

SUPREME CONSOLIDATED RESOURCES BERHAD

(Incorporated in Malaysia)

Company No: 1194146-D

FINANCIAL REPORT

for the financial period from 1 October 2017 to 30 June 2018

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SUPREME CONSOLIDATED RESOURCES BERHAD

(Incorporated in Malaysia)

Company No: 1194146-D

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	The Group		Unaudited 30.06.2018 RM
	Audited 30.09.2016 RM	30.09.2017 RM	
ASSETS			
NON-CURRENT ASSET			
Property, plant and equipment	8,567,683	9,276,967	10,514,052
Investment properties	-	-	270,932
Intangible assets	-	-	266,000
Goodwill	21,407,233	21,407,233	21,407,233
	<u>29,974,916</u>	<u>30,684,200</u>	<u>32,458,217</u>
CURRENT ASSETS			
Inventories	14,876,481	21,399,994	17,655,799
Trade receivables	13,978,768	17,483,928	23,089,490
Other receivables, deposits and prepayments	4,150,345	385,376	930,701
Cash and bank balances	2,528,320	7,570,454	6,852,266
Fixed deposits with licensed banks	2,338,789	1,939,359	3,490,350
Current tax assets	356,645	270,967	225,310
	<u>38,229,348</u>	<u>49,050,078</u>	<u>52,243,916</u>
TOTAL ASSETS	<u>68,204,264</u>	<u>79,734,278</u>	<u>84,702,133</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	50,500,000	50,500,000	50,500,000
(Accumulated losses)/Retained profits	(2,089,567)	583,243	4,540,923
TOTAL EQUITY	<u>48,410,433</u>	<u>51,083,243</u>	<u>55,040,923</u>
NON-CURRENT LIABILITIES			
Long term borrowings	209,000	2,021,044	653,788
Hire purchase payables	743,654	629,871	425,703
Deferred tax liabilities	435,726	323,671	323,671
	<u>1,388,380</u>	<u>2,974,586</u>	<u>1,403,162</u>

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UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	The Group		Unaudited 30.06.2018 RM
	Audited 30.09.2016 RM	30.09.2017 RM	
CURRENT LIABILITIES			
Short term borrowings	9,565,060	19,182,983	21,044,939
Hire purchase payables	314,441	298,257	248,195
Trade payables	4,442,131	4,728,382	4,228,852
Other payables and accruals	1,960,583	1,317,321	1,813,745
Amount owing to a shareholder	-	-	750,000
Amount owing to directors	2,014,238	-	-
Current tax liabilities	108,998	149,506	172,317
	<hr/>	<hr/>	<hr/>
	18,405,451	25,676,449	28,258,048
TOTAL LIABILITIES	<hr/>	<hr/>	<hr/>
	19,793,831	28,651,035	29,661,210
TOTAL EQUITY AND LIABILITIES	<hr/>	<hr/>	<hr/>
	68,204,264	79,734,278	84,702,133

SUPREME CONSOLIDATED RESOURCES BERHAD

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UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	The Group		Unaudited
	Audited		
	1.10.2015 to 30.9.2016 RM	1.10.2016 to 30.9.2017 RM	1.10.2017 to 30.6.2018 RM
REVENUE	90,503,895	112,076,669	104,294,915
COST OF SALES	(81,744,062)	(99,558,170)	(93,808,883)
GROSS PROFIT	8,759,833	12,518,499	10,486,032
OTHER INCOME	822,204	1,051,487	413,037
	9,582,037	13,569,986	10,899,069
ADMINISTRATIVE EXPENSES	(5,438,811)	(7,227,754)	(4,908,572)
FINANCE COSTS	(680,433)	(828,223)	(752,182)
PROFIT BEFORE TAXATION	3,462,793	5,514,009	5,238,315
INCOME TAX EXPENSES	(1,052,360)	(1,461,199)	(1,280,635)
PROFIT AFTER TAXATION FOR THE FINANCIAL YEAR/PERIOD	2,410,433	4,052,810	3,957,680
EBITDA	3,411,013	5,435,425	5,224,729
GP MARGIN (%)	9.68%	11.17%	10.05%
PBT MARGIN (%)	3.83%	4.92%	5.02%
PAT MARGIN (%)	2.66%	3.62%	3.79%

- 1) GP margin is computed based on GP divided by revenue
- 2) PBT margin is computed based on PBT divided by revenue
- 3) PAT margin is computed based on PAT divided by revenue

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM	Retained Profits RM	Total Equity RM
The Group			
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	-	(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	-	(1,380,000)	(1,380,000)
Balance as at 30.9.2017 / 1.10.2017	50,500,000	583,243	51,083,243
Profit after taxation for the financial period	-	3,957,680	3,957,680
Balance as at 30.6.2018	50,500,000	4,540,923	55,040,923

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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group		
	Audited		Unaudited
	1.10.2015	1.10.2016	1.10.2017
	to	to	to
	30.9.2016	30.9.2017	30.6.2018
	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	3,462,793	5,514,009	5,238,315
Adjustments for:-			
Allowance for impairment losses on receivables	30,568	35,297	-
Allowance for impairment losses on inventories	-	38,579	-
Bad debts written off	10,304	10,894	-
Bad debts recovered	(150)	-	-
Depreciation of property, plant and equipment	732,213	906,807	751,768
Depreciation of intangible assets	-	-	14,000
Impairment losses on property, plant and equipment	-	410,000	-
Interest expense	680,433	828,223	752,182
Property, plant and equipment written off	3,377	4,071	5,263
Unrealised loss on foreign exchange	(18,695)	4,609	-
Gain on disposal of property, plant and equipment	(60,912)	(141,509)	(81,961)
Interest income	(115,642)	(95,468)	(39,521)
Reversal of impairment losses	(4,203)	-	(16,030)
Reversal of impairment losses on trade receivables	4,600	(25,967)	-
Operating profit before working capital changes	4,724,686	7,489,545	6,624,016
Decrease/(Increase) in inventories	1,675,403	(6,562,092)	3,744,195
Decrease/(Increase) in trade and other receivables	(3,252,791)	695,540	(6,122,107)
(Decrease)/Increase in trade and other payables	847,418	(817,575)	(15,857)
(Decrease)/Increase in amount owing to directors	2,125,394	(2,014,238)	-
Increase in amount owing to a shareholder	-	-	750,000
CASH FROM/(FOR) OPERATIONS	6,120,110	(1,208,820)	4,980,247
Interest paid	(680,433)	(828,223)	(313,674)
Interest received	115,642	95,468	39,521
Income tax paid	(1,207,494)	(1,572,495)	(1,212,166)
Income tax refunded	123,659	125,428	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES	4,471,484	(3,388,642)	3,493,928
CASH FLOWS FOR INVESTING ACTIVITIES			
Acquisition of investments in subsidiaries	(44,314,868)	-	-
Purchase of property, plant and equipment	(1,042,696)	(3,371,453)	(2,273,085)
(Decrease)/Increase in fixed deposits pledged to licensed banks	(165,490)	399,429	(1,550,991)
Increase in intangible assets	-	-	(280,000)
Proceeds from disposal of property, plant and equipment	107,513	1,710,000	90,000
NET CASH FOR INVESTING ACITIVITIES	(45,415,541)	(1,262,024)	(4,014,076)

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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group		Unaudited
	Audited		
	1.10.2015	1.10.2016	1.10.2017
	to	to	to
	30.9.2016	30.9.2017	30.6.2018
	RM	RM	RM
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES			
Dividend paid	(4,500,000)	(1,380,000)	-
Proceeds from issuance of shares	50,501,000	-	-
Increase/(Repayment) of bankers' acceptance	(2,432,043)	9,998,333	242,193
Repayment of hire purchase obligations	(233,876)	(357,167)	(287,028)
Drawdown of term loan	-	2,700,000	1,000,000
Repayment of term loan	(902,691)	(787,333)	(595,576)
NET CASH FROM FINANCING ACTIVITIES	42,432,390	10,173,833	359,589
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS	1,488,333	5,523,167	(160,559)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR / PERIOD	-	1,488,333	7,011,500
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR / PERIOD	1,488,333	7,011,500	6,850,941

	The Group		Unaudited
	Audited		
	1.10.2015	1.10.2016	1.10.2017
	to	to	to
	30.9.2016	30.9.2017	30.6.2018
	RM	RM	RM
CASH AND CASH EQUIVALENTS COMPRISE:-			
Cash and bank balances	2,528,320	7,570,454	6,852,266
Bank overdrafts	(1,039,987)	(558,954)	(1,325)
	1,488,333	7,011,500	6,850,941

SUPREME CONSOLIDATED RESOURCES BERHAD

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION

- 1.1 The unaudited interim financial statements of Supreme Consolidated Resources Berhad and its subsidiaries ("the Group") have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB"), paragraph 6.12 and Appendix BA of the LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2017 and the accompanying explanatory notes attached to this unaudited interim financial statements.

- 1.2 The accounting standards and/or interpretations adopted by the Group in this unaudited interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 30 September 2017.

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on this unaudited interim financial statements.

- 1.3 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for this financial period:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 as 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 9: Prepayment Features with Negative Compensation	1 January 2019

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION (CONT'D)

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
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 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
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
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
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

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 financial statements of the Group upon their initial application.

2. UNSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 30 June 2018.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

3. CHANGES IN CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

There were no material changes in critical accounting estimates and judgements during the financial period ended 30 June 2018.

4. DEBT AND EQUITY SECURITIES

There were no issuances, repurchases or repayments of debt and equity securities during the financial period ended 30 June 2018.

5. DIVIDENDS PAID

There were no dividends paid during the current financial period ended 30 June 2018.

6. SEGMENTAL INFORMATION

6.1 Business Segments

The Group's business operations comprise the following segments:-

- (i) distribution and warehousing of F&B products from third party brands, focusing on frozen food, chilled and dairy food and dry food; and
- (ii) provision of logistics and transportation services.

6.2 Geographical Information

The Group's revenue is based on the customers who are located in Sarawak.

Please refer to Section 4.1 of the Information Memorandum for details of the Group's segmental information during the financial period ended 30 June 2018.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

7. PROFIT BEFORE TAXATION

	1.10.2015 to 30.9.2016 RM	1.10.2016 to 30.9.2017 RM	1.10.2017 to 30.6.2018 RM
Profit before taxation for the financial year/period is arrived at after charging/(crediting):-			
Auditors' remuneration:			
- current year provision	42,000	72,145	20,145
Allowance for impairment losses on inventories	-	38,579	-
Allowance for impairment losses on trade receivables	30,568	35,297	-
Bad debts recovered	(150)	-	-
Bad debts written off	10,454	10,894	-
Depreciation of property, plant and equipment	732,213	906,807	751,768
Depreciation of intangible assets	-	-	14,000
Director's remuneration:			
- directors' bonuses	550,000	693,550	124,500
- directors' fees	188,500	271,500	369,000
- director's salaries	592,000	1,083,228	969,040
- E.P.F. contributions	129,440	180,784	103,992
- SOCSO contributions	2,632	3,427	1,074
Impairment loss:			
- Property, plant and equipment	-	410,000	-
Interest expenses:			
- Bank overdraft interests	116,262	52,879	38,290
- Bankers' acceptance interests	445,771	557,203	500,678
- Hire purchase interests	43,648	66,416	37,999
- Term loan interests	74,752	151,725	175,215
Preliminary expenses written off	-	5,212	-
Property, plant and equipment written off	3,377	4,071	5,263
Reversal of allowance for impairment losses on inventories	(4,203)	-	(16,030)
Reversal of allowance for impairment losses on trade receivables	4,600	(25,967)	-
Rental expenses	859,278	984,750	535,158
Staff costs:			
- bonuses	634,663	466,440	657,757
- salaries, wages and allowances	3,006,937	3,485,066	3,951,331
- E.P.F. contributions	625,094	557,289	428,580
- SOCSO contributions	43,379	52,135	30,042
Unrealised loss on foreign exchange	-	4,609	-
Interest income	(115,642)	(95,468)	(39,521)
Gain on disposal of property, plant and equipment	(60,912)	(141,509)	(81,961)
Gain on realised foreign exchanges	(18,695)	-	-
Rental income	(17,638)	(70,226)	(2,800)

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

8. VALUATION OF PROPERTY AND EQUIPMENT

There was no valuation on property and equipment during the financial period ended 30 June 2018.

9. CAPITAL COMMITMENTS

	The Group		
	Audited		Unaudited
	1.10.2015 to 30.9.2016	1.10.2016 to 31.9.2017	1.10.2017 to 30.6.2018
Authorised but not contracted for			
Purchase of property, plant and equipment	1,750,625	1,407,580	-
Contracted but not provided for			
Purchase of property, plant and equipment	884,615	1,674,400	4,283,264
	<u>2,635,240</u>	<u>3,081,980</u>	<u>4,283,264</u>

10. CONTINGENT ASSETS AND LIABILITIES

There were no material contingent assets and liabilities.

11. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period ended 30 June 2018.

12. REVIEW OF PERFORMANCE

During the financial period ended 30 June 2018, the Group's revenue is mainly derived from selling of frozen meat, dairy products and transportation which is summarised as follows:-

	The Group		
	Audited		Unaudited
	1.10.2015 to 30.9.2016 RM	1.10.2016 to 31.9.2017 RM	1.10.2017 to 30.6.2018 RM
Dairy products	10,960,026	12,342,622	8,479,847
Dry food and beverages	9,306,283	9,808,719	12,111,283
Frozen food	53,615,671	72,406,058	69,448,420
Chilled food	16,621,915	17,221,019	14,255,172
Transportation charges	-	298,251	193
	<u>90,503,895</u>	<u>112,076,669</u>	<u>104,294,915</u>