



SUPREME CONSOLIDATED RESOURCES BHD

(Company No. 1194146-D)
(Incorporated in Malaysia under the Companies Act, 2016)

**UNAUDITED FINANCIAL STATEMENTS FOR THE 2ND HALF OF THE FINANCIAL
YEAR ENDED (“FYE”) 30 SEPTEMBER 2019**

**(APPENDIX 6A, PART A OF THE LEAP MARKET LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD)**

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY SUPREME CONSOLIDATED RESOURCES BHD (“SUPREME” OR THE “COMPANY”). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

SUPREME CONSOLIDATED RESOURCES BHD

(Incorporated in Malaysia)

Company No: 1194146-D

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019**

	UNAUDITED	AUDITED
	30.09.2019	30.09.2018
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	17,970	11,455
Investment in properties	3,990	271
Intangible assets	196	252
Goodwill	21,992	21,992
	<u>44,148</u>	<u>33,970</u>
CURRENT ASSETS		
Inventories	20,753	23,537
Trade receivables	18,642	18,872
Other receivables, deposits and prepayments	1,583	451
Cash and bank balances	8,349	7,775
Fixed deposits with licensed banks	6,085	6,221
Current tax assets	144	30
Asset held for sales	922	-
	<u>56,478</u>	<u>56,886</u>
TOTAL ASSETS	<u>100,626</u>	<u>90,856</u>

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019**

	UNAUDITED	AUDITED
	30.09.2019	30.09.2018
	RM'000	RM'000
EQUITY AND LIABILITIES		
EQUITY		
Share capital	59,867	53,430
Retained profits	9,043	5,256
TOTAL EQUITY	68,910	58,686
NON-CURRENT LIABILITIES		
Bank borrowings	7,021	2,254
Hire purchase payables	261	546
Deferred tax liabilities	320	324
	7,602	3,124
CURRENT LIABILITIES		
Bank borrowings	18,049	18,951
Hire purchase payables	106	227
Trade payables	3,755	7,913
Other payables and accruals	1,850	1,602
Current tax liabilities	354	353
	24,114	29,046
TOTAL LIABILITIES	31,716	32,170
TOTAL EQUITY AND LIABILITIES	100,626	90,856

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to this interim financial report.

SUPREME CONSOLIDATED RESOURCES BHD

(Incorporated in Malaysia)

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**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD/YEAR ENDED 30 SEPTEMBER 2019**

	Individual 6 months ended		Cumulative 12 months ended	
	Unaudited 30.09.2019 RM'000	Unaudited 30.09.2018 RM'000	Unaudited 30.09.2019 RM'000	Audited 30.09.2018 RM'000
REVENUE	74,670	70,246	145,040	134,854
COST OF SALES	(69,712)	(65,255)	(129,734)	(120,698)
GROSS PROFIT	4,958	4,991	15,306	14,156
OTHER INCOME	649	386	3,012	588
	5,607	5,377	18,318	14,744
ADMINISTRATIVE EXPENSES	(762)	(2,492)	(8,275)	(7,805)
FINANCE COSTS	(610)	(567)	(1,249)	(987)
PROFIT BEFORE TAXATION	4,235	2,318	8,794	5,952
INCOME TAX EXPENSES	(1,636)	(1,064)	(2,417)	(1,864)
PROFIT AFTER TAXATION REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD/YEAR	2,599	1,254	6,377	4,088
EARNINGS PER SHARE (SEN)	2.17	1.17	5.31	3.83
NO OF SHARES ('000)	120,000	106,860	120,000	106,860
EBITDA	5,442	3,458	11,241	8,005
GROSS PROFIT MARGIN (%)	7%	7%	11%	10%
PROFIT BEFORE TAX MARGIN (%)	6%	3%	6%	4%
PROFIT AFTER TAX MARGIN (%)	3%	2%	4%	3%

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to this interim financial report.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Share Capital RM'000	Retained Profits RM'000	Total Equity RM'000
The Group			
Balance at 1 October 2017	50,500	1,168	51,668
Issuance of shares	2,930	-	2,930
Profit after taxation, representing total comprehensive income for the financial year	-	4,088	4,088
Balance as at 30.9.2018/01.10.2019	53,430	5,256	58,686
Effect of adoption of MFRS 9	0	(86)	(86)
Balance as at 30.9.2018/01.10.2019 (restated)	53,430	5,170	58,600
Issuance of shares	6,570	-	6,570
Share issue expenses	(133)		(133)
Profit after taxation, representing total comprehensive income for the financial year	-	6,377	6,377
Dividend	-	(2,504)	(2,504)
Balance as at 30.09.2019	59,867	9,043	68,910

The Unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to this interim financial report.

SUPREME CONSOLIDATED RESOURCES BHD

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	12 MONTHS ENDED	
	UNAUDITED	AUDITED
	30.09.2019	30.09.2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,794	5,952
Adjustments for -		
Allowance for impairment losses on trade receivables	142	0
Inventories written off	57	353
Bad debts written off	12	0
Depreciation of property, plant & equipment	1,142	1,038
Amortisation of intangible assets	56	28
Preliminary expenses written off	3	
Interest expense	1,387	987
Property, plant and equipment written off	40	6
Unrealised loss on foreign exchange	8	12
Gain on disposal of property, plant and equipment	(2,291)	(85)
Interest income	(337)	(108)
Reversal of impairment losses on trade receivable	(8)	(16)
Operating profit before working capital changes	<u>9,005</u>	<u>8,167</u>
Decrease/(Increase) in inventories	2,727	(2,489)
Increase in trade and other receivables	(1,139)	(1,295)
(Decrease)/Increase in trade and other payables	<u>(3,913)</u>	<u>3,314</u>
CASH FOR OPERATIONS	6,680	7,697
Preliminary expenses paid	(3)	0
Interest paid	(1,387)	(407)
Interest received	337	108
Income tax paid	(2,140)	(1,869)
Income tax refund	26	449
Real property gain tax	(420)	0
NET CASH FROM OPERATING ACTIVITIES	<u>3,093</u>	<u>5,978</u>

SUPREME CONSOLIDATED RESOURCES BHD

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	12 MONTHS ENDED	
	UNAUDITED 30.09.2019 RM'000	AUDITED 30.09.2018 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9,532)	(3,105)
Purchase of investment properties	(3,437)	(271)
Increase in fixed deposits pledged to a licensed bank	(864)	(1,782)
Increase in intangible assets	0	(280)
Proceeds from disposal of property, plant and equipment	3,114	127
NET CASH FOR INVESTING ACTIVITIES	<u>(10,719)</u>	<u>(5,311)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares, net of share issue expenses	6,437	2,930
Dividend paid	(2,504)	-
Increase in bankers' acceptance	(2,588)	(656)
Repayment of hire purchase obligations	(598)	(356)
Repayment of term loan	(810)	(797)
Drawdown of term loan	6,190	1,000
NET CASH FROM FINANCING ACTIVITIES	<u>6,127</u>	<u>2,121</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,499)	2,788
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	9,800	7,012
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	<u>8,301</u>	<u>9,800</u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 September 2018 and the accompanying explanatory notes attached to this interim financial report.

SUPREME CONSOLIDATED RESOURCES BHD

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION

- 1.1 These condensed consolidated interim financial statements for the year ended 30 September 2019 are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB"), paragraph 6.12 and Appendix 6A of the LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad.

These unaudited interim financial statements should be read in conjunction with the audited combined financial statements for the financial year ended 30 September 2018 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 interim financial statements are consistent with those adopted in the most recent consolidated financial statements for the financial year ended 30 September 2018.

During the current financial year, the Group and the Company 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 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'

Amendments to MFRS 140 – Transfers of Investment Property

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

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 and of the Company's financial statements.

SUPREME CONSOLIDATED RESOURCES BHD

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION (CONT'D)

- 1.3 The Group and the Company 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) as they are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
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 101 and MFRS 108: Definition of Material	1 January 2020
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 References to the Conceptual Framework in MFRS Standards	1 January 2020
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 and of the Company upon their initial application.

2. UNUSUAL 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 / year ended 30 September 2019.

3. CHANGES IN CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

There were no material changes in critical accounting estimates and judgements during the financial period / year ended 30 September 2019.

SUPREME CONSOLIDATED RESOURCES BHD

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

4. DEBT AND EQUITY SECURITIES

There were no issuances, repurchases or repayments of debt and equity securities during the financial period / year ended 30 September 2019.

5. DIVIDENDS PAID

On 9 May 2019, the Board declared a first interim dividend of 0.417 sen per share on 120 million shares amounting to RM500,400 in respect of the financial year ended 30 September 2019. The dividend was paid on 28 May 2019.

6. SEGMENTAL INFORMATION

6.1 Business Segments

The Group's business operations comprise the distribution and warehousing of food and beverage ("F&B") products from third party brands, focusing on frozen food, chilled food, dairy products and dry F&B. The breakdown of revenue by products is as follows:

	Unaudited		Audited	
	30.09.2019		30.09.2018	
	RM'000	%	RM'000	%
Frozen food	91,263	63%	87,168	65%
Chilled food	24,672	17%	18,388	14%
Dairy products	9,963	7%	11,178	8%
Dry F&B	19,142	13%	18,120	13%
TOTAL GROUP	145,040	100%	134,854	100%

6.2 Geographical Information

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

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(Incorporated in Malaysia)

Company No: 1194146-D

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

7. VALUATION OF PROPERTY AND EQUIPMENT

There was no valuation on property and equipment during the financial period / year ended 30 September 2019.

8. CAPITAL COMMITMENTS

	Unaudited 30.09.2019 RM'000	Audited 30.09.2018 RM'000
Contracted but not provided for:		
Purchase of property, plant and equipment	<u>11,443</u>	<u>13,195</u>

9. CONTINGENT ASSETS AND LIABILITIES

There were no material contingent assets and liabilities.

10. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period / year ended 30 September 2019 except for the incorporation of new subsidiary during the financial year.

SUPREME CONSOLIDATED RESOURCES BHD

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PART B: ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

1. REVIEW OF PERFORMANCE

The Group recorded revenue of RM145 million for the current financial year ended 30 September 2019 which represents an increase of approximately RM10million or 7.40% compared to RM135million financial year ended 30 September 2018. The increase is mainly due to additional revenue of RM5.6 million generated from new distributorships of chilled and dry food. Frozen meat and further process food have increased by RM0.8 million and RM3 million respectively during the financial year ended 30 September 2019.

The Group has ceased the distributorship of "F&N" beverages in June 2019 mainly due to lower than expected sales volume of "F&N" beverages. The underperformance of sales has resulted in a loss of RM0.5 million from the "F&N" distributorship for the financial year ended 30 September 2019.

Group Profit ("GP") and GP Margin

Our Group recorded a GP of RM15.306million (GP margin of 11%) for FYE 2019 as compared to RM14.156 million (GP margin of 10%) for the FYE 2018. The slight increase of RM1.150 million was mainly contributed by the additional sale generated from a new agency and the increase in sale of frozen food which fetched higher margin. The termination of the "F&N" distributorship has also improved the Group's overall GP margin.

Profit after Taxation ("PAT") and PAT Margin

The Group recorded a higher PAT of RM6.378 million (PAT margin of 4%) for the FYE 30 September 2019 as compared to RM4.088 million (PAT margin of 3%) for the FYE 30 September 2018 mainly due to the gain of disposal of our Miri Warehouse of RM1.978 million (after deducting the Real Property Gain Tax) and higher sales.

The higher effective tax rate compared to statutory tax rate was resulted from the disallowable tax expenses inclusive of legal and professional expenses for warehouse loan and interest restriction.

2. COMMENTARY ON PROSPECTS

As disclosed in our Information Memorandum dated 30 November 2018, the proceeds from the Initial Public Offering ("IPO") will be used to part finance the construction of new warehousing facilities and for working capital purposes. The Group has commenced the construction of new Warehouse facilities and is expected to be completed by December 2019.

Apart from the construction of new warehousing facilities, our Group is also looking at expanding its product range and distribution network.

Barring any unforeseen circumstances, the Board of Directors ("Board") of the Company is of the opinion that the prospects of the Group's financial performance for the financial year ending 30 September 2020 will remain favourable.

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PART B: ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

3. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE

The respective subsidiaries of Supreme Consolidated Resources Bhd, namely, Borneo Food Land Cold Storage Sdn Bhd, Supreme Cold Storage Sdn Bhd and Supreme Food Supply (M) Sdn Bhd have achieved the combined profit guarantee of profit after taxation of RM5.1 million for the financial year ended 30 September 2019 as disclosed in Section 9.1 (i) of our Information Memorandum dated 30 November 2018.

SUPREME CONSOLIDATED RESOURCES BHD

(Incorporated in Malaysia)
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PART C: OTHER INFORMATION

1. STATUS OF CORPORATE PROPOSALS

There was no corporate proposal announced but pending completion as at the date of this report.

2. UTILISATION OF PROCEEDS

The status of utilisation of the proceeds from the IPO of RM6.57 million is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Balance RM'000	Estimated timeframe for utilisation upon listing
Construction of warehousing facilities	3,500	3,500		0	Utilised
Working capital	1,970	2,061	91	0	Utilised
Estimated listing expenses ⁽¹⁾	1,100	1,009	(91)	0	Utilised
TOTAL	6,570	6,570	0	0	

Note:-

(1) The proceeds amounting to RM1.009 million had been utilised to defray the professional fee, fees payable to the relevant authorities as well as other miscellaneous expenses relating to the listing exercise. Variation to the listing expenses has adjusted to the working capital requirement. In addition, the RM0.133 listing expenses relating to the issue of shares has been capitalized to equity.

3. MATERIAL LITIGATION

There is no material litigation as at the date of this report.

4. DIVIDEND

On 28 November 2019, the Board declared a final dividend of 1.25 sen per share on 120 million shares amounting to RM1,500,000 in respect of the financial year ended 30 September 2019. The entitlement date for the final dividend is 12 December 2019 and will be paid on 16 January 2020.