

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 2ND QUARTER ENDED 31ST OCTOBER 2019

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter 31-Oct-19 RM'000	Preceding Year Corresponding Quarter 31-Oct-18 RM'000 (Restated)	Current Year To Date 31-Oct-19 RM'000	Preceding Year To Date 31-Oct-18 RM'000 (Restated)
Revenue	28,164	27,051	56,386	52,771
Cost of sales	(20,393)	(17,448)	(41,317)	(35,377)
Gross profit	7,771	9,603	15,069	17,394
Other income	223	677	311	1,192
Selling & distribution expenses	(1,717)	(1,511)	(3,453)	(3,297)
Administrative expenses	(2,511)	(2,737)	(4,726)	(5,045)
Other operating expenses	(104)	(145)	(100)	(297)
Finance costs	(151)	(153)	(347)	(274)
Net impairment losses on financial assets	-	-	(10)	-
Profit before taxation	3,511	5,734	6,744	9,673
Income tax expense	(849)	(1,506)	(1,596)	(2,597)
Profit for the period	2,662	4,228	5,148	7,076
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	182	404	153	807
Total comprehensive income for the period	2,844	4,632	5,301	7,883
Profit attributable to :				
Owners of the Company	2,662	4,228	5,148	7,076
Non-Controlling Interest	-	-	-	-
	2,662	4,228	5,148	7,076
Total comprehensive income attributable to :				
Owners of the Company	2,844	4,632	5,301	7,883
Non-Controlling Interest	-	-	-	-
	2,844	4,632	5,301	7,883
Basic earnings per share (sen)	1.68	2.66	3.24	4.46

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 OCTOBER 2019**

	Unaudited As At 31-Oct-19 RM'000	Audited As At 30-Apr-19 RM'000
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	87,092	87,741
Prepaid lease payment	2,073	2,077
Intangible assets	1,269	1,294
Other investment	47	47
Deferred tax assets	138	194
	<u>90,619</u>	<u>91,353</u>
Current assets		
Inventories	23,683	23,220
Trade receivables	15,072	14,284
Other receivables, deposits and prepayments	6,402	3,218
Current tax assets	2,638	2,394
Short term investment	2,416	6,559
Deposit with licensed bank	10,235	9,260
Cash and bank balances	6,683	7,160
	<u>67,129</u>	<u>66,095</u>
TOTAL ASSETS	<u><u>157,748</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	(424)	(398)
Reserves	87,174	83,064
Total Equity	<u>128,183</u>	<u>124,099</u>
Non-current liabilities		
Loans and borrowings	7,659	7,952
Deferred tax liabilities	5,834	5,828
	<u>13,493</u>	<u>13,780</u>
Current liabilities		
Loans and borrowings	6,560	7,040
Trade payables	4,699	6,862
Other payables and accruals	4,813	5,667
	<u>16,072</u>	<u>19,569</u>
TOTAL EQUITY AND LIABILITIES	<u><u>157,748</u></u>	<u><u>157,448</u></u>
Net assets per ordinary share attributable to Owners of Company (sen)	<u>80.75</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 OCTOBER 2019

	Attributable to Owners of the Company						Total Equity RM'000
	Share Capital RM'000	Non-Distributable				Distributable	
		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	-	-	-	-	-	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>
Balance as at 1 May 2019	41,433	-	(398)	242	24,402	58,420	124,099
Profit for the period	-	-	-	-	-	5,148	5,148
Other comprehensive income/(loss)	-	-	-	153	-	-	153
Total comprehensive income/(loss)	-	-	-	153	-	5,148	5,301
Share buy back	-	-	(26)	-	-	-	(26)
Realisation of revaluation surplus	-	-	-	-	(63)	63	-
Distribution of dividend	-	-	-	-	-	(1,191)	(1,191)
Balance as at 31 October 2019	<u>41,433</u>	<u>-</u>	<u>(424)</u>	<u>395</u>	<u>24,339</u>	<u>62,440</u>	<u>128,183</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 OCTOBER 2019

	Current Year Ended 31-Oct-19 RM'000	Preceding Year Ended 31-Oct-18 RM'000
Cash flows from operating activities		
Profit before taxation	6,744	9,673
Adjustment for :		
Non-cash items	2,197	2,397
Non-operating items	113	28
	<hr/>	<hr/>
Operating profit before working capital changes	9,054	12,098
Changes in working capital		
Inventories	(427)	(2,585)
Trade and other receivables	(3,299)	257
Trade and other payables	(3,051)	945
	<hr/>	<hr/>
Cash generated from / (used) in operations	2,277	10,715
Interest received	234	247
Tax paid	(1,779)	(2,082)
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Net cash from / (used in) operating activities	732	8,880
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	32	513
Purchase of property, plant & equipment and development expenditure	(1,967)	(10,487)
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Net cash from / (used in) investing activities	(1,935)	(10,474)
Cash flows from financing activities		
Dividend paid	(1,191)	(1,191)
Interest paid	(347)	(274)
Net movement in trade bills & multi currency trade loan	(505)	2,490
Purchase of treasury shares	(26)	(48)
Drawdown of term loans	-	1,000
Repayment of term loans	(324)	(317)
Repayment of hire purchase payables	(103)	(71)
	<hr/>	<hr/>
Net cash from / (used in) financing activities	(2,496)	1,589
Net increase / (decrease) in cash and cash equivalents	(3,699)	(5)
Currency Translation Differences	54	370
Cash and cash equivalents as at beginning of financial year	20,726	18,048
	<hr/>	<hr/>
Cash and cash equivalents as at end of period	17,081	18,413
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Cash and cash equivalents at end of period comprises :-		
Deposits, Cash & Bank Balances	17,081	18,413
	<hr/>	<hr/>
	17,081	18,413
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31ST OCTOBER 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-Oct-19 RM'000	Preceding Year Ended 31-Oct-18 RM'000
Cash and bank balances	6,683	10,084
Deposit with licensed banks	10,235	8,070
Short-term investment	2,416	3,007
	<u>19,334</u>	<u>21,161</u>
Deposit with maturity more than 3 months	(2,253)	(2,748)
Cash and cash equivalents	<u><u>17,081</u></u>	<u><u>18,413</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 except for the following :-

During the financial quarter ended 31 October 2019, Superlon Holdings Berhad ("SHB") bought back from the open market 28,000 shares listed on the Main Market of Bursa Malaysia Securities Berhad at an average buy-back price of RM0.94 per share. The total consideration paid for the share buy-back of SHB shares during the financial quarter ended 31 October 2019, including transaction cost, was RM26,180.23 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 2019, the number of treasury shares held in hand amounted to 1,278,158 ordinary shares, at an average buy-back price of RM0.33 per share.

A8. DIVIDEND PAID

There was no dividend paid during the quarter under review.

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-Oct-19	Preceding Year Corresponding Quarter 31-Oct-18	Current Year To Date 31-Oct-19	Preceding Year To Date 31-Oct-18
Revenue				
- Manufacturing	24,036	22,406	48,507	44,878
- Trading	4,128	4,645	7,879	7,893
	<u>28,164</u>	<u>27,051</u>	<u>56,386</u>	<u>52,771</u>
Profit before tax				
- Manufacturing	3,616	5,888	6,897	9,814
- Trading	150	39	256	171
	<u>3,766</u>	<u>5,927</u>	<u>7,153</u>	<u>9,985</u>
Less : Unallocated corporate cost	(255)	(193)	(409)	(312)
	<u>3,511</u>	<u>5,734</u>	<u>6,744</u>	<u>9,673</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 except for the following :-

On 11 October 2019, Superlon Holdings Berhad incorporated a wholly owned subsidiary company, Acoustec Concept Sdn Bhd ("ACSB"), with a cash subscription of RM1.00. The principal activities of ACSB are designing, testing and manufacturing of foamed rubber for sound absorption and vibration dampening and as well as trading in related products.

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 RM1.1 million as compared to the same quarter of previous year mainly due to higher demand for our insulation products.

The Group registered a profit before tax of RM3.5 million in the current quarter as compared to RM5.7 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 and production. 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 million (FY 2019 : RM22.4 million) and RM3.6 million (FY 2019 : RM5.9 million) respectively.

Revenue for the trading division of RM4.1 million (FY 2019 : RM4.6 million) was lower by RM0.5 million due to the decreased in sales of copper pipes to local customers. However the trading division profit before tax in current quarter has increased to RM0.15 million compared to RM0.04 million during the same quarter of previous year due to higher gross profit margin and also decreased in exchange loss.

B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

Revenue for the current quarter maintained at RM28.2 million compared to the preceding quarter. Our gross profit margin improved to about 28% as compared to 26% in the preceding quarter due to better production efficiency and better operating results from our Vietnam operations. The group registered an increase of 9% in profit before tax to RM3.5 million in the current quarter as compared to RM3.2 million in the preceding quarter mainly contributed from increase in gross profit margin. Correspondingly, our profit after tax for the group increased by RM0.2 million to RM2.7 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-Oct-19 RM'000	Current Year To Date 31-Oct-19 RM'000
Profit before taxation is stated at after charging/(crediting) :		
Amortisation of prepaid lease payment	14	27
Depreciation of property, plant and equipment	1,056	2,100
(Gain)/Loss on foreign exchange - realised	(75)	(32)
(Gain)/Loss on foreign exchange - unrealised	27	10
Interest expenses	151	347
Interest income	(139)	(234)
Other expenses	76	89
Other income	(9)	(46)

B6. TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Oct-19 RM'000	Preceding Year Corresponding Quarter 31-Oct-18 RM'000	Current Year To Date 31-Oct-19 RM'000	Preceding Year To Date 31-Oct-18 RM'000
Malaysia Taxation :				
-Current tax expenses	793	1,528	1,535	2,591
-Deferred tax expenses / (income)	56	(22)	61	6
	<u>849</u>	<u>1,506</u>	<u>1,596</u>	<u>2,597</u>

The tax expense for the current quarter ended 31 October 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 October 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-Oct-19	
	Short Term	Long Term
	RM'000	RM'000
<u>Secured</u>		
Bank borrowings		
- Trade Facility	5,669	-
- Term Loan	672	7,095
Finance leases	219	564
	<u>6,560</u>	<u>7,659</u>

B11. OUTSTANDING DERIVATIVES

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

As at 31 October 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

On the even date, the Board of Directors has declared and approved the second interim single-tier dividend of 1.15 sen per ordinary share (FY 2019 Second Interim : 1.15 sen) for the financial year ending 30 April 2020. The second interim single-tier dividend will be paid on 22 January 2020 to shareholders whose names appeared on the company's Record of Depositors on 2 January 2020.

B14. EARNINGS PER SHARE (“EPS”)

The basic EPS is computed as following:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Oct-19 RM'000	Preceding Year Corresponding Quarter 31-Oct-18 RM'000	Current Year To Date 31-Oct-19 RM'000	Preceding Year To Date 31-Oct-18 RM'000
Profit attributable to owners of the Parent	2,662	4,228	5,148	7,076
Weighted average number of ordinary shares ('000)	158,745	158,776	158,745	158,776
Basic earnings per share (sen)	1.68	2.66	3.24	4.46

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
09th December 2019