

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 1ST QUARTER ENDED 31<sup>ST</sup> JULY 2020**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	To Date
	31-Jul-20	Quarter	31-Jul-20	31-Jul-19
	RM'000	31-Jul-19	RM'000	RM'000
		(Restated)		(Restated)
Revenue	27,406	28,222	27,406	28,222
Cost of sales	(19,030)	(20,924)	(19,030)	(20,924)
<b>Gross profit</b>	<b>8,376</b>	<b>7,298</b>	<b>8,376</b>	<b>7,298</b>
Other income	331	148	331	148
Selling & distribution expenses	(1,193)	(1,736)	(1,193)	(1,736)
Administrative expenses	(2,503)	(2,216)	(2,503)	(2,216)
Other operating expenses	(286)	(55)	(286)	(55)
Finance costs	(108)	(197)	(108)	(197)
Net impairment gain / (losses) on financial assets	72	(10)	72	(10)
<b>Profit before taxation</b>	<b>4,689</b>	<b>3,232</b>	<b>4,689</b>	<b>3,232</b>
Income tax expense	(894)	(747)	(894)	(747)
<b>Profit for the period</b>	<b>3,795</b>	<b>2,485</b>	<b>3,795</b>	<b>2,485</b>
<b>Other comprehensive income / (loss) :</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<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	(371)	(28)	(371)	(28)
<b>Total comprehensive income for the period</b>	<b>3,424</b>	<b>2,457</b>	<b>3,424</b>	<b>2,457</b>
<b>Profit attributable to :</b>				
Owners of the Company	3,795	2,485	3,795	2,485
Non-Controlling Interest	-	-	-	-
	<b>3,795</b>	<b>2,485</b>	<b>3,795</b>	<b>2,485</b>
<b>Total comprehensive income attributable to :</b>				
Owners of the Company	3,424	2,457	3,424	2,457
Non-Controlling Interest	-	-	-	-
	<b>3,424</b>	<b>2,457</b>	<b>3,424</b>	<b>2,457</b>
<b>Basic earnings per share (sen)</b>	<b>2.39</b>	<b>1.57</b>	<b>2.39</b>	<b>1.57</b>

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 2020.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
31<sup>ST</sup> JULY 2020**

	<b>Unaudited As At 31-Jul-20 RM'000</b>	<b>Audited As At 30-Apr-20 RM'000</b>
<b><u>ASSETS</u></b>		
<b>Non-current assets</b>		
Property, plant and equipment	88,083	89,129
Right-of-use Assets	4,112	4,370
Intangible assets	1,296	1,296
Other investment	47	47
Deferred tax assets	79	112
	<u>93,617</u>	<u>94,954</u>
<b>Current assets</b>		
Inventories	18,090	23,340
Trade receivables	14,351	12,902
Other receivables, deposits and prepayments	5,080	3,582
Current tax assets	2,151	1,575
Short term investment	9,599	7,566
Deposit with licensed bank	7,990	9,145
Cash and bank balances	8,201	3,538
	<u>65,462</u>	<u>61,648</u>
<b>TOTAL ASSETS</b>	<u><u>159,079</u></u>	<u><u>156,602</u></u>
<b><u>EQUITY AND LIABILITIES</u></b>		
<b>Equity attributable to owners of the Parent</b>		
Share capital	41,433	41,433
Treasury shares	(424)	(424)
Reserves	91,114	87,690
<b>Total Equity</b>	<u>132,123</u>	<u>128,699</u>
<b>Non-current liabilities</b>		
Lease liabilities	736	971
Loans and borrowings	6,937	7,104
Deferred tax liabilities	6,225	6,295
	<u>13,898</u>	<u>14,370</u>
<b>Current liabilities</b>		
Lease liabilities	1,021	1,012
Loans and borrowings	2,113	3,489
Trade payables	5,072	5,155
Other payables and accruals	4,675	3,874
Current tax liabilities	177	3
	<u>13,058</u>	<u>13,533</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>159,079</u></u>	<u><u>156,602</u></u>
Net assets per ordinary share attributable to Owners of Company (sen)	<u><u>83.24</u></u>	<u><u>81.08</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 2020.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR FINANCIAL PERIOD ENDED 31<sup>ST</sup> JULY 2020**

	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 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>
Balance as at 1 May 2020	41,433	-	(424)	1,086	24,276	62,328	128,699
Profit for the period	-	-	-	-	-	3,795	3,795
Other comprehensive income/(loss)	-	-	-	(371)	-	-	(371)
Total comprehensive income/(loss)	-	-	-	(371)	-	3,795	3,424
Realisation of revaluation surplus	-	-	-	-	(32)	32	-
Distribution of dividend	-	-	-	-	-	-	-
Balance as at 31 July 2020	<u>41,433</u>	<u>-</u>	<u>(424)</u>	<u>715</u>	<u>24,244</u>	<u>66,155</u>	<u>132,123</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 2020.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE PERIOD ENDED 31<sup>ST</sup> JULY 2020**

	<b>Current Year Ended 31-Jul-20 RM'000</b>	<b>Preceeding Year Ended 31-Jul-19 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	4,689	3,232
Adjustment for :		
Non-cash items	1,632	1,042
Non-operating items	56	102
	<hr/>	<hr/>
Operating profit before working capital changes	6,377	4,376
Changes in working capital		
Inventories	5,218	(1,519)
Trade and other receivables	(3,252)	(2,532)
Trade and other payables	828	(1,393)
	<hr/>	<hr/>
Cash generated from / (used) in operations	9,171	(1,068)
Interest received	52	95
Tax refund	-	-
Tax paid	(1,333)	(889)
	<hr/>	<hr/>
Net cash from / (used in) operating activities	7,890	(1,862)
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant & equipment	-	32
Purchase of property, plant & equipment and development expenditure	51	(1,016)
Additional of right-of-use assets	1	-
	<hr/>	<hr/>
Net cash from / (used in) investing activities	52	(984)
<b>Cash flows from financing activities</b>		
Dividend paid	-	(1,191)
Interest paid	(86)	(197)
Interest paid on lease liabilities	(22)	-
Net movement in trade bills & multi currency trade loan	(1,343)	(1,330)
Drawdown of term loans	60	-
Repayment of term loans	(184)	(161)
Repayment of hire purchase payables	-	(49)
Repayment of lease liabilities	(271)	-
	<hr/>	<hr/>
Net cash from / (used in) financing activities	(1,846)	(2,928)
Net increase / (decrease) in cash and cash equivalents	6,096	(5,774)
Currency Translation Differences	(555)	41
Cash and cash equivalents as at begining of financial year	17,991	20,726
	<hr/>	<hr/>
Cash and cash equivalents as at end of period	<b>23,532</b>	<b>14,993</b>
<b>Cash and cash equivalents at end of period comprises :-</b>		
Deposits, Cash & Bank Balances	23,532	14,993
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	<b>23,532</b>	<b>14,993</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE PERIOD ENDED 31<sup>ST</sup> JULY 2020 (Cont'd)**

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

	<b>Current Year Ended 31-Jul-20 RM'000</b>	<b>Preceding Year Ended 31-Jul-19 RM'000</b>
Cash and bank balances	8,201	4,789
Deposit with licensed banks	7,990	7,862
Short-term investment	9,599	4,595
	<u>25,790</u>	<u>17,246</u>
Deposit with maturity more than 3 months	(2,258)	(2,253)
Cash and cash equivalents	<u>23,532</u>	<u>14,993</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 2020.

**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 2020. 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 2020.

**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 2020 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 2020 :

<b>MFRSs and/or IC Interpretations (including The Consequential Amendments)</b>	<b>Effective date</b>
MFRS 17 : Insurance Contracts	1 January 2021
Amendments to MFRS 3 : Definition of a Business	1 January 2020
Amendments to MFRS 3 : Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, : Interest Rate Benchmark Reform	1 January 2020
MFRS 139 and MFRS 7	
Amendments to MFRS 10 : Sale or Contribution of Assets between an	Deferred
and MFRS 128 Investor and its Associate or Joint Venture	
Amendments to MFRS 16 : COVID-19 Related Rent Concessions	1 June 2020
Amendments to MFRS 101 : Definition of Material	1 January 2020
and MFRS 108	
Amendments to MFRS 101 : Classification of Liabilities as Current or Non-Current	1 January 2022
Amendments to MFRS 116 : Property, Plant and Equipment- Proceeds before	1 January 2022
Intended Use	
Amendments to MFRS 137 : Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 May 2020 or later are provided in note 3 to the audited financial statements of the Group for the financial year ended 30 April 2020.

**A3. QUALIFICATION OF ANNUAL FINANCIAL STATEMENTS**

The latest audited consolidated financial statements of Superlon for the financial year ended 30 April 2020 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 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**

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 Quarter 31-Jul-20	Preceding Year Corresponding Quarter 31-Jul-19	Current Year To Date 31-Jul-20	Preceding Year To Date 31-Jul-19
Revenue				
- Manufacturing	22,002	24,471	22,002	24,471
- Trading	5,404	3,751	5,404	3,751
	<u>27,406</u>	<u>28,222</u>	<u>27,406</u>	<u>28,222</u>
Profit before tax				
- Manufacturing	4,601	3,281	4,601	3,281
- Trading	222	106	222	106
	<u>4,823</u>	<u>3,387</u>	<u>4,823</u>	<u>3,387</u>
Less : Unallocated corporate cost	(134)	(155)	(134)	(155)
	<u>4,689</u>	<u>3,232</u>	<u>4,689</u>	<u>3,232</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 RM27.4 million represents a decreased by RM0.8 million as compared to the same quarter of previous year ("1Q FY 2020"). The decrease is mainly due to reduction in sales from manufacturing divisions.

The Group registered a profit before tax of RM4.7 million in the current quarter as compared to RM3.2 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 and lower selling & distribution expenses.

The manufacturing division recorded revenue of RM22.2 million (1Q FY 2020 : RM24.5 million) as a result of lower export and local sales. Despite a lower revenue, we achieved a profit before taxation of RM4.6 million (1Q FY 2020 : RM3.3 million) mainly due improved gross profit margins resulting from lower cost of material and production coupled with favourable exchange rate movement and better operation result from our Vietnam factory.

Revenue for the trading division of RM5.4 million (1Q FY 2020 : RM3.8 million) was higher by RM1.6 million due to increase in copper pipes sales to local customers. Trading division's profit before taxation was RM0.2 million (1Q FY 2020 : RM0.1 million) broadly in line with the higher revenue .

**B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER**

Revenue for the current quarter increased by 46% to RM27.4 million as compared to RM18.8 million in the preceding quarter. Our gross profit margin increased to 31% as compared to 24% for the preceding quarter due to lower costs of material and production coupled with favourable exchange rate movement and better operation result from Vietnam Factory. The group registered an increase of 194% in profit before tax to RM4.7 million in the current quarter as compared to RM1.6 million in the preceding quarter. Correspondingly, our profit after tax for the group increased by RM2.5 million to RM3.8 million as compared to the preceding quarter.

**B3. COMMENTARY ON PROSPECTS**

The recent outbreak of the COVID-19 pandemic has led to the implementation of social distancing measures in various countries across the world, including Malaysia, and has unfavourably affect the growth of both global as well as Malaysian economies. However, Bank Negara Malaysia expects economic activity to gradually pick up in the second half of 2020, following the lifting of the MCO, support from fiscal, monetary and financial measures and progress in transport-related projects by the public sector. The Malaysian economy is expected to register a positive recovery in 2021, in line with the projected improvement in global growth.

As more and more of our customers are allowed to restart their operations and supply chains resume, we foresee that demand for our products should pick up in tandem in the second half of 2020. However, we expect the operating environment to remain clouded in the near-term as the economic impact of the recent Covid-19 pandemic (including possibility of a second wave) has yet to be fully known.

Nonetheless, the profit potential of our businesses remains intact and we are well positioned to benefit from any recovery in the economy.

**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-20 RM'000	Current Year To Date 31-Jul-20 RM'000
Profit before taxation is stated at after charging/(crediting) :		
Depreciation of property, plant and equipment	1,094	1,094
Depreciation of right-of-use assets	291	291
(Gain)/Loss on foreign exchange - realised	(184)	(184)
(Gain)/Loss on foreign exchange - unrealised	286	286
Interest expenses	86	86
Interest expenses on lease liabilities	22	11
Interest income	(52)	(52)
Other expenses	-	-
Other income	(95)	(95)

**B6. TAXATION**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Jul-20 RM'000	Preceding Year Corresponding Quarter 31-Jul-19 RM'000	Current Year To Date 31-Jul-20 RM'000	Preceding Year To Date 31-Jul-19 RM'000
Malaysia Taxation :				
-Current tax expenses	931	742	931	742
-Deferred tax expenses / (income)	(37)	5	(37)	5
	<u>894</u>	<u>747</u>	<u>894</u>	<u>747</u>

The tax expense for the current quarter ended 31 July 2020 is derived based on statutory current tax rate of 24% (YA2021) 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 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:

	<b>Current Year To Date</b>	
	<b>31-Jul-20</b>	
	<b>Short Term</b>	<b>Long Term</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Secured</u>		
Bank borrowings		
- Trade Facility	1,362	-
- Term Loan	751	6,937
	<u>2,113</u>	<u>6,937</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 interim single-tier dividend of 0.75 sen per ordinary share (FY 2020 Interim : 0.75 sen) for the financial year ending 30 April 2021. The interim single-tier dividend will be paid on 21 October 2020 to shareholders whose names appeared on the company's Record of Depositors on 07 October 2020.

**B13. EARNINGS PER SHARE (“EPS”)**

The basic EPS is computed as following:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year</b>	<b>Preceeding Year</b>	<b>Current Year</b>	<b>Preceeding Year</b>
	<b>Quarter</b>	<b>Corresponding</b>	<b>To Date</b>	<b>Year To Date</b>
	<b>31-Jul-20</b>	<b>31-Jul-19</b>	<b>31-Jul-20</b>	<b>31-Jul-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to owners of the Parent	3,795	2,485	3,795	2,485
Weighted average number of ordinary shares ('000)	158,722	158,750	158,722	158,750
Basic earnings per share (sen)	2.39	1.57	2.39	1.57

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**  
**21<sup>st</sup> September 2020**