Cash and cash equivalents as at beginning of financial year	18,048	31,649
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Cash and cash equivalents as at end of period	<u>18,413</u>	<u>29,898</u>
Cash and cash equivalents at end of period comprises :-		
Deposits, Cash & Bank Balances	18,413	29,898
	<hr/>	<hr/>
	<u>18,413</u>	<u>29,898</u>

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31ST OCTOBER 2018 (cont'd)**

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following statements of financial position amounts:

	Current Year Ended 31-Oct-18 RM'000	Preceding Year Ended 31-Oct-17 RM'000
Cash and bank balances	10,084	10,198
Deposit with licensed banks	11,077	20,444
	<hr/>	<hr/>
	21,161	30,642
Deposit with maturity more than 3 months	(2,748)	(744)
Cash and cash equivalents	<hr/> <hr/>	<hr/> <hr/>
	18,413	29,898

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 2018 and the accompanying notes to the Interim Financial Statements.

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 Malaysian Financial Reporting Standards (“MFRS”) 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 2018. 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 2018.

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 2018 except for the adoption of the following MFRSs, IC interpretations, amendments to MFRSs 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 2018 :

MFRSs and IC Interpretations (including the Consequential Amendments)	Effective date
MFRS 9 : Financial Instrument (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 : Revenue from Contracts with Customer	1 January 2018
MFRS 16 : Leases	1 January 2019
MFRS 17 : Insurance Contracts	1 January 2021
IC Interpretation 22 : Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 : Uncertainty over Income Tax Treatments	1 January 2019
Amendment to MFRS 2 : Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendment to MFRS 4 : Applying MFRS 9 Financial Instruments with MFRS4 insurance Contracts	1 January 2018
Amendment to MFRS 9 : Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15 : Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15 : Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’	1 January 2018
Amendments to MFRS 119 : Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128 : Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140 : Transfer of Investment Property	1 January 2018
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2014 – 2016 Cycle :	
• Amendments to MFRS 1 : Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128 : Measuring an Associate or Joint Venture at Fair Value	1 January 2018
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 May 2018 or later are provided in note 3 to the audited financial statements of the Group for the financial year ended 30 April 2018.

A3. QUALIFICATION OF ANNUAL FINANCIAL STATEMENTS

The latest audited consolidated financial statements of Superlon for the financial year ended 30 April 2018 are 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.

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 October 2018, Superlon Holdings Berhad ("SHB") bought back from the open market 20,000 shares listed on the Main Market of Bursa Malaysia Securities Berhad at an average buy-back price of RM1.28 per share. The total consideration paid for the share buy-back of SHB shares during the financial quarter ended 31 October 2018, including transaction cost, was RM25,761.28 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 31 October 2018, the number of treasury shares held in hand amounted to 1,240,158 ordinary shares, at an average buy-back price of RM0.31 per share.

A8. DIVIDEND PAID

There was no dividend paid during the 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 equipment.

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year	Preceding Year	Current Year	Preceding Year To
	Quarter	Corresponding	To Date	Date
	31-Oct-18	31-Oct-17	31-Oct-18	31-Oct-17
Revenue				
- Manufacturing	22,406	26,100	44,878	49,364
- Trading	4,645	4,465	7,893	7,527
	<u>27,051</u>	<u>30,565</u>	<u>52,771</u>	<u>56,891</u>
Profit before tax				
- Manufacturing	5,888	4,924	9,814	9,371
- Trading	39	222	171	402
	<u>5,927</u>	<u>5,146</u>	<u>9,985</u>	<u>9,773</u>
Less : Unallocated corporate cost	(193)	(283)	(312)	(355)
	<u>5,734</u>	<u>4,863</u>	<u>9,673</u>	<u>9,418</u>

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The valuations of lands and buildings have been brought forward without amendment from the financial year ended 30 April 2018.

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

There are no changes in the composition of the Group during the current quarter under review.

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.

B. Additional Information Required By Bursa Malaysia Securities Berhad Listing Requirements**B1. PERFORMANCE REVIEW**

The Group revenue for the current quarter of RM27 million decreased by RM3.6 million as compared to the same quarter of previous year mainly due to normalisation of the sales pattern.

The Group registered a profit before tax of RM5.7 million in the current quarter as compared to RM4.9 million during the same quarter of previous year

The manufacturing division recorded revenue and profit before tax RM22.4 million (FY 2018 : RM26.1 million) and RM5.9 million (FY 2018 : RM4.9 million) respectively.

The profit before tax is higher mainly due to improvement in gross margin as result of lower cost of material and higher exchange gain as compared exchange loss incurred in previous year same quarter.

Revenue for the trading division of RM4.6 million (FY 2018 : RM4.5 million) was higher by RM0.1 million due to the increased sales of copper pipes to local customers. The trading division profit before tax in current quarter has decreased to RM0.04 million compared to RM0.22 million during the same quarter of previous year.

B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

Revenue for the current quarter increased by 5% to RM27.1 million as compared to RM25.7 million in the preceding quarter. We registered an increase in our gross profit to about 36% as compared to 30% in the preceding quarter as a result of a more favourable exchange rate environment and better efficiency. On the back of a better gross profit margin, the group registered an increase of 46% in profit before tax to RM5.7 million in the current quarter as compared to RM3.9 million in the preceding quarter. Correspondingly, our profit after tax for the group increased by RM1.4 million to RM4.2 million as compared to the preceding quarter.

B3. COMMENTARY ON PROSPECTS

Barring any unforeseen circumstances and based on the present trend of demand, the Board expects the Group to achieve positive results for the financial year ending 30 April 2019. Construction of our factory in Vietnam is currently in progress and on track.

B4. VARIANCES FROM ACTUAL AND FORECAST PROFIT

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

B5. PROFIT BEFORE TAXATION

	Current Year Quarter 31-Oct-18 RM'000	Current Year To Date 31-Oct-18 RM'000
Profit before taxation is stated at after charging/(crediting) :		
Amortisation of prepaid lease payment	14	27
Depreciation of property, plant and equipment	1,081	2,155
(Gain)/Loss on foreign exchange - realised	(351)	(559)
(Gain)/Loss on foreign exchange - unrealised	137	271
Interest expenses	153	274
Interest income	(134)	(247)
Other expenses	8	26
Other income	(192)	(386)

B6. TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Oct-18 RM'000	Preceding Year Corresponding Quarter 31-Oct-17 RM'000	Current Year To Date 31-Oct-18 RM'000	Preceding Year To Date 31-Oct-17 RM'000
Malaysia Taxation :				
-Current tax expenses	1,528	1,217	2,591	2,246
-Deferred tax expenses / (income)	(22)	11	6	(4)
Under / (Over) provision in prior year				
-Current tax expenses	-	-	-	-
	<u>1,506</u>	<u>1,228</u>	<u>2,597</u>	<u>2,242</u>

The tax expense for the current quarter ended 31 October 2018 is derived based on statutory current tax rate of 24% (YA2019) for the financial period. The deferred tax liabilities arose from accelerated capital allowances over depreciation of qualifying property, plant and equipment.

B7. UNQUOTED SECURITIES AND/OR PROPERTIES

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

B8. 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 October 2018.

B9. CORPORATE PROPOSAL

There is no outstanding corporate proposal of the Group during the current quarter under review

B10. BORROWINGS

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

	Current Year To Date	
	31-Oct-18	
	Short Term	Long Term
	RM'000	RM'000
<u>Secured</u>		
Bank borrowings		
- Trade Facility	6,446	-
- Term Loan	667	6,796
Finance leases	171	586
	<u>7,284</u>	<u>7,382</u>

B11. OUSTANDING DERIVATIVES

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

As at 31 October 2018, the Group does not have any outstanding foreign exchange contract.

B12. 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 subsidiaries.

B13. PROPOSED DIVIDEND

On even date, the Board of Directors has declared and approved the second interim single-tier dividend of 1.15 sen per ordinary share (FY 2018 Second Interim : 1 sen) for the financial year ending 30 April 2019. The second interim single-tier dividend will be paid on 25 January 2019 to shareholders whose names appeared on the company's Record of Depositors on 4 January 2019.

B14. EARNINGS PER SHARE (“EPS”)

The basic EPS is computed as following:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Oct-18 RM'000	Preceding Year Corresponding Quarter 31-Oct-17 RM'000	Current Year To Date 31-Oct-18 RM'000	Preceding Year To Date 31-Oct-17 RM'000
Profit attributable to owners of the Parent	4,228	3,635	7,076	7,176
Weighted average number of ordinary shares ('000)	158,776	158,800	158,776	158,800
Basic earnings per share (sen)	2.66	2.29	4.46	4.52

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

By Order of the Board

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

Kuala Lumpur
12th December 2018