SUPREME CONSOLIDATED RESOURCES BERHAD

(Incorporated in Malaysia)
Company No: 1194146-D

FINANCIAL REPORT
for the financial period ended 30 September 2017

Contents

Crowe

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Date: 19 NOV 2018

The Board of Directors
Supreme Consolidated Resources Berhad
Lot 919, Block 7, Muara Tebas Land District,
Demak Laut Industrial Park, Sejingkat,
93050 Kuching, Sarawak.

Dear Sirs,

REPORTING ACCOUNTANT'S OPINION ON THE HISTORICAL FINANCIAL INFORMATION OF SUPREME CONSOLIDATED RESOURCES BERHAD (the "Company")

Opinion

We have audited the financial information of the Company and its subsidiaries (collectively known as "the Group") which comprise the Pro Forma consolidated statements of financial position as at 30 September 2016 and 2017 and the Pro Forma consolidated statements of profit or loss and other comprehensive income, Pro Forma consolidated statements of changes in equity and Pro Forma consolidated statements of cash flows of the Group for each of the financial years ended 30 September 2016 and 2017, and notes to the Pro Forma consolidated financial statements, including a summary of significant accounting policies, as set out on pages 4 to 44.

The historical financial information has been prepared for inclusion in the information memorandum of the Company in connection with the initial public offering and listing of and quotation for the entire enlarged share capital of the Company on the LEAP Market of Bursa Malaysia Securities Berhad. This report is required by the LEAP Market Listing Requirements issued by the Bursa Securities Malaysia Berhad (the "Listing Requirements") and shall not be relied for other purposes.

In our opinion, the financial information gives a true and fair view of the financial position of the Group as at 30 September 2016 and 2017, and of its financial performance and its cash flows for each of the financial years ended 30 September 2016 and 2017 in accordance with Malaysian Financial Reporting Standards and the International Financial Reporting Standards.

BASIS FOR OPINION

We conducted our engagement in accordance with the *International Standard on Assurance Engagement (ISAE) 3420, Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria.

We also conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Reporting Accountant's Responsibilities for the Audit of the Financial Information section of our report.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are *independent* of the Group and in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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REPORTING ACCOUNTANT'S OPINION ON THE HISTORICAL FINANCIAL INFORMATION OF SUPREME CONSOLIDATED RESOURCES BERHAD (the "Company") (CONT'D)

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Group are responsible for the preparation of financial information of the Group that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standard. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial information of the Group, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

REPORTING ACCOUNTANT'S RESPONSIBILITY FOR THE AUDIT OF FINANCIAL INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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REPORTING ACCOUNTANT'S OPINION ON THE HISTORICAL FINANCIAL INFORMATION OF SUPREME CONSOLIDATED RESOURCES BERHAD (the "Company") (CONT'D)

REPORTING ACCOUNTANT'S RESPONSIBILITY FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:- (Cont'd)

- Evaluate the overall presentation, structure and content of the Pro Forma consolidated financial statements of the Group and of the Company, including the disclosures, and whether the Pro Forma consolidated financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the Pro Forma consolidated financial information of the entities or business activities within the Group to express an opinion on the Pro Forma consolidated financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

OTHER MATTERS

Our report has been prepared for inclusion in the information memorandum of the Company in connection with the listing of and quotation for the entire issued share capital of the Company on the LEAP Market of Bursa Securities. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Crowe Malaysia

Crowe Malaysia
Firm No: AF 1018
Chartered Accountants

Hudson Chua Jain
Approval No: 02538/05/2020 J
Chartered Accountant

Kuching

SUPREME CONSOLIDATED RESOURCES BERHAD
(Incorporated in Malaysia)
Company No: 1194146-D

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017 AND 2016

	NOTE	2017 RM	2016 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	9,276,967	8,567,683
Goodwill	7	21,407,233	21,407,233
		30,684,200	29,974,916
CURRENT ASSETS			
Inventories	8	21,399,994	14,876,481
Trade receivables	9	17,483,928	13,978,768
Other receivables, deposits and prepayments		385,376	4,150,345
Cash and bank balances		7,570,454	2,528,320
Fixed deposits with licensed banks	10	1,939,359	2,338,789
Current tax assets		270,967	356,645
		49,050,078	38,229,348
TOTAL ASSETS		79,734,278	68,204,264
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	50,500,000	50,500,000
Retained profits/(Accumulated losses)		583,243	(2,089,567)
TOTAL EQUITY		51,083,243	48,410,433
NON-CURRENT LIABILITIES			
Long term borrowings	12	2,021,044	209,000
Hire purchase payables	13	629,871	743,654
Deferred tax liabilities	14	323,671	435,726
		2,974,586	1,388,380
CURRENT LIABILITIES			
Short term borrowings	12	19,182,983	9,565,060
Hire purchase payables	13	298,257	314,441
Trade payables	15	4,728,382	4,442,131
Other payables and accruals		1,317,321	1,960,583
Amount owing to directors		-	2,014,238
Current tax liabilities		149,506	108,998
		25,676,449	18,405,451
TOTAL LIABILITIES		28,651,035	19,793,831
TOTAL EQUITY AND LIABILITIES		79,734,278	68,204,264

SUPREME CONSOLIDATED RESOURCES BERHAD
(Incorporated in Malaysia)
Company No: 1194146-D

PRO FORMA CONSOLIDATED STATEMENTS OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017 AND 2016

	NOTE	2017 RM	2016 RM
REVENUE	16	112,076,669	90,503,895
COST OF SALES		(99,558,170)	(81,744,062)
GROSS PROFIT		12,518,499	8,759,833
OTHER INCOME		1,051,487	822,204
		13,569,986	9,582,037
ADMINISTRATIVE EXPENSES		(7,227,754)	(5,438,811)
FINANCE COSTS		(828,223)	(680,433)
PROFIT BEFORE TAXATION	17	5,514,009	3,462,793
INCOME TAX EXPENSES	18	(1,461,199)	(1,052,360)
PROFIT AFTER TAXATION FOR THE FINANCIAL YEAR		4,052,810	2,410,433

SUPREME CONSOLIDATED RESOURCES BERHAD
(Incorporated in Malaysia)
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PRO FORMA CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017 AND 2016

		Share Capital RM	(Accumulated Losses)/ Retained Profits RM RM	Total Equity RM
At 1.10.2015		2	-	2
Issurance of shares		50,499,998	-	50,499,998
Profit after taxation for the financial year		-	2,410,433	2,410,433
Dividends paid	19	-	(4,500,000)	(4,500,000)
Balance as at 30.9.2016/1.10.2016		50,500,000	(2,089,567)	48,410,433
Profit after taxation for the financial year		-	4,052,810	4,052,810
Dividends paid	19	-	(1,380,000)	(1,380,000)
Balance as at 30.9.2017		50,500,000	583,243	51,083,243

SUPREME CONSOLIDATED RESOURCES BERHAD
(Incorporated in Malaysia)
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PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017 AND 2016

	NOTE	2017 RM	2016 RM
CASH FLOWS FOR OPERATING ACTIVITIES			
Profit before taxation		5,514,009	3,462,793
Adjustments for:-			
Allowance for impairment losses on receivables		35,297	30,568
Allowance for impairment losses on inventories		38,579	-
Bad debts written off		10,894	10,304
Bad debts recovered		-	(150)
Depreciation of property, plant and equipment		906,807	732,213
Impairment losses on property, plant and equipment		410,000	-
Interest expense		828,223	680,433
Property, plant and equipment written off		4,071	3,377
Unrealised loss/(gain) on foreign exchange		4,609	(18,695)
Gain on disposal of property, plant and equipment		(141,509)	(60,912)
Interest income		(95,468)	(115,642)
Reversal of impairment losses on inventories		-	(4,203)
Reversal of impairment losses on trade receivables		(25,968)	4,600
Operating profit before working capital changes		7,489,544	4,724,686
(Increase)/Decrease in inventories		(6,562,092)	1,675,403
Decrease/(Increase) in trade and other receivables		695,541	(3,252,791)
(Decrease)/Increase in trade and other payables		(817,575)	847,418
(Decrease)/Increase in amount owing to directors		(2,014,238)	2,125,394
CASH (FOR)/FROM OPERATIONS		(1,208,820)	6,120,110
Interest paid		(828,223)	(680,433)
Interest received		95,468	115,642
Income tax paid		(1,572,495)	(1,207,494)
Income tax refunded		125,428	123,659
NET CASH FOR OPERATING ACTIVITIES		(3,388,642)	4,471,484

SUPREME CONSOLIDATED RESOURCES BERHAD
(Incorporated in Malaysia)
Company No: 1194146-D

PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017 AND 2016 (CONT'D)

	NOTE	2017 RM	2016 RM
CASH FLOWS FOR INVESTING ACTIVITIES			
Acquisition of investments in subsidiaries		-	(44,314,868)
Purchase of property, plant and equipment	20	(3,371,453)	(1,042,696)
Decrease/(Increase) in fixed deposits pledged to licensed banks		399,429	(165,490)
Proceeds from disposal of property, plant and equipment		1,710,000	107,513
NET CASH FOR INVESTING ACITIVITIES		(1,262,024)	(45,415,541)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	19	(1,380,000)	(4,500,000)
Proceeds from issuance of shares		-	50,501,000
Increase/(Decrease) in bankers' acceptance		9,998,333	(2,432,043)
Repayment of hire purchase obligations		(357,167)	(233,876)
Drawdown of term loan		2,700,000	-
Repayment of term loan		(787,333)	(902,691)
NET CASH FROM FINANCING ACTIVITIES		10,173,833	42,432,390
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,523,167	1,488,333
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		1,488,333	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	21	7,011,500	1,488,333

1. GENERAL INFORMATION

The Pro Forma consolidated financial information, for which the Directors are solely responsible, have been prepared for illustrative purpose only. The following key matters have been assumed in the Pro Forma consolidated financial statements.

(a) The Group had been in existence since the start of the Pro Forma consolidated financial statements reporting periods for the year ended 30 September 2016 and 30 September 2017.

(b) The consideration sum for acquisition of subsidiaries were the same as the actual acquisition consideration as at 2 May 2017. The result of goodwill is reflected accordingly.

(c) The financial information as presented in the Pro Forma consolidated financial statements do not correspond to the actual consolidated financial statements of Supreme Consolidated Resources Berhad, Borneo Food Land Coldstorage Sdn. Bhd., Supreme Coldstorage Sdn. Bhd., Supreme Food Supply (M) Sdn. Bhd. and SKJU Logistics Sdn. Bhd., as the Pro Forma consolidated financial statements reflect business combinations under common control for the purpose of the proposed listing. Consequently, the financial information from the Pro Forma consolidated financial statements do not purport to predict the financial positions, results of operations and cash flows of the combining entities during the reporting year.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6.

3. BASIS OF PREPARATION

The Pro Forma consolidated financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101: Disclosure Initiative

3. BASIS OF PREPARATION (CONT'D)

3.1 During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):- (Cont'd)

MFRSs and/or IC Interpretations (Including The Consequential Amendments) (Cont'd)

Amendments to MFRS 101: Disclosure Initiative

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Group's Pro Forma consolidated financial statements.

3.2 The Group have not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group have not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:- (Cont'd)

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: • Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: • Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters • Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the Pro Forma consolidated financial statements of the Group upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below (Cont'd):-

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

(c) Impairment of Non-financial Assets

The Company determines whether non-financial assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates.

(d) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(e) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its trade receivables and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(f) Impairment of goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below (Cont'd):-

(f) Impairment of goodwill (Cont'd)

Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 10 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Company's accounting policies which will have a significant effect on the amounts recognised in the financial statements.

Contingent liabilities

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, the directors are of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Group and the Company are remote.

4.2 BASIS OF CONSOLIDATION

The Pro Forma consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the Pro Forma consolidated financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The functional currency of the Group is the currency of the primary economic environmental in which the Group operates.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

(i) *Financial Assets at Fair Value through Profit or Loss*

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

As at the end of the reporting year, there were no financial assets classified under this category.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(ii) *Held-to-maturity Investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

As at the end of the reporting period, there were no financial assets classified under this category.

(iii) *Loans and Receivables Financial Assets*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting year. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(iv) *Available-for-sale Financial Assets (Cont'd)*

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

As at the end of the reporting year, there were no financial assets classified under this category.

(b) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classifies as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.7 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than short-term leasehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised.

Depreciation on other property,plant and equipment is charged to profit or loss on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. The principal annual rates used for this purpose are:-

Short-term leasehold land	Over the lease period of 50 years
Building	2%-15%
Plant and machinery	15%-20%
Office equipment	15%-25%
Motor vehicles	20%
Fixtures and fittings	10%-25%
Electrical installation	10%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss, investments in subsidiaries and investments in associates), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

With the exception of available-for-sale debt instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 IMPAIRMENT (CONT'D)

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.9 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

4.12 LEASED ASSETS

Finance Lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

4.13 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.14 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss.

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets recognised are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

4.16 BORROWING COST

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4.17 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 FAIR VALUE MEASUREMENTS (CONT'D)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.18 REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received, net of returns, goods and services tax, cash and trade discounts.

(i) *Sale of Goods*

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the goods sold.

(ii) *Interest Income*

Interest income is recognised on an accrual basis using the effective interest method.

(iii) *Dividend Income*

Dividend income from investment is recognised when the right to receive dividend payment is established.

(iv) *Rental Income*

Rental income is recognised on an accrual basis.

4.19 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5. PROPERTY, PLANT AND EQUIPMENT

	At 1.10.2016 RM	Additions RM	Disposal RM	Written off RM	Depreciation charges RM	At 30.9.2017 RM
Net book value						
Capital work-in-progress	-	68,600	-		-	68,600
Coldroom	9,800	-	-	-	(4,200)	5,600
Furniture, fittings and equipment	606,096	88,134	-	(4,071)	(142,926)	547,233
Motor vehicles	1,324,591	108,000	-	-	(414,954)	1,017,637
Office renovation	63,962	27,379	-	-	(45,787)	45,554
Plant and machinery	386,578	118,823	(1)	-	(97,725)	407,675
Short term leasehold land and buildings	6,176,656	3,187,717	(1,568,490)	(410,000)	(201,215)	7,184,668
	8,567,683	3,598,653	(1,568,491)	(414,071)	(906,807)	9,276,967

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At 1.10.2015 RM	Acquisition of subsidiaries RM	Additions RM	Disposal RM	Written off RM	Depreciation charges RM	At 30.9.2016 RM
Net book value							
Coldroom	-	14,000	-	-	-	(4,200)	9,800
Furniture, fittings and equipment	-	368,935	381,806	(6,514)	(8,119)	(130,012)	606,096
Motor vehicles	-	700,400	930,275	(3)	(770)	(305,311)	1,324,591
Office renovation	-	79,520	25,800	-	-	(41,358)	63,962
Plant and machinery	-	200,349	270,981	(1,471)	-	(83,281)	386,578
Short term leasehold land and buildings	-	6,194,676	183,134	(33,103)	-	(168,051)	6,176,656
	-	7,557,880	1,791,996	(41,091)	(8,889)	(732,213)	8,567,683

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At cost RM	Accumulated depreciation RM	Net book value RM
30.9.2017			
Capital work-in-progress	68,600	-	68,600
Coldroom	715,900	(710,300)	5,600
Furniture, fittings and equipment	2,100,985	(1,553,752)	547,233
Motor vehicles	3,272,244	(2,254,607)	1,017,637
Office renovation	711,405	(665,851)	45,554
Plant and machinery	2,156,317	(1,748,642)	407,675
Short term leasehold land and buildings	9,088,864	(1,904,196)	7,184,668
	18,114,315	(8,837,348)	9,276,967

The Group	At cost RM	Accumulated depreciation RM	Net book value RM
30.9.2016			
Coldroom	715,900	(706,100)	9,800
Furniture, fittings and equipment	2,029,571	(1,423,475)	606,096
Motor vehicles	3,164,244	(1,839,653)	1,324,591
Office renovation	684,026	(620,064)	63,962
Plant and machinery	2,093,994	(1,707,416)	386,578
Short term leasehold land and buildings	7,924,450	(1,747,794)	6,176,656
	16,612,185	(8,044,502)	8,567,683

(a) Included in the property, plant and equipment of the Group is the carrying amount of asset held under hire purchase agreement as follows:-

	2017 RM	2016 RM
Motor vehicles	956,491	1,238,086
Plant and machinery	148,983	185,073
	1,105,474	1,423,159

(b) The leasehold land and buildings of the Group have been pledged to licensed banks as security for banking facilities granted to the Group (Note 13).

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Included in the property, plant and equipment of the Group are the following fully depreciated assets which are still in use:-

	2017 RM	2016 RM
Coldroom	694,900	694,900
Furniture, fittings and equipment	1,074,013	981,120
Motor vehicles	720,327	720,327
Office renovation	226,303	226,303
Plant and machinery	1,072,411	1,051,726
Short term leasehold land and buildings	151,050	151,050
	3,939,004	3,825,426

6. INVESTMENTS IN SUBSIDIARIES

	2017 RM	2016 RM
Unquoted shares, at cost in Malaysia		
Unquoted shares, as at 30 September	48,000,998	48,000,998

The details of the subsidiaries are as follows:-

Name Of Subsidiary	Country Of Incorporation	Percentage Of Issued Share Capital Held By Parent 2017 %	Percentage Of Issued Share Capital Held By Parent 2016 %	Principal Activities
Borneo Food Land Coldstorage Sdn. Bhd.	Malaysia	100	100	Trading of cold storage goods
Supreme Cold Storage Sdn. Bhd.	Malaysia	100	100	Trading of cold storage goods
Supreme Food Supply (M) Sdn. Bhd.	Malaysia	100	100	Trading, repacking and distribution of cold storage goods
SKJU Logistics Sdn. Bhd.	Malaysia	100	100	Logistics and transportation of goods

7. GOODWILL

	2017 RM	2016 RM
At 1 Oct	21,407,233	-
Acquisition of new subsidiaries	-	21,407,233
At 30 September 2017	21,407,233	21,407,233

The carrying amount of goodwill is allocated to the Group's cash-generating unit (CGU) of cold storage business.

The recoverable amount of a CGU is determined based on pre-tax cash flow projections of the cold storage business. Cash flows are extrapolated using an estimated growth rate which is not expected to exceed the long term average growth rate of the industry. The pre-tax discount rate applied to the cash flow projections are derived from the weighted average cost of capital of the Group plus a reasonable risk premium.

The key assumptions used in the value-in-use calculations are an average growth rate of 3% per annum with a discount factor of 10%. Management is of the option that there are no foreseeable changes in any of the above assumptions that would cause the carrying amount of the respective CGU to materially exceed its recoverable amount.

8. INVENTORIES

	2017 RM	2016 RM
Chilled food	89,196	236,423
Dairy products	6,016,689	4,389,398
Dry food	1,052,934	852,663
Frozen food	12,945,561	9,161,580
Milk and milk powder	1,407,390	309,614
Less: Allowance for impairment losses on inventories	(111,776)	(73,197)
	21,399,994	14,876,481
Recognised in profit or loss:-		
Allowance for impairment losses on inventories	38,579	-
Inventories recognised as cost of sales	89,708,797	73,744,868
Reversal of allowance for impairment losses on inventories	-	(4,203)

9. TRADE RECEIVABLES

	2017 RM	2016 RM
Trade receivables	17,582,925	14,068,436
Allowance for impairment losses	(98,997)	(89,668)
	17,483,928	13,978,768

9. TRADE RECEIVABLES (CONT'D)

	2017 RM	2016 RM
Allowance for impairment losses:-		
At 2 May	89,668	63,700
Addition during the financial year	35,297	30,568
Reversal during the financial year	(25,968)	(4,600)
At 30 September	98,997	89,668

The Group's normal trade credit terms range from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables of the Group are a total amount of RM799,126 (2016 – RM888,485) due from companies in which certain directors of the Company have interest. This amount is unsecured, interest-free and repayable on demand.

10. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 3.10% to 3.81% (2016 – 2.95% to 3.15%)per annum. The fixed deposits have maturity periods ranging from 1 month to 12 months (2016 – 1 month to 12 months).

(b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM1,341,040 (2016 – RM1,640,656) which has been pledged to a licensed bank as security for banking facilities granted to the Group.

11. SHARE CAPITAL

	2017 Number Of Shares	2017 Amount RM	2016 Number Of Shares	2016 Amount RM
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 October	50,500,000	50,500,000	2	2
Issuance of shares during the year	-	-	50,499,998	50,499,998
At 30 September	50,500,000	50,500,000	50,500,000	50,500,000

12. BANK BORROWINGS

	2017 RM	2016 RM
Short term borrowings:-		
- Bank overdraft (Note 20)	558,954	1,039,987
- Bankers' acceptances	18,051,333	8,053,000
- Term Loan	572,696	472,073
	19,182,983	9,565,060
Long term borrowings:-		
- Term Loan	2,021,044	209,000
Total borrowings:-		
- Bank overdraft (Note 20)	558,954	1,039,987
- Bankers' acceptances	18,051,333	8,053,000
- Term Loan	2,593,740	681,073
	21,204,027	9,774,060

	2017 RM	2016 RM
Maturity of borrowings:-		
- Not later than one year	19,182,983	4,702,060
- later than one year and not later than two years	556,446	4,749,000
- later than two years and not later than five years	1,090,725	323,000
- Later than five years	373,873	-
	21,204,027	9,774,060

(a) The borrowings of the Group were secured by way of:-
  (i) pledge of fixed deposits of the Group (Note 10);
  (ii) joint and several guarantee of certain directors of the Company;
  (iii) legal charge over the short-term leasehold land and buildings together with other property, plant and equipment of the Group (Note 5);
  (iv) Corporate guarantee by the company and related company.

(b) Bank overdrafts bear interest rates ranging from 1% to 1.5% (2016 – 1% to 1.5%) per annum above the bank's base lending rate.

(c) Bankers' acceptances bear interest rates ranging from 3.51% to 4.92% (2016 – 3.48% - 4.73%) plus acceptance commission of 1% (2016 - 1%)

(d) Term loan bears the interest rate of 6.80% - 8.05% per annum (2016 – nil – 6.80% per annum).

13. HIRE PURCHASE PAYABLES

	2017 RM	2016 RM
Minimum hire purchase payments:		
- not later than one year	346,411	367,981
- later than one year and not later than five years	535,077	610,279
- later than five years	181,167	249,135
	1,062,655	1,227,395
Less: Future finance charges	(134,527)	(169,300)
Present value of hire purchase payables	928,128	1,058,095

	2017 RM	2016 RM
Current		
Not later than one year	298,257	314,441
Non-Current		
Later than one year and not later than five years	460,153	515,986
Later than five years	169,718	227,668
	629,871	743,654
	928,128	1,058,095

(a) The hire purchase payables of the Group are secured by the Group's assets under finance leases as disclosed in Note 5(a) to the Pro Forma consolidated financial statements.

(b) The hire purchase payables bear effective interest rate ranging from 2.39% to 4.17% (2016 – 2.39% - 4.17%) per annum.

14. DEFERRED TAX LIABILITIES

	2017 RM	2016 RM
At beginning period	435,726	299,770
Recognised in profit or loss (Note 18)	(112,055)	135,956
At 30 September	323,671	435,726

15. TRADE PAYABLES

The normal trade credit term granted to the Group is 30 to 60 days.

Included in trade payables of the Group are a total amount of RM977,139 (2016 – RM839,782) due to companies in which certain directors of the Company have interest. This amount is unsecured, interest-free and repayable on demand.

16. REVENUE

	2017 RM	2016 RM
Dairy products	12,342,622	10,960,026
Dry food and beverages	9,808,719	9,306,283
Frozen food	72,406,058	53,615,671
Chilled food	17,221,019	16,621,915
Transportation charges	298,251	-
	112,076,669	90,503,895

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17. PROFIT BEFORE TAXATION

	2017 RM	2016 RM
Profit before taxation for the financial period is arrived at after charging/(crediting):-		
Auditors' remuneration:		
- current year provision	72,145	42,000
Allowance for impairment losses on inventories	38,579	-
Allowance for impairment losses on trade receivables	35,297	30,568
Bad debts recovered	-	(150)
Bad debts written off	10,894	10,454
Depreciation of property, plant and equipment	906,807	683,550
Director's remuneration:		
- directors' bonuses	693,550	550,000
- directors' fees	271,500	188,500
- director's salaries	1,083,228	592,000
- E.P.F. contributions	180,784	129,440
- SOCSO contributions	3,427	2,632
Impairment loss:		
- Property, plant and equipment	410,000	-
- Trade receivables	4,593	30,568
Interest expenses:		
- Bank overdraft interests	52,879	116,262
- Bankers' acceptance interests	557,203	445,771
- Hire purchase interests	66,416	43,648
- Term loan interests	151,724	74,752
Preliminary expenses written off	5,212	-
Property, plant and equipment written off	4,071	3,377
Reversal of allowance for impairment losses on inventories	-	(4,203)
Reversal of allowance for impairment losses on trade receivables	(25,968)	4,600
Rental expenses	402,016	323,886
Staff costs:		
- bonuses	466,440	634,663
- salaries, wages and allowances	3,485,066	3,006,937
- E.P.F. contributions	557,289	625,094
- SOCSO contributions	52,135	43,379
Unrealised loss on foreign exchange	4,609	-
Interest income	(95,568)	(115,642)
Gain on disposal of property, plant and equipment	(141,509)	(43,932)
Gain on realised foreign exchanges	(19,320)	(18,695)
Rental income	(22,350)	(17,638)

18. INCOME TAX EXPENSE

	2017 RM	2016 RM
Current tax expense:-		
- for the financial year	1,584,130	943,557
- overprovision in the previous financial year	(61,876)	(27,153)
Real property gain tax	51,000	-
	1,573,254	916,404
Deferred tax expense (Note 14):		
- for the financial year	52,386	147,026
- overprovision in the previous financial year	(164,441)	(11,070)
	(112,055)	135,956
	1,461,199	1,052,360

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:-

	2017 RM	2016 RM
Profit before taxation	5,514,009	3,462,793
Tax at the statutory tax rate of 24% (2016 - 24%)	1,460,414	831,070
Non-taxable income	(108,410)	-
Non-deductible expenses	379,297	256,868
Capital allowance in excess of depreciation	-	(5,693)
Utilisation of capital allowance brought forward	(94,785)	(135,115)
Unutilisation of deferred tax assets	-	143,453
Overprovision of income tax in the previous financial year	(61,876)	(27,153)
Overprovision of deferred taxation in the previous financial year	(164,441)	(11,070)
Real property gains tax	51,000	-
Income tax expense for the financial year	1,461,199	1,052,360

19. DIVIDENDS

This financial information are presented on assumption that the Group has been existence since 1 October 2015. 3 subsidiaries paid out dividend to respective shareholders before 1 May 2017 which the actual acquisition date for Supreme Cold Storage Sdn. Bhd., Supreme Food Supply (M) Sdn. Bhd. and Borneo Food Land Sdn. Bhd.. Since the dividend already paid and Supreme Consolidated Resources Berhad will not receive dividend in future, the dividend treated paid to previous shareholders rather than current shareholders.

20. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	2017 RM	2016 RM
Cost of property, plant and equipment purchased	3,598,653	1,791,996
Amount financed through hire purchase	(227,200)	(749,300)
Cash disbursed for purchase of property, plant and equipment	3,371,453	1,042,696

21. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	2017 RM	2016 RM
Fixed deposits with licensed banks	1,939,359	2,338,789
Cash and bank balances	7,570,454	2,528,320
Bank overdrafts (Note 12)	(558,954)	(1,039,987)
	8,950,859	3,827,122
Less: Deposits pledged to licensed banks	(1,341,040)	(1,640,656)
Less: Deposits with original maturity of more than 3 months	(598,319)	(698,133)
	7,011,500	1,488,333

22. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Group has related party relationship with:-

(i) Its holding company;
(ii) Fellow subsidiaries;
(iii) The directors who are the key management personnel; and
(iv) Companies/parties connected to certain directors of the holding company.

22. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(b) Other than those disclosed elsewhere in the financial statements, the Group also carried out the following significant transactions with the related parties during the financial period:-

	2017 RM	2016 RM
Maintenance income from subsidiary		
- Supreme Food Supply Sdn. Bhd.	(25,250)	-
Purchase from related parties		
- EPT Sdn. Bhd.	680,945	-
- Asfine Marketing Sdn. Bhd.	31,992	-
- Supreme Food Supplies (Bintulu) Sdn. Bhd.	984,124	678,300
- Ting and Ling Trading Sdn. Bhd.	3,458,562	1,189,904
- Ting & Ting Supermarket Sdn. Bhd.	2,070,054	2,183,001
Sales to related parties		
- EPT Sdn. Bhd.	(301,144)	-
- Supreme Food Supplies (Bintulu) Sdn. Bhd.	(3,989,587)	(4,721,031)
- Ting and Ling Trading Sdn. Bhd.	(579,554)	(712,279)
- Ting and Ting Supermarket Sdn. Bhd.	(1,696,802)	(1,644,798)

23. CAPITAL COMMITMENTS

	2017 RM	2016 RM
Authorised but not contracted for		
Purchase of property, plant and equipment	1,407,580	1,750,625
Contracted but not provided for		
Purchase of property, plant and equipment	1,674,400	884,615
	3,081,980	2,635,240

24. OPERATING SEGMENTS

Disclosure of information about operating segments, products and services, the geographical area, the major customers are made as required by MFRS 8 Operating Segments. This disclosure standard has no impract on the reported results or financial position of the Group.

The Group only has one major strategic operating segment – trading of coldstorage goods. All revenue and substantially all the expenses incurred are directly or indirectly attributable to this segment.

25. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

25.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Australian Dollar ("AUD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the group will be placed with licensed financial institutions to generate interest income.

The Group does not expose to interest rate risk given that all its borrowings.

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 365 days, which are deemed to have higher credit risk, are monitored individually.

25. FINANCIAL INSTRUMENTS (CONT'D)

25.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

(i) Credit risk concentration profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the end of the reporting period.

(iii) Aging analysis

The aging analysis of the Group trade receivables as at 30 September 2017 as at follows:

The Group	Gross Amount RM	Individual Impairment RM	Carrying Value RM
30.9.2017			
Not past due	11,571,157	-	11,571,157
Past due:			
- less than 3 months	5,442,524	(3,211)	5,439,313
- over 3 months	569,244	(95,786)	473,458
	17,582,925	(98,997)	17,483,928
30.9.2016			
Not past due	9,709,750	-	9,709,750
Past due:			
- less than 3 months	3,780,345	-	3,780,345
- over 3 months	578,341	(89,668)	488,673
	14,068,436	(89,668)	13,978,768

25. FINANCIAL INSTRUMENTS (CONT'D)

25.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Aging analysis (Cont'd)

The Group believes that no additional impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

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25. FINANCIAL INSTRUMENTS (CONT'D)

25.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
30.9.2017						
Term loans (Note 12)	7.35%	2,593,740	2,593,740	572,696	1,647,171	373,873
Hire purchase payables (Note 13)	3.95%	928,128	928,128	298,257	460,153	169,718
Bank overdrafts (Note 12)	7.90%	558,954	558,954	558,954	-	-
Bankers' acceptance (Note 12)	3.77%	18,051,333	18,051,333	18,051,333	-	-
Trade payables (Note 15)	-	4,728,382	4,728,382	5,410,274	-	-
Other payables and accruals	-	1,317,321	1,317,321	986,186	-	-
		28,177,858	28,177,858	25,877,700	2,107,324	543,591

25. FINANCIAL INSTRUMENTS (CONT'D)

25.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
30.9.2016						
Term loans (Note 12)	6.80%	681,073	681,073	472,073	209,000	-
Hire purchase payables (Note 13)	3.94%	1,058,095	1,058,095	314,441	515,986	227,668
Bank overdrafts (Note 12)	7.75%	1,039,987	1,039,987	1,039,987	-	-
Bankers' acceptance (Note 12)	3.64%	8,053,000	8,053,000	8,053,000	-	-
Trade payables (Note 15)	-	4,442,131	4,442,131	4,442,131	-	-
Other payables and accruals	-	1,960,583	1,960,583	1,960,583	-	-
Amount owing to directors	-	2,014,238	2,014,238	2,014,238	-	-
		19,249,107	19,249,107	18,296,453	724,986	227,668

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as total net borrowings from financial institutions divided by total equity.

There was no change in the Group's approach to capital management during the financial period.

The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	2017 RM	2016 RM
Term loans (Note 12)	2,593,740	681,073
Hire purchase payables (Note 13)	928,128	1,058,095
Bank overdraft (Note 12)	558,954	1,039,987
Bankers' acceptance (Note	18,051,333	8,053,000
Trade payables (Note 15)	4,728,382	4,442,131
Other payables and accruals	1,317,321	1,960,583
Amount owing to directors	-	2,014,238
	28,177,858	19,249,107
Less: Fixed deposits with licensed banks (Note 21)	(1,939,359)	(2,338,789)
Less: Cash and bank balances (Note 21)	(7,570,454)	(2,528,320)
Net debt	18,668,045	14,381,998
Total equity	51,083,243	48,410,433
Debt-to-equity ratio	0.37	0.30

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25. FINANCIAL INSTRUMENTS (CONT'D)

25.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2017 RM	2016 RM
Financial Assets		
Receivables financial assets		
Trade receivables (Note 9)	17,483,928	13,978,018
Other receivables	261,320	3,206,352
Fixed deposits with licensed banks (Note 10)	1,939,359	2,338,789
Cash and bank balances	7,570,454	2,528,320
	27,255,061	22,051,479
Financial Liabilities		
Other financial liabilities		
Term loan (Note 12)	2,593,740	681,073
Hire purchase payables (Note 13)	928,128	1,058,095
Bank overdrafts (Note 12)	558,954	1,039,987
Bankers' acceptance (Note 12)	18,051,333	8,053,000
Trade payables (Note 15)	4,728,382	4,442,131
Other payables and accruals	1,317,321	1,960,583
Amount owing to directors	-	2,014,238
	28,177,858	19,249,107

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25. FINANCIAL INSTRUMENTS (CONT'D)

25.4 FAIR VALUE INFORMATION

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments. The fair values are included in level 2 of the fair value hierarchy.

	Fair Value Of Financial Instruments Not Carried At Fair Value Level 2 RM	Total Fair Value RM	Carrying Amount RM
30.9.2017			
Financial Assets			
Hire purchase payables	916,647	916,647	928,128
30.9.2016			
Financial Assets			
Hire purchase payables	1,055,106	1,055,106	1,058,095

STATEMENT BY DIRECTORS

We, Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat and Lim Ah Ted, being two of the directors of Supreme Consolidated Resources Berhad, state that, in the opinion of the directors, the Pro Forma consolidated financial statements set out on pages 4 to 44 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the Pro Forma consolidated financial position of Supreme Consolidated Resources Berhad and its subsidiaries (collectively known as the "Group") as at 30 September 2016 and 2017 and of their financial performance, changes in equity and cash flows for the corresponding financial years ended on that date.

Signed on behalf of the Board in accordance with a resolution of the directors dated 19 NOV 2018

Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat

Lim Ah Ted