

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 3RD QUARTER ENDED 31ST JANUARY 2020

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	To Date
	31-Jan-20	Quarter	31-Jan-20	31-Jan-19
	RM'000	31-Jan-19	RM'000	RM'000
		(Restated)		(Restated)
Revenue	26,441	25,526	82,828	78,296
Cost of sales	(18,993)	(19,082)	(60,310)	(54,459)
Gross profit	7,448	6,444	22,518	23,837
Other income	155	96	435	1,159
Selling & distribution expenses	(1,612)	(1,771)	(5,065)	(5,069)
Administrative expenses	(2,480)	(2,326)	(7,207)	(7,370)
Other operating expenses	(434)	(267)	(502)	(434)
Finance costs	(206)	(158)	(554)	(432)
Net impairment losses on financial assets	-	-	(10)	-
Profit before taxation	2,871	2,018	9,615	11,691
Income tax expense	(717)	(472)	(2,314)	(3,069)
Profit for the period	2,154	1,546	7,301	8,622
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	(410)	(406)	(256)	401
Total comprehensive income for the period	1,744	1,140	7,045	9,023
Profit attributable to :				
Owners of the Company	2,154	1,546	7,301	8,622
Non-Controlling Interest	-	-	-	-
	2,154	1,546	7,301	8,622
Total comprehensive income attributable to :				
Owners of the Company	1,744	1,140	7,045	9,023
Non-Controlling Interest	-	-	-	-
	1,744	1,140	7,045	9,023
Basic earnings per share (sen)	1.36	0.97	4.60	5.43

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 JANUARY 2020**

	Unaudited As At 31-Jan-20 RM'000	Audited As At 30-Apr-19 RM'000
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	88,369	87,741
Prepaid lease payment	-	2,077
Right-of-use Assets	4,691	-
Intangible assets	1,273	1,294
Other investment	47	47
Deferred tax assets	93	194
	<u>94,473</u>	<u>91,353</u>
Current assets		
Inventories	24,631	23,220
Trade receivables	12,558	14,284
Other receivables, deposits and prepayments	5,440	3,218
Current tax assets	3,044	2,394
Short term investment	2,436	6,559
Deposit with licensed bank	5,652	9,260
Cash and bank balances	9,202	7,160
	<u>62,963</u>	<u>66,095</u>
TOTAL ASSETS	<u><u>157,436</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	87,093	83,064
Total Equity	<u>128,102</u>	<u>124,099</u>
Non-current liabilities		
Lease liabilities	1,323	-
Loans and borrowings	6,922	7,952
Deferred tax liabilities	6,021	5,828
	<u>14,266</u>	<u>13,780</u>
Current liabilities		
Lease liabilities	1,051	-
Loans and borrowings	4,789	7,040
Trade payables	5,448	6,862
Other payables and accruals	3,780	5,667
	<u>15,068</u>	<u>19,569</u>
TOTAL EQUITY AND LIABILITIES	<u><u>157,436</u></u>	<u><u>157,448</u></u>
Net assets per ordinary share attributable to Owners of Company (sen)	<u><u>80.71</u></u>	<u><u>78.17</u></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 JANUARY 2020**

	Attributable to Owners of the Company						
	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	Total Equity RM'000
Balance as at 1 May 2018	40,000	1,433	(339)	(454)	24,528	52,844	118,012
Profit for the period	-	-	-	-	-	8,622	8,622
Other comprehensive income/(loss)	-	-	-	401	-	-	401
Total comprehensive income/(loss)	-	-	-	401	-	8,622	9,023
Share buy back	-	-	(48)	-	-	-	(48)
Realisation of revaluation surplus	-	-	-	-	(293)	293	-
Distribution of dividend	-	-	-	-	-	(3,017)	(3,017)
	40,000	1,433	(387)	(53)	24,235	58,742	123,970
Transfer pursuant to S618(2) of CA 2016*	1,433	(1,433)	-	-	-	-	-
Balance as at 31 January 2019	41,433	-	(387)	(53)	24,235	58,742	123,970
Balance as at 1 May 2019	41,433	-	(398)	242	24,402	58,420	124,099
Profit for the period	-	-	-	-	-	7,301	7,301
Other comprehensive income/(loss)	-	-	-	(256)	-	-	(256)
Total comprehensive income/(loss)	-	-	-	(256)	-	7,301	7,045
Share buy back	-	-	(26)	-	-	-	(26)
Realisation of revaluation surplus	-	-	-	-	(95)	95	-
Distribution of dividend	-	-	-	-	-	(3,016)	(3,016)
Balance as at 31 January 2020	41,433	-	(424)	(14)	24,307	62,800	128,102

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 JANUARY 2020**

	Current Year Ended 31-Jan-20 RM'000	Preceeding Year Ended 31-Jan-19 RM'000
Cash flows from operating activities		
Profit before taxation	9,615	11,691
Adjustment for :		
Non-cash items	4,024	3,500
Non-operating items	177	105
	<hr/>	<hr/>
Operating profit before working capital changes	13,816	15,296
Changes in working capital		
Inventories	(1,437)	(319)
Trade and other receivables	47	766
Trade and other payables	(3,698)	(1,372)
	<hr/>	<hr/>
Cash generated from / (used) in operations	8,728	14,371
Interest received	313	327
Tax paid	(2,668)	(3,076)
	<hr/>	<hr/>
Net cash from / (used in) operating activities	<hr/> 6,373	<hr/> 11,622
Cash flows from investing activities		
Net withdrawal/(placement) of fixed deposits with maturity more than three months	(5)	(1,004)
Proceeds from disposal of property, plant & equipment	32	513
Purchase of property, plant & equipment and development expenditure	(5,205)	(12,642)
	<hr/>	<hr/>
Net cash from / (used in) investing activities	<hr/> (5,178)	<hr/> (13,133)
Cash flows from financing activities		
Dividend paid	(3,016)	(3,017)
Interest paid	(554)	(432)
Net movement in trade bills & multi currency trade loan	(2,004)	1,307
Purchase of treasury shares	(26)	(48)
Proceed from finance leases	-	600
Drawdown of term loans	-	1,950
Repayment of term loans	(490)	(481)
Repayment of hire purchase payables	-	(113)
Repayment of lease liabilities	(741)	-
	<hr/>	<hr/>
Net cash from / (used in) financing activities	<hr/> (6,831)	<hr/> (234)
Net increase / (decrease) in cash and cash equivalents	(5,636)	(1,745)
Currency Translation Differences	(58)	302
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	<hr/> 15,032	<hr/> 16,605
Cash and cash equivalents at end of period comprises :-		
Deposits, Cash & Bank Balances	15,032	16,605
	<hr/>	<hr/>
	<hr/> 15,032	<hr/> 16,605

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31ST JANUARY 2020 (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-Jan-20 RM'000	Preceding Year Ended 31-Jan-19 RM'000
Cash and bank balances	9,202	9,855
Deposit with licensed banks	5,652	6,986
Short-term investment	2,436	3,017
	<hr/>	<hr/>
	17,290	19,858
Deposit with maturity more than 3 months	(2,258)	(3,253)
Cash and cash equivalents	<hr/> <hr/>	<hr/> <hr/>
	15,032	16,605

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.

A2. CHANGES IN ACCOUNTING POLICIES (Cont'd)**Impact of the initial application of MFRS 16 Leases**

On the date of initial application, the Group applied the modified retrospective approach and did not restate comparative amounts for the period prior to first adoption.

The adoption of MFRS 16 to the opening balance as at 1 May 2019 has the following impact:

	Audited 30 Apr 2019 RM'000	Adjustment RM'000	After MFRS 16 Adoption RM'000
<u>NON-CURRENT ASSETS</u>			
Right-of-use assets	-	4,839	4,839
Property, plant and equipment	87,741	(1,000)	86,741
Prepaid lease payment	2,077	(2,077)	-
	<u>89,818</u>	<u>1,762</u>	<u>91,580</u>
<u>NON-CURRENT LIABILITIES</u>			
Lease liabilities	-	1,594	1,594
Loans and borrowings	7,952	(497)	7,455
	<u>7,952</u>	<u>1,097</u>	<u>9,049</u>
<u>CURRENT LIABILITIES</u>			
Lease liabilities	-	840	840
Loans and borrowings	7,040	(175)	6,865
	<u>7,040</u>	<u>665</u>	<u>7,705</u>
	<u>14,992</u>	<u>1,762</u>	<u>16,754</u>

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 January 2020, 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

On 09 December 2019, 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 was paid on 22 January 2020 to shareholders whose names appeared on the company's Record of Depositors on 2 January 2020.

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	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
	31-Jan-20	31-Jan-19	31-Jan-20	31-Jan-19
Revenue				
- Manufacturing	21,783	22,232	70,290	67,110
- Trading	4,658	3,294	12,538	11,186
	<u>26,441</u>	<u>25,526</u>	<u>82,828</u>	<u>78,296</u>
Profit before tax				
- Manufacturing	2,772	1,938	9,620	11,752
- Trading	247	242	552	413
	<u>3,019</u>	<u>2,180</u>	<u>10,172</u>	<u>12,165</u>
Less : Unallocated corporate cost	(148)	(162)	(557)	(474)
	<u>2,871</u>	<u>2,018</u>	<u>9,615</u>	<u>11,691</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 RM26.4 million increased by RM0.9 million as compared to the same quarter of previous year mainly due to increase in sales from trading division.

The Group registered a profit before tax of RM2.9 million in the current quarter as compared to RM2.0 million during the same quarter of previous year. The higher profit before tax in the current quarter was mainly due to an increase in total gross profit contributed as result of lower cost of production. However, the Group also recorded higher foreign exchange losses as compared with corresponding quarter in the previous year, which weighted down the profit before tax.

The manufacturing division recorded revenue and profit before tax RM21.8 million (FY 2019 : RM22.2 million) and RM2.8 million (FY 2019 : RM1.9 million) respectively.

Revenue for the trading division of RM4.7 million (FY 2019 : RM3.3 million) was higher by RM1.4 million due to the increased in sales of copper pipes to local customers. However the trading division profit before tax in current quarter registered a marginal increase to RM0.25 million compared to RM0.24 million during the same quarter of previous year due to lower gross profit margin and exchange gain.

B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

Revenue for the current quarter decreased by 6% to RM26.4 million as compared to RM28.2 million in the preceding quarter. Our gross profit margin maintained at 28% as compared to the preceding quarter due to better production efficiency and better operating results from our Vietnam operations. The group registered a decrease of 18% in profit before tax to RM2.9 million in the current quarter as compared to RM3.5 million in the preceding quarter mainly due to lower other income coupled with higher exchange loss and finance cost. Correspondingly, our profit after tax for the group decreased by RM0.5 million to RM2.2 million as compared to the preceding quarter.

B3. COMMENTARY ON PROSPECTS

The Group expects the operating environment to remain clouded in the near-term as the impact of the recent Covid-19 outbreak has yet to be fully known. Nonetheless, 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. Our business strategies remain on track for achieving further business growth in the medium-to-long term.

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-Jan-20 RM'000	Current Year To Date 31-Jan-20 RM'000
Profit before taxation is stated at after charging/(crediting) :		
Amortisation of prepaid lease payment	(27)	-
Depreciation of property, plant and equipment	891	2,991
Depreciation of right-of-use assets	903	903
(Gain)/Loss on foreign exchange - realised	230	198
(Gain)/Loss on foreign exchange - unrealised	130	140
Interest expenses	206	554
Interest income	(79)	(313)
Other expenses	74	164
Other income	(76)	(122)

B6. TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Jan-20 RM'000	Preceding Year Corresponding Quarter 31-Jan-19 RM'000	Current Year To Date 31-Jan-20 RM'000	Preceding Year To Date 31-Jan-19 RM'000
Malaysia Taxation :				
-Current tax expenses	453	554	1,989	3,145
-Deferred tax expenses / (income)	234	(30)	295	(24)
Under / (Over) provision in prior year				
-Current tax expenses	30	(52)	30	(52)
	<u>717</u>	<u>472</u>	<u>2,314</u>	<u>3,069</u>

The tax expense for the current quarter ended 31 January 2020 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 January 2020.

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-Jan-20	
	Short Term	Long Term
	RM'000	RM'000
<u>Secured</u>		
Bank borrowings		
- Trade Facility	4,109	-
- Term Loan	680	6,922
	<u>4,789</u>	<u>6,922</u>

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 subsidiaries.

B12. PROPOSED DIVIDEND

On the even date, the Board of Directors has declared and approved the third interim single-tier dividend of 1.15 sen per ordinary share (FY 2019 Third Interim : 1.15 sen) for the financial year ending 30 April 2020. The third interim single-tier dividend will be paid on 16 April 2020 to shareholders whose names appeared on the company's Record of Depositors on 30 March 2020.

B13. EARNINGS PER SHARE (“EPS”)

The basic EPS is computed as following:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Jan-20 RM'000	Preceeding Year Corresponding Quarter 31-Jan-19 RM'000	Current Year To Date 31-Jan-20 RM'000	Preceeding Year To Date 31-Jan-19 RM'000
Profit attributable to owners of the Parent	2,154	1,546	7,301	8,622
Weighted average number of ordinary shares ('000)	158,737	158,771	158,737	158,771
Basic earnings per share (sen)	1.36	0.97	4.60	5.43

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
13th March 2020