

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 3RD QUARTER ENDED 31ST JANUARY 2022

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter 31-Jan-22 RM'000	Preceding Year Corresponding Quarter 31-Jan-21 RM'000 (Restated)	Current Year To Date 31-Jan-22 RM'000	Preceding Year To Date 31-Jan-21 RM'000 (Restated)
Revenue	23,989	22,857	66,416	72,894
Cost of sales	(18,242)	(15,916)	(49,737)	(50,576)
Gross profit	5,747	6,941	16,679	22,318
Other income	768	132	1,254	417
Selling & distribution expenses	(1,758)	(852)	(4,927)	(3,104)
Administrative expenses	(2,041)	(2,474)	(6,181)	(7,239)
Other operating expenses	(330)	(429)	(221)	(889)
Finance costs	(110)	(92)	(307)	(291)
Net impairment gain / (losses) on financial assets	-	2	-	74
Profit before taxation	2,276	3,228	6,297	11,286
Income tax expense	(343)	288	(972)	(1,270)
Profit for the period	1,933	3,516	5,325	10,016
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	321	(536)	707	(1,426)
Total comprehensive income for the period	2,254	2,980	6,032	8,590
Profit attributable to :				
Owners of the Company	1,933	3,516	5,325	10,016
Non-Controlling Interest	-	-	-	-
	1,933	3,516	5,325	10,016
Total comprehensive income attributable to :				
Owners of the Company	2,254	2,980	6,032	8,590
Non-Controlling Interest	-	-	-	-
	2,254	2,980	6,032	8,590
Basic earnings per share (sen)	1.22	2.22	3.35	6.31

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 JANUARY 2022**

	Unaudited As At 31-Jan-22 RM'000	Audited As At 30-Apr-21 RM'000
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	86,634	85,533
Right-of-use Assets	4,138	4,145
Intangible assets	1,334	1,296
Other investment	47	47
Deferred tax assets	79	83
	<u>92,232</u>	<u>91,104</u>
Current assets		
Inventories	32,837	24,886
Trade receivables	13,554	15,590
Other receivables, deposits and prepayments	3,578	5,351
Current tax assets	3,319	3,075
Short term investment	-	6,688
Deposit with licensed bank	13,483	12,023
Cash and bank balances	10,218	7,355
	<u>76,989</u>	<u>74,968</u>
TOTAL ASSETS	<u><u>169,221</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	99,611	94,764
Total Equity	<u>140,620</u>	<u>135,773</u>
Non-current liabilities		
Lease liabilities	587	873
Loans and borrowings	6,119	6,322
Deferred tax liabilities	6,625	6,352
	<u>13,331</u>	<u>13,547</u>
Current liabilities		
Lease liabilities	1,268	980
Loans and borrowings	6,011	4,633
Trade payables	4,711	6,424
Other payables and accruals	3,154	4,604
Current tax liabilities	126	111
	<u>15,270</u>	<u>16,752</u>
TOTAL EQUITY AND LIABILITIES	<u><u>169,221</u></u>	<u><u>166,072</u></u>
Net assets per ordinary share attributable to Owners of Company (sen)	<u>88.60</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 JANUARY 2022**

	<u>Attributable to Owners of the Company</u>					<u>Total Equity</u> RM'000
	<u>Share Capital</u> RM'000	<u>Non-Distributable</u>			<u>Distributable</u>	
		<u>Treasury</u> <u>Shares</u> RM'000	<u>Foreign</u> <u>Currency</u> <u>Reserve</u> RM'000	<u>Revaluation</u> <u>Reserve</u> RM'000	<u>Retained</u> <u>Profit</u> RM'000	
Balance as at 1 May 2020	41,433	(424)	1,086	24,276	62,328	128,699
Profit for the period	-	-	-	-	10,016	10,016
Other comprehensive income/(loss)	-	-	(1,426)	-	-	(1,426)
Total comprehensive income/(loss)	-	-	(1,426)	-	10,016	8,590
Share buy back	-	-	-	-	-	-
Realisation of revaluation surplus	-	-	-	(95)	95	-
Distribution of dividend	-	-	-	-	(3,016)	(3,016)
Balance as at 31 January 2021	<u>41,433</u>	<u>(424)</u>	<u>(340)</u>	<u>24,181</u>	<u>69,423</u>	<u>134,273</u>
Balance as at 1 May 2021	41,433	(424)	(16)	24,150	70,630	135,773
Profit for the period	-	-	-	-	5,325	5,325
Other comprehensive income/(loss)	-	-	707	-	-	707
Total comprehensive income/(loss)	-	-	707	-	5,325	6,032
Realisation of revaluation surplus	-	-	-	(95)	95	-
Disposal of a subsidiary	-	-	-	-	5	5
Distribution of dividend	-	-	-	-	(1,190)	(1,190)
Balance as at 31 January 2022	<u>41,433</u>	<u>(424)</u>	<u>691</u>	<u>24,055</u>	<u>74,865</u>	<u>140,620</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 JANUARY 2022**

	Current Year Ended 31-Jan-22 RM'000	Preceding Year Ended 31-Jan-21 RM'000
Cash flows from operating activities		
Profit before taxation	6,297	11,286
Adjustment for :		
Non-cash items	3,374	4,434
Non-operating items	158	58
	<hr/>	<hr/>
Operating profit before working capital changes	9,829	15,778
Changes in working capital		
Inventories	(7,951)	(359)
Trade and other receivables	3,788	(622)
Trade and other payables	(3,178)	1,089
	<hr/>	<hr/>
Cash generated from / (used) in operations	2,488	15,886
Interest received	149	232
Tax paid	(919)	(2,697)
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Net cash from / (used in) operating activities	<u>1,718</u>	<u>13,421</u>
Cash flows from investing activities		
Net withdrawal/(placement) of fixed deposits with maturity more than three months	600	-
Proceeds from disposal of property, plant & equipment	389	-
Product development expenditure	(38)	-
Purchase of property, plant & equipment and development expenditure	(3,903)	(552)
Additional of right-of-use assets	1	(16)
	<hr/>	<hr/>
Net cash from / (used in) investing activities	<u>(2,951)</u>	<u>(568)</u>
Cash flows from financing activities		
Dividend paid	(1,190)	(3,016)
Interest paid	(249)	(232)
Interest paid on lease liabilities	(58)	(59)
Net movement in trade bills & multi currency trade loan	1,371	(1,089)
Drawdown of term loans	384	60
Repayment of term loans	(581)	(565)
Repayment of lease liabilities	(796)	(817)
	<hr/>	<hr/>
Net cash from / (used in) financing activities	<u>(1,119)</u>	<u>(5,718)</u>
Net increase / (decrease) in cash and cash equivalents	(2,352)	7,135
Currency Translation Differences	587	(1,246)
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	<u>22,038</u>	<u>23,880</u>
Cash and cash equivalents at end of period comprises :-		
Deposits, Cash & Bank Balances	22,038	23,880
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	<u>22,038</u>	<u>23,880</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31st JANUARY 2022 (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-22 RM'000	Preceding Year Ended 31-Jan-21 RM'000
Cash and bank balances	10,218	10,619
Deposit with licensed banks	13,483	9,353
Short-term investment	-	6,166
	<u>23,701</u>	<u>26,138</u>
Deposit with maturity more than 3 months	(1,663)	(2,258)
Cash and cash equivalents	<u><u>22,038</u></u>	<u><u>23,880</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 January 2022, 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-Jan-22	Preceding Year Corresponding Quarter 31-Jan-21	Current Year To Date 31-Jan-22	Preceding Year To Date 31-Jan-21
Revenue				
- Manufacturing	16,528	17,521	46,880	57,897
- Trading	7,461	5,336	19,536	14,997
	<u>23,989</u>	<u>22,857</u>	<u>66,416</u>	<u>72,894</u>
Profit before tax				
- Manufacturing	2,006	3,081	5,702	11,123
- Trading	443	319	1,085	683
	<u>2,449</u>	<u>3,400</u>	<u>6,787</u>	<u>11,806</u>
Less : Unallocated corporate cost	(173)	(172)	(490)	(520)
	<u>2,276</u>	<u>3,228</u>	<u>6,297</u>	<u>11,286</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 RM24.0 million for the quarter ended 31st January 2022 (“Current Quarter”), which represents an increase by RM1.1 million or 5% as compared to the same quarter of the previous year (“3rd Quarter FY21”). The increase was due to higher sales for the trading segments which was partly offset by lower sales for the manufacturing segment during the period under review.

We recorded a gross profit of RM5.7 million at the Group level for the Current Quarter, representing a decrease of RM1.2 million or 17% as compared to the 3rd Quarter FY21.

Profit before tax amounted to RM2.3 million at the Group level for the Current Quarter, represents a decrease by RM1.0 million or 29% as compared to the 3rd Quarter FY21.

The Group’s profit after taxation registered at RM1.9 million for the Current Quarter.

Segment Review

The manufacturing division recorded lower revenue of RM16.5 million for the Current Quarter as compared with RM17.5 million for the 3rd Quarter FY21, a decrease of RM1.0 million or 5.7%. The lower revenue from our manufacturing division was attributed to the decrease in export sales mainly due to global logistic challenges during the period under review. In addition, certain of our key export markets also continue to experience strict restrictions 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 RM2.0 million representing a decrease of RM1.1 million or 36%, as compared with RM3.1 million in 3rd Quarter FY21. The manufacturing division contributed approximately 68.9% of our Group’s total revenue for the Current Quarter.

The trading division recorded a higher revenue of RM7.5 million for the Current Quarter as compared with RM5.3 million for the 3rd Quarter FY21, an increase by RM2.2 million or 41.5%. 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 31.1% 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 RM0.7 million or 3% to RM24.0 million as compared with RM23.3 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 increased to 24% from 21% in the preceding quarter mainly due to higher sales to higher margin market in our sales mix of insulation products. In addition, the revenue mix contained a lower contribution from trading activities compared to preceding quarter which resulted in better Group’s profit margin. In addition, the Trading segment also registered better gross margins compared to the preceding quarter.

The Group’s profit before tax for the Current Quarter was higher by RM0.9 million or 64.3% at RM2.3 million as compared with RM1.4 million in preceding quarter in line with the increase in gross profit margin and higher foreign exchange gain.

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 outbreak of war in Europe as well as 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 cognisant 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-Jan-22 RM'000	Current Year To Date 31-Jan-22 RM'000
Profit before taxation is stated at after charging/(crediting) :		
Depreciation of property, plant and equipment	1,118	3,313
Depreciation of right-of-use assets	300	875
(Gain)/Loss on foreign exchange - realised	288	170
(Gain)/Loss on foreign exchange - unrealised	(446)	(568)
Interest expenses	84	249
Interest expenses on lease liabilities	26	58
Interest income	(26)	(149)
Other expenses	42	51
Other income	(296)	(537)

B6. TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Jan-22 RM'000	Preceding Year Corresponding Quarter 31-Jan-21 RM'000	Current Year To Date 31-Jan-22 RM'000	Preceding Year To Date 31-Jan-21 RM'000
Malaysia Taxation :				
-Current tax expenses	91	244	728	1,805
-Deferred tax expenses / (income)	278	46	270	43
Under / (Over) provision in prior year				
-Current tax expenses	(26)	(578)	(26)	(578)
	343	(288)	972	1,270
	343	(288)	972	1,270

The tax expense for the current quarter ended 31 January 2022 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 January 2022.

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-22	
	Short Term RM'000	Long Term RM'000
<u>Secured</u>		
Bank borrowings		
- Trade Facility	5,216	-
- Term Loan	795	6,119
	6,011	6,119
	6,011	6,119

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 even date, the Board of Directors has declared and approved the Second interim single-tier dividend of 0.75 sen per ordinary share (FY 2021 Second interim : 1.15 sen) for the financial year ending 30 April 2022. The Second interim single-tier dividend will be paid on 22 April 2022 to shareholders whose names appeared on the company's Record of Depositors on 11 April 2022.

B13. EARNINGS PER SHARE ("EPS")

The basic EPS is computed as following:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Jan-22 RM'000	Preceding Year Corresponding Quarter 31-Jan-21 RM'000	Current Year To Date 31-Jan-22 RM'000	Preceding Year To Date 31-Jan-21 RM'000
Profit attributable to owners of the Parent	1,933	3,516	5,325	10,016
Weighted average number of ordinary shares ('000)	158,722	158,722	158,722	158,722
Basic earnings per share (sen)	1.22	2.22	3.35	6.31

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
16th March 2022