

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 1ST QUARTER ENDED 31ST JULY 2019

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter 31-Jul-19 RM'000	Preceding Year Corresponding Quarter 31-Jul-18 RM'000 (Restated)	Current Year To Date 31-Jul-19 RM'000	Preceding Year To Date 31-Jul-18 RM'000 (Restated)
Revenue	28,222	25,720	28,222	25,720
Cost of sales	(20,924)	(17,929)	(20,924)	(17,929)
Gross profit	7,298	7,791	7,298	7,791
Other income	148	514	148	514
Selling & distribution expenses	(1,736)	(1,786)	(1,736)	(1,786)
Administrative expenses	(2,216)	(2,307)	(2,216)	(2,307)
Other operating expenses	(55)	(152)	(55)	(152)
Finance costs	(197)	(121)	(197)	(121)
Net impairment losses on financial assets	(10)	-	(10)	-
Profit before taxation	3,232	3,939	3,232	3,939
Income tax expense	(747)	(1,091)	(747)	(1,091)
Profit for the period	2,485	2,848	2,485	2,848
Other comprehensive income / (loss) :	-	-	-	-
<i>Items that will not be reclassified subsequently to Profit or Loss:</i>				
Revaluation of property, plant and equipment	-	-	-	-
<i>Items that may be reclassified subsequently to Profit or Loss:</i>				
Foreign currency translation differences	(28)	403	(28)	403
Total comprehensive income for the period	2,457	3,251	2,457	3,251
Profit attributable to :				
Owners of the Company	2,485	2,848	2,485	2,848
Non-Controlling Interest	-	-	-	-
	2,485	2,848	2,485	2,848
Total comprehensive income attributable to :				
Owners of the Company	2,457	3,251	2,457	3,251
Non-Controlling Interest	-	-	-	-
	2,457	3,251	2,457	3,251
Basic earnings per share (sen)	1.57	1.79	1.57	1.79

Note:

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2019.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31ST JULY 2019**

	Unaudited As At 31-Jul-19 RM'000	Audited As At 30-Apr-19 RM'000
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	87,128	87,741
Prepaid lease payment	2,064	2,077
Intangible assets	1,281	1,294
Other investment	47	47
Deferred tax assets	170	194
	<u>90,690</u>	<u>91,353</u>
Current assets		
Inventories	24,732	23,220
Trade receivables	15,307	14,284
Other receivables, deposits and prepayments	5,379	3,218
Current tax assets	2,542	2,394
Short term investment	4,595	6,559
Deposit with licensed bank	7,862	9,260
Cash and bank balances	4,789	7,160
	<u>65,206</u>	<u>66,095</u>
TOTAL ASSETS	<u><u>155,896</u></u>	<u><u>157,448</u></u>
<u>EQUITY AND LIABILITIES</u>		
Equity attributable to owners of the Parent		
Share capital	41,433	41,433
Treasury shares	(398)	(398)
Reserves	84,331	83,064
Total Equity	<u>125,366</u>	<u>124,099</u>
Non-current liabilities		
Loans and borrowings	7,885	7,952
Deferred tax liabilities	5,810	5,828
	<u>13,695</u>	<u>13,780</u>
Current liabilities		
Loans and borrowings	5,711	7,040
Trade payables	5,666	6,862
Other payables and accruals	5,458	5,667
Current tax liabilities	-	-
	<u>16,835</u>	<u>19,569</u>
TOTAL EQUITY AND LIABILITIES	<u><u>155,896</u></u>	<u><u>157,448</u></u>
Net assets per ordinary share attributable to Owners of Company (sen)	<u>78.97</u>	<u>78.17</u>

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2019.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR FINANCIAL PERIOD ENDED 31ST JULY 2019

	Attributable to Owners of the Company						Total Equity RM'000
	Non-Distributable					Distributable	
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign Currency Reserve RM'000	Revaluation Reserve RM'000	Retained Profit RM'000	
Balance as at 1 May 2018	40,000	1,433	(339)	(454)	24,528	52,844	118,012
Profit for the period	-	-	-	-	-	2,848	2,848
Other comprehensive income/(loss)	-	-	-	403	-	-	403
Total comprehensive income/(loss)	-	-	-	403	-	2,848	3,251
Share buy back	-	-	(22)	-	-	-	(22)
Realisation of revaluation surplus	-	-	-	-	(98)	98	-
Distribution of dividend	-	-	-	-	-	(1,191)	(1,191)
Balance as at 31 July 2018	<u>40,000</u>	<u>1,433</u>	<u>(361)</u>	<u>(51)</u>	<u>24,430</u>	<u>54,599</u>	<u>120,050</u>
Balance as at 1 May 2019	41,433	-	(398)	242	24,402	58,420	124,099
Profit for the period	-	-	-	-	-	2,485	2,485
Other comprehensive income/(loss)	-	-	-	(27)	-	-	(27)
Total comprehensive income/(loss)	-	-	-	(27)	-	2,485	2,458
Realisation of revaluation surplus	-	-	-	-	(32)	32	-
Distribution of dividend	-	-	-	-	-	(1,191)	(1,191)
Balance as at 31 July 2019	<u>41,433</u>	<u>-</u>	<u>(398)</u>	<u>215</u>	<u>24,370</u>	<u>59,746</u>	<u>125,366</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 2019.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31ST JULY 2019**

	Current Year Ended 31-Jul-19 RM'000	Preceeding Year Ended 31-Jul-18 RM'000
Cash flows from operating activities		
Profit before taxation	3,232	3,939
Adjustment for :		
Non-cash items	1,042	1,096
Non-operating items	102	9
	<hr/>	<hr/>
Operating profit before working capital changes	4,376	5,044
Changes in working capital		
Inventories	(1,519)	1,205
Trade and other receivables	(2,532)	(1,602)
Trade and other payables	(1,393)	(269)
	<hr/>	<hr/>
Cash generated from / (used) in operations	(1,068)	4,378
Interest received	95	112
Tax paid	(889)	(1,041)
	<hr/>	<hr/>
Net cash from / (used in) operating activities	<hr/> (1,862)	<hr/> 3,449
Cash flows from investing activities		
Proceeds from disposal of property, plant & equipment	32	350
Purchase of property, plant & equipment and development expenditure	(1,016)	(2,951)
	<hr/>	<hr/>
Net cash from / (used in) investing activities	<hr/> (984)	<hr/> (2,601)
Cash flows from financing activities		
Dividend paid	(1,191)	(1,191)
Interest paid	(197)	(121)
Net movement in trade bills & multi currency trade loan	(1,330)	1,712
Purchase of treasury shares	-	(22)
Drawdown of term loans	-	1,000
Repayment of term loans	(161)	(155)
Repayment of hire purchase payables	(49)	(39)
	<hr/>	<hr/>
Net cash from / (used in) financing activities	<hr/> (2,928)	<hr/> 1,184
Net increase / (decrease) in cash and cash equivalents	(5,774)	2,033
Currency Translation Differences	41	220
Cash and cash equivalents as at begining of financial year	20,726	18,048
	<hr/>	<hr/>
Cash and cash equivalents as at end of period	<hr/> 14,993	<hr/> 20,301
Cash and cash equivalents at end of period comprises :-		
Deposits, Cash & Bank Balances	14,993	20,301
	<hr/>	<hr/>
	<hr/> 14,993	<hr/> 20,301

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31ST JULY 2019 (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-Jul-19 RM'000	Preceeding Year Ended 31-Jul-18 RM'000
Cash and bank balances	4,789	12,410
Deposit with licensed banks	7,862	10,139
Short-term investment	4,595	-
	<u>17,246</u>	<u>22,549</u>
Deposit with maturity more than 3 months	(2,253)	(2,248)
Cash and cash equivalents	<u><u>14,993</u></u>	<u><u>20,301</u></u>

Note:

The Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 30 April 2019.

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 2019. 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 2019.

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 2019 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 2019 :

MFRSs and IC Interpretations (including the Consequential Amendments)	Effective date
MFRS 16 : Leases	1 January 2019
MFRS 17 : Insurance Contracts	1 January 2021
IC Interpretation 23 : Uncertainty over Income Tax Treatments	1 January 2019
Amendment to MFRS 3 : Definition of a Business	1 January 2020
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
Amendments to MFRS 101 and MFRS 108 : Definition of Material	1 January 2020
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 References to the Conceptual Framework in MFRS Standards	1 January 2020
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 2019 or later are provided in note 3 to the audited financial statements of the Group for the financial year ended 30 April 2019.

A3. QUALIFICATION OF ANNUAL FINANCIAL STATEMENTS

The latest audited consolidated financial statements of Superlon for the financial year ended 30 April 2019 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.

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 July 2019, the number of treasury shares held in hand amounted to 1,250,158 ordinary shares, at an average buy-back price of RM0.32 per share.

A8. DIVIDEND PAID

On 25 June 2019, the Board of Directors has declared and approved the interim single-tier dividend of 0.75 sen per ordinary share (FY 2019 Interim : 0.75 sen) for the financial year ending 30 April 2020. The interim single-tier dividend was paid on 24 July 2019 to shareholders whose name appeared on the company's Record of Depositors on 10 July 2019.

A9. SEGMENTAL INFORMATIONBusiness 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 Quarter 31-Jul-19	Preceding Year Corresponding Quarter 31-Jul-18	Current Year To Date 31-Jul-19	Preceding Year To Date 31-Jul-18
Revenue				
- Manufacturing	24,471	22,472	24,471	22,472
- Trading	3,751	3,248	3,751	3,248
	<u>28,222</u>	<u>25,720</u>	<u>28,222</u>	<u>25,720</u>
Profit before tax				
- Manufacturing	3,281	3,926	3,281	3,926
- Trading	106	132	106	132
	<u>3,387</u>	<u>4,058</u>	<u>3,387</u>	<u>4,058</u>
Less : Unallocated corporate cost	(155)	(119)	(155)	(119)
	<u>3,232</u>	<u>3,939</u>	<u>3,232</u>	<u>3,939</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 RM28.2 million increased by RM2.5 million as compared to the same quarter of previous year mainly due to higher demand for our insulation and trading products.

The Group registered a profit before tax of RM3.2 million in the current quarter as compared to RM3.9 million during the same quarter of previous year. The lower profit before tax in the current quarter was mainly due to a decrease in total gross profit contributed. The gross profit margin was weighted down by competitive pricing environment and higher cost of material. The Group also recorded a lower other income in the absence of exchange gain as compared with corresponding quarter in the previous year, which lowered the profit before tax.

The manufacturing division recorded revenue and profit before tax RM24.5 million (FY 2019 : RM22.5 million) and RM3.3 million (FY 2019 : RM3.9 million) respectively.

Revenue for the trading division of RM3.8 million (FY 2019 : RM3.2 million) was higher by RM0.6 million due to the increased sales of copper pipes to local customers. However the trading division profit before tax in current quarter has decreased to RM0.11 million compared to RM0.13 million during the same quarter of previous year due to lower gross profit margin.

B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

Revenue for the current quarter increased by 3% to RM28.2 million as compared to RM27.4 million in the preceding quarter. Our gross profit margin improved to about 26% as compared to 23% in the preceding quarter due increased insulation sales volume coupled with favourable exchange rate movement, better production efficiency and better operating results from our Vietnam operations. The group registered an increase of 37% in profit before tax to RM3.2 million in the current quarter as compared to RM2.4 million in the preceding quarter mainly contributed from increase in gross profit margin. Correspondingly, our profit after tax for the group increased by RM0.8 million to RM2.5 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 2020.

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-Jul-19 RM'000	Current Year To Date 31-Jul-19 RM'000
Profit before taxation is stated at after charging/(crediting) :		
Amortisation of prepaid lease payment	13	13
Depreciation of property, plant and equipment	1,044	1,044
(Gain)/Loss on foreign exchange - realised	43	43
(Gain)/Loss on foreign exchange - unrealised	(17)	(17)
Interest expenses	197	197
Interest income	(95)	(95)
Other expenses	13	13
Other income	(37)	(37)

B6. TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Jul-19 RM'000	Preceding Year Corresponding Quarter 31-Jul-18 RM'000	Current Year To Date 31-Jul-19 RM'000	Preceding Year To Date 31-Jul-18 RM'000
Malaysia Taxation :				
-Current tax expenses	742	1,063	742	1,063
-Deferred tax expenses / (income)	5	28	5	28
	<u>747</u>	<u>1,091</u>	<u>747</u>	<u>1,091</u>

The tax expense for the current quarter ended 31 July 2019 is derived based on statutory current tax rate of 24% (YA2020) 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 July 2019.

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-Jul-19	
	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
Bank borrowings		
- Trade Facility	4,830	-
- Term Loan	664	7,266
Finance leases	217	619
	<u>5,711</u>	<u>7,885</u>

B11. OUSTANDING DERIVATIVES

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

As at 31 July 2019, 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

There is no dividend proposed or declared during the current quarter under review.

B14. EARNINGS PER SHARE (“EPS”)

The basic EPS is computed as following:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Jul-19 RM'000	Preceding Year Corresponding Quarter 31-Jul-18 RM'000	Current Year To Date 31-Jul-19 RM'000	Preceding Year To Date 31-Jul-18 RM'000
Profit attributable to owners of the Parent	2,485	2,848	2,485	2,848
Weighted average number of ordinary shares ('000)	158,750	158,793	158,750	158,793
Basic earnings per share (sen)	1.57	1.79	1.57	1.79

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
26th September 2019