

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 2ND QUARTER ENDED 31ST OCTOBER 2022

| | <u>Individual Quarter</u> | | <u>Cumulative Quarter</u> | |
|--|--|---|--|--|
| | Current Year Quarter 31-Oct-22 RM'000 | Preceding Year Corresponding Quarter 31-Oct-21 RM'000 (Restated) | Current Year To Date 31-Oct-22 RM'000 | Preceding Year To Date 31-Oct-21 RM'000 (Restated) |
| Revenue | 28,602 | 23,262 | 58,368 | 42,426 |
| Cost of sales | (23,070) | (18,266) | (46,980) | (31,495) |
| Gross profit | 5,532 | 4,996 | 11,388 | 10,931 |
| Other income | 534 | 381 | 844 | 605 |
| Selling & distribution expenses | (2,403) | (1,671) | (4,913) | (3,169) |
| Administrative expenses | (2,212) | (2,107) | (4,306) | (4,140) |
| Other operating expenses | (523) | (109) | (668) | (10) |
| Finance costs | (256) | (101) | (386) | (196) |
| (Net impairment loss)/Reversal of impairment on financial assets | (16) | - | 42 | - |
| Profit before taxation | 656 | 1,389 | 2,001 | 4,021 |
| Income tax expense | (494) | (331) | (952) | (629) |
| Profit for the period | 162 | 1,058 | 1,049 | 3,392 |
| 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 | 1,086 | (472) | 1,362 | 387 |
| Total comprehensive income for the period | 1,248 | 586 | 2,411 | 3,779 |
| Profit attributable to : | | | | |
| Owners of the Company | 162 | 1,058 | 1,049 | 3,392 |
| Non-Controlling Interest | - | - | - | - |
| | 162 | 1,058 | 1,049 | 3,392 |
| Total comprehensive income attributable to : | | | | |
| Owners of the Company | 1,248 | 586 | 2,411 | 3,779 |
| Non-Controlling Interest | - | - | - | - |
| | 1,248 | 586 | 2,411 | 3,779 |
| Basic earnings per share (sen) | 0.10 | 0.67 | 0.66 | 2.14 |

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 2022.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
 31ST OCTOBER 2022**

| | Unaudited As At 31-Oct-22 RM'000 | Audited As At 30-Apr-22 RM'000 |
|--|---|---|
| <u>ASSETS</u> | | |
| Non-current assets | | |
| Property, plant and equipment | 86,781 | 87,576 |
| Right-of-use Assets | 3,436 | 3,561 |
| Intangible assets | 1,334 | 1,334 |
| Other investment | 47 | 47 |
| Deferred tax assets | 115 | 117 |
| | <u>91,713</u> | <u>92,635</u> |
| Current assets | | |
| Inventories | 24,532 | 32,946 |
| Trade receivables | 16,883 | 14,852 |
| Other receivables, deposits and prepayments | 3,268 | 3,609 |
| Current tax assets | 2,351 | 3,253 |
| Deposit with licensed bank | 23,904 | 15,472 |
| Cash and bank balances | 17,080 | 11,174 |
| | <u>88,018</u> | <u>81,306</u> |
| TOTAL ASSETS | <u><u>179,731</u></u> | <u><u>173,941</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 | 104,194 | 101,783 |
| Total Equity | <u>145,203</u> | <u>142,792</u> |
| Non-current liabilities | | |
| Lease liabilities | 417 | 778 |
| Loans and borrowings | 14,706 | 6,584 |
| Deferred tax liabilities | 6,947 | 6,989 |
| | <u>22,070</u> | <u>14,351</u> |
| Current liabilities | | |
| Lease liabilities | 752 | 475 |
| Loans and borrowings | 2,704 | 7,807 |
| Trade payables | 5,338 | 5,025 |
| Other payables and accruals | 3,575 | 3,377 |
| Current tax liabilities | 89 | 114 |
| | <u>12,458</u> | <u>16,798</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>179,731</u></u> | <u><u>173,941</u></u> |
| Net assets per ordinary share attributable to Owners of Company (sen) | <u>91.48</u> | <u>89.96</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 2022.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR FINANCIAL PERIOD ENDED 31ST OCTOBER 2022**

| | <u>Attributable to Owners of the Company</u> | | | | | Total Equity |
|------------------------------------|--|--------------------------|---------------------------------|----------------------------|------------------------|---------------------|
| | Share Capital | <u>Non-Distributable</u> | | | <u>Distributable</u> | |
| | | Treasury Shares | Foreign Currency Reserve | Revaluation Reserve | Retained Profit | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 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 |
| Deregistered subsidiary | - | - | - | - | 5 | 5 |
| Realisation of revaluation surplus | - | - | - | (63) | 63 | - |
| 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> |
| Balance as at 1 May 2022 | 41,433 | (424) | 1,598 | 25,594 | 74,591 | 142,792 |
| Profit for the period | - | - | - | - | 1,049 | 1,049 |
| Other comprehensive income/(loss) | - | - | 1,362 | - | - | 1,362 |
| Total comprehensive income/(loss) | - | - | 1,362 | - | 1,049 | 2,411 |
| Realisation of revaluation surplus | - | - | - | (71) | 71 | - |
| Balance as at 31 October 2022 | <u>41,433</u> | <u>(424)</u> | <u>2,960</u> | <u>25,523</u> | <u>75,711</u> | <u>145,203</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 2022.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
 FOR THE PERIOD ENDED 31ST OCTOBER 2022**

| | Current Year Ended 31-Oct-22 RM'000 | Preceding Year Ended 31-Oct-21 RM'000 |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before taxation | 2,001 | 4,021 |
| Adjustment for : | | |
| Non-cash items | 3,191 | 2,455 |
| Non-operating items | 190 | 74 |
| | <hr/> | <hr/> |
| Operating profit before working capital changes | 5,382 | 6,550 |
| Changes in working capital | | |
| Inventories | 8,414 | (5,408) |
| Trade and other receivables | (151) | (1,095) |
| Trade and other payables | (1,929) | (2,132) |
| | <hr/> | <hr/> |
| Cash generated from / (used) in operations | 11,716 | (2,085) |
| Interest received | 196 | 123 |
| Tax paid | (117) | (639) |
| | <hr/> | <hr/> |
| Net cash from / (used in) operating activities | 11,795 | (2,601) |
| Cash flows from investing activities | | |
| Net withdrawal/(placement) of fixed deposits with maturity more than three months | (1,550) | - |
| Proceeds from disposal of property, plant & equipment | - | 316 |
| Product development expenditure | - | (7) |
| Purchase of property, plant & equipment and development expenditure | (1,527) | (2,989) |
| | <hr/> | <hr/> |
| Net cash from / (used in) investing activities | (3,077) | (2,680) |
| Cash flows from financing activities | | |
| Dividend paid | - | (1,191) |
| Interest paid | (351) | (165) |
| Interest paid on lease liabilities | (35) | (31) |
| Net movement in trade bills & multi currency trade loan | (5,879) | (929) |
| Drawdown of term loans | 9,634 | 384 |
| Repayment of term loans | (551) | (386) |
| Repayment of lease liabilities | (265) | (525) |
| | <hr/> | <hr/> |
| Net cash from / (used in) financing activities | 2,553 | (2,843) |
| Net increase / (decrease) in cash and cash equivalents | 11,271 | (8,124) |
| Currency Translation Differences | 1,518 | 151 |
| Cash and cash equivalents as at beginning of financial year | 24,980 | 23,803 |
| | <hr/> | <hr/> |
| Cash and cash equivalents as at end of period | 37,769 | 15,830 |
| Cash and cash equivalents at end of period comprises :- | | |
| Deposits, Cash & Bank Balances | 37,769 | 15,830 |
| | <hr/> | <hr/> |
| | 37,769 | 15,830 |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31ST OCTOBER 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-Oct-22 RM'000 | Preceding Year Ended 31-Oct-21 RM'000 |
|--|--|--|
| Cash and bank balances | 17,080 | 6,467 |
| Deposit with licensed banks | 23,905 | 5,390 |
| Short-term investment | - | 6,236 |
| | <hr/> | <hr/> |
| | 40,985 | 18,093 |
| Deposit with maturity more than 3 months | (3,216) | (2,263) |
| Cash and cash equivalents | <hr/> <hr/> | <hr/> <hr/> |
| | 37,769 | 15,830 |

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 2022.

Explanatory Notes Pursuant to Financial Reporting Standard 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 2022. 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 2022.

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 2022 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 2022 :

| MFRSs and/or IC Interpretations (Including The Consequential Amendments) | Effective Date |
|---|-----------------------|
| MFRS 17 Insurance Contracts | 1 January 2023 |
| 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 17: Insurance Contracts | 1 January 2023 |
| Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information | 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 |

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 2022 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 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 AND DISTRIBUTED

There was no dividend paid during the current quarter ended 31 October 2022.

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-22 | Preceding Year Corresponding Quarter 31-Oct-21 | Current Year To Date 31-Oct-22 | Preceding Year To Date 31-Oct-21 |
| Revenue | | | | |
| - Manufacturing | 22,230 | 15,075 | 43,841 | 30,352 |
| - Trading | 6,372 | 8,187 | 14,527 | 12,074 |
| | <u>28,602</u> | <u>23,262</u> | <u>58,368</u> | <u>42,426</u> |
| Profit before tax | | | | |
| - Manufacturing | 635 | 1,047 | 2,116 | 3,698 |
| - Trading | 211 | 527 | 220 | 642 |
| | <u>846</u> | <u>1,574</u> | <u>2,336</u> | <u>4,340</u> |
| Less : Unallocated corporate cost | (190) | (185) | (335) | (319) |
| | <u>656</u> | <u>1,389</u> | <u>2,001</u> | <u>4,021</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 2022.

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 RM28.6 million for the quarter ended 31st October 2022 (“Current Quarter”), which represents an increase by RM5.3 million or 23% as compared to the same quarter of the previous year (“2nd Quarter FY22”). The increase was due to higher sales for manufacturing segments during the period under review.

On the back of higher revenue, we recorded higher gross profit of RM5.5 million at the Group level for the Current Quarter as compared to the 2nd Quarter FY22.

Profit before tax amounted to RM0.7 million at the Group level for the Current Quarter, represents a decrease by RM0.7 million or 50% as compared to the 2nd Quarter FY22 mainly due to lower gross margin and higher freight cost. The Group registered profit after taxation of RM0.2 million for the Current Quarter representing a decrease of RM0.9 million or 82% as compared to the 2nd Quarter FY22.

Segment Review

The manufacturing division recorded higher revenue of RM22.2 million for the Current Quarter as compared with RM15.1 million for the 2nd Quarter FY22, an increase of RM7.1 million or 47%. The higher revenue from manufacturing division was attributed to the increase in both export & local sales mainly due to higher demand and favourable foreign exchange environment.

Despite the higher revenue from manufacturing division, higher material cost and selling and distribution expenses impacted the division’s margin & profitability, which recorded a lower profit before tax at RM0.6 million representing a decrease of RM0.4 million or 40%, as compared with RM1.0 million in 2nd Quarter FY22. The manufacturing division contributed approximately 78% of our Group’s total revenue for the Current Quarter.

The trading division recorded lower revenue of RM6.4 million for the Current Quarter as compared with RM8.2 million for the 2nd Quarter FY22. Trading division contributed approximately 22% 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 RM1.2 million or 4% to RM28.6 million as compared with RM29.8 million in the preceding quarter. The decrease was due to the lower revenue contributed from trading division.

The Group's gross profit margin for the Current Quarter decreased to 19% from 20% in the preceding quarter mainly due to higher raw material cost and increased revenue contribution from lower margin markets.

The Group's profit before tax for the Current Quarter was lower by RM0.6 million or 46% at RM0.7 million as compared with RM1.3 million in preceding quarter mainly due to the decrease in gross profit and higher operating expenses.

B3. COMMENTARY ON PROSPECTS

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 coupled with inflationary pressures pose a downside risk to the recovery of the global economy.

Barring any unforeseen circumstances and considering the aforementioned, the Board is cautiously optimistic on the performance of our group for the financial year ending 30 April 2023.

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-22 RM'000 | Current Year To Date 31-Oct-22 RM'000 |
|--|--|--|
| Profit before taxation is stated at after charging/(crediting) : | | |
| Depreciation of property, plant and equipment | 1,140 | 2,252 |
| Depreciation of right-of-use assets | 159 | 317 |
| (Gain)/Loss on foreign exchange - realised | (286) | (444) |
| (Gain)/Loss on foreign exchange - unrealised | 520 | 664 |
| Interest expenses | 239 | 351 |
| Interest expenses on lease liabilities | 17 | 35 |
| Interest income | (152) | (196) |
| Other expenses | 3 | 4 |
| Other income | (95) | (204) |

B6. TAXATION

| | Individual Quarter | | Cumulative Quarter | |
|-----------------------------------|--------------------|----------------|--------------------|----------------|
| | Current Year | Preceding Year | Current Year | Preceding Year |
| | Quarter | Corresponding | To Date | To Date |
| | 31-Oct-22 | 31-Oct-21 | 31-Oct-22 | 31-Oct-21 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia Taxation : | | | | |
| -Current tax expenses | 440 | 361 | 994 | 637 |
| -Deferred tax expenses / (income) | 54 | (30) | (42) | (8) |
| | <u>494</u> | <u>331</u> | <u>952</u> | <u>629</u> |

The tax expense for the current quarter ended 31 October 2022 is derived based on statutory current tax rate of 24% (YA2023) for the financial year. 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 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-Oct-22 | |
| | Short Term | Long Term |
| | RM'000 | RM'000 |
| <u>Secured</u> | | |
| Bank borrowings | | |
| - Trade Facility | 964 | - |
| - Term Loan | 1,740 | 14,706 |
| | <u>2,704</u> | <u>14,706</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 even date, the Board of Directors has declared and approved the interim single-tier dividend of 0.80 sen per ordinary share (FY 2022 interim : 0.75 sen) for the financial year ending 30 April 2023. The interim single-tier dividend will be paid on 16 January 2023 to shareholders whose names appeared on the company's Record of Depositors on 19 December 2022.

B13. EARNINGS PER SHARE ("EPS")

The basic EPS is computed as following:

| | Individual Quarter | | Cumulative Quarter | |
|---|--|---|--|--|
| | Current Year Quarter 31-Oct-22 RM'000 | Preceding Year Corresponding Quarter 31-Oct-21 RM'000 | Current Year To Date 31-Oct-22 RM'000 | Preceding Year To Date 31-Oct-21 RM'000 |
| Profit attributable to owners of the Parent | 162 | 1,058 | 1,049 | 3,392 |
| Weighted average number of ordinary shares ('000) | 158,722 | 158,722 | 158,722 | 158,722 |
| Basic earnings per share (sen) | 0.10 | 0.67 | 0.66 | 2.14 |

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
02nd Dec 2022