

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 2ND QUARTER ENDED 31ST OCTOBER 2021

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter 31-Oct-21 RM'000	Preceding Year Corresponding Quarter 31-Oct-20 RM'000 (Restated)	Current Year To Date 31-Oct-21 RM'000	Preceding Year To Date 31-Oct-20 RM'000 (Restated)
Revenue	23,262	22,630	42,426	50,036
Cost of sales	(18,266)	(15,629)	(31,495)	(34,659)
Gross profit	4,996	7,001	10,931	15,377
Other income	381	137	605	285
Selling & distribution expenses	(1,671)	(1,059)	(3,169)	(2,252)
Administrative expenses	(2,107)	(2,263)	(4,140)	(4,766)
Other operating expenses	(109)	(358)	(10)	(460)
Finance costs	(101)	(90)	(196)	(198)
Net impairment gain / (losses) on financial assets	-	-	-	72
Profit before taxation	1,389	3,368	4,021	8,058
Income tax expense	(331)	(664)	(629)	(1,558)
Profit for the period	1,058	2,704	3,392	6,500
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	(472)	(519)	387	(890)
Total comprehensive income for the period	586	2,185	3,779	5,610
Profit attributable to :				
Owners of the Company	1,058	2,704	3,392	6,500
Non-Controlling Interest	-	-	-	-
	1,058	2,704	3,392	6,500
Total comprehensive income attributable to :				
Owners of the Company	586	2,185	3,779	5,610
Non-Controlling Interest	-	-	-	-
	586	2,185	3,779	5,610
Basic earnings per share (sen)	0.67	1.70	2.14	4.10

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 2021.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
 31ST OCTOBER 2021**

	Unaudited As At 31-Oct-21 RM'000	Audited As At 30-Apr-21 RM'000
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	87,040	85,533
Right-of-use Assets	4,169	4,145
Intangible assets	1,303	1,296
Other investment	47	47
Deferred tax assets	77	83
	<u>92,636</u>	<u>91,104</u>
Current assets		
Inventories	30,294	24,886
Trade receivables	17,331	15,590
Other receivables, deposits and prepayments	4,600	5,351
Current tax assets	3,103	3,075
Short term investment	6,236	6,688
Deposit with licensed bank	5,390	12,023
Cash and bank balances	6,467	7,355
	<u>73,421</u>	<u>74,968</u>
TOTAL ASSETS	<u><u>166,057</u></u>	<u><u>166,072</u></u>
<u>EQUITY AND LIABILITIES</u>		
Equity attributable to owners of the Parent		
Share capital	41,433	41,433
Treasury shares	(424)	(424)
Reserves	97,357	94,764
Total Equity	<u>138,366</u>	<u>135,773</u>
Non-current liabilities		
Lease liabilities	506	873
Loans and borrowings	6,321	6,322
Deferred tax liabilities	6,342	6,352
	<u>13,169</u>	<u>13,547</u>
Current liabilities		
Lease liabilities	1,395	980
Loans and borrowings	3,690	4,633
Trade payables	4,806	6,424
Other payables and accruals	4,503	4,604
Current tax liabilities	128	111
	<u>14,522</u>	<u>16,752</u>
TOTAL EQUITY AND LIABILITIES	<u><u>166,057</u></u>	<u><u>166,072</u></u>
Net assets per ordinary share attributable to Owners of Company (sen)	<u>87.18</u>	<u>85.54</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 2021.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR FINANCIAL PERIOD ENDED 31ST OCTOBER 2021**

	<u>Attributable to Owners of the Company</u>					Total Equity RM'000
	Share Capital RM'000	<u>Non-Distributable</u>			<u>Distributable</u>	
		Treasury Shares RM'000	Foreign Currency Reserve RM'000	Revaluation Reserve RM'000	Retained Profit RM'000	
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
Share buy back	-	-	-	-	-	-
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>
Balance as at 1 May 2021	41,433	(424)	(16)	24,150	70,630	135,773
Profit for the period	-	-	-	-	3,392	3,392
Other comprehensive income/(loss)	-	-	387	-	-	387
Total comprehensive income/(loss)	-	-	387	-	3,392	3,779
Realisation of revaluation surplus	-	-	-	(63)	63	-
Disposal of a subsidiary	-	-	-	-	5	5
Distribution of dividend	-	-	-	-	(1,191)	(1,191)
Balance as at 31 October 2021	<u>41,433</u>	<u>(424)</u>	<u>371</u>	<u>24,087</u>	<u>72,899</u>	<u>138,366</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 2021.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
 FOR THE PERIOD ENDED 31ST OCTOBER 2021**

	Current Year Ended 31-Oct-21 RM'000	Preceding Year Ended 31-Oct-20 RM'000
Cash flows from operating activities		
Profit before taxation	4,021	8,058
Adjustment for :		
Non-cash items	2,455	3,039
Non-operating items	74	30
	<hr/>	<hr/>
Operating profit before working capital changes	6,550	11,127
Changes in working capital		
Inventories	(5,408)	2,722
Trade and other receivables	(1,095)	(1,582)
Trade and other payables	(2,132)	1,701
	<hr/>	<hr/>
Cash generated from / (used) in operations	(2,085)	13,968
Interest received	123	168
Tax paid	(639)	(2,089)
	<hr/>	<hr/>
Net cash from / (used in) operating activities	<hr/> (2,601)	<hr/> 12,047
Cash flows from investing activities		
Proceeds from disposal of property, plant & equipment	316	-
Product development expenditure	(7)	-
Purchase of property, plant & equipment and development expenditure	(2,989)	(68)
Additional of right-of-use assets	-	2
	<hr/>	<hr/>
Net cash from / (used in) investing activities	<hr/> (2,680)	<hr/> (66)
Cash flows from financing activities		
Dividend paid	(1,191)	(1,191)
Interest paid	(165)	(158)
Interest paid on lease liabilities	(31)	(40)
Net movement in trade bills & multi currency trade loan	(929)	(1,281)
Drawdown of term loans	384	60
Repayment of term loans	(386)	(374)
Repayment of lease liabilities	(525)	(544)
	<hr/>	<hr/>
Net cash from / (used in) financing activities	<hr/> (2,843)	<hr/> (3,528)
Net increase / (decrease) in cash and cash equivalents	(8,124)	8,453
Currency Translation Differences	151	(861)
Cash and cash equivalents as at beginning of financial year	23,803	17,991
	<hr/>	<hr/>
Cash and cash equivalents as at end of period	<hr/> 15,830	<hr/> 25,583
Cash and cash equivalents at end of period comprises :-		
Deposits, Cash & Bank Balances	15,830	25,583
	<hr/>	<hr/>
	<hr/> 15,830	<hr/> 25,583

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31ST OCTOBER 2021 (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-21 RM'000	Preceding Year Ended 31-Oct-20 RM'000
Cash and bank balances	6,467	12,468
Deposit with licensed banks	5,390	7,738
Short-term investment	6,236	7,635
	<u>18,093</u>	<u>27,841</u>
Deposit with maturity more than 3 months	(2,263)	(2,258)
Cash and cash equivalents	<u><u>15,830</u></u>	<u><u>25,583</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 2021.

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 2021. 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 2021.

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 2021 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 2021 :

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2020	1 April 2021
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
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
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 2021 or later are provided in note 3 to the audited financial statements of the Group for the financial year ended 30 April 2021.

A3. QUALIFICATION OF ANNUAL FINANCIAL STATEMENTS

The latest audited consolidated financial statements of Superlon for the financial year ended 30 April 2021 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 127 subsection 4(b) of the Companies Act 2016. As at 31 October 2021, 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-Oct-21	Preceding Year Corresponding Quarter 31-Oct-20	Current Year To Date 31-Oct-21	Preceding Year To Date 31-Oct-20
Revenue				
- Manufacturing	15,075	18,373	30,352	40,375
- Trading	8,187	4,257	12,074	9,661
	<u>23,262</u>	<u>22,630</u>	<u>42,426</u>	<u>50,036</u>
Profit before tax				
- Manufacturing	1,047	3,440	3,698	8,042
- Trading	527	143	642	365
	<u>1,574</u>	<u>3,583</u>	<u>4,340</u>	<u>8,407</u>
Less : Unallocated corporate cost	(185)	(215)	(319)	(349)
	<u>1,389</u>	<u>3,368</u>	<u>4,021</u>	<u>8,058</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 RM23.3 million for the quarter ended 31st October 2021 (“Current Quarter”), which represents an increase by RM0.6 million or 3% as compared to the same quarter of the previous year (“2nd Quarter FY21”). The increase was due to higher sales for the trading segments, however the increase was largely offset by lower sales for manufacturing during the period under review.

We recorded a gross profit of RM5.0 million at the Group level for the Current Quarter, representing a decrease of RM2.0 million or 29% as compared to the 2nd Quarter FY21.

Accordingly, we registered a profit before tax of RM1.4 million at the Group level for the Current Quarter, represents a decrease by RM2.0 million or 59% as compared to the 2nd Quarter FY21.

The Group’s profit after taxation registered at RM1.1 million for the Current Quarter

Segment Review

The manufacturing division recorded lower revenue of RM15.1 million for the Current Quarter as compared with RM18.4 million for the 2nd Quarter FY21, a decrease of RM3.3 million or 17.9%. The lower revenue from our manufacturing division was attributed to the decrease in both export and local sales mainly due to the restrictions imposed during the Full Movement Control Order, National Recovery Plan Phases 1 and 2 as well as global logistic challenges during the period under review. Similarly, certain of our key export markets also continue to experience stricter restrictions or lockdowns due to rising COVID-19 cases. These restrictions weighted down demand as projects and installation jobs are curtailed or delayed.

In line with lower revenue coupled with higher material cost and selling and distribution expenses, the manufacturing division recorded a lower profit before tax at RM1.0 million representing a decrease of RM2.4 million or 70.6%, as compared with RM3.4 million in 2nd Quarter FY21. The manufacturing division contributed approximately 64.8% of our Group’s total revenue for the Current Quarter.

The trading division recorded a higher revenue of RM8.2 million for the Current Quarter as compared with RM4.3 million for the 2nd Quarter FY21, an increase by RM3.9 million or 90.7%. The increase was mainly attributable to the increase in sale of copper pipes supported partly by the improvement in copper price. Trading division contributed approximately 35.2% of Group’s total revenue for the Current Quarter.

B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

The Group’s revenue for the Current Quarter increased by RM4.1 million or 21.4% to RM23.3 million as compared with RM19.2 million in the preceding quarter. The increase was due to the higher revenue contributed from trading division mainly because of the reasons mentioned in Section B1 above.

The Group’s gross profit margin for the Current Quarter decreased to 21% from 31% in the preceding quarter mainly due to higher material cost and lower production volume. In addition, the revenue mix contained a higher contribution from trading activities which has a lower margin compared to manufacturing division.

The Group’s profit before tax for the Current Quarter was lower by RM1.2 million or 46.2% at RM1.4 million as compared with RM2.6 million in preceding quarter mainly due reduce in revenue for manufacturing division.

B3. COMMENTARY ON PROSPECTS

Global growth is projected to rebound in 2021 and to moderate in 2022 after a sharp contraction of 3.1% in 2020, mainly due to worldwide effects of the COVID-19 pandemic and ensuing economic lockdowns to curb its spread. On the local front, the domestic economy is forecast to expand between 5.5% and 6.5% in 2022. (Source: Budget 2022, Ministry of Finance Malaysia).

The operating environment remains challenging with unstable raw material prices, fluctuating exchange rates and disruptions in the global supply chain. In addition, the emergence and spread of new strains of COVID-19 virus, that may be more contagious, may pose a downside risk to the operating environment.

The Board is cognizant of the prevailing challenges and is cautiously optimistic of the performance of our Group for the financial year ending 30 April 2022.

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-21 RM'000	Current Year To Date 31-Oct-21 RM'000
Profit before taxation is stated at after charging/(crediting) :		
Depreciation of property, plant and equipment	1,123	2,195
Depreciation of right-of-use assets	285	575
(Gain)/Loss on foreign exchange - realised	(85)	(119)
(Gain)/Loss on foreign exchange - unrealised	104	(123)
Interest expenses	87	165
Interest expenses on lease liabilities	15	31
Interest income	(77)	(123)
Other expenses	5	5
Other income	(26)	(48)

B6. TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Oct-21 RM'000	Preceding Year	Current Year To Date 31-Oct-21 RM'000	Preceding Year
		Corresponding		To Date
		Quarter		To Date
31-Oct-20 RM'000	31-Oct-20 RM'000	31-Oct-21 RM'000	31-Oct-20 RM'000	
Malaysia Taxation :				
-Current tax expenses	361	630	637	1,561
-Deferred tax expenses / (income)	(30)	34	(8)	(3)
	<u>331</u>	<u>664</u>	<u>629</u>	<u>1,558</u>

The tax expense for the current quarter ended 31 October 2021 is derived based on statutory current tax rate of 24% (YA2022) 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 2021.

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-21	
	Short Term	Long Term
	RM'000	RM'000
<u>Secured</u>		
Bank borrowings		
- Trade Facility	2,902	-
- Term Loan	788	6,321
	<u>3,690</u>	<u>6,321</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

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

B13. EARNINGS PER SHARE (“EPS”)

The basic EPS is computed as following:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Oct-21 RM'000	Preceding Year Corresponding Quarter 31-Oct-20 RM'000	Current Year To Date 31-Oct-21 RM'000	Preceding Year To Date 31-Oct-20 RM'000
Profit attributable to owners of the Parent	1,058	2,704	3,392	6,500
Weighted average number of ordinary shares ('000)	158,722	158,722	158,722	158,722
Basic earnings per share (sen)	0.67	1.70	2.14	4.10

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
21st December 2021