

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 2ND QUARTER ENDED 31ST OCTOBER 2020

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Preceding Year</u>			
	<u>Current Year</u>	<u>Corresponding</u>	<u>Current Year</u>	<u>Preceding Year</u>
	<u>Quarter</u>	<u>Quarter</u>	<u>To Date</u>	<u>To Date</u>
	<u>31-Oct-20</u>	<u>31-Oct-19</u>	<u>31-Oct-20</u>	<u>31-Oct-19</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
		<u>(Restated)</u>		<u>(Restated)</u>
Revenue	22,630	28,164	50,036	56,386
Cost of sales	(15,629)	(20,393)	(34,659)	(41,317)
Gross profit	7,001	7,771	15,377	15,069
Other income	137	223	285	311
Selling & distribution expenses	(1,059)	(1,717)	(2,252)	(3,453)
Administrative expenses	(2,263)	(2,511)	(4,766)	(4,726)
Other operating expenses	(358)	(104)	(460)	(100)
Finance costs	(90)	(151)	(198)	(347)
Net impairment gain / (losses) on financial assets	-	-	72	(10)
Profit before taxation	3,368	3,511	8,058	6,744
Income tax expense	(664)	(849)	(1,558)	(1,596)
Profit for the period	2,704	2,662	6,500	5,148
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	(519)	182	(890)	153
Total comprehensive income for the period	2,185	2,844	5,610	5,301
Profit attributable to :				
Owners of the Company	2,704	2,662	6,500	5,148
Non-Controlling Interest	-	-	-	-
	2,704	2,662	6,500	5,148
Total comprehensive income attributable to :				
Owners of the Company	2,185	2,844	5,610	5,301
Non-Controlling Interest	-	-	-	-
	2,185	2,844	5,610	5,301
Basic earnings per share (sen)	1.70	1.68	4.10	3.24

AS**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
31ST OCTOBER 2020**

	Unaudited As At 31-Oct-20 RM'000	Audited As At 30-Apr-20 RM'000
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	86,863	89,129
Right-of-use Assets	3,880	4,370
Intangible assets	1,296	1,296
Other investment	47	47
Deferred tax assets	78	112
	<u>92,164</u>	<u>94,954</u>
Current assets		
Inventories	20,592	23,340
Trade receivables	13,013	12,902
Other receivables, deposits and prepayments	4,812	3,582
Current tax assets	2,152	1,575
Short term investment	7,635	7,566
Deposit with licensed bank	7,738	9,145
Cash and bank balances	12,468	3,538
	<u>68,410</u>	<u>61,648</u>
TOTAL ASSETS	<u>160,574</u>	<u>156,602</u>
<u>EQUITY AND LIABILITIES</u>		
Equity attributable to owners of the Parent		
Share capital	41,433	41,433
Treasury shares	(424)	(424)
Reserves	92,109	87,690
Total Equity	<u>133,118</u>	<u>128,699</u>
Non-current liabilities		
Lease liabilities	519	971
Loans and borrowings	6,722	7,104
Deferred tax liabilities	6,255	6,295
	<u>13,496</u>	<u>14,370</u>
Current liabilities		
Lease liabilities	1,069	1,012
Loans and borrowings	2,196	3,489
Trade payables	5,835	5,155
Other payables and accruals	4,809	3,874
Current tax liabilities	51	3
	<u>13,960</u>	<u>13,533</u>
TOTAL EQUITY AND LIABILITIES	<u>160,574</u>	<u>156,602</u>
Net assets per ordinary share attributable to Owners of Company (sen)	<u>83.87</u>	<u>81.08</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 31ST OCTOBER 2020**

	Attributable to Owners of the Company					Total Equity RM'000
	Share Capital RM'000	Non-Distributable			Distributable	
		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	-	-	-	-	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>(424)</u>	<u>395</u>	<u>24,339</u>	<u>62,440</u>	<u>128,183</u>
Balance as at 1 May 2020	41,433	(424)	1,086	24,276	62,328	128,699
Profit for the period	-	-	-	-	6,500	6,500
Other comprehensive income/(loss)	-	-	(890)	-	-	(890)
Total comprehensive income/(loss)	-	-	(890)	-	6,500	5,610
Realisation of revaluation surplus	-	-	-	(63)	63	-
Distribution of dividend	-	-	-	-	(1,191)	(1,191)
Balance as at 31 October 2020	<u>41,433</u>	<u>(424)</u>	<u>196</u>	<u>24,213</u>	<u>67,700</u>	<u>133,118</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 31ST OCTOBER 2020**

	Current Year Ended 31-Oct-20 RM'000	Preceeding Year Ended 31-Oct-19 RM'000
Cash flows from operating activities		
Profit before taxation	8,058	6,744
Adjustment for :		
Non-cash items	3,039	2,197
Non-operating items	30	113
	<hr/>	<hr/>
Operating profit before working capital changes	11,127	9,054
Changes in working capital		
Inventories	2,722	(427)
Trade and other receivables	(1,582)	(3,299)
Trade and other payables	1,701	(3,051)
	<hr/>	<hr/>
Cash generated from / (used) in operations	13,968	2,277
Interest received	168	234
Tax paid	(2,089)	(1,779)
	<hr/>	<hr/>
Net cash from / (used in) operating activities	12,047	732
Cash flows from investing activities		
Proceeds from disposal of property, plant & equipment	-	32
Purchase of property, plant & equipment and development expenditure	(68)	(1,967)
Additional of right-of-use assets	2	-
	<hr/>	<hr/>
Net cash from / (used in) investing activities	(66)	(1,935)
Cash flows from financing activities		
Dividend paid	(1,191)	(1,191)
Interest paid	(158)	(347)
Interest paid on lease liabilities	(40)	-
Net movement in trade bills & multi currency trade loan	(1,281)	(505)
Purchase of treasury shares	-	(26)
Drawdown of term loans	60	-
Repayment of term loans	(374)	(324)
Repayment of hire purchase payables	-	(103)
Repayment of lease liabilities	(544)	-
	<hr/>	<hr/>
Net cash from / (used in) financing activities	(3,528)	(2,496)
Net increase / (decrease) in cash and cash equivalents	8,453	(3,699)
Currency Translation Differences	(861)	54
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	25,583	17,081
Cash and cash equivalents at end of period comprises :-		
Deposits, Cash & Bank Balances	25,583	17,081
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	25,583	17,081

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31ST OCTOBER 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-Oct-20 RM'000	Preceding Year Ended 31-Oct-19 RM'000
Cash and bank balances	12,468	6,683
Deposit with licensed banks	7,738	10,235
Short-term investment	7,635	2,416
	<hr/>	<hr/>
	27,841	19,334
Deposit with maturity more than 3 months	(2,258)	(2,253)
Cash and cash equivalents	<hr/> <u>25,583</u>	<hr/> <u>17,081</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 :

MFRSs and/or IC Interpretations (including The Consequential Amendments)		Effective date
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, MFRS 139 and MFRS 7	: Interest Rate Benchmark Reform	1 January 2020
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 16	: COVID-19 Related Rent Concessions	1 June 2020
Amendments to MFRS 101 and MFRS 108	: Definition of Material	1 January 2020
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 Intended Use	1 January 2022
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 October 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 21 September 2020, 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 was paid on 21 October 2020 to shareholders whose names appeared on the company's Record of Depositors on 07 October 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 31-Oct-20	Preceding Year Corresponding Quarter 31-Oct-19	Current Year To Date 31-Oct-20	Preceding Year To Date 31-Oct-19
Revenue				
- Manufacturing	18,373	24,036	40,375	48,507
- Trading	4,257	4,128	9,661	7,879
	<u>22,630</u>	<u>28,164</u>	<u>50,036</u>	<u>56,386</u>
Profit before tax				
- Manufacturing	3,440	3,616	8,042	6,897
- Trading	143	150	365	256
	<u>3,583</u>	<u>3,766</u>	<u>8,407</u>	<u>7,153</u>
Less : Unallocated corporate cost	(215)	(255)	(349)	(409)
	<u>3,368</u>	<u>3,511</u>	<u>8,058</u>	<u>6,744</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****Quarter Review**

The Group registered a total revenue of RM22.6 million for the quarter ended 31st October 2020 ("Current Quarter"), which represents a decrease by RM5.6 million or 20% as compared to the same quarter of the previous year ("2nd Quarter FY20"). The decrease was mainly due to reduction in revenue contributed from our manufacturing division.

We recorded a net profit before tax of RM3.4 million at the Group level for the Current Quarter, which represents a decrease by RM0.1 million or 4% as compared to the 2nd Quarter FY20. The contraction of our top line was mitigated by improved gross profit margin, lower selling and distribution expenses as well as lower administration expenses offsetting by higher net exchange loss.

Notwithstanding a lower revenue for the Current Quarter, the Group's profit after taxation maintained at RM2.7 million for the Current Quarter mainly due to lower effective tax rate for the Group.

Segment Review

The manufacturing division recorded a lower revenue of RM18.4 million for the Current Quarter as compared with RM24 million for the 2nd Quarter FY20, a decrease of RM5.6 million or 23.3%. The lower revenue from our manufacturing division was mainly due to decrease in export sales. This was largely attributed to slowdown in demand in our key markets as well as logistic challenges arising from restrictions imposed by various countries to tackle the COVID-19 situation. Nevertheless, the negative impact of export sales was partially mitigated by increased sales to local customers.

Despite the decrease in revenue, the manufacturing division recorded a relatively smaller decrease of RM0.2 million or 4.9%, profit before tax at RM3.4 million, as compared with RM3.6 million in 2nd Quarter FY20. The decrease in sales was mitigated by an improvement in our gross margin as a result of lower cost of material and lower manpower cost in production. However, our profit before tax was weighted down by higher net exchange loss of RM0.355 million incurred in the Current Quarter as compared to RM0.048 million in the 2nd Quarter FY20. The manufacturing division contributed approximately 81.2% of Group's total revenue for the Current Quarter.

The trading division recorded a higher revenue of RM4.2 million for the Current Quarter as compared with RM4.1 million for the 2nd Quarter FY20, an increase by RM0.1 million or 2.4% mainly due to higher sales of copper pipes to local customers. However, the lower net profit before tax was recorded mainly due to the lower margin as result of higher cost of copper pipes sold. Trading division contributed approximately 18.8% of Group's total revenue for the Current Quarter.

B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

The Group's revenue for the Current Quarter decreased by RM4.8 million or 17.4% to RM22.6 million as compared with RM27.4 million in the preceding quarter. The decrease was mainly due to the reduction in revenue contributed from both manufacturing and trading division. The higher revenue contributed from the manufacturing division in preceding quarter was partly due to favourable exchange rate during that quarter and fulfilment of backlog of sales orders from 4th Quarter ended 30th April 2020 as result of the Movement Control Order imposed by the Government.

The Group's gross profit margin for the Current Quarter maintained at 31% as compared to preceding quarter.

The Group's profit before tax for the Current Quarter was lower by RM1.3 million or 28% at RM3.4 million as compared with RM4.7 million in preceding quarter mainly due to lower total gross profit contributed resulting from lower revenue coupled with unfavourable exchange rate movement resulting net exchange loss of RM0.355 million as compared to net exchange loss of RM0.102 million in 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 financial year 2021. Announcements of successful trials of vaccine for COVID-19 and vaccination rollout plans have provided hope that the global economic activities and growth will gradually resume. Accordingly, the Board is cautiously optimistic of the performance of our Group for the financial year ending 30 April 2021. However, the recent resurgence of COVID-19 cases locally poses a downside risk should the government impose further restrictions or conditions on the country which may affect our company.

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-20 RM'000	Current Year To Date 31-Oct-20 RM'000
Profit before taxation is stated at after charging/(crediting) :		
Depreciation of property, plant and equipment	1,115	2,209
Depreciation of right-of-use assets	289	580
(Gain)/Loss on foreign exchange - realised	346	162
(Gain)/Loss on foreign exchange - unrealised	9	295
Interest expenses	71	158
Interest expenses on lease liabilities	19	40
Interest income	(115)	(168)
Other expenses	3	3
Other income	(22)	(117)

B6. TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	To Date
	31-Oct-20	31-Oct-19	31-Oct-20	31-Oct-19
	RM'000	RM'000	RM'000	RM'000
Malaysia Taxation :				
-Current tax expenses	630	793	1,561	1,535
-Deferred tax expenses / (income)	34	56	(3)	61
	<u>664</u>	<u>849</u>	<u>1,558</u>	<u>1,596</u>

The tax expense for the current quarter ended 31 October 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 October 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-Oct-20	
	Short Term	Long Term
	RM'000	RM'000
<u>Secured</u>		
Bank borrowings		
- Trade Facility	1,420	-
- Term Loan	776	6,722
	<u>2,196</u>	<u>6,722</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 Second interim single-tier dividend of 1.15 sen per ordinary share (FY 2020 Second interim : 1.15 sen) for the financial year ending 30 April 2021. The Second interim single-tier dividend will be paid on 25 January 2021 to shareholders whose names appeared on the company's Record of Depositors on 06 January 2021.

B13. EARNINGS PER SHARE ("EPS")

The basic EPS is computed as following:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Oct-20 RM'000	Preceding Year Corresponding Quarter 31-Oct-19 RM'000	Current Year To Date 31-Oct-20 RM'000	Preceding Year To Date 31-Oct-19 RM'000
Profit attributable to owners of the Parent	2,704	2,662	6,500	5,148
Weighted average number of ordinary shares ('000)	158,722	158,745	158,722	158,745
Basic earnings per share (sen)	1.70	1.68	4.10	3.24

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
18th December 2020